

A Foreign Investor's Perspective on the WTO, and China's Role in the 21st Century

Mark J. Tobkin
May 23, 2002
General Manager
Panda Property Development (China) Co., Ltd.
Great Hall of the People
Beijing, China



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Gewei Laibin, Gewei Pungyomen, Niushimen, Xianxianmen, Dajia Hao!

I am deeply honored to have received this invitation to address this Forum on the WTO, and China Economics in the 21st Century. I say this for three reasons. Firstly, because it provides me an opportunity to witness to the recognized dynamics of China, and why China is such an attractive region of the world for long-term investment. Secondly, as one who has personally lived and worked in China for over a decade, it provides me an opportunity to provide my firsthand observations of the dramatic positive changes that have occurred in a nation, which, less than 25 years ago, was little known to the modern world. And thirdly, it provides me with a unique opportunity to elaborate for a moment on a less talked about issue; one which I believe will have an ever increasing impact upon the WTO as it pertains to China and the other nations of the world, in the 21st Century.

The world in which we live is getting smaller and smaller every day. It is now nearly impossible for any nation to take action of any kind without directly or indirectly affecting the lives of people from other countries. The global economy is enormous, and its impact transcends the market, to affect our political, cultural, and economic institutions. Because of mass communication and advanced technology, the global economy affects the output of goods and services of every nation. Gone forever are the days when mighty oceans or mountains allow any country to isolate itself from the rest of the world. Time zones have been replaced by the 24-hour-a-day stock market. The fate of the South Korean won and the Thai baht is a matter of major concern to the stock markets of New York, London and Sao Paulo. Today, no nation is an island, but a part of a worldwide economic archipelago.

The globalization of the economy impacts upon the socio-cultural shape of every nation and people on the face of the earth. From soft drinks to jeans, automobiles to computers, television news to movies, the world is being homogenized.

As such, mutual respect and increased understanding and cooperation amongst all nations are key essential elements necessary to promote world peace and prosperity for all. I believe that China's entry into the World Trade Organization is a very important milestone towards attaining that end. It is a very bold step forward, but one that promises an enhanced quality of life. The vision of China's leaders to have its nearly 1.3 billion citizens be a part of the world of free trade, where the goods and services of all countries are exchanged, is a meritorious goal that will inure to the benefit of all our peoples.

As an American, and as a guest in your great country, it has been my honor and privilege to have been living and working in the southern Province of Guangdong, in Daya Bay, Huizhou City, for the past 12 years. During this time I have come to better understand and respect the Chinese people very much. I know of the great potential that exists within China, and the great advances that have already been made by the Chinese people.

In the past, in Ancient China, the use of paper, gunpowder, printing, and the compass, are but a few of the many inventions made by the Chinese many hundreds of years before anyone else. And during the past

two millennia, China has also been a great source of economic and political innovation. Although there have been setbacks along the way, China has made many contributions to the further advancement of humankind.

Given the rich cultural heritage derived from such a long history of industrious people, it is not surprising that today we are living in the midst of what is more commonly referred to as the "Pacific Era". Beyond any doubt, this is an era in which China shall play a pivotal role in global events. For that reason, we need to understand the times in which we live, and the challenges and opportunities being presented.

During the past decade China has moved forward by leaps and bounds, and in some ways is becoming the envy of many other parts of the world. I have witnessed firsthand, the profound changes that have taken place in your country, such as the open-door policies encouraged by the late Deng Xiao Ping. It is amazing how rapidly China has adjusted to the reforms that he initiated. His vision and his energy set China on a course that I do not believe can be reversed. From a developing nation with limited trade, in less than 25 years, China has become one of the world's major trading countries. Chinese products are now ever present in the stores throughout America and elsewhere. Today, Chinese products compete successfully with those from Japan, Korea, and other previously labor-intensive economies.

And there have been other achievements as well, such as the economic austerity program initiated in 1993, which subsequently yielded a very stable economy, and the prompt recovery of China from the Asian economic crisis of 1997. Also, for the first time, China has become a finalist in the World Cup Finals that are to be held a few days from now; it is the country chosen to host the Olympic Games in 2008; and most important of all, China has entered into the WTO.

All these achievements, and many more, have occurred under the leadership of Chairman Jiang Zemin, together with his highly capable team of government officials, as well as talented entrepreneurs, including many who are in attendance here today. Coupled with this, I have seen the incredible vitality and progressive attitude amongst your young people. They are not content to just survive, they are very clever, hardworking, and resourceful people who love their country, and want to move forward with the modernization of China.

But challenges abound. As some of my friends in southern China have told me: "WTO entry for China requires a change in mental attitude, a mental adjustment to prepare for the free market reforms that will make China even more competitive in the years to come." It is evident to me in recent years that this mental change is already occurring across the full spectrum of society. Less competitive industries, especially many large state-owned enterprises, are being restructured. Plans are being made for the management of social functions formerly the responsibility of enterprises, including education, transportation, medical care, and retirement benefits, to be transferred to municipal or provincial responsibility.

