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EAST ASIA

“Shanghai: City for Sale”

PART I

Land Leasing and Foreign Investment in China's Largest City

BY CHENG LI

SHANGHAI, China

July 1995

All the land up to a line somewhere five miles inland had been bought up. Money had been borrowed, quick profits had been realized. Speculation was the motto of the day, and whoever had a few shillings to risk was bound to make a fortune. Millions of dollars were squeezed out of the yellow mud. Wild griffins saw themselves burdened with heavy bank accounts. Money circulated freely, and Shanghai grew, ... grew more rapidly than Sydney or San Francisco; grew like a tumor.¹

These words are from a well-known book, *Shanghai: City for Sale*, written by Ernest O. Hauser, an American journalist, in 1940. The book covers a century-long history of Shanghai, from the arrival of British colonists in 1843 to the coming of Japanese soldiers in 1937. Throughout this period, “foreign devils,” the *Taipans* (the wealthy foreign owners and managers in Shanghai), corrupted Chinese officials, and local speculators were all madly, sometimes violently, involved in the real estate boom of Shanghai. These speculators found, as the author described, that there was more money in Shanghai’s “inconspicuous mud than in the whole sea-going trade of this commercial emporium.”² All these greedy people “smelled an opportunity — a typical Shanghai opportunity — to make much money in little time.”³

Ernest Hauser was absolutely right as he described the correlation between real estate speculation and the rapid rise of modern Shanghai. In Chinese, Shanghai literally means “up to the sea.” Although there is evidence of human settlements in this area since around 4,000 B.C., it was a small fishing village and it did not become a commercial center producing cotton and textiles until the 16th century. Shanghai rose to importance much later than other Chinese cities — over 150 years ago, rather than at the dawn of Chinese history.⁴ Foreign presence since the 1840s, especially the establishment of foreign “concessions” (foreigners owned the land and lived under their own laws), turned Shanghai into a cosmopolitan city — “a paradise for adventurers.”

Fifty-five years have passed since Ernest Hauser wrote that book. History, however, seems to have come full circle. After all the great changes that took place in China over the past half century — the civil war, the communist victory, the rural land reform, the nationalization of the urban economy, the socialist transformation, the Great Leap Forward, the Cultural Revolution, and the economic reform — Shanghai is “for sale” again.

According to the policy of the Shanghai municipal government, both foreign and domestic investors can purchase — or, in the official term, “lease” — land in the Shanghai area for up to 70 years.

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In its early days Shanghai was a fishing village. By the 13th century Shanghai developed into a trading port. After the Opium War, Shanghai was forced open by colonists as a "treaty port" in 1843. For foreign investors, Shanghai has long been "a paradise for adventurers."
A street scene of Henan Road in Shanghai – part of China's Wall Street – in the 1930s.

During the past few years, not only the vast land of the newly established economic zone in Pudong (East Shanghai) has become the primary target for industrial investment,⁵ but also the property along China's busiest and well-established commercial streets in downtown Shanghai such as Nanjing Road is "for sale."

Make no mistake, this time no foreign country forces China or its largest city, Shanghai, to sell its land. China is undoubtedly an independent and emerging economic power. The primary goals of property development in Shanghai today are to attract foreign investment and to raise capital for the reconstruction of the city. During his tour of Shanghai in early 1992, the paramount leader, Deng Xiaoping, urged the municipal government to achieve a "change in the appearance of the city every year and a great change every three years." Because of Deng's order, Shanghai has been engaged in the largest urban reconstruction plan in PRC history.

"What's going on in Shanghai, and up and down the China Coast," as a *Wall Street Journal* reporter described it, "might be the biggest construction project the planet has seen since coral polyps built the Great Barrier reef after the last Ice Age."⁶ Greater Shanghai, Morgan Stanley's 1993 report on China noted, is "three

times the size of Singapore and growing at least twice as fast."⁷

With the property boom, Shanghai has witnessed during the past few years the springing up of over 1,000 skyscrapers that exceed the 70-meter-tall Park Hotel, the tallest building in the city for almost a half century.⁸ An estimated 9.7 million square feet of office space, mainly for foreign companies, will be available this year, and that amount will double next year.

What is even more remarkable, however, is the socio-political impact of property development on the residents of Shanghai. Just as the establishment of foreign concessions profoundly changed the lives of local residents and aroused antagonism between colonists and local dwellers over a hundred years ago,⁹ the ongoing large-scale relocation of Shanghai residents causes much anguish and resentment. As some foreigners in Shanghai observed, the "mass eviction of local families to bleak suburbs has fueled more resentment in China's largest city" in the past few years than even inflation and factory layoffs.¹⁰

According to a top official of China's Ministry of Construction, over one million households in Chinese cities have been relocated during the last few years



Land and buildings of Nanjing Road, the most famous commercial street in China, are now "for lease" and "for sale" to foreign investors.



