

INSTITUTE OF CURRENT WORLD AFFAIRS

“THE COLOR OF MONEY”: SHANGHAI IMPRESSIONS

Shanghai, China
October 1993

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Dear Peter,

As the airplane was about to land at the Hongqiao Airport in Shanghai, I took a look over the city through the window. My first impression was color, or more precisely, the lack of colors. Shanghai seemed to still have the color with which I had been so familiar – grey. My memories of life in Shanghai were all in shades of gray.

“The sky is grey
The road is grey
The building is grey
The rain is grey”

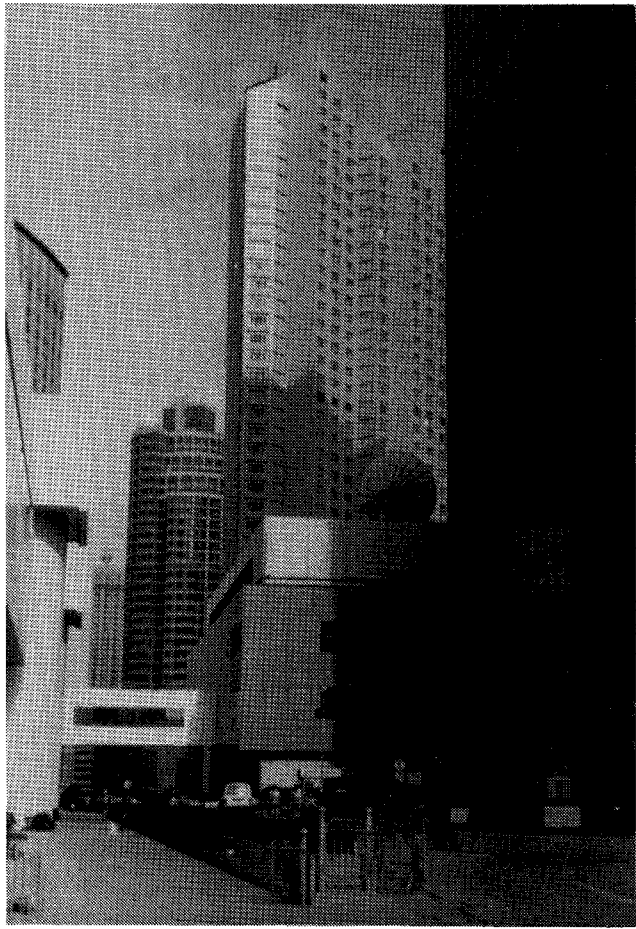
I could not help but recite the famous poem “Feeling” by the young Chinese poet Gu Cheng. From the sky, you could hardly see any green of grass or colored roofs of houses in the city. A chimney in a distant place was releasing grey smoke – it must be black smoke if you watched it nearby. Shanghai has become even more polluted because of large-scale constructions in recent years.

“Who said that Shanghai has become a new cosmopolitan city beyond recognition even for Shanghaiese?” I wondered.

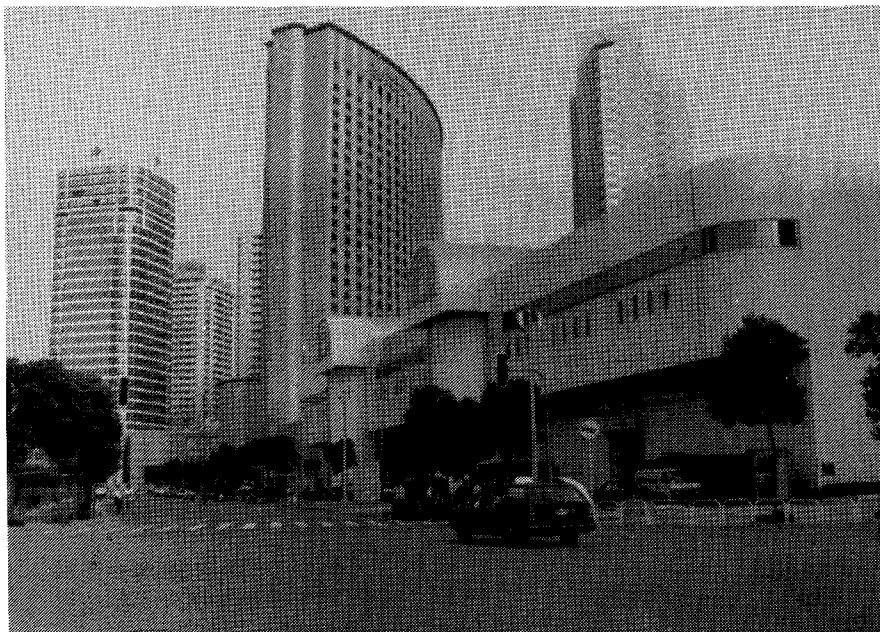
If I was struck by seeing how much was the same as I looked through the airplane window, then I was much more struck by things that have changed when the taxi took me to downtown Shanghai. A new district, the Hongqiao Economic Development Zone, with quite a few luxurious hotels and fancy office buildings, has emerged. This place was merely empty land or vegetable plots when I left eight years ago.