The new economy of China will necessitate, of course, more modern corporate administration. The legal, accounting, and business management fields will be expanded at a rapid pace. Due to market demands, colleges and universities will restructure their academic offerings. Professional associations will be formed to set standards for these professions and to ensure that the quality and integrity of the services provided is consistent and not compromised. And yes, even lawyers will proliferate.

For every accountant and financial manager, there will be a second auditor. For every patent expert, there will have to be a government expert schooled to assess the patent application. For every defaulted contract, there will be a legitimate avenue to recover losses. The insurance industry will expand at a more rapid pace. High tech equipment will be at a premium in order to function in the business world of the 21st century. The multiplier effect of what WTO membership will bring, is infinite.

The legal challenges will be great. Contracting, commercial dispute resolution, contingency planning, intellectual property law, licensing practices, the multiplicity of trade rules China has committed to adhere to under WTO, will all be taken into account to compete successfully in the global marketplace. All this requires a new mindset, a totally new way of doing business. The challenges are daunting and need to be identified and addressed head-on, as is being done through Forum's such as those being held here in Beijing throughout this week.

The reforms China is undertaking to conform to WTO rules will be the catalyst for further reform and opening up in all sectors and across all disciplines. The gradual breaking down of trade barriers will allow us to more easily jointly cooperate to explore the stars, conquer the deserts, eradicate disease, tap the ocean depths, and encourage the arts and commerce together. The possibilities are endless.

However, although these possibilities exist, and are well within the grasp of humankind today, there is still another even more daunting challenge that still lies ahead. It is a challenge not unique to China, but a challenge faced by all developed and developing nations. This is the challenge of strengthening and maintaining the moral fabric of our nations, centering upon the family unit.

This may not be a popular topic that people want to discuss, however, it is a reality that must be dealt with if we are to achieve global economic stability within and amongst nations in the 21st Century. Immorality is destroying families and countries, and is taking lives just as surely as an invading army. Moral corruption is one of the main causes of divorce, teenage pregnancies, crime and drug addiction. It is not limited to any single nation's borders, but is becoming the world's common problem.

Whether we are talking about the Enron and "dotcom" scandals of the West, or the widening gaps between the rich and the poor within and amongst nations, the social problems brought about by corruption and immorality are leaving a trail of economic collapse and environmental degradation everywhere. These problems are the 'effects' of a much deeper and problematic 'cause', and that 'cause' cannot be rooted out and controlled by force of law alone. It must be dealt with by the combined efforts of the world community of nations, through integrating principles of ethical education at all levels of our society, and it must begin within our homes.

Historically, during periods when nations were developing, they usually had a strong sense of family and values. However today, the very definition of 'family' has been re-written in some parts of the world, contributing, I believe, to the gradual decline of those nations. In a world that is changing faster and more dramatically than at any other time in history, the family remains the fundamental social unit of every country. But how is it faring, economically, socially, and spiritually? Beyond debate, the family is being subjected to stresses and strains it has heretofore never known.

In a larger sense, the economic prosperity of a country, and the adherence to strong moral and ethical family values, are inextricably linked to one another. The writings of the ancient Chinese sages, Confucius, Mencius, and Chu Hsi, highlighted the profound relationship that exists between healthy family ties and all other levels of the social dynamic.

Most people will agree that there can be no viable society without viable families. As such, we need to re-examine our focus on economic prosperity, to include the study of what can be done to preserve and strengthen the family unit, in a world increasingly indifferent to age-old virtues such as honesty, faith, loyalty, human-heartedness (ren) and altruism. Any thorough economic analysis must include the effects of the global economy on family, culture and ethics, and be sure that they are treated fairly, and treated thoroughly.

Once the moral fabric of a person, a people, or a nation is eroded away, no amount of economic progress and/or technological advancement will curb its eminent decline. A nation's destiny is not the result of arbitrary fate, but the inevitable consequence of the values to which its people subscribe, and practice.

Etched into the annals of history are the records which clearly record that the rise and fall of nations, and indeed, entire civilizations, like those of ancient Greece and Rome, can be traced back to the rise and fall of individual and national character. The political, social, and economic parallels drawn between those nations and civilizations, and some of the well-developed nations and civilizations of the world today, is striking.

As China and other developing nations move forward into the 21st Century, filled with hopes and expectations, my sincere hope is that they will heed the lessons gleaned from the past, and uphold those values and traditions that made the great civilizations of the past, great. The education of those values and traditions must begin in the home, and be reinforced in our schools. Perhaps it calls for taking the road less traveled these days, but it is the road that will lead to true success.

As we enter the 21st Century, we must work together as a global community of nations, taking up the challenge of gradually moving forward towards interdependence, mutual prosperity, and universally shared values. This task is fundamental, as it serves as the very cornerstone of economic prosperity and global peace.

