

Beijing: The Year 2000

As far as anyone can guess, it was around 1500 that Europe overtook China as the world's most advanced civilization. For centuries—maybe always—before then, Chinese science and technology and Chinese productivity and incomes were the world's best. Over the next 500 years, as the West grew rich and strong, China first lay torpid and then, for most of this century, was convulsed by revolutions, war, famine, Communist tyranny and a decade of anarchy called the cultural revolution. It may therefore come as a surprise that, just a generation from now, one of the world's weightiest questions may well be how to handle a self-confident nuclear-armed China presiding over the biggest economy on earth.

—*The Economist*, "China: The Titan Stirs"¹

I was calming some visitors from the People's Republic of China: "This is not the end of the world. The year 2000 will still arrive in Beijing as it will in Sydney." As I began writing this book, International Olympic Committee (IOC) President Juan Antonio Samaranch announced Sydney to be the winner for hosting the Year 2000 Summer Olympic Games, beating Beijing and the three other bidding cities. A hysteria subsided on the yellow earth. A renowned Chinese fortuneteller who was reported to have predicted that Beijing would be the winner, became suddenly quiet. A nationwide reflection, like that which occurs after any major national victory or tragedy, began, albeit painfully, once again.

Failure of Olympic Bidding: A Good Lesson to Learn

If there was anything for the Chinese team to regret, among its bidding strategies, was the timing of the release of

China's most prominent political prisoner Wei Jingsheng.² The timing couldn't have been worse—to free Wei Jingsheng days before 89 IOC members voted to decide on the site of the Year 2000 Summer Olympic Games. Wasn't the move reminding a watching world that China did indeed have human rights problems and now we are letting this guy go? Wasn't it that you were telling the world we have jailed this man for more than fourteen years and now we need his release to improve our image? Wasn't this a deadly message? The man who decided to let Wei Jingsheng go should be awarded a medal for the World's Worst Public Relations Move. No matter how hard you tried to convince a calculating world of the coincidental timing of Wei's release, even diehard supporters of China had difficulty not relating the two events. Forget about Sarmaranch's announcement from Monte Carlo. Wei Jingsheng got out³ anyway—connected or not with Beijing's Olympic bid—after more than fourteen years of confinement. Wei has paid and is still paying the price for what he did. And it may have been a price worth paying, probably less for China's democracy movement than for Deng Xiaoping's economic reforms, which began in the year of 1979 when Wei Jingsheng was thrown into jail. As tragic as Wei's and many of his colleagues' personal fates have been, Deng Xiaoping seems to be entitled to credit for China's booming economy, which has enjoyed an annual growth rate approaching double digits consistently over the past fourteen years, an economic miracle unheard of in history. History as human memories of the things said and done can be rewritten, and indeed historians are all rewriters of history, be loved or hated by later generations. History as the things that have been said and done, alas, is irreversible; no one can go back to 1979, for example, and rewalk the fourteen years by taking a different course. It's practically too late to ask "What if Wei Jingsheng had been freed fourteen years earlier?" "What if Deng Xiaoping had allowed more room for political reform?" "What if the Chinese had gone the Russian way?" These "what-ifs" and many others have little relevancy to a history forever passed, however recent it may have been. What cannot be changed is this: Wei Jingsheng spent more

than fourteen years imprisoned; Deng Xiaoping succeeded in elevating China to be the center of an emerging fourth economic power after Japan, the United States of America, and the European Union. Who has been morally or practically right could be debated into the next century.

Beijing's defeat was a bitter defeat for at least 98.7 percent of the capital's residents who voted to support their city's bid for the Olympic Games 2000. Hold the tears; let's face reality. Even though the *New York Times* criticized the Chinese harshly in its 21 September 1993 editorial,⁴ it was honest to say China's turn had "not yet" come. Not yet—probably not because of its human rights record. Not yet—definitely not because China's Great Wall or Beijing's Forbidden City lacked appeal for Olympic visitors. Not yet—probably not because of the fact that Sydney had a better infrastructure. Not yet—simply because many Western IOC members, a voting majority, nixed Beijing. Apparently these people were not sufficiently impressed when people who sympathized with the Chinese said China's 1.2 billion population deserved a chance. An arrogant *New York Times* editorial writer says "it will be time enough. But not yet."

