

SOMETIMES THE GOOD GUYS WEAR BLACK HATS

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LAST SEPTEMBER , BILL REILLY ASKED ME TO GIVE A FIRST PAPER TO THE CHIT CHAT CLUB. IN A ROUND -ABOUT- WAY, HE ASKED ME WHAT SUBJECT MATTER I MIGHT COVER, AND I TOLD HIM I WAS CONSIDERING CHINA'S ECONOMIC GROWTH AND THE TIE -IN ISSUE OF HUMAN RIGHTS... I AM SURE THAT WHEN THE CLINTON WHITE HOUSE RECEIVED THE CHIT CHAT SCHEDULE OF EVENTS, THEY IMMEDIATELY SET THE PRESIDENT'S CHINA TRIP TO FOLLOW TONIGHT'S PRESENTATION SO THAT HE MIGHT HAVE TIME TO CONSIDER THIS DEATHLESS PROSE..

I BECAME A MEMBER OF THE CHICAGO LITERARY CLUB IN 1963 AND MY FIRST PAPER , GIVEN LATE THAT YEAR , DEALT WITH THE CHANGE FROM THE ISOLATIONIST POLICY OF THE 1920S TO THE INTERNATIONALISM OF THE 1960S. I HEARD LATER THAT SOME MEMBERS WHO HAD BEEN IN THE GOVERNMENT IN THE 1930S AND 40S, TOOK ISSUE WITH THE PAPER . HOWEVER, UNLIKE THE CHIT CHAT TRADITION WHERE REMARKS ARE ENCOURAGED FOLLOWING PAPERS, THE CHICAGO CLUB MEMBERS MAY NOT COMMENT ON OR QUESTION PRESENTATIONS. TONIGHT, I AM LOOKING FORWARD TO YOUR OBSERVATIONS.

YEARS LATER , I PRESENTED TO THE LITERARY CLUB A REVIEW OF ALEXANDER SOLZHENITSYN'S NOVEL, ONE DAY IN THE LIFE OF IVAN

FORCES WERE COMPETITIVE WITH OURS; TODAY, CHINESE FORCES ARE NOT .

THE SOVIET UNION RAN PUPPET GOVERNMENTS THROUGHOUT THE WORLD AND WERE VIEWED AS IMPERIALISTS; THE CHINESE SEEM TO HAVE LIMITED INTEREST IN THAT POLICY. ASSUMING THAT WE TREAT THE CHINESE REASONABLY AND ALLOW THEM TO PARTICIPATE IN THE THE GROWTH OF THE TWENTY FIRST CENTURY, IT'S MY GUESS THAT THEY CAN BE DETERRED FROM IMPERIALISM. BUT, BEAT THEM UP IN PUBLIC AND WE CAN DEPEND ON THE TIGER TO USE ITS CLAWS.

WE NOW BELIEVE THAT ABOUT 220 MILLION YEARS AGO, THE HEMISPHERES WERE CONNECTED IN ONE LAND MASS.

SINCE THAT TIME THE MASS HAS SEPARATED INTO CONTINENTS, BUT, MORE THAN PHYSICAL DIVISION HAS LED TO THE MISUNDERSTANDINGS BETWEEN THE SEVERAL CONTINENTS AT BOTH THE POLITICAL AND COMMERCIAL LEVELS. THESE MISUNDERSTANDINGS, RESULTED FROM DIFFERENT APPROACHES TO CULTURE , ETHICS, MORES, AND POSSIBLY EVEN VIRTUE. I THINK THIS IS ESPECIALLY TRUE IN THE COMMERCIAL SECTOR.

DENISOVICH. AT THE TIME WE, WERE IN THE MIDST OF THE COLD WAR AND SOLZENITSYN WAS BEING WIDELY READ. THERE WAS MUCH INTEREST IN HIS ISSUES OF PERSONAL FREEDOM AND HARSH CONFINEMENT.

OUR ADVERSARY AT THE TIME WAS THE MONOLITHIC RUSSIAN BEAR. DURING THE YEARS OF THE COLD WAR, ALL FOREIGN POLICY WAS SEEN THROUGH THE PRISM OF THE SOVIET THREAT, INCLUDING OUR RELATIONS WITH CHINA. THE GENERAL POLICY TOWARD CHINA AT THAT TIME, NO MATTER THE FAULTS OF THE CHINA SYSTEM, WAS "GET ALONG."