Nanjing Road in the 1930s.



The Hongqiao Economic Development Zone, with quite a few luxurious hotels and fancy office buildings, has emerged in the western suburbs of Shanghai. This place was merely empty land or vegetable plots in the early 1980s. Shanghai has witnessed the emergence of over 1,000 skyscrapers due to the property boom during the past few years.

because of land leasing and urban reconstruction.¹¹ Problems involved in the leasing of land and the relocation of residents are emerging as one of the most sensitive political issues in Shanghai, as well as in many other cities in the country.

The "Transfer of Land Use Right"

In the People's Republic of China (PRC), the State owns the land, in both urban and rural areas. During the early decades of the PRC, no one – individual or institution – could sell or lease property to individuals, foreign joint ventures or domestic companies. The ownership of private houses was completely elimi-

nated by the State during the Cultural Revolution.

Since 1978, when economic reform started, Chinese peasants have been able to lease farm land in rural areas from the State for up to fifty years. In urban areas, owners of private houses (except those that were confiscated in 1949) regained their property rights. Urban residents are allowed to own private houses, although the land legally belongs to the State.

Since the early 1980s, land leasing, or what the Chinese call "the transfer of land-use rights," (*tudi pizu*) has become a new way to raise capital for the government in post-Mao China. The transfer of land use

The "transfer of land use rights" first took place in Shenzhen and other economic development zones in the southern provinces during the early 1980s. Over the past decade, Shenzhen has been transformed from a small rural town into a cosmopolitan city. A scene of Shenzhen viewed from the "Window of the World," a revolving restaurant in the city, shows both its past and present.



rights first appeared in Shenzhen and other economic development zones in southern provinces. According to government regulations, investors both foreign and domestic can lease a plot of land for between 40 and 70 years (40 years for entertainment facilities, 50 years for office buildings and 70 years for residential use).

The Shanghai municipal government did not allow land leasing until 1988, when a plot in the Hongqiao economic development zone was sold to foreign investors for commercial use. From 1988 to 1991, only 13 plots of land were leased in Shanghai. Although land leasing in Shanghai had a slow start, it has developed very quickly in the past four years. In 1991, the Shanghai municipal government launched an ambitious plan to sell State property and to lease urban land in the city

to foreign investors. In 1992 alone, a total of 201 plots of land (about 20 million square meters) were leased. The city received \$2.665 billion (US) and 1.528 billion yuan. In the same year, 755 real estate companies, including 48 foreign-owned companies and 153 joint ventures, were established in Shanghai.

By the end of 1993, the municipal government of Shanghai claimed that the city had 1,425 real estate companies, among which 208 were foreign and 217 belonged to governments of other provinces or departments under the State Council.¹² Virtually all state banks have set up financing and leasing companies that venture into property development.

An estimated 5 million square meters of residential



Pudong, the newly established economic zone of East Shanghai, dozens of skyscrapers are going up simultaneously.

housing will be sold to foreigners and overseas Chinese between 1994 and 1996.¹³ In 1993, Shanghai's "sales volume of garden villas to foreigners surpassed Guangzhou and Shenzhen, ranking No. 1 in the country."¹⁴ The cost for a villa with an area of 250 to 400 square meters ranged from \$300,000 (US) to \$1 million (US). Real estate speculation in Shanghai, once again, has become the quickest way to make money.

Although elegant hotels and office buildings have

flooded the market in recent years, the price of real estate in Shanghai is still rapidly increasing. For example, rents at the Portman Shangri-La Hotel, where many foreign offices are located, have gone from \$5.58 (US) per square foot a day in 1993 to \$8.36 (US) in early 1995.¹⁵ The average rent for office buildings has increased almost three times from 1985 to 1993 (see Table 1 and Chart 1).