Cooperation, Trust, and working for the betterment of other nations, even beyond our own, are of paramount importance, particularly for the more developed countries. Advanced nations must reach out with a helping hand, sharing their high technology and all things that are good and beneficial, with the developing nations of the world. When a new discovery is made, which is beneficial for the 'whole', it should benefit all nations; not just a few. If something is good for humanity and the world, all people, transcendent of national boundaries, should have access to it. Although this is a process that requires time and careful consideration as to its implementation, I believe it is the inevitable direction we must march towards in the 21st Century.

When we go this way, a fresh new vision will emerge, and new opportunities will open up in front of us. Along with the risks, so too will the opportunities abound to further unleash the skill and work ethic of the Chinese people; to give each industry the opportunity to compete globally, and compete they will.

China's commercial advantages will grow as global investment increasingly flows to a rules-based system. Joint venturing will combine the technologies, marketing, and management skills of China with those from abroad. Workers will increasingly have a stake in the quality and efficiencies of their factories. Wealth will accrue as wages rise to meet the demands for highly skilled workers, many specialized in high-tech industries. It is, in brief, a new revolution that bodes well for all who capitalize upon the opportunities WTO membership presents.

As China becomes more prosperous, the nations of the world will have an increasing interest in meeting the demands of China's consumers. Their attempt to meet those demands will oblige them to understand and appreciate the Chinese language and the Chinese culture. China has a great cultural and moral legacy, which precedes even the emergence of the Han Dynasty. It is my hope that modernity will not dismiss what, in my view, explains China's ability to transcend even the most difficult challenges, and emerge again and again as a central civilization of the world.

Should any nation consciously or unconsciously purport to become a leader amongst the other nations of the world in the 21st Century, let it do so not by mere words, but by words backed up by appropriate actions and deeds conducive to bringing unity and harmony.

My hope is that China will become such a leader through their economic and social reforms, coupled with universally shared values. It must continue to provide the leadership required for the nearly 1.3 billion people of China, who look with hope to the 21st Century. Leaders who move forward in the spirit of Lei Feng, and other great Chinese legendary heroes of the past.

As a foreigner, I have heard many stories of Lei Feng during my 12 years in China, and some people have even told me that he was a fictional character, and/or the stories about him are blown way out of proportion. However, for me it really doesn't matter whether he existed or not, or the extent of his actual contributions to society. Even if he never really did exist, I believe that we would need to create such a person as he, so as to advocate his attitude of 'living for the sake of others'.

Although perhaps very young, and very limited in the scope of his influence at the time, in his own small way he tried to live a moral and ethical life, and that is one of the reasons why he is remembered. In that regard, I hope to see many hundreds, even thousands of Lei Feng's arise in the future, from nations around the globe, advocating service to their fellow man, and living for the sake of others. What kind of economic impact would this have? It would be incalculable.

In line with this kind of attitude, a little over 4 decades ago, a former U.S. President (President John F. Kennedy) advised the American people when he said: "Ask not what your country can do for you, Ask what you can do for your country." Had we continued to follow through with this kind of guidance by our leadership, I believe that America would be in a much better situation today, than it is. And although China must go about the incredible task of reform and caring for its own people at the present, its leadership should have the longer range objective, well within the 21st Century, of eventually being able to say to its people: "Ask not what the global community of nations can do for you, Ask what you can do for the global community of nations." We must support all efforts to make this a reality, for all nations.

One final thought... I spent most of my youth growing up on a farm in a small town called Perham, located in the northern state of Minnesota, back in the states. Through this experience I learned a bit about agriculture, and about being close to nature. As such, I can tell you, that when you plant soybean seeds, soybean plants will surely grow, and when you plant wheat seeds, wheat plants will surely grow. No one can deny this.

Nature has taught me that what we sow, we shall eventually reap. As such, when a developing nation sows moral and ethical values in their youth, in their homes, and in their schools, and this is coupled with sound economic and social programs, then a moral and ethical nation shall eventually emerge, bearing economic prosperity for all. And when the fruits of those seeds are again planted in a developed nation, they will again produce more economic prosperity for the future generations. The important thing is the amount of effort we make, and the amount of emphasis that is given.

I believe that the integration of this important element into our thinking and strategic planning shall have the greatest impact on the history that is yet to be written, in the 21st Century. We must all join together in this endeavor, and I look forward to seeing China, America, and the other nations of the world, become great leaders in this regard.

I am confident that if we cooperate, extend mutual respect and trust in one another, and adhere to those cherished values that remain the hallmarks of success in the past, our hopes and dreams will be realized. We have the capacity to rise to the new challenges, and I know we will.

Ladies and gentlemen, please allow me to take this opportunity to express my heartfelt congratulations to our dearest friends in China, the State Council, the various levels of government, and to the Chinese

people in general, upon your successful entrance into the WTO. It is truly exciting for me to be living and working here at this time, and to contemplate what a great future lies ahead for China during the 21st Century.

Thank you for permitting me to join this timely, well-focused, and most valuable gathering. I wish each and every one of you continued success. Thank you.