Cheng Li is a an ICWA fellow studying the political economy of the coast of China.

Shanghai, with its 13 million residents, is the largest city in China and one of the largest in the world. Because of Shanghai's pivotal position in commerce and culture, foreigners often like to compare Shanghai with other foreign cities. People called Shanghai the "Paris of Asia" prior to the Communist revolution. More recently, foreign visitors likened Shanghai to Brooklyn, New York. During the past several decades Shanghai has lagged far behind many other cosmopolitan cities in East Asia such as Tokyo and Taipei. Ross Terrill, a distinguished China expert, has observed that modern Hong Kong was built on the ruins of Shanghai, "as capitalists fled down the China coast when the communists took over the mainland's most populous city."



A street scene in the Hongqiao Economic Development Zone.

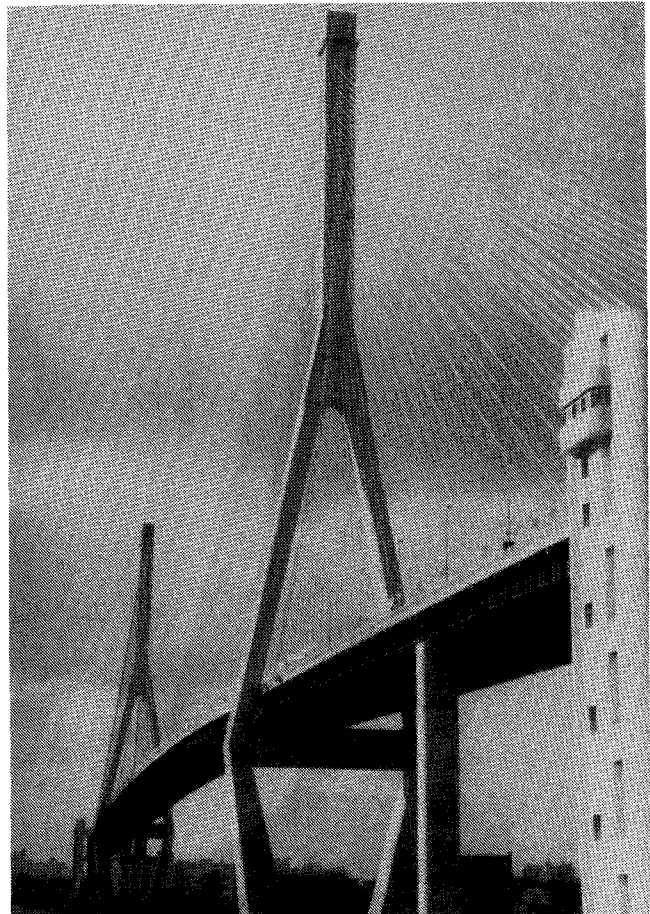


The newly-built Shanghai International Trade Center, the Westin Pacific Shanghai, and Shartax Plaza in the Hongqiao Economic Development Zone

In the early years of post-Mao reform, the Chinese government had a policy favorable to other cities such as Beijing, Canton, and the newly-built Shenzhen. The appearance of Shanghai did not change much in the first four decades of the People's Republic of China. James Fallows, then The Atlantic Monthly's senior correspondent to the Far East, published an article entitled "Shanghai Surprise" in the journal in July 1988. What really surprised him was not something new in the city, but the buildings and streets that remained the same over a half century. In his words, visiting Shanghai was "like rolling time back fifty years."

