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Made in China

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MADE IN CHINA

Fifty years after fleeing his homeland with the family business, toymaker Dennis Ting '60 has returned with a lot of soldiers.

The plastic kind.



By Hannah Beech '95

If your country's economy is imploding, if your currency is in free fall, if payments on your dollar-denominated loans are months past due, you can be forgiven for wanting a small moment of diversion. Which is why Indonesian central bank economist Try Soerjadi has a Mighty Morphin Power Ranger on his desk. "It's my son's," says Soerjadi, bouncing the popular plastic action figure on a stack of papers marked 'Urgent.' "He thought maybe I could use it to blast all of Indonesia's problems away."

That a plaything could help save the Southeast Asian nation's economy may be a little optimistic, but Dennis Ting '60 could give anyone a reason to believe it. "When I was a little boy in Shanghai," says the Hong Kong billionaire, "I was taught that anything could happen. It sounds like a cliché, but my life is proof of that."

The king of Hong Kong's booming toy trade, Ting heads two plastics companies, Kader Holdings and Qualidux Industrial, whose products include Power Rangers, Cabbage Patch Kids and Star Wars action figures (80 million R2-D2 robots and counting). They employ more than 15,000 people in Shenzhen, the Chinese-designated Special Economic Zone that borders Hong Kong.

Ting's story, like that of many others in Hong Kong, is enough to make a Horatio Alger wannabe adopt the Asian enclave as his new home. Ting's family fled mainland China almost 50 years ago to escape communism. They settled in Hong Kong, where an influx of refugees powered the territory's transition from sleepy colonial backwater to humming economic center. Despite the lean years after World War II, Ting's father made enough money with his company to send one son to Germany for a coveted college degree and another to the U.S. "What mattered to my father most," says Ting, "was to build a future for his children through education."

Not that a liberal arts college in frosty Maine could have been what





Unlike the simple molds produced by his father, Ting's creations are increasingly complex and demonstrate his love for physics—in which he majored at Colby. Ting is proudest of the Levitron, a revolving top that floats in mid-air, courtesy of two well-placed magnets that spur on the toy's spiral path.



Ting's father imagined. Neither father nor son had heard of Colby until a few months before Ting applied to enter the Class of 1960. But the lure of an American college education was irresistible, and Ting soon found himself on a plane to the States. On the West Coast, where Ting stopped briefly to visit family friends, he had his first taste of American life. "In Hong Kong, we were always told that America had plenty of everything," recalled Ting. "I found out that it had too much of everything." In contrast to a Hong Kong still hungry from World War II, America was a land of leftovers sitting cold on a plate and jumbo-size soft drinks that rarely were finished. "I never saw so much excess in my life," Ting said.

When Ting arrived in Waterville, no welcoming committee greeted him. No buses picked up students at the now-defunct train station. In fact, Ting had to hitchhike up to Mayflower Hill. A dean of international students was a foreign concept, so to speak, and few people knew to dispense friendly tips on such things as how to set up a bank account in town. Ting spoke good English, but the rapid-fire Northeastern accents caught him off guard. "People would say something," Ting recalls, "and I wouldn't know whether I should nod or shake my head." Worst of all, there was only one Chinese restaurant in town, he says, and "it wasn't very good."

Still, Ting's trans-Pacific ordeal could not compare with the anxiety his father must have felt on the morning of December 9, 1949, when he transplanted his seven children to begin a new life in British-ruled Hong Kong. A plastics manufacturer in Shanghai, Ting's father left China when he realized Mao Zedong's reforms would stifle entrepreneurs. "In a place like that," said Ting, "how could he keep his business spirit alive?" That same exuberance for business drove the multitudes of mainlanders who flooded Hong Kong during the communist takeover of China in 1949 and later during the grim days leading up to the Cultural Revolution in the 1960s. Between 1945 and 1951, the enclave's population quadrupled, to 2.4 million people. Hong Kong grew up—mainly in the form of jutting skyscrapers, piling lives on top of each other in ever-taller buildings. The mechanized crane was adopted as the territory's unofficial bird, and it worked through the night to accommodate the refugees who poured in from the north. Hong Kong was no longer "a barren island," as a British foreign secretary once called it, but a bustling city filled with savvy small businessmen like Ting's father.