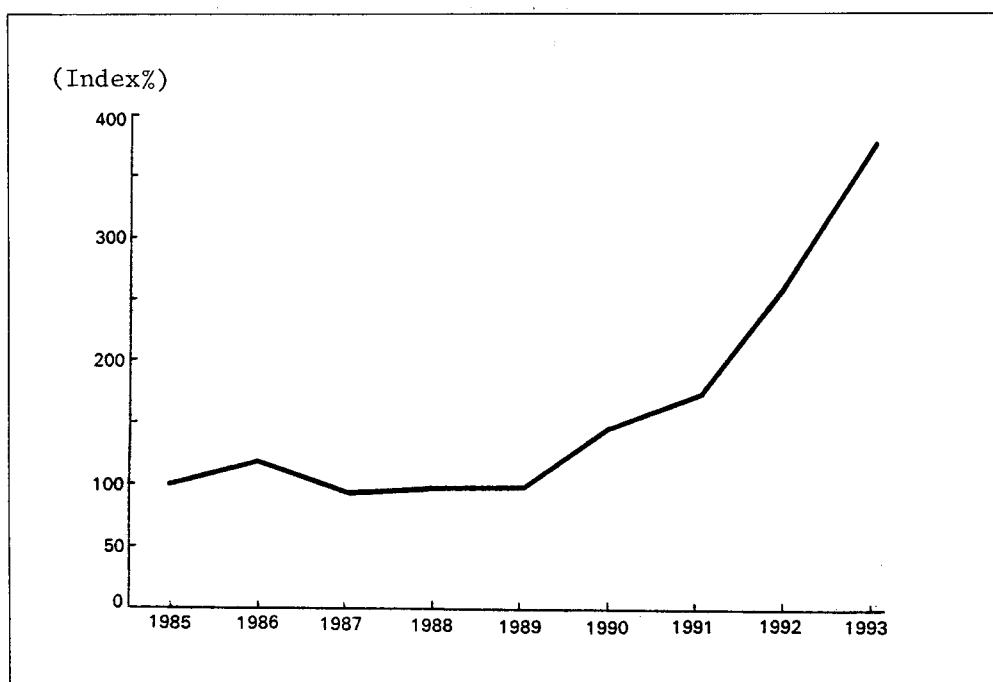
Investment in property development in Shanghai

Table 1: Change in the Index of Average Rent for Office Buildings in Shanghai (1985 – 1993)

Year	1985	1986	1987	1988	1989	1990	1991	1992	1993
Index (%)	100	120	93	97	99	148	174	263	383

Source: *Shanghai fangdichan shichang* 1994, (Shanghai real estate market), Shanghai: Zhongguo tongji zhubanshe, 1995, p. 47.

Chart 1: Increase in Average Rent for Office Buildings in Shanghai (1985-1993)¹⁶



has increased significantly in the past few years, from 759 million yuan in 1991 to 1,251 million yuan in 1992, to 8,778 million yuan in 1993, and to 11.76 billion yuan in 1994.¹⁷ Foreign investment is the main source of real estate development in the city. In 1993, for example, 51.8% of the capital for land leasing projects was from overseas (see Chart 2).

Shanghai's land leasing in 1993 doubled that of the previous year in terms of square meters of land for lease (see Table 2). The land in Pudong (China's largest special economic development zone) has attracted big investors. In 1992, for example, Shanghai received \$2.67 billion (US) and 1.53 billion yuan for land leasing, of which \$1.925 billion (US) was from foreign inves-

tors. To convert US dollars to Chinese currency using the exchange rate of 1:1.75, which was in effect at that time, one arrives at the figure of 21.5 billion yuan. That was equivalent to 60% of Shanghai's total fixed investment in the year.¹⁸

Property developers from foreign countries have flocked to the real estate industry in Shanghai. In 1992, only a year after Shanghai launched its campaign to attract overseas investment in property, virtually all the major Hong Kong property companies had a foot in Shanghai, including Sun Hung Kai Properties, Shun Tak Holdings, Sino Land and Hang Lung Development Corp., and of course Li Ka-shing's Cheung Kong Holdings and Hutchison Whampoa.²⁰

