

## Rights Activists Urge U.S. Businesses In China to Adopt Code of Standards

### WASHINGTON INSIGHT

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WASHINGTON — If human-rights proponents have their way, U.S. businesses may start feeling pressure to adopt a code of standards for their operations in China.

One idea would be to require them to take such steps as prohibiting any Chinese military presence on their premises and pressing the Beijing government to end detention and torture of political prisoners. In addition, Human Rights Watch/Asia, a private group, is conducting a quiet campaign to convince U.S. companies that such standards would be in their long-term interest. While legislation has been drafted to impose such standards, the human-rights group has helped some U.S. firms, such as Reebok International Ltd., draft voluntary codes.

The push for a corporate code for China could gain steam as President Clinton heads toward the June 3 deadline for deciding whether Beijing has met human-rights tests sufficiently to win renewal of its favorable trade relations with the U.S. **'Something Worth Exploring'**

Mr. Clinton is caught between a campaign promise to hold China to a tough human-rights standard and a desire not to derail a budding commercial relationship with one of the world's fastest-growing economies. The administration is considering a number of measures that would help it maintain its credibility while preserving trade ties with China. A senior U.S. official calls the notion of a corporate code of standards "something worth exploring," though he says the administration would prefer a voluntary code.

But some business leaders harbor serious concerns. "Clinton is casting about for alternatives with sufficient bite to please the human-rights community, but in that search a number of fairly hollow gestures are being considered to supply the neces-

sary political cover," complains Richard Brecher, an official at the U.S.-China Business Council, which represents about 250 U.S. companies with business interests in China.

Most U.S. companies doing business in China haven't yet felt the kind of widespread public pressure that their brethren encountered for doing business in South Africa a decade ago. So far, the debate over China has been a narrower political one, involving Congress and the White House. Indeed, during Secretary of State Warren Christopher's trip last month to China, members of the American Chamber of Commerce in Beijing eagerly sought out reporters to make their case that linking trade with human rights is a disastrous policy.

### Succession Fight Looming

But the public quiescence could change. China may be headed for some turbulent times when its aging senior leader, Deng Xiaoping, passes from the scene. Inflation and widespread corruption already are producing discontent, and China's leaders won't be in the mood to brook dissent in the midst of a succession fight.

If there is a new crackdown in China, "who knows what might happen and what kind of backlash American companies may face," says Mike Jendrzeczyk, Washington director of Human Rights Watch/Asia. He notes that some municipal pension funds already are talking about shunning companies that do business in China — a tactic used in the battle against apartheid in South Africa.

As a result of past public protests over involvement in South Africa and Angola, U.S. corporations are keenly aware of the potential that such pressures could arise again. "Increasingly, consumers are buying a company's values, as well as its products," says Doug Cahn, director of human-rights programs for Reebok.

Mr. Brecher of the U.S.-China Business Council argues that mandatory standards "make private enterprise an explicit agent for the U.S. government and its foreign policy." He says a code would undercut human-rights improvements that corporations now achieve quietly in China. He also says that a unilateral approach would make U.S. companies less competitive than foreign firms.

But William Moses, a senior analyst at the Investor Responsibility Research Center Inc., a private research group, contends that the code of standards in South Africa prompted workplace improvements and training programs that developed a generation of workers for U.S. companies, giving the firms a competitive advantage. It also improved the lives of thousands of South African blacks, he argues.

"Business keeps making the argument that its presence in China will improve things," says Mr. Jendrzeczyk. "Let them put their money where their mouth is, and support such codes."