MY PRESENTATION TO THE CHIT CHAT CLUB TONIGHT DEALS WITH A DIFFERENT ADVERSARY, THE TIGER OF- CHINA. THE PROBLEM WE FACE TODAY IS OUR DESIRE FOR EXPANDED COMMERCIAL RELATIONS WITH AN AUTOCRATIC GOVERNMENT WHICH DOES NOT DOES ALWAYS PRACTICE WESTERN BUSINESS ETHICS, AND AT THE SAME TIME LIMITS INDIVIDUAL FREEDOMS AND JUSTICE.

WITHIN OUR OWN SOCIETY, EVEN WITHIN THIS GROUP, THERE SEEMS TO BE A DICHOTOMY OF THOUGHT. THE OCT 25, 1997 ISSUE OF THE ECONOMIST, DESCRIBED ONE CAMP AS CAUTIOUS ACTIVISTS WHO TEND TO THINK ABOUT FOREIGN POLICY IN A DETACHED MANNER AND THE OTHER AS EXCITED ACTIVISTS WHO FOCUS ON THE EMOTIONAL END OF THE ARGUMENT AND SEEM TO HAVE THE EAR OF THE PEOPLE.

HOWEVER, OUR CHALLENGE IS DIFFERENT. TWENTY FIVE YEARS AGO, THE SOVIET UNION ARMED

IN THE REAL WORLD, THERE ARE CERTAIN RULES OF CIVILITY AND JUSTICE IN
COMMERCE--- AND SOME WILL SAY EVEN IN THE CATAclysmic ACT OF WAR.
BUT THE QUESTION REMAINS, HOW ARE THESE RULES TO BE INTERPRETED?.
WITH WHOSE EYES DO WE LOOK AT THESE RULES?

CAN WE EXPORT WESTERN IDEAS SUCH AS FREE TRADE AND LESS
RESTRICTIVE TRADE TO POPULACES WITH DIFFERENT ETHNIC, MORAL, AND
CULTURAL TRADITIONS, AND CAN WE ASK THESE PEOPLE TO ACCEPT OUR
STANDARDS OF CONDUCT?.

DO MORAL AND ETHICAL SYSTEMS DIFFER BECAUSE OF CLIMATE, LOCATION,
RELIGION, COLOR OF SKIN, LANGUAGE DIFFERENCES, ETC.?

IF SO, CAN WE EFFECT CHANGE WITH EXPOSURE TO IDEAS ALIEN TO THE LOCAL
SYSTEM ?

IS OPINION VARIABLE? CAN OPINION BE CHANGED VIA OPEN DISCOURSE OR
DIALOGUE?

AND IF SO, CAN SOCIETIES THAT HAVE DIFFERENT CULTURAL TRADITIONS BE
URGED TO ACCEPT OUR VIEW POINT ON THE SOCIO / ECONOMIC ISSUES
IN TODAY'S WORLD?

ARE ETHICS VARIABLE OR UNIVERSAL? CAN ETHICS BE CHANGED OR ARE
THEY INNATE? WHAT IMBUES A PERSON , GOVERNMENT OR COMMERCIAL
ENTITY WITH ETHICS??

IS RIGHT CONDUCT INNATE OR MUST IT MUST BE LEARNED?. IF

LEARNED THEN THERE ARE REASONS WHY THERE ARE DIFFERENT
STANDARDS AMONG CULTURES.

DO COMMERCIAL ALTERNATIVES, SUCH AS TRADE SANCTIONS, FORCED UPON
AUTOCRATIC GOVERNMENTS, ASSIST IN THE REMOVAL OF BARRIERS TO
FREEDOM AND OFFER THE EXTENSION OF LIBERTIES TO THE GENERAL PUBLIC.?

AND DO ETHICS THAT APPLY TO GOVERNMENTS ---APPLY TO INDIVIDUALS?
IF WE SAY YES, THEN

DOESN'T ECONOMIC FREEDOM GO HAND IN HAND WITH POLITICAL FREEDOM?

IF WE AGREE, ISN'T THE COMMITMENT TO CHANGE FROM LESS DESIRABLE
SYSTEMS, MORE LIKELY TO COME FROM INCLUSION THAN EXCLUSION??

