

# THE AMERICAN CHAMBER OF COMMERCE IN HONG KONG

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## China Since 1990: The Burgeoning Spectrum of Choice

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As the annual debate on US-China policy heats up, it is necessary and useful to consider dispassionately the state of affairs within China. Viewing China and the Chinese through the lenses of journalists and politicians, foreigners do not always comprehensively understand conditions in China. Thus, in any assessment of China, it is wise to include the perceptions and conditions of the Chinese people themselves, who are the closest and most concerned observers of their own political and economic situation.

There is a widespread consensus within China that the opening of the country to foreign involvement - - most particularly to investment and commerce with foreign companies -- has produced extraordinary benefits, not just for the national economy, but also for the quality of life of individual Chinese citizens.

The presence of foreign business executives, investors, teachers, and entertainment has quickly accustomed hundreds of millions of Chinese -- especially in those regions most accessible to foreign economic and cultural influences -- to the ebb and flow of new ideas, new sources of information, new fashions, and new freedoms of choice in their own lives.

Throughout much of China, foreign-sourced information, news and cultural media have displaced "official" or guided thought. The rapid growth of electronic communications, including the Internet, has given many Chinese access to global information networks. The Ministry of Posts and Telecommunications (MPT) regulates computer information networks, but by nature of the technology, cannot completely control the exchange of information.

Most importantly, the prosperity that has accompanied foreign presence, foreign investment, and exposure to new ideas has been decisive in undermining the principal agency of state control during the decades that preceded reform: the "work-unit" system which once channeled and restricted most important elements of daily life. The decline of the work-unit system has resulted in dramatic improvements in the quality of life for hundreds of millions of Chinese. This has been the direct result of the success of economic reform, and should be understood clearly by those debating policies that might undermine or reverse trends in the most economically and socially progressive regions of the country.

The conclusions to be drawn from this assessment include three important points:

- **Economic reforms since 1990 have brought tangible and significant improvements to the life of the average Chinese citizen.**
- **American business has played a positive role as a catalyst for this change.**
- **Continued engagement and expansion of US trade and investment will well serve the cause of human rights in China.**

Human rights in China should continue to be a focal point of US government policy and a concern of US business. American concerns understandably focus on those basic human rights and civil liberties defined as political values fundamental to our Bill of Rights and Constitution. Many of these values are not only held dear in the United States but throughout the Western world. These values constitute the mileposts by which we can judge progress on human rights in China; however, at the same time we should be aware that Western values are not necessarily considered fundamental in China.

China is undergoing rapid and significant socio-economic change and is poised for political change as an inevitable result. While the leadership has been in favor of sweeping economic reform in the absence of political reform, the economic reforms instituted since 1990 have brought about some significant improvements in the choices available to the average Chinese citizen.

Western concerns about human rights in China have focused primarily on political values, an arena in which there has clearly been very limited progress in terms of systemic reform since 1989. Frequently, as foreign countries pressure China for one cause or another, China will perceive these nations as hostile. In defense, China presents foreign values to its citizenry as corrupting to "Chineseness" rather than beneficial to the human condition. Up to the present, an emphasis on the political aspect of international relations with China has not appreciably brought about the fulfillment of Western human rights values in the PRC.

On the other hand, the intended and unintended by-products of economic reform have brought notable lifestyle improvements to the Chinese populace during this period, broadening the average Chinese citizen's spectrum of choices about basic life issues such as employment, housing, mobility, travel, and consumer behavior. These changes, while not overtly political in a systematic sense, nonetheless are improving the ability of Chinese to pursue individual liberties on a scale not seen in decades.

Significant to the improved living situation of most Chinese citizens is the linkage between the increased American and international trade and investment in China. This is especially obvious in the coastal and southern regions of the country where foreign investment and trade have been growing most rapidly. The per capita monthly income in 35 major cities has increased from 269 RMB in 1993 to 450 RMB by year end 1995. There appears to be a direct correlation between this income growth and the increase in foreign investment and trade in these cities.

Apart from the rapid increase in standards of living, the rapid growth of foreign-invested businesses in China has directly helped open the free employment market, which lessens the problem of underemployment as qualified individuals can compete for challenging positions in these businesses. Until recently, all career mobility was tightly controlled under a centrally planned "command" system.

Under the traditional Chinese communist system, the individual's "danwei" or work-unit was virtually all-powerful, controlling major economic, social, political, medical, health, and educational issues for the urban Chinese family. The individual was assigned to the work-unit by the State without regard to the individual's preference, and no change in employment was possible without the concurrence of the work-unit. In practice, work-units selfishly guarded qualified staff, virtually eliminating their chances of career advancement outside the work-unit.

Among the aspects of the employees' and their families' lives over which the work unit was in direct and total control, were:

- Ideological and political training, discipline, and evaluation;

- Assignment and provision of housing , schools and medical care through work unit based or affiliated facilities;
- Local residence and I.D. card issuance as well as control over any changes in residence location;
- Issuance of travel permits for domestic travel as well as documentation required for overseas travel or study;
- Rationing of scarce consumer goods and subsidized access for employees to certain consumer goods.