The Chinese may have been unspeakably wronged this time. A peasant, simple as she may be, can distinguish being treated well from being treated without respect. People never seemed to have carefully read the messages implied in Beijing's almost hysterical bidding effort. First, this was the first time in the Olympic history that China, the most populous nation on earth, had ever applied for the right to host this prestigious, larger-than-sports event. China had never had the resources, the courage, or the right domestic political climate to do so. Second, this signified China's reformers' serious commitment to keeping the door of the nation wide open to the outside, and wouldn't this be a more solid and realistic development than for democracy fighters to make a dozen romantic requests for freedom? Third, never before had China, since the triumph of its Communist Revolution, been this sincere and eager and childishly naive in her effort to embrace the "blue ocean."⁵ The Chinese infatuation with a maiden love with the larger world soon turned into a bitter

embarrassment. Fourth, more importantly, China's next five years could be the last and one of the greatest economic miracles in mankind's most important century—the twentieth century—and this miracle is not only the miracle of China, but also the miracle of the Chinese. This is the miracle of the emergence of the Fourth Power. The end-of-the-century celebration of this miracle in the year 2000 in Beijing could be as big as the Summer Olympic Games in Sydney.

This would-be economic miracle should be more important to the Chinese than the city selected to be the site of Olympia 2000. The estimated over 5 billion U.S. dollars of business that the Games could bring to a host city pales when compared to the economic miracle which could develop in China over the next five years. This miracle is possible if existing and latent obstacles are removed along the way which will lead the Chinese to developing a Fourth Power that will compete against the United States, the European Union, and Japan, not for larger political influence, but for a larger share of the global economy. The U.S. Congress and the European Parliament were able to pass a resolution to denounce Beijing's Olympic bid, but they could do very little to block a consolidated Fourth Power from emerging from the horizon with its multicenter located in Beijing, Shanghai, Guangzhou, Hong Kong, Taipei, and other parts of China or beyond its borders within the East.

The defeat of Beijing's Olympic bid hurt the Chinese emotionally, but it was functionally good for China. It was good because it represented a bucket of chilly water splashed on a hot-headed bidding team. China needs to learn, next time, to be a bit more subtle and less opportunistic. It was good because China, over the next few years, needs to focus on her domestic issues and problems, its economy, and its own vast expanse of yellow earth. A yellow earth and a blue ocean are too different to be reconciled. But *when you are rich and powerful, not only will everybody, yellow or white, come to you, but they will make you the center of attention. It's never an issue of the color of skin, it's still less an issue of so-called clashes between civilizations as Samuel Huntington⁶ suggests. It is an issue of haves and have-nots, that is, the*

classic issue of whether or not you have wealth and power. The Chinese need to work hard to get rich and powerful to claim its world respect like Japan did in 1960 and South Korea did in 1984.⁷ And only when China becomes sufficiently developed to give birth to a middle class, can the Chinese meaningfully talk about democracy, albeit a different kind of democracy than Uncle Sam's, or nobody will listen. When Wei Jingsheng was thrown into jail, who in China cared?

It was profoundly significant that a West-dominated IOC voted not to give the 1.2 billion Chinese the right to host the 2000 Olympics. It's a message that tells the Chinese to cool down and learn to treat themselves right: if you don't treat yourself right, shake off the shackles of poverty, and live in dignity, you should forever be ready to swallow the bitterness of whatever humiliation or embarrassment that may be visited on you. To quote again the *New York Times* editorial writer's words, "It will be time enough. But not yet." The Chinese, mainly the Chinese in the People's Republic, should now behave "with their tails tucked between their legs." They need to learn to "sleep on brushwood and taste gall," or *wu xin chang dai*⁸ in Chinese, to constantly remind themselves that a poor and weak China wouldn't bring too much respect for the Chinese, not even Chinese in Hong Kong or in Taiwan, or elsewhere in the world. If you don't get the respect, it is not because you are yellow; it is because you are not rich and powerful. It sounds distastefully snobbish and cynical, but the world seems to function that way.

The bidding for the Olympic Games has been lost to Sydney, which well deserves it, but the year 2000 has not been lost to China. Beijing is not going to host the Games, but why not another kind of celebration, a celebration of the economic miracle that the Fourth Power will create over the next five years? What I am more interested in asking, however, is this question: What is this miracle going to look like? In view of what's happened in the past and what's happening now, let me make ten guesses in regard to what is going to happen in China by the year 2000:

Ten Guesses

1. *There will be laid a reasonably solid economic, financial, and technological foundation for the Fourth Power to emerge as the world's most formidable force ready to compete for a larger share of the global economy with the United States, Japan, and the European Union. The Fourth Power, with its multicenter comprising at a minimum Beijing, Shanghai, Guangzhou, Hong Kong, and Taipei, consists of the economy of the People's Republic, the economy of Taiwan, the economy of Hong Kong, and Chinese family businesses in Singapore, Thailand, Malaysia, Indonesia, the Philippines, and other parts of the world. The concept of the "Fourth Power" is purely economic and so is that of "multicenter." The background political system of each economic entity is irrelevant in this context. The Fourth Power is not a planned integration of the Chinese economies and businesses, nor is it a conspiracy for the Chinese to compete against non-Chinese. This is a natural convergence of economic powerhouses very much dictated by economic logic and a common cultural/business framework that all Chinese can comfortably identify with. Unlike the European Union or the North American Free Trade Agreement (NAFTA) or the Asian Free Trade Area (AFTA), there will, and indeed could be no formal organization or agreement designed to hold this power together or forcibly break it up. Mainland China and Taiwan, for example, will still be far apart, but their economies will have been integrated to a degree much greater than now. Neither cultural goodwill nor political narrow-mindedness could promote or prevent such an integration as effectively as the internal economic logic and a shared cultural/business framework. In this sense, the final emergence of the Fourth Power will have been the result of this economic logic and common cultural/business framework; politics will have little role to play in the process.*

The concept of the Fourth Power seems to be comparable with such economic entities as the North American Free Trade Area (NAFTA). But they are different. Whereas NAFTA or the European Union is regional and political in addition to

economic, the Fourth Power is economic and cultural in the sense that the driving force of its formation has little to do with regionalism and protectionistic politics. If a Hong Kong businessman sees trading with Americans as having a higher chance of generating profit, he would probably go and trade with Americans. Now he goes to China to trade; the theory may well be that trading with China is easier and more attractive for him—easier and more attractive both economically and culturally. It is interesting to note that the Beijing government has refrained, in their official language, from the use of such terms as “the Fourth Power” or “Greater China,” presumably out of fear that the United States, the European Union, Japan, and other non-Chinese economic entities might interpret such concepts as implying a conspiracy. Such fear is well taken but unnecessary. And it is pointless to suppress or even discourage academic discussions on the notion of “Greater China” or “the Fourth Power.”

2. *The driving force of the Fourth Power will undoubtedly be the Chinese mainland, as dictated by economic logic.* Simply stated, this is going to be a place to put money in order to make money, whether or not you like, for example, such terms as “socialist market economy.” The centripetal force of the yellow earth will have pulled the so-called periphery even closer toward Guangzhou, or Shanghai, or Beijing, or any other parts of the yellow earth. China cultural theorists such as Harvard professor Tu Weiming seem to believe that what is going to happen is the encirclement of the cultural center, which is mainland China, by forces on the periphery. Whether the center pulls the periphery or the periphery encircles the center depends on where you stand. What matters in the practical sense is that the center stage for the Chinese economic show will be the mainland. The International Monetary Fund (IMF) recently used purchasing-power parities (PPP) instead of market exchange rates to lift China’s share of world output to 6 percent—three times its previous weight, making it the world’s third largest economy behind the US (22.5 percent) and Japan (7.6 percent). The IMF’s revised PPP-based weights put China’s 1992 GDP at \$2,000 billion (\$1,700 per head). The World Bank estimated

that China's GDP was \$2,210 billion in 1990 on a PPP basis. If two years of 10 percent growth and dollar inflation were added, this would suggest China's GDP could have reached \$2,870 billion in 1992 (\$2,460 per head). That makes the China of today the world's second largest economy. What will happen in the year 2000 if China keeps its annual growth rate at 7–8 percent in the next five years, which is not unlikely, and assuming that Japan and the United States will register a 2–3 percent annual growth rate? That means the size of China's economy will have become something that few players in the global economy can afford not to take seriously.

The economic miracles that two of the four Asian economic tigers—Taiwan and Hong Kong—have achieved are impressive. There should be little doubt that Taiwan's international trade experiences and manufacturing and management capabilities deserve serious study by mainland Chinese. It is a shared consensus among China's economic planners and financial officers of various industries that Hong Kong is a world-class leader in banking and finance and its time-honored business institutions are going to be a national treasure after the colony is returned to the People's Republic in 1997. Singapore, which is three-quarters Chinese, has been enjoying a fast-growing economy, a world-class telecommunications network, a stable government, a strong Confucian tradition, and a reasonably happy people. Taiwan, Hong Kong, Singapore, and Chinese who live in other parts of the world have been pressuring their compatriots on the mainland ever since the People's Republic opened its door in 1979. However, this does not change the size and strength and potentialities of China with a 1.2 billion population and an area larger than that of the United States. The Great Wall is still in China. The Yellow River is still in China. The vast majority of Chinese still live in China. The collective urge to get rich is stronger in China than anywhere else in the world. China, not the periphery, will be the main driving force of the Fourth Power.