Chart 2: Financial Resources of the Land Leasing Projects in Shanghai (1993)¹⁹

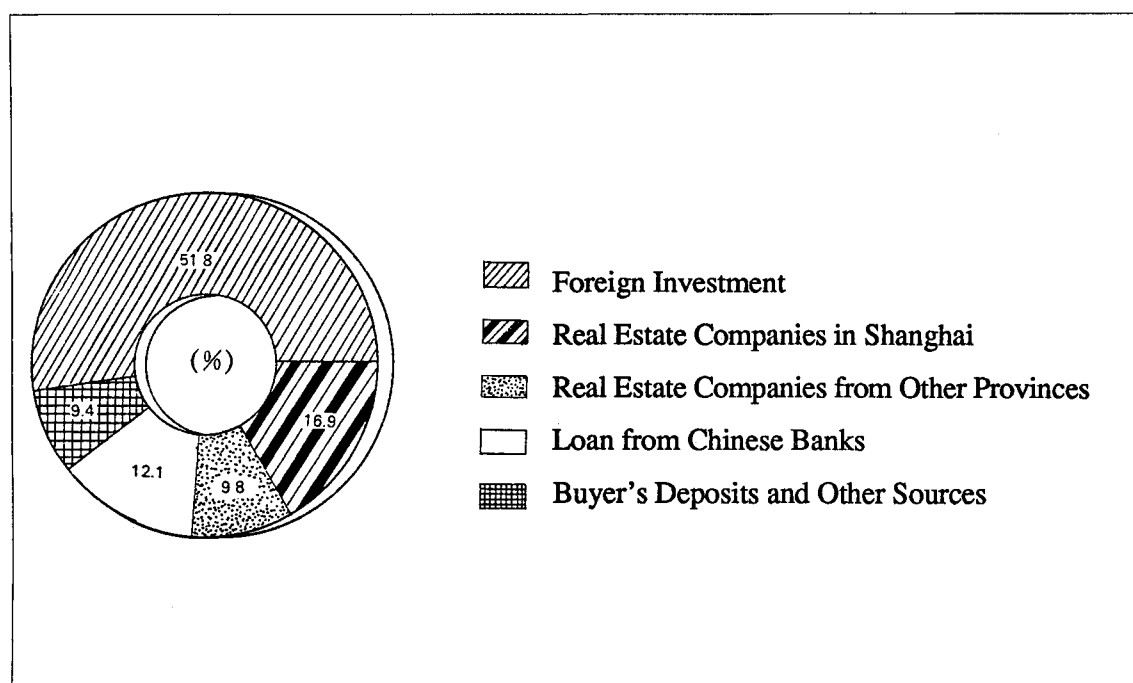


Table 2: Land Leasing in Shanghai

	East Side (Pudong)	1992 West Side (Puxi)	Total	East Side (Pudong)	1993 West Side (Puxi)	Total
Number of Plots Leased	29	172	201	65	186	251
Plot Size (10,000 square meter)	1,518	542	2,060	4,610	358	4,968

Source: Gao Ruxi and Yu Yihong, "Shanghai jingji: tingzhi yu zhaiqifei, 1953-1993" (Shanghai economy 1953-1993: Stagnation and take-off), *Ershiyi Shiji* (The 21st century), No. 8, 1994), p. 155.



The Bund in 1860

"The property boom in Shanghai has been driven by Hong Kong and Taiwan speculators," noted a manager in a real estate company in Pudong. "People in Hong Kong and Taiwan believe that the meteoric rise in real-estate prices in both places in the past two decades will also happen in Shanghai."

The gap between property prices in Hong Kong and Shanghai, inadequate housing supply in Shanghai, rising local incomes, rapid economic growth along the lower Yangtzi River area and lax governmental regulations all have helped encourage property speculation in the city. In 1993, for example, investment from Hong Kong accounted for 49% of the total number of foreign investment projects, 51% of the total amount of intended investment and 40% of foreign capital in use in Shanghai (see Table 3). Meanwhile, urban construction and the real estate business have become main attractions for foreign investment in the city.

Sales on the Bund

Before the Communist takeover in 1949, Shanghai hosted over 200 foreign banks and other financial institutions. Many of them were located in Western-style buildings on the riverfront "Bund" (an Anglo-Indian word meaning river embankment). After the "liberation," all these bank buildings were confiscated by the Communist government. The Hong Kong & Shanghai Bank building, for example, was used as the headquarters of the municipal government for over four decades. This building was constructed in the early 1920s by the British firm Palmer and Turner, and was the second largest bank building in the world at that time.²¹

Now this building, along with another 18 buildings on the Bund, have "For Sale" signs. They are being leased to foreign financial institutions through competitive bids. The city's English-language newspaper, *Shanghai Star*, repeatedly printed large, bold headlines on its front page "SALES ON BUND DUE," "FOR SALE SIGNS UP" to lure potential foreign buyers.²² *Jiefang Daily*, the official newspaper in Shanghai, had a lead article in May 1995, stating that all major banks in the world are racing to have a site on the bank of the Huangpu River.²³ The municipal government claims

that the Bund will regain its past glory as the city's financial hub and China's Wall Street.²⁴

By early 1995, Shanghai had a total of 130 offices of foreign banks, insurance companies and other financial institutions. This was 30 times that of the pre-reform period. Foreign financial institutions had capital resources of \$3 billion (US) in Shanghai in 1993, 185% greater growth than the previous year.²⁵

Several foreign banks and financial institutions have indeed signed leases with the Shanghai Bund Building Function Transformation Co., the company authorized by the municipal government to take charge of redeveloping properties in the Bund area. Banque Indosuez, a major French bank, for example, is going to return to its previous address on the Bund. The Hong Kong & Shanghai Bank is negotiating with the municipal government to move back to its old headquarters.

"The Shanghai municipal government," a senior official in the government told the foreign media, "is very pleased to return the buildings on the Bund to their former owners."

"The Chinese government does not really return the buildings to former owners," growled a Dutch businessman whom I interviewed in Shanghai. "Chinese authorities confiscated our properties in Shanghai after 1949 and now they want us to purchase them back. The sale price of some of the buildings on the Bund is as high as 2 billion yuan (\$244 million). How can we be sure that they will not confiscate our properties again in the future? It's disgraceful for the Chinese government to sell the buildings on the Bund to us now, isn't it?"

Not only foreign investors consider Chinese authorities who sell the land of Shanghai shameful, local residents in the city have even stronger resentment toward the municipal government's decision to relocate residential areas in downtown Shanghai as a result of land leases to foreigners.