MANY HISTORIANS FEEL THAT THE GENESIS OF THE RIGHTS OF MAN THEORY-
EMANATED FROM OUR OWN REVOLUTION IN THE LATE 18TH CENTURY. SOME
HISTORIANS THEN PASS THE TORCH OF FREEDOM TO NAPOLEON WHOSE
ARMY CONQUERED ON BEHALF OF LIBERTY, EQUALITY, FRATERNITY.

FOLLOWING THE NAPOLEANIC PERIOD, THE AUSTRIAN STATESMEN, PRINCE
METTERNICH, INTRODUCED THE CONCEPT OF BALANCE OF POWER AND OF
NON INTERFERENCE IN OTHER STATES INTERNAL AFFAIRS. THIS FORM OF
GOVERNMENT, ADOPTED BY MUCH OF EUROPE IN THE MIDDLE 19TH CENTURY,
HAS BEEN INTERPRETED BY MANY AS A STEP BACK IN THE PURSUIT OF
PERSONAL FREEDOM.

LATE IN THE NINETEENTH CENTURY, TWO THEORIES EMERGED IN THE WESTERN

WORLD. THE ARCH-REALISTS WERE LED BY OTTO VON BISMARCK, THE GERMAN CHANCELLOR, AND BENJAMIN DISRAELI, THE PRIME MINISTER OF BRITAIN. THEY WERE OF THE OPINION THAT STATES LIVED BY DIFFERENT MORAL RULES THAN INDIVIDUALS. THEY SAW POWER RATHER THAN PRINCIPLE AS THE DRIVING FORCE OF INTERNATIONAL AFFAIRS. AVOIDING UNNECESSARY CONFLICT WAS AN IMPORTANT AIM OF STATES AND CRITICIZING ANOTHER COUNTRY'S HUMAN RIGHTS COULD LEAD TO CONFLICT.

AT ABOUT THE SAME TIME, FOREIGN POLICY LIBERALS, WERE LED BY WILLIAM GLADSTONE AND PRESIDENT WOODROW WILSON. THEY BELIEVED THAT HISTORY WAS ON THE SIDE OF HUMAN RIGHTS AND THAT THE LEADERS OF THE WEST SHOULD SET THE EXAMPLE FOR PUBLIC AND PERSONAL MORALITY. IF IT WAS WRONG FOR AN INDIVIDUAL TO DO SOMETHING - THEN IT WAS ALSO WRONG FOR THE STATE .

IT IS MY BELIEF THAT CURRENT U.S. POLICY, LATE 20TH CENTURY POST NIXON / KISSINGER, THE LINKAGE OF HUMAN RIGHTS AND DIPLOMACY, EMANATED FROM WOODROW WILSON'S 14 POINTS OF FREEDOM. WILSON'S PROPOSALS WERE FORMULATED AS W.W.I. WAS DRAWING TO A CLOSE AND HIS STATEMENT WAS CLEAR: "THE BASIS OF FREEDOM OF MANKIND WAS NOT TO BE CONFINED IN CONCEPT AND PURPOSE TO AMERICA!" IT IS UNIVERSAL. PRESIDENTS CARTER, REAGAN, AND CLINTON HAVE BECOME THE INTELLECTUAL HEIRS OF THIS THEORY.

THERE IS ANOTHER SIDE TO LINKAGE OF TRADE WITH THE EXPORT OF HUMAN RIGHTS.!

IN SOME DIPLOMATIC CHANNELS, KEEPING THE PEACE AND ENCOURAGING TRADE, --AT THE EXPENSE OF HUMAN RIGHTS, HAS BECOME A STATEMENT OF OUR FOREIGN POLICY. THERE IS A CONVICTION THAT SAFEGUARDING OUR SECURITY IS THE TRUE JOB OF DIPLOMACY AND THE EMBRACING OF HUMAN RIGHTS MAY BE AN ENCUMBRANCE ON THAT TRADITION.

IN SEVERAL EMERGING COUNTRIES, ESPECIALLY IN SOUTH EAST ASIA, THERE HAS BEEN, AND WILL CONTINUE TO BE, WHAT WE IN THE WEST WOULD CONSIDER DAMAGING GOVERNMENTAL INTERVENTION IN THE BUSINESS SECTOR. THE INTERVENTION MAY HAVE BEEN NECESSARY AT TIMES IN THE CURVE OF THIRD WORLD COUNTRY DEVELOPMENT, AND STILL MAY BE NECESSARY IN SOME CASES; BUT THE PROBLEM HAS ALWAYS BEEN HOW TO END DRACONIAN GOVERNMENTAL INFLUENCE AT THE PROPER TIME WITHOUT DAMAGING POLITICAL RELATIONSHIPS.