3. *Peripheral-based Chinese will be key players in lifting Greater China to the status of the Fourth Power within the global economy.* Here I refer to the 55 million overseas

Chinese (including those of Taiwan and Hong Kong just for the convenience of grouping). Their capital, their market experiences, their managerial skills, and above all, their entrepreneurial spirit will play a key role not only in the economies of Taiwan, Hong Kong, Singapore, and various adoptive countries such as Thailand, Malaysia, Indonesia, and the Philippines, but also in the continuously booming economy of the People's Republic. Overseas Chinese will find doing business easier with their Chinese counterparts in China than non-Chinese will. This will be due largely to their following a common cultural/business framework, the explication of which will be the task of chapter 3. Overseas Chinese money will have flowed and continue to flow in large quantities with an accelerated speed into Guangdong, Fujian, Zhejiang, Shanghai, Jiangsu, Shandong, Hebei, northern China, and, gradually, into the less developed interior of the country. Meanwhile, non-Chinese companies and investors, mainly Americans and Europeans, will cooperate with overseas Chinese and depend on their sophisticated use of the common cultural/business framework to do business in China.

Hong Kong, due to its proximity to prosperous Guangdong Province and its scheduled return to China on 30 June 1997, has been investing heavily across the border and far into China's inner lands. Taiwan has become the second largest foreign investor in China after Hong Kong despite a sometimes quiet and sometimes quarrelsome political climate across the Taiwan Strait. Taiwan's trade with the mainland surpassed 16 billion U.S. dollars in 1994, and they are at this writing each other's fourth largest trade partner. Money and commodities do not travel alone. They come to the People's Republic along with human experiences, skills, and capabilities. Such human experiences, skills, and capabilities, which have come from the periphery, have been playing a key role in China's booming economy aided by an increasing volume of overseas Chinese investment.

4. *While Japan will never loosen its operations aimed at the potentially vast Chinese market, and Europeans will want to catch up, the Americans' love affair with China, first begun*

in the early 1980s, will be rekindled. The American example will illustrate how economic logic represents, in the final analysis, a more powerful force than political maneuvering on the part of the United States or China itself. It is the economic logic, or rather, the market force, that will pull aggressive and, in some cases, struggling, American companies toward the vast yellow earth behind the Great Wall. I heard employees of General Electric relate CEO Jack Welch's warning to them: you can't play big if you don't play with China. GE and other American giants are already on the move. At the time of writing this beginning chapter in early 1993, GE had received an \$150 million order for aircraft engines. In addition, Jack Welch was looking for sales in power-generation equipment, locomotives, medical equipment, plastics, and electric lighting. Early in 1993, Aspen, Colorado-based Wing-Merril agreed to invest \$2 billion in one of the biggest power projects in China, and will own 70 percent of the equity, something that could hardly occur ten years ago. AT&T, Boeing, Motorola, Coca-Cola, Arco, and other U.S.-based multinationals have increased and will continue to reinforce their presence in the world's potentially largest market. AT&T early in 1993 made a deal with China to make switches, advanced integrated circuits, and wireless phones, and this deal would, according to an AT&T official, "dwarf everything else AT&T does in the world." *Business Week* in its 29 March 1993 issue quoted Wing-Merril chairman John B. Wing as saying, "China is going to be a big global player, and if Americans aren't part of it, we are fools." It would be much more informative to watch where these seasoned business moguls move money to than to listen to a dozen slick politicians talk about a new world order. I would guess that by the year 2000 few Americans will claim they understand China and the Fourth Power better than people like Jack Welch and John Wing. Not self-styled China watchers, definitely not short-sighted politicians, not ardent China lovers, not even scholars specializing in Chinese studies. People who understand present-day China well are those who understand economic logic.

But accomplishment of anything good entails many twists and turns, as a popular Chinese saying goes. Relations

between China and the United States have always been that way since they resumed normalcy in the early 1970s. The trade friction over the protection of intellectual property rights that erupted in early 1995 was just one of the most recent examples. There have been speculations about a possible trade war between the two trade giants. There is nothing inexplicable involved in this on-and-off, off-and-on friction between the two countries: they both love and hate each other for all conceivable reasons. But over the years, and particularly in recent decades, both have learned that they will fare better to love than to hate. In the final analysis, regardless of whether they are alternately amorous or hateful, they need to work their problems out as fast as they arise. It is politically short-sighted to see the current relational dynamics tipping more favorably toward the Chinese side. Visionary corporate leaders such as GE's Jack Welch do not see things that way. Politics put aside, neither China nor the United States can afford to neglect the other given the nature of their economies—both are becoming, albeit in different ways, increasingly interdependent upon each other and the rest of the world.

5. *China's infrastructure will improve, probably not as fast as the country's economic growth, but will attain a level unprecedented in China's history. This infrastructure consists of two parts: the material side and human component.* The material part includes highways, railroads, improved sea-ports, air transportation, and telecommunications. The human component will be composed of a new breed of CEOs, managers, bankers, investors, financial analysts, computer programmers, engineers, marketing experts, consultants, and public relations agents.