Only since the beginning of the 1990s, did Shanghai begin its serious effort to become a born-again giant city. Shanghai has signed a contract with the central government which allows the municipal government to have more initiatives in developing local economy and attracting foreign investment. According to Jiefang Daily, the official newspaper in the city, Shanghai has attracted more foreign investment this year than during the previous ten years, in terms of both amount of money and the number of projects. Among the 500 largest transnational corporations in the world, 121 now have business with Shanghai; they have invested \$2.35 billion and have operated 195 projects (Oct. 3, 1993, p. 1).

Municipal officials have claimed that Shanghai should become an economic, financial, and trade center in the Far East in the beginning of the next century. The city completed more municipal works in the past four years than it did in the previous four decades, according to the city government. Asia's highest television tower and largest shopping center are now under construction. Two bridges and a new tunnel were recently completed to link the west side of the city to the east side (Pudong), where China's largest

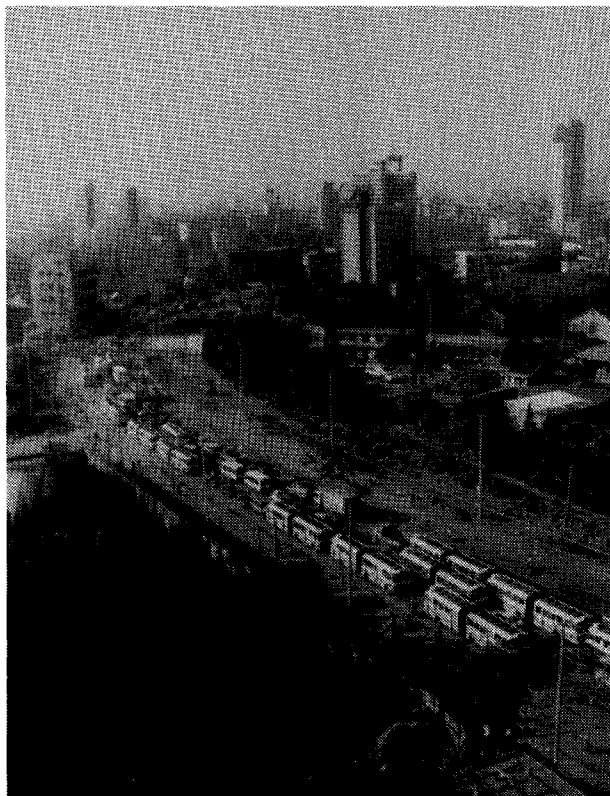


Yangpu Bridge, the longest cable-stayed bridge in the world, is open for use this month. This is one of two bridges which link the west side of the Huangpu river to the east side (Pudong).

economic zone is emerging.

Shanghai, however, is faced with a number of serious problems. Many major projects in the city, including the Pudong Economic Development Zone itself, have lacked capital. Managerial and technical personnel are greatly needed. In terms of living conditions, a great number of people still live in slums. A three-generation family living in a single room is still not unusual in this over-crowded city.

Shanghai's traffic is far from ideal for a modern cosmopolitan city. Taxi drivers are always proud of their driving skills. "If one can drive in Shanghai, he will have no problem driving in hell," a taxi driver said to me as he suddenly made a U-turn in the middle of the street when he saw the traffic jam ahead. Another major problem for the city is the deterioration of its environment. According to a recent investigation, of a total of 89 public parks in the city, 27 are going to be leased, either partially or entirely, to foreign companies (Xinmin wanbao, Sept. 27, 1993, p.1). They will no longer be "public" nor parks.



Traffic jams along Zhongshanbei Road. I have observed this scene every morning from the hotel I stay. Shanghai received a \$150 million loan from the World Bank this month for its transportation improvements.