IN THE WORLD OF INTERNATIONAL COMMERCE, WHEN TRADE DISCIPLINES ARE IMPOSED ON NON- DEMOCRATIC COUNTRIES IN ORDER TO ENCOURAGE THEM TO BE MORE RIGHTEOUS , THE REAL QUESTION IS: ARE WE RESPONDING TO DOMESTIC PRESSURES, SUCH AS POLITICS, UNIONS, PROTECTIONISM, OR ARE WE TRYING TO EXTEND VIRTUE TO HUMAN RIGHTS?

RECENTLY I CAME ACROSS A COMMENT, ATTRIBUTED TO SAMUEL JOHNSON, THAT IS AS TRUE TODAY AS IT WAS IN HIS TIME.

QUOTE; --- "VIRTUE IS OFTEN MERELY LOCAL." --END QUOTE:

RETIRED CONGRESSMAN TIP O'NEIL OF MASSACHUSETTS HAS LONG BEEN QUOTED, AS FOLLOWS: "ALL POLITICS IS LOCAL." END QUOTE.

IS THE DOCTRINE OF FREE TRADE A TENET IN REDUCING STRAINED RELATIONSHIPS, OR, VISA VERSA.?

IN ABOUT 430 B.C., DURING THE HEIGHT OF THE POWER OF ATHENS, THE PEOPLE OF MEGRA, A CITY BORDERING ATHENS, WERE TOLD BY THE ATHENIANS THEIR GOODS NO LONGER COULD ENTER THE ATHENIAN MARKET PLACE. CERTAIN ALLIES OF MEGRA, INCLUDING SPARTA, CAME TO THEIR SUPPORT, AND WITHIN A SHORT PERIOD OF TIME THE PELOPONNESIAN WAR RE-COMMENCED. AN INTERESTING SIDE NOTE: ARISTOPHENES, IN 425 B.C., WROTE THE ACARNIANS, A COMEDY PERTAINING TO THE MEGRA CONFRONTATION AND IT HAS ALWAYS BEEN CONSIDERED ONE OF THE FIRST PIECES OF ANTI WAR PROPAGANDA.

IF WE ACCEPT THE DOCTRINE OF FREE TRADE, DOES IT NECESSARILY BRING ABOUT ADVANCEMENT IN HEALTH, WEALTH AND EDUCATION? IN MOST CASES-YES!.

SHOW ME THIRD WORLD COUNTRIES THAT HAVE BEGUN TO ADDRESS THE ISSUES OF DISEASE AND INFANT MORTALITY, AND I WILL SHOW YOU COUNTRIES THAT HAVE BEGUN TO TRADE WITH THE WEST.

DO IMPOSED COMMERCIAL AND FINANCIAL ALTERNATIVES BECOME AGENTS IN TEARING DOWN THE WALLS OF DESPOTIC GOVERNMENTS WHICH WILL ULTIMATELY LEAD TO THE EXTENSION OF CIVIL RIGHTS. I AM OF THE OPINION THAT IT DOES.

WITNESS THE PRESENT SITUATION IN INDONESIA AND THE MATURING OF THE EASTERN EUROPEAN FINANCIAL INSTITUTIONS.

WILL OBSERVATION OF INTERNATIONAL AGREEMENTS AND ACCEPTANCE OF LEGAL CHALLENGES LEAD TO PEACEFUL AND ORDERLY GROWTH IN THE RIGHTS OF MANKIND? IN THE WORLD COURT OF ACCOUNTABILITY THE ANSWER IS YES!!

EVEN IN THE CURRENT SCHISM BETWEEN INDIA AND PAKISTAN, MOST OF THE WORLD, INCLUDING CHINA, IS PETITIONING THE TWO PARTIES TO "FOLLOW THE RULES."

THERE WAS AT LEAST ONE NOTABLE EXCEPTION. THE LEGAL AGREEMENTS BETWEEN THE SEVERAL NATIONS OF EUROPE IN THE EARLY 20TH CENTURY AND THE HONORING OF THOSE PACTS UNDOUBTEDLY FACILITATED THE BEGINNING OF W.W. I.