In addition to leasing the Bund to foreign banks, the State-owned enterprises that are situated in downtown



The Bund in the 1920s. The building in the middle of the picture was the headquarters of the Hongkong & Shanghai Bank. It was the second largest bank building in the world in the 1920s.



The Bund today, from the other direction.

上海英文星报

SHANGHAI

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FOR SALE SIGNS UP

LOCAL State-owned enterprises will be allowed to transfer their property rights to a wider range of investors, said Xu Zhen, director of the Shanghai Economic Commission.

by Chen Qian
Shanghai's state-owned enterprises have not been transferrable.

Three advantages it can introduce to solve the problem of state-owned enterprises' financial crisis.

"The road is well done," Rippe said.

In a speech at the opening ceremony, Mayor Huang Ju said the highway symbolizes the "three-year great change" urged by senior leader Deng Xiaoping.

The Mayor said that great effort is still needed in building up the city's infrastructure.

"We still have a lot of work to do in this field," Huang said.

to be transferred or leased agreement, tender offer according to Zou Jiansheng manager of the Shanghai Buildings Function Trust Corp.

The company is under the municipal government's charge of redeveloping in the Bund area in Shanghai's blueprint for a central business district.

Some of the 18 sites

SHANGHAI
STAR

Friday December 9, 1994

Published by China Daily

SALES ON BUND DUE

INSIDE: City 2-4, Business 6, Finance 7

These first batch of 18 buildings flanking Shanghai's famous skyline are already structural potential purchasers.

By Zhang Jie
At the far the Shanghai branch of the Bank of China (BOC) tied down an agreement with the company for the transfer of the building.

At the far the Shanghai branch of the Bank of China (BOC) tied down an agreement with the company for the transfer of the building.

The central business district is to be bounded by Suzhou Road (15), Fuxing Road (15), Zhongyuan Road (15.1) and Huanan Road (15).

The area was home to over 200 foreign and domestic banks early

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正式营业的海外金融机构绝大部分盈利

本世纪以来，上海一直是外国银行在中国开设分支机构的中心。1911年，上海外滩12号，汇丰银行大楼，是当时上海最高的建筑。那时，上海的外滩，是外国银行在中国开设分支机构的中心。1911年，上海外滩12号，汇丰银行大楼，是当时上海最高的建筑。那时，上海的外滩，是外国银行在中国开设分支机构的中心。

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city aiming to resurrect its financial status, the city has decided to return to its former role. Shanghai Bund Buildings Transformation Corp was set up in July to direct the project, and detailed regulations worked out in August. According to Zou, some 40 firms are on the company and inquiries have been

The newspapers of Shanghai, both Chinese and English, are often filled with bold headlines of "Sales on Bund Due" to lure potential foreign buyers.

Shanghai are often eager to lease out their factory sites and move to the suburbs. According to a World Bank report, it is anticipated that 25% of Shanghai's core-area factories will move out of the inner city within a few years.²⁶ David E. Dowall, an analyst from the World Bank, recently completed a study of urban land markets in China. He noted that the typical industrial relocation project usually costs 1,700 yuan per square meter of vacated land area. While old factory sites in the inner city can be sold for more than 2,000 yuan per square meter, a site located within the "Golden Mile" of commercial streets can be as high as 12,000 yuan per square meter.²⁷

For these State-owned enterprises, land leasing has become the best way to get rid of heavy debts and other financial difficulties. In Shanghai's Huangpu District where the Bund is located, for example, rental revenue derived from commercial land is 5,086 yuan per square meter, about 20 times that derived from land for industrial use (256 yuan per square meter).²⁸

Foreign Investment in Shanghai

The property boom in Shanghai has been accompa-

nied by the rapid growth of foreign investment in the city. Foreign investment in China takes mainly three forms: equity joint ventures, cooperative joint ventures and wholly foreign-owned enterprises. Equity joint ventures are "limited liability companies," incorporated and registered in China. The legal owners of equity joint ventures are usually Chinese enterprises, which have the right to own, use and dispose of the property. In contrast, in a cooperative joint venture, each Chinese and foreign party is responsible for paying its own taxes on profits derived from the venture and bears its own liability for risks and losses. A wholly foreign-owned enterprise is owned completely by one or more foreign investors and does not involve any Chinese joint venture parties.