Despite all of these problems, one can sense optimism that Shanghai residents have about the future of the city. "Look at how much Shanghai has accomplished during the past three years, especially in municipal works. Shanghai will surpass Hong Kong in a couple of decades," an assistant to the city's top officials said to me. Even during the first three decades of the PRC, hard-working Shanghaiese, willingly or unwillingly, have greatly contributed to the economy of the country. They will not miss any opportunity to improve their own well-being.

What impressed me the most, however, was not the accomplishment of new office buildings or modern hotels, but the clothes that Shanghai residents wore. I was struck by their elegant styles, sophisticated taste, and indeed, various colors. In their trip to China in 1978, just after the Cultural Revolution, Arthur Miller, a distinguished American

playwright, and his photographer wife noted that the Chinese were all dressed precisely the same – the Sun Yat-sen jacket (Westerners call it the Mao jacket) in grey or dark blue. Conformity in behavior, in clothes, and in color is the way that totalitarian regimes destroy individuality and plurality within society. Through conformity, ruling elites are able to eliminate any potential dissent. The fruit of conformity is uniformity. As Vaclav Havel, dissident-turned president of the Czech Republic, has observed, “standardized life creates standardized citizens with no wills of their own.”

But now you can see hardly anyone who wears the Sun Yat-sen jacket in streets of Shanghai. I thought I should buy some as gifts to give my friends in America or to wear myself when I teach Chinese politics at Hamilton College next time. I explained my plan to an American friend. She thought it was a great idea, “It will be so cool!” She said. Unfortunately, no department stores in Shanghai still sell the Sun Yat-sen jacket.

– “You want to buy a Sun Yat-sen jacket?” My former classmate in college wanted to make sure whether he understood me correctly. “People will think you are a Chinese Rip Van Winkle if you wear a Sun Yat-sen jacket now.”

– “Among Chinese leaders, only Deng Xiaoping still wears the Sun Yat-sen jacket,” his wife added, “You may borrow one from Mr. Deng, but you need to hurry.” Both her husband and I laughed.



A western-style dressed bride and her friend waiting for the wedding guests in front of a restaurant on Nanjing Road.

Although the Sun Yat-sen jacket is not available in the stores of Shanghai, a great variety of clothing, even the type that people like Michael Jackson wear, is for sale. When I left Shanghai in 1985, the city had only a handful of department stores and a couple of supermarkets. But now you can find several of these stores in every district of the city. Katherine Roth, my fellow Fellow in the Arabian nations, wrote about her disappointment when she wanted to buy some necessities in Algeria: “...I went to the local grocer and asked for coffee. None. Sugar. None. Tea. None.” But in Shanghai, even in the most of the Mom & Pop shops, you can find Nescafé, Marlboro cigarettes, Heineken beer, California Pistachios, and even Switzerland Sea Shell chocolate. Some of the goods are produced by a joint-venture in China. I was astounded by the abundance of market supplies here in Shanghai.



A newly built six-story shopping center in Xujiahui. The store sells luxurious imported goods, which attract far more window shoppers than real buyers.

“Shanghai has whatever New York has,” a manager in the newly-built six-floor shopping mall, the Shanghai Orient Shopping Center, said to me. He had been in the United States and visited several dozen shopping malls in New York and New Jersey. “Could you tell me anything that New York city has, but Shanghai does not?” he challenged me. I thought for a while and then remembered what I have missed so much since I left the United States: “A fresh bagel.” An American student told me a few days ago that several hotels in downtown Shanghai do have well-baked fresh bagels.



A long line waiting in front of Kentucky Fried Chicken. The KFC has already established itself as the top fast-food restaurant in China with stores throughout the country.

Seeing plentiful goods in the shops of Shanghai is even more impressive if we realize that only a few years ago some necessities such as sugar, oil, rice, eggs, and meat required government coupons. In 1982, an arrogant American, James Kenneson, wrote an article in Harper's magazine which was entitled "China Stinks," expressing his disdain of China and the Chinese. He wrote: "When Americans are bored, they tend to go out and buy something. There is very little to buy ... Locally-made clothing is very shoddy and years out of fashion even by Chinese standards." (April 1982, p. 15). He could never have imagined that ten years after he wrote that article there is so much to buy in China. Anyone will see the irony when reading Kenneson's article again. I don't know what the author would comment when he found that Chinese "locally made clothing" has flooded American department stores such as Sears and K-Mart.