AND LASTLY, IS IT THE JOB OF AMERICAN SOCIETY AND OR CORPORATE AMERICA TO TAKE ON SOCIAL ISSUES? IF SO, WHOSE EYES DO WE LOOK THROUGH TO ADDRESS THE ISSUES? IF WE DETERMINE THAT OUR SOCIETY SHOULD BE THE MORAL POLICEMAN FOR THE WORLD, HAVE WE DEVELOPED OUR OWN CIVILIZATION TO A DEGREE THAT ALLOWS US TO EXPORT OUR ETHICS. IT WAS JUST OVER 30 YEARS AGO --THAT WE PASSED OUR OWN CIVIL RIGHTS ACT!

FRANCIS BACON HAS STATED , AND I QUOTE- "CONSISTENCY IS THE FOUNDATION OF VIRTUES." END QUOTE--

HAVING SPENT MORE THAN 25 YEARS IN THE ASIAN INTERNATIONAL BUSINESS SECTOR, I HAVE ADOPTED A CODE OF BUSINESS RULES - SOME THAT MAY RUN COUNTER TO THE RULES OF CIVILITY -- BUT ACCOMPLISH THE PRINCIPLE OF

BEING DIRECT AND STRAIGHT FORWARD, AND AT THE SAME TIME--

HONORABLE! .

THESE ARE KNOWN AS "SCHRAM RULES OF ECONOMIC DIPLOMACY." !!

--NEGOTIATIONS REALLY BEGIN ONCE THE AGREEMENT IS SIGNED.

--BAD NEWS SHOULD BE DISSEMINATED IN SMALL DARK ROOMS.

--NEVER BACK YOUR ADVERSARY INTO A CORNER THAT DOES NOT OFFER AN
HONORABLE EXIT STRATEGY.

--MUTUAL RESPECT GOES A LOT FURTHER THAN OPEN HOSTILITY.

--NEGOTIATION IS THE ENGINE OF COMPROMISE.

--A VELVET HAMMER CAN ACCOMPLISH MORE THAN A JACK HAMMER

--I WOULD MUCH RATHER NEGOTIATE WITH A TOUGH KNOWLEDGEABLE
ADVERSARY, THAN AN UNINFORMED NICE GUY, WHO, ONE COULD
TAKEN ADVANTAGE OF--BECAUSE THIS FORCES ME NEVER TO
ASK FOR ANYTHING MORE THAN IS PROPERLY DUE..

--LASTLY, THE CONCEPT OF TIME IS THE MOST MISUNDERSTOOD CONCEPT
IN THE INTERNATIONAL BUSINESS ARENA- AND SOME WOULD SAY, ALSO
IN THE ARENA OF FOREIGN AFFAIRS.

FOR THOSE OF US WHO WERE BROUGHT UP WITH BLACK AND WHITE

TELEVISION, THE ONLY WAY WE WERE ABLE TO DISTINGUISH THE GOOD GUYS
FROM THE VILLAIN, WAS BY THE COLOR OF THE HORSE OR THE HAT. THE GOOD
GUYS ALWAYS WORE WHITE HATS.! THAT'S JUST NOT TRUE IN THE
COMMERCIAL WORLD. SOME TIMES THE GOOD GUYS WEAR BLACK HATS.

THE NIKE COMPANY'S PHIL KNIGHT HAS NEVER BEEN CHARACTERIZED AS
TIMID. HE WAS ONE OF FIRST EXECUTIVES FROM A LARGE AMERICAN COMPANY

TO POSITION AFRICAN AMERICANS AS MARKETING ICONS IN THE CORPORATE WORLD. HE HAS INTRODUCED MICHAEL JORDAN AND TIGER WOODS AS CRUSADERS FOR HIS COMPANY AND FOR THE AMERICAN WAY OF LIFE, YET HE IS BEING VILIFIED BY THE AMERICAN PRESS FOR HIS COMPANY'S LABOR PRACTICES IN THE THIRD WORLD. HE HAS HAD AN UNCEREMONIOUS ASSIGNING OF THE BLACK HAT . NO ONE HAS GIVEN THE NIKE COMPANY THE CREDIT IT DESERVES FOR CREATING THOUSANDS OF JOBS WHERE NO JOBS EXISTED. THERE IS NARY A MENTION OF THE POOR ALTERNATIVES AVAILABLE TO THE NIKE WORKERS IN DEVELOPING COUNTRIES. LITTLE HAS BEEN SAID IN THE PRESS, IN MY OPINION, THE NIKE COMPANY ITSELF, HAS NOT TRUMPETED THE POSITIVE AFFECT ON EXPORTING THE WESTERN WAY OF LIFE THROUGH THE GLOBALIZATION OF THE NIKE BRAND. I HAVE OFTEN THOUGHT THAT HAD WE DROPPED SEVERAL THOUSAND PAIRS OF NIKES IN THE DESERT OF IRAQ IN 1991, WE MIGHT NOT HAVE HAD TO SEND IN THE TROOPS.