By the year 2000 the whole of Asia will spend a total of \$1.9 trillion on infrastructure. Among the biggest spenders are mainland China, Taiwan, and Hong Kong. For example, China alone will spend as much as \$968.4 billion on transportation, \$54.0 billion on power, and \$25.2 billion on telecommunications. In comparison, Taiwan's figures are \$124.3 billion, \$28.5 billion, and \$9.6 billion respectively. Hong Kong's projected spending of a total of \$36.0 billion on transportation and telecommunications is also impressive.⁹

Shanghai, the largest commercial city in China and the most important political base for President Jiang Zemin and his protégés, is a typical example of how China has been struggling with a need to improve its infrastructure, a need that has never been felt so strongly since Deng began his economic reforms in 1979. Just ten years ago, I had my first home phone installed, and that was a rarity even for a professor. Today most of my colleagues and relatives have private phones, an unbelievable achievement for the telecommunications industry. But the waiting list for new phonenumber applications is quite long in Shanghai, even though the installation fee has been increased to an exorbitant 5,000 yuan (about an average worker's annual wage!). When I first visited Shanghai in December 1993 after five and half years of absence, it had not changed too much in its road system, and the traffic was worse than in any large metropolitan city in the world. A year later, I returned to find the city's Beltway in use. I was impressed by the speed of construction, but disappointed to find little obvious improvement in its congested traffic situation. There have been constructed, in the past five years or so, two world-class suspension bridges over the Huangpu River connecting old downtown Shanghai and the city's new development zone, Pudong. While the two bridges add transportation capability to an already existing Yanan Road Tunnel going under the Huangpu River, they are far from sufficient in easing the traffic pressure on both Pudong and Puxi's (the old Shanghai part) economic development. This is typical of what's been happening in China's infrastructure: it is so hungry and so big that you can never feed it enough. It's been reported that Shanghai hopes to spend about \$100 billion on the infrastructure of the city including Pudong by the year 2000. The appetite is big. The issue that is yet to be solved is where all this money will come from.

The human component of the infrastructure may well prove an even more exciting and challenging task. There should not be too difficult to find one hundred, one thousand, or even ten thousand world-class scientists in a country as large as China. And the availability of labor, including educated labor, presents little worry given the size of its

population and nationwide compulsory primary and junior middle education. The challenge lies in the training of millions upon millions of qualified professionals who serve as the heads and backbones of organizations and of mediators whose task is to ensure a healthy execution of social contracts as the economy undergoes transformation from a planned system to one based on market mechanisms. I don't think it will hurt if professional trainers are invited from Hong Kong, Taiwan, or the West, but the ideal trainers will be the mainland Chinese themselves, for they understand the unique communication codes (not just the natural language) and, most importantly, possess a better and more intimate knowledge of all the contextual factors such as rules regarding political game playing, market needs, and the way people interact with each other on a daily basis. I have personally been involved in a number of Western-sponsored training programs designed to instruct business leaders and managers from the People's Republic. While they all played a certain positive role, they were, in my judgment, insufficiently effective due to a number of factors. First, the majority of such training seminars tended to treat no more than the basics, things that the Chinese could get from any bookstore. Second the majority of trainers had little knowledge of their audiences in terms of their academic and practical backgrounds. Third, there was little connection between what the trainer lectured on and the realities of Chinese business. Fourth, perhaps the biggest problem was the lack of well-qualified translators who not only speak both languages but have reasonable knowledge of the subject matter. But there seemed to be one big gain for those seminars that were conducted in the United States or other Western countries: trainees could get exposed to an exciting foreign culture and, more often than not, had a good time sightseeing.

I am always of the opinion that for China, with its different language, where the culture differs so much from the West, where the social and organizational reality can be so complex, and where the number of people that need to be trained is so large, you cannot not ignore the central importance of your own training resources. It is largely misinformation, this idea

that China lacks first-class trainers of professional managers. My guess, which is very much based on personal observation and years of first-hand experience working as a management trainer in China, is that China has quite an army of qualified trainers who are capable of doing first-class work. Shanghai Industrial Consulting Company, for example, is one of many well-qualified training organizations in China whose management consultants and trainers may have a more intimate knowledge of Chinese industries, businesses, and markets than anyone else in the world.