Starting last year, luxurious joint-venture department stores began to sprout like rare mushrooms in the main streets of Shanghai such as Nanjing Road, Huaihai Road, and Sichuan Road. These deluxe stores mainly deal in imported goods, especially internationally famous brand-names. The overall shockingly high prices in most these stores remind me of my reaction when I happened to visit fashionable stores on Madison Avenue and Fifth Avenue of New York City. A Pierre Cardin T-shirt, probably one of the least expensive items in this kind of store in Shanghai, costs 500 yuan (US\$88). A Gucci belt sells for 11,000 yuan (US\$1,930). "It costs five years' salary," a man who was window shopping told his wife.

– "Can ordinary Chinese afford these expensive goods?" I asked the couple.

– "Of course not." Both of them said at the same time. They called themselves "*gongxin jieceng*" (salary earners), a term which has been widely used in the past few years to distinguish those who make their living through government or enterprise salary from those who are private entrepreneurs.

– "We are always hesitant to come to places like this. There is so much nice stuff that we would like to buy, but we can afford none," the wife said.

– "Using a fashionable expression of Shanghaiese, we felt 'psychological imbalance,'" the husband added.

Some market analysts believe that the current consumption level of Chinese city dwellers does not match the target market of the luxurious department stores. Hong-kong-cheng, a very deluxe department store in Nanjing, for example, was recently closed because it had



A multi-national expensive joint-venture department store in Nanjing Road.

only window shoppers but no real buyers. Some other market analysts, however, hold a different view. Many international retail companies have continued to open expensive department stores, in the form of joint ventures, in China's major cities. The largest department store building in Asia, a joint venture with the Japanese, is under construction in Shanghai's Pudong. This department store, when it is completed, will be twenty percent bigger than Macy's in Manhattan.

Who are the consumers of luxurious goods? China's rapid growth rates and new economic mechanisms such as the stock market and private enterprises have produced, for the first time in Chinese history, an embryonic form of middle class. At present, the emerging business class includes mainly the following groups (though they can overlap): 1) urban entrepreneurs; 2) rural industrialists; 3) speculators in the stock market; 4) real estate agents or agents of other businesses; 5) underground agents; 6) managers in collective firms who earn profit through contracts; 7) government officials who have made fortunes through corruption; 8) Chinese representatives for foreign firms; 9) Chinese executives in big joint ventures; 10) scientists and engineers who hold patents or receive major awards; 11) sport stars and famous artists; 12) Chinese who used to work abroad, especially in Japan and Australia, where they saved a great deal of money; 13) smugglers; and 14) professional call girls – "Oriental Hollywood Heidis."

These rich people are called *dahu*, a new term that may be translated as the "big money-bugs." The richest of them usually own three-story houses, drive Lincoln Town Cars or Mercedes, wear Rolex watches, and appear in public places with body guards and personal secretaries. The property of *dahu* varies, but no one will be considered a *dahu* if he or she does not have over 1 million yuan (US\$172,400). It is unknown how many millionaires China has at present. According to a 1992 survey of private enterprises which was conducted by the Development Research Center under the State Council, there were 5,000 millionaires in China (Wenhui Daily, Oct. 11, 1993, p. 7). But the real number should be far bigger than this. For instance, altogether 340,000 units of luxurious apartments or houses (each unit costs over 1 million yuan) have been sold in the country, approximately half of the purchasers were Chinese citizens. Shenzhen city itself has 1000 millionaires. One out of ten of them has more than 10 million yuan. It was estimated by some researchers that China already has about one million millionaires.

In a country with 1.2 billion people, the number of several hundred thousand or even one million *dahu* is perhaps negligible. But the number of Chinese millionaires is increasing. A great number of millionaires do not come from major cities like Shanghai or Beijing, but from some previously poor rural areas. For example, Baoding, Hebei province, had about 150 millionaires in 1992.