NO COUNTRY INFLAMES AMERICAN PASSIONS QUITE AS MUCH AS THE MIDDLE KINGDOM. THE PRESENT CHINESE LEADERSHIP ESPOUSES RIGIDITY AND AUTOCRACY AND WE AS A NATION CANNOT UNDERSTAND WHY FLEXIBILITY AND DEMOCRACY HAVE NOT BECOME THE SYSTEM OF CHOICE! DEMOCRACY HAD ONLY A SIX WEEK HISTORY IN CHINA. SUN YAT SEN, KNOWN AS THE FATHER OF DEMOCRACY IN CHINA, FELL INTO BED WITH ANYONE WHO WOULD ASSIST HIM IN OVERTHROWING THE CORRUPT GOVERNMENTS IN CHINA IN THE FIRST PART OF THIS CENTURY.

WITHIN SIX WEEKS OF CONSOLIDATING HIS POWER IN CHINA, SUN YAT SEN DIED. MANY IN THE WEST STILL WOULD LIKE TO BELIEVE THAT HAD HE LASTED, DEMOCRACY AS WE KNOW IT WOULD BE A PERMANENT FIXTURE IN CHINA TODAY.

IT IS IMPORTANT FOR US TO UNDERSTAND HOW TO ENCOURAGE THIS EMERGING POPULATION OF 1 BILLION PLUS TO TAKE A FORMATIVE ROLE IN THE PROMOTION OF FREEDOM AND JUSTICE IN TODAY'S WORLD.

I BELIEVE CHINA SHOULD NOT BE ISOLATED. IT MUST BE BROUGHT INTO THE MAIN STREAM OF INTERNATIONAL LIFE! FACE SAVING IS AS IMPORTANT A CULTURAL PRACTICE TO THE CHINESE AS EGO IS TO THE BUSINESS EXECUTIVE IN THE WEST. I BELIEVE YOU DO NOT CONDUCT BUSINESS WITH THE CHINESE BY PUTTING EXCESSIVE CONDITIONS ON ISSUES. POSITIVE ENGAGEMENT IS MORE LIKELY TO ENSURE PROGRESS, EVEN PROGRESS IN THE RIGHTS OF MAN. CONFRONTATION AND CONDEMNATION DOES NOT WORK. DO NOT BACK THEM INTO A CORNER WITHOUT AN HONORABLE EXIT!

UNLIKE THE JAPANESE, INDIVIDUAL COMPETITION IS PART OF THE CHINESE HERITAGE. THE IMPORTANCE OF WINNING TRANSCENDS OTHER STRATEGIES. HERE'S AN EXAMPLE OF A PRACTICE THAT PERMEATES CHINESE BUSINESS STRATEGIES. MOST FINANCIAL ENTITIES HAVE MULTIPLE OWNERSHIP AND EACH OWNER HAS MORE THAN ONE INVESTMENT WITH HIS OTHER PARTNERS. SO IF ONE OPERATION FAILS, THE SEVERAL OWNERS CAN IGNORE IT AND POINT TO OTHER JOINTLY OWNED COMPANIES THAT ARE SUCCESSFUL. WITH THIS STRUCTURE THERE IS NO LOSS OF FACE! LOSS IS NOT A CONCEPT IN THE CHINESE BUSINESS WORLD. BAD LUCK -YES! BUT NOT LOSS. REMEMBER

MY RULE ABOUT BAD NEWS IN DARK ROOMS! THEY DON'T WANT THE WORLD TO KNOW ABOUT THEIR HAVING TO GIVE INTO THE WEST!

THE CHINESE LOOK UPON BUSINESS ETHICS FROM A DIFFERENT VIEWPOINT THAN THE WEST. THERE IS NO QUESTION THAT SINCE 1976 THERE HAS BEEN A MOVEMENT TOWARD ACCEPTING THE WESTERN RULES OF CIVILITY. BUT ONE STILL HAS TO BE PREPARED TO LIVE WITH NEGOTIATION PRACTICES THAT ARE FOREIGN TO OUR SYSTEM. TAKING UNFAIR ADVANTAGE IS AN HONORABLE NEGOTIATING TACTIC. DISRESPECT OF PROPERTY RIGHTS IS STILL IN THE REALM OF ACCEPTABILITY, BUT I AM HAPPY TO SAY, SLOWLY DISAPPEARING.