At a recently held National Conference on Management and Registration of Foreign Firms in China, the government claimed that by the end of 1993 China had about 167,300 foreign enterprises, including 107,800 equity joint ventures 25,500 cooperative joint ventures, and 34,000 wholly foreign-owned enterprises.²⁹

According to a report published by the World Bank, the influx of total capital into China increased

Table 3: Foreign Investment in Shanghai (1993)

	Project Contracts Assigned (Number)	Intended Investment (\$10,000)	Investment at Work (\$10,000)
Total	6,939	1,370,529	513,244
By Investment Form			
Joint Venture (Capital)	5,072	820,729	275,699
Joint Venture (Management)	1,080	283,085	97,363
Solely Foreign	774	224,372	61,088
By Sector			
Agriculture/ Animal Husbandry	39	1,951	1,749
Industry	5,081	564,845	277,593
Construction	266	14,525	3,916
Communication/Transportation	51	11,021	32,827
Restaurants	298	55,472	23,034
Real Estate	283	505,175	153,823
Social Service	294	135,900	2,356
By Country (Region)			
Hong Kong	3,375	700,196	205,074
United States	865	166,552	93,613
Japan	637	119,006	55,661
Germany	43	23,599	23,599
Taiwan	1,002	91,689	12,475
Singapore	182	37,143	11,096
Great Britain	76	33,100	9,632
Thailand	56	18,904	7,084
Italy	19	6,477	5,506
Canada	134	27,059	5,000
France	34	5,437	3,099
Mecca	85	23,719	4,947
Australia	82	5,284	1,336
South Korea	18	2,448	482

Notes and Source: *Shanghai fangdichan shichang* 1994, (Shanghai real estate market), Shanghai: Zhongguo tongji zhubanshe, 1995, p. 9.

from \$11 billion (US) in 1991, to \$24 billion (US) in 1992 and to \$27 billion (US) in 1993, which includes \$15 billion (US) in direct investment, \$5 billion (US) in bonds, \$3.5 billion (US) in private capital, \$2.5 billion (US) in governmental aid and loans, and \$1 billion (US) in commercial bank loans. China has had the largest foreign capital input in the past few years.³⁰ In the 1993-94 fiscal year, China remained the World Bank's biggest borrower, with a total of \$3.07 billion (US) in loans for 14 major projects.³¹

A comparison between Shanghai and four other major cities in 1992 showed that Shanghai was far ahead

in the main indexes of foreign business (see Table 4). In the middle of 1994, Shanghai had 9,719 foreign-funded enterprises, which had invested a total of \$35.635 billion (US).³² Foreign-funded enterprises dominated 30% of the city's gross industrial sales in the same year.³³

According to an official newspaper in Shanghai, by early 1995 Pudong registered 2,897 foreign-funded projects involving a total investment of \$11.3 billion (US), compared with only 53 projects and \$1.1 billion (US) in 1990.³⁴ A total of 44 renowned world transnational companies invested \$1.8 billion (US) in Pudong in the past five years.

Foreign investors seem to be more interested in selling fast food and soft drinks in Shanghai than leasing the buildings on the Bund. "How can we be sure that the Chinese government will not confiscate our properties again in the future?" said a foreign businessman. "Selling Kentucky Fried Chicken and Coca Cola in Shanghai is much easier and safer."



Table 4: A Comparison of Foreign Investment and Foreign Trade in China's Four Major Cities, 1992
(\$100 Million US)

	Shanghai	Beijing	Tianjin	Guangzhou
Total Foreign Trade	98	22	24	42
Export	66	15	18	NA
Actual Use of Foreign Investment	71	31	31	27
Direct Foreign Investment	24	22	7	17

Source: *Chengshi jingji yanjiu* (Research on urban economy), No. 6, 1994, p. 7.

Foreign investment and trade have become a major new source of State revenue. Tax collected from foreign-funded businesses in Shanghai hit a record high of 3.8 billion yuan (\$436 million) in 1993. The figure represented a 92% surge from the previous year and pushed Shanghai a step up to rank second in the country. The proportion of city taxes from foreign-funded businesses also rose from 10% in 1992 to nearly 16% in 1993.³⁵

Foreign investors have been engaged in all kinds of

industries and businesses in the city, including large electrical power plants and insurance. This raises a question: How flexible can, and should, the government be in allowing foreign investors to run some risky businesses or to own crucial industries in the city?

Land leasing and the use of foreign capital in major infrastructure projects have been controversial issues among political leaders in Shanghai. In 1980, four years before the establishment of the Shenzhen economic zone, some officials in the Shanghai municipal government began proposing the establishment of special economic zones in Shanghai to attract foreign investors. But some political leaders in Shanghai rejected the proposal and criticized those who wrote the proposal to resume foreign concessions in Shanghai.³⁶ It took eight years for the government to approve land leasing in Shanghai.

Foreign investors, however, have often been frustrated by many problems in the investment environment in Shanghai as well as in the whole country. Hu Faguang, a well-known Hong Kong entrepreneur, told the Chinese media that six factors worry foreign investors. They are: 1) the ambiguities in Chinese law, 2) poor infrastructure conditions such as transportation and communication, 3) the redundancy of investment projects, 4) numerous and heavy taxes, 5) inflation, and 6) poor accounting systems.