More importantly, the standard of living of the population as a whole has been improved. The savings of Shanghai residents are estimated to reach 14 billion yuan by the end of 1993, about 34% higher than that of the previous year (Jiefang Daily, Oct. 4, 1993, p. 7). This is the first time in the history of Shanghai that the savings of residents broke the record of 10 billion yuan.

"Compared with the pre-reform years, when everything required coupons and

families didn't have enough food, our life is luxurious now," a childhood friend of mine said to me. He opened a small restaurant in Shanghai two years ago and made 120,000 yuan profit last year. "When you've got 100 times as much money as you used to, you feel rich," he said. He plans to open a bigger restaurant with 80 tables next year. In Shanghai, approximately 100 new private restaurants are opened every day.

While Shanghai residents seem to live better today than five years ago, they do not necessarily feel happier. "We have a sense of unfairness and injustice as we see *dahu*, especially those corrupt government officials, making money like snowball and spending money like water," a middle-aged writer whom I interviewed made his point using a literary expression.

– "You must have read Scott Fitzgerald's novel Great Gatsby?" He asked.

– "Yes," I said. I have admired Fitzgerald's talent to make the reader see the hypocrisy and decadence underlying the superficial splendor of a mysterious New Yorker, *Gatsby*.

– "Probably *Gatsby* would have felt dwarfed if he had seen the way that the Chinese *dahu* spent money."

He gave me an example. Nine people went to a fancy restaurant for dinner. The restaurant had famous brand bottles of X.O. cognac. Each costed 18,000 yuan (US\$3,150), and they ordered three bottles.

– "They must have drunk them like drinking Qingdao beer," the writer said. "The difference between American *Gatsby* and Chinese *dahu* is that the former spent his own money while the latter more often than not spent the money of the public or foreign companies."

In a local newspaper in Shanghai, I read an episode about a newly rich *dahu*. He went to a fancy department store to buy a sport coat. But the shop assistant in the store didn't allow him to try on the coat, because she doubted he could afford it. The *dahu* was so angry that he bought this 10,000 yuan sport coat immediately and then used a pairs of scissors to cut it into dozens of pieces in front of the shop assistant. "The cult of money," as the newspaper editor commented, "has become prevalent in the city."

Many people, especially intellectuals, are critical of the tendency toward money worship in society, though they sometimes have to keep abreast with this new social norm. Wang Ling (not his real name) was a classmate of mine in the Department of Foreign Languages at the East China Normal University in Shanghai. He loved literature, especially the works of William Faulkner and John Steinbeck, and continued his post graduate study in American literature. After receiving his master's degree, he became a lecturer in the department. I was very happy to talk with him since we hadn't seen each other for eight years. After an exchange of amenities, I asked him to tell me about his professional activities. It is very common in the United States that old friends, former classmates, or colleagues in academia ask about each other's professional activities when they meet at conferences or elsewhere.

– "How is your research going?" I asked.

– "My research?" He seemed to be entirely unprepared for the question.

– "What's your current research project?" I repeated my question.

– "Are you kidding? This is China, not the United States. I don't have any research project. A university teacher should be first concerned about whether he or

she can earn enough money to support oneself or one's family."

– He continued, "Today is pay day, but I call it 'pain day.' Look at how much I earned for the month: 300 yuan (US\$53), including both salary and bonus.