From a humble start manufacturing waterproof flashlights, Ting's father eventually built a vast plastic enterprise in Hong Kong. The company's success was based largely on a conver-

gence of two events. First, the United States, playing Cold War hardball, slapped a trade embargo on China, ending Hong Kong's traditional role as conduit to the north. Instead of passing a dollar to China and collecting a penny for its services, Hong Kong realized that the buck suddenly stopped in its own Victoria Harbor. Second, eager refugees needed jobs to jumpstart their new lives in Hong Kong. For Ting and other transplanted industrialists, the chance to nurture Hong Kong's indigenous manufacturing sector proved irresistible. A surplus of busy fingers quickly molded the strips of plastic that formed the foundation of the Ting family business. Products stamped "Made in Hong Kong" flooded foreign markets. Flush with cash, the Tings and other entrepreneurs watched their economy blossom.

But Hong Kong, thanks to its own success, soon faced rising labor costs that threatened its manufacturing sector. People wanted service-sector jobs that taxed their brains and not their bodies. As education levels rose, the mainland exiles were increasingly employed as bank tellers, not factory workers, and Ting's father had to look elsewhere for manual labor. China was closed for business. Besides, Ting's father was morally opposed to investing in a communist society. But Taiwan, dubbed the renegade province by Beijing since the island split from the mainland at the end of the Chinese Civil War, was bursting with cheap labor. In the mid-1960s, Ting's father set up his first factory on the island, taking advantage of Taiwan's cut-rate export zones. By the time Ting's father died in 1976, Taiwanese factories were the backbone of the Ting family business.

Ting soon learned, however, that Taiwan was experiencing the same growing pains that Hong Kong had undergone earlier. With investment pouring in—not least from the U.S., which was determined that tiny Taiwan would succeed where communist China would not—the Taiwanese government realized that the island could thrive without offering cheap labor to its richer neighbors, Hong Kong and Japan. Taiwan's rising labor costs coincided with a remarkable set of economic reforms in Deng Xiaoping's China. Seduced by the possibility of attracting sorely needed foreign exchange and investment that could finance the country's developing infrastructure, Beijing's economic czars set about creating carefully guarded



Ting's company is part of a \$5-billion toy industry in China.



annual wages far higher than the \$430 that is the average in the rest of China have attracted a flock of newcomers eager for a joint-venture stake or a job in a start-up factory. Only Shenzhen's veneer is communist; the core is pure Adam Smith.

Cheap labor was only one reason that Ting decided to invest in China. As the toymaker estimated the potential revenue from 1.2 billion customers, he realized that his investment in Taiwan could constrain his expansion opportunities on the mainland. "Travel proceedings to China could have become more difficult if we stayed in Taiwan," Ting said. So while Martin Lee, leader of Hong Kong's democracy movement, was pleading his cause in front of the U.S. Congress a few months before the handover, Ting was busy inspecting his factories in Shenzhen.

In the past few years, some half million manufacturing jobs have shifted to China from Hong Kong. "China is where our future is," said Ting. "We are, after all, Chinese."

Hong Kong has always been integrally tied to China, and investors like Ting hope to make it even more so. Fifty-six percent of all foreign investment pumped into the mainland now goes through Hong Kong, making the territory China's largest trading partner. Hong Kong's links with China have strengthened, somewhat at the expense of the territory's traditionally good ties with the West. But Chief Executive Tung Chee-hwa, Hong Kong's unelected leader, disagrees with Westerners who claim there has been an erosion in human rights since the handover. He is fond of noting that Britain granted Hong Kong democratic institutions only in the waning days of its rule, hurriedly plowing human-rights legislation through a legislative council that held its first fully free elections less than a

islands of capitalism on the nation's southern flank.

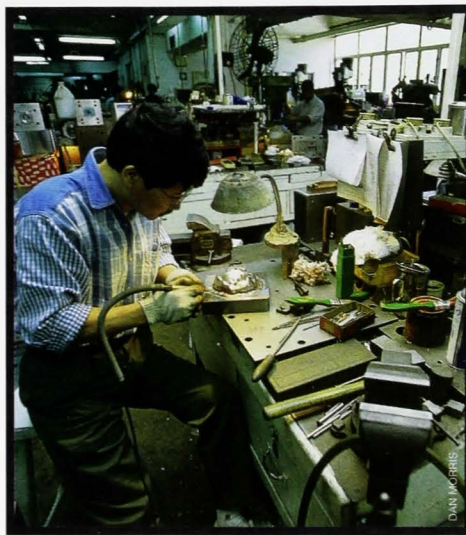
For Ting, the opening of southern China was a dream come true. Unfettered by ideological concerns that might have constrained his father, Ting spent the 1980s unapologetically setting up shop in Shenzhen. An eerie border town, Shenzhen is colored by cheap neon and the dark smoke that belches from factory chimneys. For the hopeful—whether they are assembly-line workers, prostitutes or mistresses of Hong Kong businessmen—the city is a waystation to better lives in Hong Kong. But for too many, it ends up being home. Promises of