BE PREPARED FOR THE INCLUSION OF GOVERNMENT IN OWNERSHIP. IN MANY CASES THE PEOPLES' ARMY HAS AN ACTIVE INTEREST IN BOTH THE FINANCIAL SECTOR OF THE COMPANY AND THE MANAGEMENT OF THE ENTERPRISE.

IN BOTH FOREIGN AFFAIRS AND INTERNATIONAL COMMERCIAL DEALINGS, THE WORLD'S LAST MAJOR COMMUNIST REGIME IS SLOWLY DISTANCING ITSELF FROM THE AGE OF ITS GREAT PERSONALITIES: MAO ZEDONG, ZHOU ENLAI, AND DENG XIAOPING. THE IMPACT OF GENERATIONAL CHANGE IS PROFOUND. CHINA WILL NOT ADAPT TO WESTERN PRINCIPLES OVERNIGHT, BUT AS POWER IS TRANSFERRED TO OUTWARD LOOKING, WESTERN EDUCATED CHINESE TECHNOCRATS, THE REST OF THE WORLD WILL FIND WORKING WITH CHINA MORE COMFORTABLE.

IN MY OPINION DENG SHAU PENG WILL BE CONSIDERED ONE OF THE MOST INFLUENTIAL POLITICIANS IN THE LAST HALF OF THE 20TH

CENTURY (I MAY NOT ATTRIBUTE THAT ACCOLADE TO HIS STATESMANSHIP). YOU WILL REMEMBER THAT IN 1976 WHEN HE ASCENDED TO POWER, CHINA WALLOWED IN AUTARKIC STAGNATION. OVER A PERIOD OF 20 YEARS, DENG LED THE WAY IN IMPLEMENTING TREMENDOUS IMPROVEMENTS IN LIVING STANDARDS AND LIMITED STANDARDS OF FREEDOM FOR 100S OF MILLIONS OF PEOPLE. TODAY, CHINA ATTRACTS MORE FOREIGN INVESTMENT THAN ANY OTHER DEVELOPING COUNTRY. DENG WAS THE INITIATOR OF FREER PRICES AND WAS THE FIRST POST - 1949 CHINESE LEADER TO ENCOURAGE THE PROFIT MOTIVE.

HE HELPED STRUCTURE THE POINT OF TRANSFER OF HONG KONG BACK TO CHINA AND MOST OF THE WORLD WOULD SAY THAT THIS HAS BEEN ACCOMPLISHED WITH LITTLE OR NO DISRUPTION. FREEDOM ENJOYED IN CHINA TODAY CERTAINLY SURPASSES ANY MEASURE OF FREEDOM THAT HAS EXISTED IN CHINA FOR THE PAST 100 YEARS. BUT WE MUST LOOK AT THEIR HISTORY. YES, DENG WAS STAINED WITH THE BLOOD OF THE TIENAMIN SQARE.

“INCIDENT” BUT IT IS MY BELIEF THAT THE REACTION FROM THE OUTSIDE WORLD SO STUNNED HIM THAT HE DECIDED TO LAY THE GROUND WORK FOR CHINA’S EMERGENCE INTO THE SOCIETY OF NATIONS. NOW WE MUST SEE WHETHER HIS SUCCESSORS WILL CONTINUE THIS FORWARD MOVEMENT .

WE UNDERSTAND THAT THE CHINA GAME HAS NOT BEEN CONCLUDED.-

AS ALL COMMENTATORS ON IN LIFE IN CHINA, I WOULD LIKE TO KEEP THE DOOR OPEN --JUST A LITTLE. WE ARE REMINDED OF THE “TWO STEPS FORWARD - ONE STEP BACK” HISTORY OF CHINA . IF HONG KONG’S ECONOMIC FREEDOMS BEGIN TO DISSIPATE BECAUSE OF THE NEW RELATIONSHIP WITH

**I TELL THEM I UNDERSTAND THE PROVERB, BUT SOMETIMES I STILL NEED TO
USE, IN A JUDICIOUS MANNER, MY VELVET HAMMER!~!!**