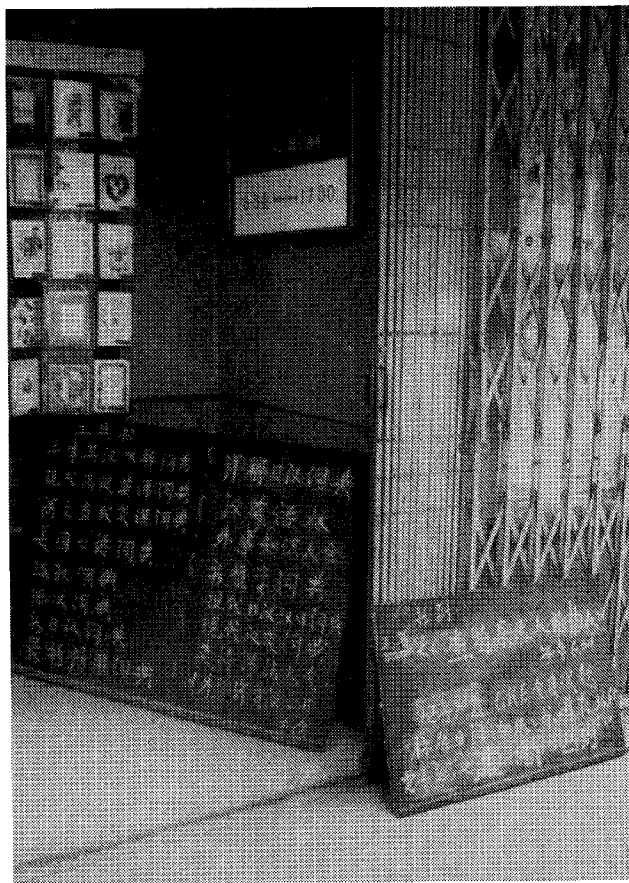
Nowadays, a chicken costs 30 yuan. My monthly salary can only buy 10 chickens."

– "How much does an associate professor or a full professor earn?" I asked.

– "Probably 450 yuan for an associate professor and 600 yuan for a full professor. So they can eat five or ten more chickens than I do."

I laughed, with a sense of bitterness.

"Everyone in the university is moon-lighting." He told me that nowadays very few scholars, especially in arts, humanities, and pure sciences, are really interested in doing academic research. Students are far less serious about academic learning than we were a decade ago. Some Ph.D. and M.A. candidates left their academic programs to work as clerks in joint-ventures.



In front of a book store at Fudan University. The books specifically listed for sale are: How to Prepare for the GRE, Handbook of Foreign Trade, and D.H. Lawrence's Lady Chatterley's Lover.

A philosophy professor at the Shanghai Normal University told me that his colleagues at the Shanghai Academy of Social Sciences earned much more money than he did. This is not because the government subsidizes the academy nor because the researchers at the academy have made fortune through their research projects. The reason that scholars there earn more, ironically, is that the academy has made a fortune by renting part of its big building to some joint-ventures. The feeling of being mistreated has wide-spread among the scholars with whom I talked. They felt that the government should pay more than lip-service to the importance of intellectuals in China's modernization.

Intellectuals are of course not the only social group who have complained about the increasing polarization in society. Many workers have become unemployed because of the structural change in the Chinese economy. Chinese

peasants, who benefited from the rural economic reform in the early years of the Deng era, now feel that they have lagged far behind the urban development. The Central Committee of the Chinese Communist Party recently convened a special conference dealing with the problems found in China's vast rural areas.

– “These complaints are both wrong-headed and near-sighted,” a *dahu* whom I recently interviewed expressed a different view. He said, “What’s the alternative? If one really wants to be equal, go back to the Mao era.” He spoke straightforwardly, though he did not give me his business name card nor did he provide me with any biographical background about himself.

– “Privatization is the only solution for China. It is not we, the owners of private firms, who have caused unemployment. We have actually created jobs. I pay my workers altogether 60,000 yuan every month. I have contributed to society.” He told me that he owns three factories and one restaurant in Shanghai.

– “Do you think it is appropriate that scientists and professors earn less than vendors in streets?” I asked.

– “If they’re so smart, why ain’t they rich?” he answered. I was impressed by his quick and concise response. “Which law says that school teachers should earn more than street vendors,” he said.

– “You are right. There is no such law in the world.” “Yet,” I continued to ask, “can a society really develop if everyone is doing business and no one is concerned about the advance of knowledge in science and humanities?”

– “Well,” he kept silent.

I asked him to comment on people’s complaints about the corruption of government officials.