Economic reforms since 1990 have had the effect of dramatically reducing the interference by the work-unit in some important areas or personal freedom which it once usurped from the employee. Most notably, job mobility is now a fact of life. Employment fairs, job recruitment advertising in Chinese newspapers and public places, and reforms in the regulations affecting hiring and firing by foreign-invested as well as Chinese private sector enterprises are all evidence of this positive change.

Apart from the freedom to choose a different job, Chinese citizens are now encouraged to become entrepreneurs, and they are forming new entrepreneurial enterprises or becoming self-employed at record rates. The Chinese government estimates that there are more than 600,000 private firms in China, employing 8 million people. Individually owned firms (those run by an entrepreneur or employing less than 8 people) are estimated at 23 million, for a total workforce of nearly 40 million. By the end of the century, non-state enterprises are expected to account for one third of the GDP.

The presence of over 258,000 foreign-invested joint ventures in China has provided employment opportunities as well as entrepreneurial opportunities to hundreds of thousands of Chinese citizens, and the trend shows very steep growth in new investment.

In particular, American firms have taken a very proactive stance regarding personnel in China. Most of these large companies have a variety of programs which enhance the lifestyles and opportunities for their Chinese workers. The tangible benefits American companies bring to Chinese employees include medical plans, housing assistance, training, and higher wages. American firms also establish high environmental and industrial safety standards.

In fact, a survey by the Chinese government found that American companies swept the polls as the most popular foreign employers in China. Reasons cited by respondents listed many of the benefits listed in the previous paragraph, but in addition, an intangible benefit was listed: respect. Chinese workers listed the respectful, equitable treatment accorded by their American employers as one of the top reasons for choosing to work for US companies.

The corporate code of conduct that nearly every US multinational has instituted within its ranks makes a positive impact on the individuals trained under the code's auspices. While corporate codes vary from firm to firm, the basics consist of similar values: creativity, initiative, motivation, safety, and most importantly, respect. Respect for the individual as both person and co-worker is a central tenet to the American work ethic. This ethic is exported to China in no better vehicle than the experience of Chinese employed by American companies.

In a broader sense, the respect for the individual found in the American work ethic is part of the same respect which is the root of all human rights. Human rights, put simply, are a bundle of ideals summed up by the concept of respect: respect for freedom, respect for lifestyle, respect for beliefs, and respect for initiative. These ideals are found plainly in the American work ethic, which in turn is found in American companies operating in China.

The recent opening up of real estate development in China to domestic and foreign developers and investors has created a private housing market which in turn has created new options to Chinese individuals for private housing, outside the scope of the work-unit. Millions of dollars in foreign investment have helped in creating new housing choices for Chinese.

Ration coupons, which the average Chinese citizen required for queuing to purchase some 50 different types of commodities ten years ago (e.g. cotton, cloth, cooking oil, meat, fish, rice), have all but disappeared in most parts of the country. Now an explosion of consumer goods availability has occurred, satisfying growing demands for quality and variety from more affluent Chinese consumers. McDonald's, Kentucky Fried Chicken, Pizza Hut and Avon products are all a part of the new range of consumer choices available to the urban Chinese populace. Emerging policy suggests even greater emphasis on opening up the range of options open to the Chinese consumer, as China slashed tariffs on more than 4,000 imported goods on April 1. Spending on luxury and decorative items is steadily increasing.

The print and electronic media offerings available to Chinese audiences have generally grown in variety since 1990, with many new magazines dealing with a wider variety of topics, and more imported television and film content. Cultural and entertainment exchange has brought more content from abroad, including Hong Kong and Taiwan performers; and a more relaxed policy has allowed local performers such as politically controversial Chinese singer Cui Jian to enjoy a wide following. The Internet, which even outside of China has not yet reached its information dissemination potential, is quickly gaining popularity in China.

### Conclusion

The success of economic reform in China has put in play forces which may not have been anticipated by the architects of the reform policy, but which are very generally viewed in China as desirable, positive, and irreversible. In the words of one Chinese official, "we have moved beyond the time when the only important human right was the right to have food in your stomach."

The trends in daily life in these areas increasingly will extend to those areas which have belatedly come to benefit from the open door and reform process. Already, certain rural areas are beginning to see the prosperity which accompanies foreign trade and investment where there was previously abject poverty.

Nevertheless, while foreign commercial, educational, and cultural presence does much to enhance the economic lot of the Chinese, this does not mean nations such as the US can absolve themselves from monitoring and criticising repressive regimes which continue to manifest themselves within the Chinese political system. In the meantime, however, the improvements in important elements of the quality of life attendant upon the presence and involvement of foreign enterprises in China and the prosperity created by international commerce should not be put at risk.