year before the Chinese were set to take over on July 1, 1997. In Beijing's eyes, Governor Chris Patten, also unelected by Hong Kong citizens, unleashed democratic forces, then packed up and sailed away, leaving China to deal with the chaotic aftermath. Ting is one of many who remain skeptical of Britain's sudden crusade for democracy in Hong Kong. "Great Britain never believed Hong Kong could rule itself. Then when they were leaving, they tried to make the place look democratic. It was a farce," he said.

Despite Ting's disillusionment with Hong Kong's former ruler, he believes democracy will have to thrive in the territory for it to remain a regional center of business. "China has to realize that Hong Kong's future depends on the transparency of its institutions," says Ting. "If corruption creeps into the government, investors will leave. But China is not stupid enough to let that happen."

Whether Hong Kong can nurture its democratic roots in the 49 years it has to semi-govern itself before China fully takes over remains unclear. But one thing undeniably has changed since the handover, and that is the sudden prevalence of mainland culture. The changing cultural dynamic is evident even in Ting's office. Secretaries clatter in their native Cantonese, then pick up the phone and quickly switch to Mandarin, the Chinese dialect spoken in the mainland. English is rarely used in the office. (Ting's fluent English undoubtedly helped win him some contracts with big-name clients like Mattel and Bandai, and his Mandarin proficiency was helpful in establishing his companies in Shenzhen.)

Although proud of his educational certificates—including a recent honorary degree from Worcester Polytechnic Institute, which two of his children attended—Ting is largely unconcerned with other more material trappings of success. His office building in Aberdeen, a schizophrenic neighborhood flanked on one side by rickety houseboats and on the other by sterile factory buildings, is unprepossessing. No signs of grandeur hint



Steel molds for toys are produced in the factory's machine shop.



that the owner's company rakes in tens of millions in profits each year. Unlike the edifices in Central, the territory's business district that houses the massive British financial firms whose opulence was funded by the opium trade, these Chinese buildings are utilitarian.

Not that ostentatiousness doesn't lure Hong Kong residents. Per capita, Hong Kong roads purr with the most Rolls-Royces in the world. In Ting's modest office, which is uncluttered by Mont Blanc stationery sets or leather armchairs, two framed wall hangings command attention. One is a poster-sized photograph of Hong Kong businessmen who convened in mainland China to press the flesh with Chinese officials. The other is a framed certificate from the Guinness Book of Records, commemorating the longest Rolls-Royce procession in the world. Along with some 200 others, Ting took a Sunday afternoon off to line up his goldsteed in a chrome paean to mammon. The symbolism is not lost on Ting, whose company started out selling tiny toy cars. "The matchbox cars cost about a nickel," he said. "The Rolls? A little bit more."

Other gadgets captivate Ting's fancy. Unlike the simple molds produced by his father, Ting's creations are increasingly complex and demonstrate his love for physics—in which he majored at Colby. The 40-plus million Mighty Morphin Power Rangers that have soldiered out of Ting's factory may bankroll a glitzy Rolls, but Ting is proudest of the Levitron, a revolving top that floats in mid-air, courtesy of two well-placed magnets that spur on the toy's spiral path. "It's hard to keep all the action figures separate," said Ting, "but this top is unique. It spins on and on." He paused and added, with a chuckle, "hopefully like Hong Kong will, so it can prove all its doubters wrong."

With levitating tops for Hong Kong and Power Rangers for Indonesia, Ting hopes his vast toy chest will help divert Asia from its mounting troubles. And if all else fails, the ailing region can take its cue from another Ting toy: a grinning plastic doll that, no matter how many times you push it down, always bobs back up. ♦

Hannah Beech '95 is a reporter for Time magazine based in Hong Kong.