6. *I will bet that China's political reform will be slow and reluctant and painful if there will be such a thing at all. Democracy will remain a luxury for the Chinese.* Benevolent authoritarianism will characterize China's political system probably for a long time to come. When it comes to the issue of political reform in China, different factions and interest groups, conservatives and liberals, in Beijing or at lower levels, will immediately become one and join together to limit political reform as much as they possibly can. The best argument, as it has always been, will be the necessity of preserving a stable environment within which to carry the economic reform further. This is indeed the most difficult dilemma the Chinese will face in the next five years and far into the twenty-first century. It is very true that a nation of 1.2 billion people needs stability. If one-tenth of the population, for whatever reason, flee China, wouldn't it be a disaster for its surrounding neighbors? Wouldn't it be a disaster for the whole world? Whoever argues against a radical political reform agenda using this logic will get sympathy because the risk is real and it is a sound argument. Therefore, whoever promotes political alternatives must be stopped or suppressed, resorting to whatever means. If we take a closer look at reality, even politically insensitive people would agree that the real resistance does not come from a shared perception that too fast a political reform would bring instability to society, which, whether you like it or not, is a valid argument. The real resistance comes from an unwillingness on the part of power-holders, probably more at lower levels than at higher levels, to give up the political resources at their disposal. Such political resources, in a rule-by-man-is-

larger-than-rule-of-law environment, can easily turn into commodities or cash or whatever form the power-holder wants as long as it's a "good" deal. In the next five years, China will still concentrate on its economy and the systemic reform in the economic field. But the deeper the economic reform goes, the louder the voices will be calling for political reform. While the political reform, no matter how hard the West tries to influence the political process in China as they have been doing in Russia, will not lead to the creation of a Western type of democracy, the People's Republic, nevertheless, would face an increasingly heightened pressure not necessarily from political activists like Wei Jingsheng, but a slowly growing middle class which may, little by little, want to have their voice heard. Such pressure may also come from the demands of a deepening and yet slowly progressing economic reform. Like the sun rising gradually from the east or slowly setting in the west, no one can stop the process. This process, nevertheless, will be slow and painful, and frustratingly unpredictable. Whether China will have democracy or be ruled by benevolent authoritarianism is the topic of chapter 4.

The widely shared perception that China's post-Deng period will be unpredictable feeds speculation among China watchers and media people. When Zhou Beifang, former chairman of Shougang Concord International Enterprises and Shougang Concord Grand—two of China's Capital Iron and Steel (called *Shougang* in Chinese) Corporation's five listed companies in Hong Kong—was arrested on corruption charges in mid-February 1995, some very different meanings were read into the unusual arrest. Some read it as a sign that China was starting to take corruption problems seriously. Others said this was a signal of Deng's waning power as he was nearing his death, on the theory that Zhou had close connections with Deng's family. Zhou's father, Zhou Guanwu, who resigned as head of the Capital Iron and Steel Corporation just before his son was arrested, was a good friend of Deng's. Such stories will proliferate, and the resulting speculations could be still wilder. Questions like the following will get repeated many times: Will Party Chief Jiang Zemin stay on top of the power hierarchy? Is Qiao Shi, now

president of the People's Congress, a real blackhorse? What is going to be Li Peng's role after Deng dies? Will a civil war erupt even before Deng is gone? Who now controls the army? Will there be more or less democracy in the post-Deng era? To be honest, I, as a Chinese national who cares as much about China's future as most serious China watchers, have rarely asked myself these questions. It is not that I am not interested in the dynamics of Chinese politics. Rather, I have already decided, for myself, that China's road to its political future has pretty much been set; who will stay on in the power structure and who will go after Deng dies is not as important as whether or not the economic reform will continue and whether or not China is blessed with continued economic prosperity.

7. *Consumerism, which has been on the rise in the past few years, will reach a new high by the year 2000.* When 1.2 billion hungry consumers buy, they will buy a lot, and when they buy a lot, they can buy everything up. Twenty years ago, the big three items on a Chinese family's "dream" shopping list were a wristwatch, a bicycle, and a sewing machine. Ten years ago, they became a color television set, a refrigerator, and a washing machine. Now they are a personal computer, a telephone, and perhaps a motorcycle. By the year 2000 will they be substituted by a family car or an electric motor-scooter? Chinese consumerism, like a person locked in a dark room for too long and finally exposed to dazzling sunlight, cannot make sense of what's going on and just wants to grab everything. Due to decades of controlled supply of consumer products and a strict rationing policy, mainland Chinese had learned to suppress their desire to consume, which was then considered a virtue. This has become history. Consumerism has become a new cultural value and has taken on ritualistic dimensions; it is now a daily routine for millions upon millions of hungry Chinese consumers. McDonald's, Coca-Cola, and Levi jeans have proved much more effective than the Voice of America and other Western propaganda machines in persuading the Chinese to go global. Benjamin Barber in his "Jihad vs. McWorld" in the March 1993 issue of *The Atlantic* discusses two opposing

trends of tribalism and globalism in the present-day world. By the year 2000, China will become a key player in McWorld, and the unavoidable jihad, or quasi-jihad, between Beijing and outlying localities, between the more developed coastal areas and the resource-rich but skill-poor interior provinces will not be holy wars fought out of varied "faiths," but fierce competitions for a larger piece of the McWorld pie. The 1.2 billion hungry consumers will need a very big piece to eat.