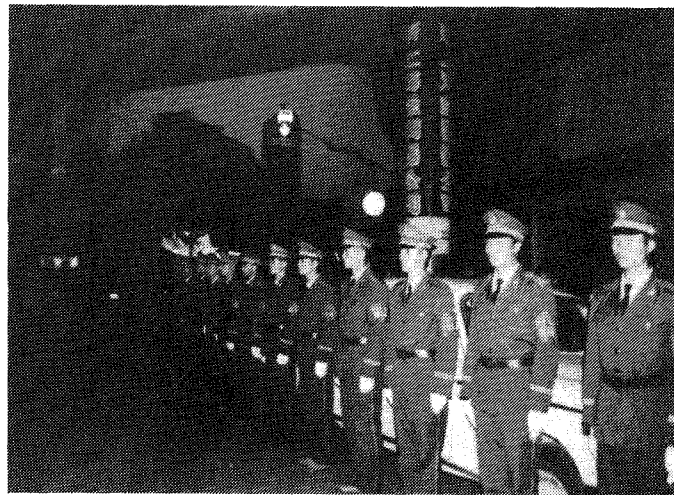
– “Corruption is a universal problem. Look at Japan where so many top members in the previous cabinet were involved in corruption,” he said.

– “But the Japanese mass media reported the scandals and the cabinet was replaced. Does China at present have any institutional means to solve these problems?”

– “I’m not interested in politics. I am only concerned about making money.”

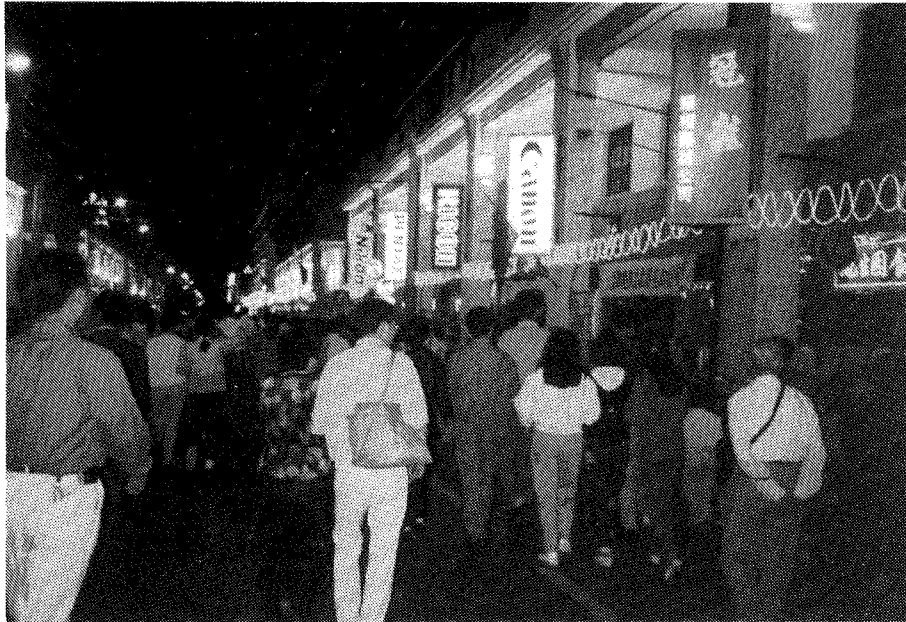
– “Can anyone in China make a lot of money without knowing Chinese politics?” I asked.

He smiled and did not say a word. After a couple of minutes, he told me that he had to go to a banquet in his own restaurant, but he would like to let his chauffeur give me a ride back to the hotel where I lived.



Policemen line on Nanjing Road to maintain order on a holiday night.

– “Why not?” I accepted his offer. I told him that I hoped to have a more comprehensive interview with him again in the near future.



A night scene along Jinling Road: there are numerous 24-hour restaurants, theaters, night clubs, Karaoke bars, and joint-venture department stores.

The chauffeur who drove the black Mercedes did not mind taking me back to the hotel along Nanjing Road, one of the most spectacular streets in Shanghai. It was a beautiful autumn night. The neon lights in department stores, theaters, restaurants, Karaoke bars, and night clubs made the city so colorful. Gone are the days when everything was grey and when some foreigners complained that life in Chinese cities was nothing but boring. This is the Shanghai that differs profoundly from the Shanghai I left eight years ago. I like the new Shanghai, especially its vivid colors. One color, however, seems to be much more glaring and glamorous than other colors. I call it “the color of money,” borrowing from the title of an American movie. That color has constantly worried me.

Sincerely,

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