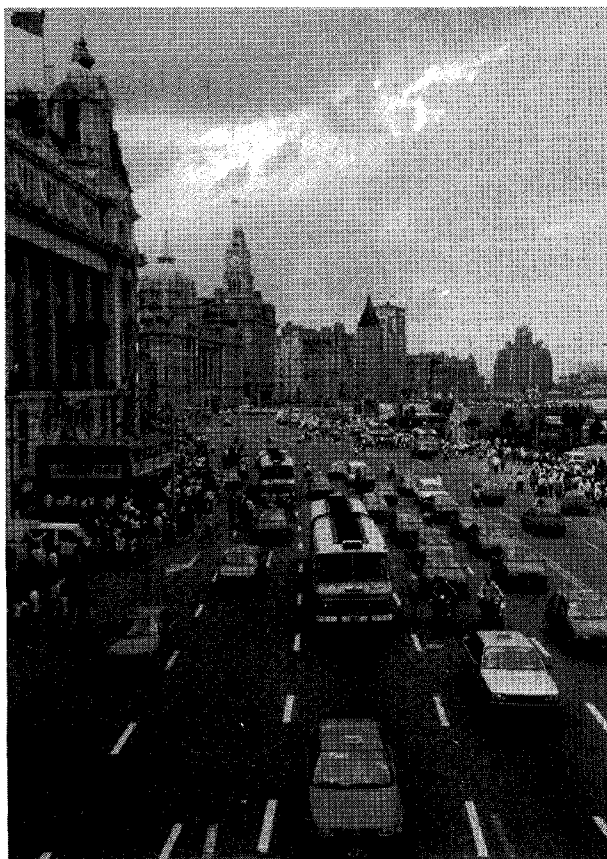
Mr. Hu was also concerned about political uncertainty and the political attitudes of local people. "Some Shanghai people feel that foreign companies come to Shanghai to grasp the wealth of Shanghai which is otherwise owned by Shanghaieses," said Hu. "This is wrong. We come to create wealth, not seize wealth, to

create jobs, not eliminate jobs.”³⁷

To a certain extent, Mr. Hu is right. China has greatly benefited from foreign investment since its opening up in 1978. In 1994, more than 10 million domestic laborers are employed in over 70,000 of the 174,000 foreign-funded enterprises in the country.³⁸ What Mr. Hu is probably not aware of is the increasing dissatisfaction and resentment among Chinese workers toward foreign managers, especially managers from Hong Kong, Taiwan and Singapore.

According to the Shanghai Bureau of Labor, the number of labor disputes in the city's overseas-funded joint ventures has been increasing rapidly. A recent study conducted by the Bureau found that in 1991 a total of 73 labor disputes in overseas-funded firms were tried, and a year later the figure rose to 181. In 1993, 290 cases were submitted. During the first half of 1994, local courts have heard more than 200 cases of labor disputes involved in overseas-funded firms.³⁹

At present, however, local officials seem to be more interested in attracting foreign capital and promoting foreign trade than dealing with political issues such as the exploitation in foreign-owned firms. Foreign investment and foreign trade have been increasing at an unprecedented high rate in Shanghai during the past few years. In the view of some Shanghai leaders, without land leasing and the growth of foreign investment, the on-going large-scale urban construction of Shanghai would be absolutely impossible.⁴⁰ □



Scene of the Bund. The building on the far left of the picture used to be the Shanghai Club, which was built in 1910 by the British. It is now a Kentucky Fried Chicken restaurant.

End Notes:

1. Ernest O. Hauser, *Shanghai: City for Sale* (New York: Harcourt, Brace and Company, 1940), pp. 54-55.
2. *Ibid.*, p. 53.
3. *Ibid.*
4. James Fallows, "Visiting China's largest city is like rolling time back fifty years." *The Atlantic Monthly*, July, 1988, p. 76
5. In 1993, three years after the establishment of Pudong, 1,334 foreign-funded enterprises, including 20 large multinational corporations, registered investment valued at \$2,761 billion (US), 40 per cent more than the domestic investment in the area. *China Daily*, Oct. 15, 1993, p.4.
6. James P. Sterba, "A Great Leap Where?" *The Wall Street Journal*, Dec. 10, 1993, p. R9.
7. *Report on the Morgan Stanley Tour of China (Autumn, 1993)*, 13.
8. *China Daily*, Feb. 24, 1995, p. 9.
9. In his book, Ernest O. Hauser has recorded many stories about how local residents resisted colonists. For example, "the French felt the first broadside of Chinese hatred when they attempted to build a road through a cemetery." The burial grounds were attached to the joss house that migrants from Ningpo built. The migrants from Ningpo were too poor to ship the coffins back to their native land. They did not allow the French to remove the coffins and to disturb the peace of dead. "A riot broke out, fires swept the French Concession, crowds were raging through the streets ..." But after years of conflicts, the French eventually "laid their road right

through the cemetery, killing twelve Chinamen who were trying to protect the spirits of their ancestors." *Shanghai: City for Sale*, pp. 84-85.