Let's play a little guessing game here. In the United States, after a home the most expensive single item that an average adult American must spend money on is an automobile. What will this item be in China around the turn of the century? Also a car? Not likely. My guess is a motorcycle or motorscooter. As is known to all, China is currently the kingdom of bicycles. In Shanghai alone, for example, there are 7 million registered bicycles. Are the Chinese dreaming of owning a car like Americans or Japanese or their compatriots in Taiwan or Hong Kong? There are such dreamers, but they represent only a tiny percentage of a population of 1.2 billion. A car is far too expensive for the average Chinese worker, whose annual income is no more than 1,000 U.S. dollars. "But can I, in my lifetime, enjoy the 'luxury' of riding a moped or motorscooter? Can I one day put down my bicycle that I have pedaled for so many years?" Many of my former colleagues, friends, and relatives are telling me they are asking these questions. Imagine this: what is likely to happen when the 7 million bicycles of Shanghai are, one day, replaced by other means of transportation? How many mopeds and motorscooters will be needed in that market? Shanghai represents about one percent of the country's population. Then how many mopeds and motor scooters will have to be manufactured and sold in the People's Republic? Based on this logic, I expect a booming market and the fiercest competition among moped and motorscooter manufacturers. By the turn of the century, China will be home to the world's largest concentration of motorcycles, mopeds and motorscooters.

8. *Pandemic corruption in China could prevent the consolidation of the Fourth Power by the year 2000.* High-ranking Chinese Communist Party officials have repeatedly warned

that the rampage of nationwide corruption may not only give the Party plenty of rope to hang itself but also bury all the hard-won fruits of the economic reform. Corruption is real and serious in China, but Chinese are no more corrupt than non-Chinese in other parts of the world. Moral corruption—corruption caused by social, political, or professional demoralization—is everywhere, in underdeveloped as well as developed countries. Structural corruption—corruption caused by structural instability in the political system, the lack of an institutionalized legal system, a continued, inequitable distribution of social wealth—is typical of a society undergoing major systemic transformations such as China, Russia, and many Eastern European countries. If engulfed by structural as well as moral corruption, the problem will assume nightmarish dimensions. It is by no means an exaggeration to say that a large portion of the 1.2 billion people are living in this nightmare. China's continuous economic boom and continuous improvement in people's living standards could help the Chinese walk out of this nightmare. However, the elimination of structural corruption would depend very much on reforms in economic, legal, and overall social structures, and on the building of a whole new generation of well-educated and well-disciplined cadres, while the key to the lessening of moral corruption seems to lie in a long and carefully designed civic educational program. Mere punishment or even frequent resorting to such harsh punishment as summary execution would not solve the problem. A corruption-ridden ailing China needs mental and bodily recuperation using traditional Chinese medicine as well as Western surgical operations. I guess the Chinese will have finally reached this consensus by the year 2000. The often asked question of "Can an economically booming China survive a systemically and morally corrupt China" will be answered in chapter 5.

9. *China's educational system holds the key to the future of China, and with it lies the future of the Fourth Power.* The kind of recuperation and healing that China needs will be conducted through education. Here I am talking about two kinds of education, moral education and science-based edu-

cation. After over four decades of social revolutions including the 1966–76 Cultural Revolution in which many traditional as well as more modern moral values were eradicated, China today is very different from the China of 1919 when there was an intellectual debate on whether or not democracy and science should be developed to save a sick young republic. *The China of today needs, I believe, morality and science. Democracy, Western type or Eastern type, could lead to chaos or become a fake if it is not built on a solid economic and moral foundation.* I am not against democracy, but democracy is not as urgently needed as morality or science at least for the next five years or so. Who then is going to be the most effective moral educator of a 1.2 billion people? Not the state, though it could help. Not the *danwei* (the Chinese term for “working unit”), though it must be supportive. Not religious leaders since religion has never been an important part of the life of an average Chinese (I wonder if there exist any influential religious leaders in present-day China). Not even schools, though they should play the role of moral reinforcer. The most effective educator of morality may be the nation’s real or legendary models (such as the late Party Secretary Jiao Yulu of the Lankao County Committee, Henan Province) on the one hand, and individual Chinese families, nuclear or extended, on the other. We all know models educate. Here I want to stress that moral education could most effectively be carried out for family members by family members within the family. The reason is that family is probably the only social institution existing in China which has survived relatively intact the wars, revolutions, and political upheavals since the overthrow of China’s last feudal dynasty in 1911. The Chinese family and moral values associated with family are still rock solid while Chian’s cultural “Great Wall” is very much in ruins, waiting to be reconstructed.¹⁰

Science suffered greatly during the Cultural Revolution and has zigzagged since the economic reform started in 1979. Practitioners, not scientists, have benefited most in the past decade. Professors, scientists, scholars, and other elite intellectuals must be so well rewarded that they will all stay “home” instead of *xiahai*¹¹ or moonlighting to make a few

yuan to make both ends meet. If, for example, a college professor in China continues to be paid a mere fraction of a Hong Kong professor's salary, China's dream of making the twenty-first century a good century for the Chinese will be cheap talk. It is not that China cannot afford to pay its elite intellectuals this much. Rather, China cannot afford not to "buy" Mr. Science and keep him on the job, happy and productive. If China continues to lose its best brains to a more competitive overseas job market, its continued growth cannot possibly be sustained beyond the year 2000. Why and how education holds the key to China's future is discussed in chapter 6, and why family is crucially important for China and the Fourth Power is the topic of chapter 7.

10. *China, despite all her blessings, has one deadly curse. And this deadly curse, paradoxically, is contained in one of the greatest blessings for her and for the whole world. This curse is not alleged violations of human rights or lack of democracy. This curse is not poverty. This curse is not intractable problems in the educational system. This curse is not even mass-scale social demoralization. These problems, thorny as they are, are solvable, however long it may take. This curse is its 1.2 billion population.* True, 1.2 billion consumers would be the world's greatest blessing from a market point of view: if each and every one of a 1.2 billion people buys a Nike, where else would Nike need to go to sell its shoes? Imagine one-tenth of the population becoming truly middle class and having money to shop with. Doesn't this translate to an attractive 120 million shoppers? How about 5 percent of the population riding motorcycles or motorscooters? Isn't 60 million a good number? But what about the remaining 1.08 billion or 1.14 billion? Don't they also need food, clothing, shelter, medical care, education, and jobs, if not a motorcycle? Suppose I have 10,000 workforce in my factory and I need only 3,000 and I must let the other 7,000 go. A rational conclusion, but where to let them go? Isn't it insane for a university to keep 5,000 teaching and administrative faculty for handling no more than 10,000 students? But the president of the university is dead meat as soon as he acts to prove himself a clear-minded, sense-making person. It

is sadly true: with a population as large as 1.2 billion, you cannot possibly think or act "normally"; you are cursed to think and act in what I call the Population Explosion Complex (PEC) way, no matter how abnormal or insane it may appear. Unfortunately, all mainland Chinese will have to share this abnormality. I wish to make it very clear at the very beginning that the emergence of the Fourth Power or the world's potentially largest market in the Orient does not imply in the least that an average Chinese mainlander will live as well as those who happened to be born in a resource-rich but population-problem-free social environment. The average Chinese will live a very modest material life by the year 2000, probably not even close to the kind of life that a lower-middle-income person leads in a developed country. This being said, however, the Fourth Power is still the Fourth Power. *Here is also involved an important point for all China watchers: always keep in mind China's explosively difficult population problem.*

Nicholas D. Kristof, in his article "China in the Year 2000," developed three scenarios based on real characters and settings that he came to know during his nearly five years as the *New York Times* bureau chief in Beijing.¹² After a sensational presentation of each of the three possible political states for China by the year 2000—an authoritarian dictatorship, "the emergence of a prosperous quasi-democracy," and a third scenario of "civil war and vast upheaval"—he asked: "Which scenario is most likely?" Cautioning that "predictions about China often end up more embarrassing than insightful," Kristof said he leaned toward the likelihood of a prosperous quasi-democracy. I find this difficult to accept. As 1.2 billion people advance toward a new century, I expect to see some kind of chaos, a controlled interregional chaos. Civil war and vast upheaval are more likely to occur in some republics of the former Soviet Union, probably including Russia, but not in China. There will be no democracy or quasi-democracy in China by the year 2000 either; the Western notion of democracy will continue to be alien to the Chinese government and its people. If democracy is compared to cereal and milk for breakfast, then 90 percent of the Chinese, at least in the next

five years, would rather eat rice soup and rotten beancurd even though they know cereal and milk can be healthier. To me, a more likely scenario is the gradual emergence of a more benevolent, more pragmatic, and more efficient authoritarian leadership at the central as well as lower levels. And that's good enough—for China, for the larger Fourth Power, and for the world.