10. Andrew Browne, "Ugly Capitalism: Property Boom Sparks Shanghai Anger" Reuter's News Service, (Shanghai), Dec. 12, 1994.
11. *Shanghai fangdi xinxi* (Shanghai real estate information) No. 5 and No. 6, 1994, p. 23.
12. *Shanghai fangdichan shichang 1994*, (Shanghai real estate market), Shanghai: Zhongguo tongji zhubanshe, 1995, p. 3 and p. 25.
13. *Beijing Review*, August 30-Sept. 5, 1993, p. 17.
14. *Ibid.*
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18. Gao Ruxi and Yu Yihong, "*Shanghai jingji: tingzhi yu zhaiqifei*, 1953-1993" (Shanghai economy 1953-1993: Stagnation and take-off), *Ershiyi Shiji* (The 21st century), No. 8, 1994, p. 155.
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Current Fellows & Their Activities

Cheng Li. An Assistant Professor of Government at Hamilton College in Clinton, NY, Cheng Li is studying the growth of technocracy and its impact on the economy of the south-eastern coast of China. He began his academic life by earning a Medical Degree from Jing An Medical School in Shanghai, but then did graduate work in Asian Studies and Political Science in the United States, with an M.A. from Berkeley in 1987 and a Ph.D. from Princeton in 1992. [EAST ASIA]

Adam Albion. A former research associate at the Institute for EastWest Studies at Prague in the Czech Republic, Adam is spending two years studying and writing about Turkey's regional role and growing importance as an actor in the Balkans, the Middle East and the former Soviet bloc. A Harvard graduate (1988; History), Adam has completed the first year of a two-year M. Litt. degree in Russian/East European history and languages at Oxford University. [EUROPE/RUSSIA]

Cynthia Caron. With a Masters degree in Forest Science from the Yale School of Forestry and Environment, Cynthia is spending two years in South Asia as ICWA's first John Miller Musser Memorial Forest & Society Fellow. She is studying and writing about the impact of forest-preservation projects on the lives (and land-tenure) of indigenous peoples and local farmers who live on their fringes. Her fellowship includes stays in Bhutan, India and Sri Lanka. [SOUTH ASIA/Forest & Society]

Hisham Ahmed. Born blind in the Palestinian Dheisheh Refugee Camp near Bethlehem, Hisham finished his A-levels with the fifth highest score out of 13,000 students throughout Israel. He received a B.A. in political science on a scholarship from Illinois State University and his M.A. and Ph.D. from the University of California in Santa Barbara. Back in East Jerusalem and still blind, Hisham plans to gather oral histories from a broad selection of Palestinians to produce a "Portrait of Palestine" at this crucial point in Middle Eastern history. [MIDEAST/N. AFRICA]

Sharon Griffin. A feature writer and contributing columnist on African affairs at the *San Diego Union-Tribune*, Sharon is spending two years in southern Africa studying Zulu and the KwaZulu kingdom and writing about the role of nongovern-

mental organizations as fulfillment centers for national needs in developing countries where governments are still feeling their way toward effective administration. She plans to travel and live in Namibia and Zimbabwe as well as South Africa. [sub-SAHARA]

Pramila Jayapal. Born in India, Pramila left when she was four and went through primary and secondary education in Indonesia. She graduated from Georgetown University in 1986 and won an M.B.A. from the Kellogg School of Management in Evanston, Illinois in 1990. She has worked as a corporate analyst for PaineWebber and an accounts manager for the world's leading producer of cardiac defibrillators, but most recently managed a \$7 million developing-country revolving-loan fund for the Program for Appropriate Technology in Health (PATH) in Seattle. Pramila is spending two years in India tracing her roots and studying social issues involving religion, the status of women, population and AIDS. [SOUTH ASIA]

William F. Foote. Formerly a financial analyst with Lehman Brothers' Emerging Markets Group, Willy Foote is examining the economic substructure of Mexico and the impact of free-market reforms on Mexico's people, society and politics. Willy holds a Bachelor's degree from Yale University (history), a Master's from the London School of Economics (Development Economics; Latin America) and studied Basque history in San Sebastian, Spain. He carried out intensive Spanish-language studies in Guatemala in 1990 and then worked as a copy editor and Reporter for the Buenos Aires Herald from 1990 to 1992. [THE AMERICAS]

Teresa C. Yates. A former member of the American Civil Liberties Union's national task force on the workplace, Teresa is spending two years in South Africa observing and reporting on the efforts of the Mandela government to reform the national land-tenure system. A Vassar graduate with a *juris doctor* from the University of Cincinnati College of Law, Teresa had an internship at the Centre for Applied Legal Studies in Johannesburg in 1991 and 1992, studying the feasibility of including social and economic rights in the new South African constitution. While with the ACLU, she also conducted a Seminar on Women in the Law at Fordham Law School in New York. [sub-SAHARA]

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