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China's New-Rich and Global Responsibility

By [Joshua Eisenman and Devin Stewart](#) | Friday, September 29, 2006

China's authorities have recently come under fire by foreign governments and human right groups. Surprisingly, the criticism is not for Beijing's maltreatment of its own citizens but rather for Chinese business practices in other countries. Joshua Eisenman and Devin Stewart delve into the foreign policy issues arising from China's new-found wealth.

In August 2006, Britain's House of Commons' Foreign Affairs Committee published a report condemning China for its ties to rogue regimes, tacit consent for corruption and unscrupulous business tactics.

The report concludes that: "Beijing's attitude to business with states, which the international

China's policies both inside and outside its borders increasingly reflect this "nouveau-riche

community has condemned for their behaviour, damages efforts to uphold international standards in human rights and good governance."

This report echoes

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mentality."

dozens of other organizations, including the U.S. Congress, U.S.-China Economic and Security Review Commission, Amnesty International and the Council on Foreign Relations. According to AccountAbility in London, out of 80 countries China ranked 66th — between Nigeria and Uganda — in terms of corporate responsibility in 2005.

Under-developed

China's single-minded approach to development has fostered an environment focused almost exclusively on gross domestic product. While "GDP-ism" is the mantra at home, "non-interference" has become the clarion call of China's business elite abroad.

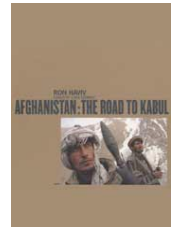
China's state-run firms appear content to focus on domestic needs and ignore the repercussions for others. The problems of maintaining economic growth, reforming the financial sector and meeting environmental challenges sit atop the nation's priority list. But this short-term interpretation of China's interests risks undermining attempts to introduce increased accountability into the developing world.

Dirty tactics

China's efforts to secure its interests in extractive industries, such as petroleum, mining and timber, have pushed a menu of ethical and unethical support programs for resource-rich rogue regimes. Sudan, North Korea and Burma have enjoyed Chinese debt relief, military support, health services, infrastructure projects and diplomatic protection in international institutions.

In Sudan, Beijing has invested heavily, supplied arms and military technology and leveraged its veto in the United Nations Security Council to thwart any moves by the international community to enforce sanctions or deploy peacekeepers in the war-torn Darfur region.

For Burma, China's Ambassador to the UN, Wang Guangya, has "firm" instructions to block any U.S. resolution condemning the military junta's repression or threatening sanctions.



[Afghanistan — The Road to Kabul](#)
 Images of the North Alliance's advance towards Kabul.

This is a natural phase of development, one the United States experienced during its robber baron age of the early 20th century.

Bad politics

Beijing also supplies Rangoon with arms and dominates Burma's economy. The primary currency in much of Burma is China's yuan. Meanwhile, in North Korea, Chinese firms represent about 70% of total foreign direct investment. In all, at least 38 Chinese-backed projects are underway in North Korea.

They include mining, vehicle manufacturing and food processing — and reflect an effort to reform the country economically rather than politically. Yet, by sustaining Pyongyang, Beijing prolongs the suffering of the Korean people and ties itself to an anachronistic Stalinist state.

Rogue relations

China relies on relations with rogue regimes because its leaders fear that Western dominance over the international economic order and U.S.

In America, these business practices and social changes were chronicled in works such as Upton Sinclair's "The Jungle" and F. Scott Fitzgerald's novel "The Great Gatsby."

control of the sea-lanes will endanger its ability to ensure Chinese citizens' new-found prosperity.

For this reason, China has adopted a policy of "second best" in which it works in places where the West does not.

Cooperating with pariah states, however, forces Beijing to incorporate despots' interests into its foreign policy in an effort to secure its

investments.

Today's Chinese business practices are poor. And if China's economic growth continues apace, many wonder if its policymakers and business leaders will adopt a more ethical approach to securing Chinese interests abroad.

Passing power

Two forces — the market's invisible hand and the tendency for people to hold their governments and corporations to higher standards as they feel increasingly secure — will ensure Chinese business practices improve.

Although the majority of Chinese lack political power, the ruling Chinese Communist Party (CCP) is merely the sum of its 70 million parts. In accordance with former Party Chief Jiang

Zemin's "Theory of the Three Represents," the Party now welcomes capitalists into its ranks.

Forgetting the people

In this way, the CCP's composition is gradually being altered to mirror China's increasingly entrepreneurial society. Therefore, it comes as no surprise that China's policies both inside and outside its borders increasingly reflect this "nouveau-riche mentality," notable for its lack of ethical codes commensurate with the nation's newly obtained wealth and status.

This is a natural phase of development, one the United States experienced during its robber baron age of the early 20th century. In America, unscrupulous business practices and social changes were chronicled in works such as Upton Sinclair's "The Jungle" and F. Scott Fitzgerald's novel "The Great Gatsby."

In Beijing theaters this summer, Zhang Guangtian's play "Yuanmingyuan" attacked the greedy and corrupt for ravaging China in the name of development.

Similarly, in Beijing theaters this summer, Zhang Guangtian's play "Yuanmingyuan" attacked the greedy and corrupt for ravaging China in the name of development. "First it's class struggle as the central task, then boosting GDP. When will the people be the central issue?" laments one character.

Holding tight

China's newly rich are acting out of an anxious need to secure recently acquired gains. But in China's case, the nation's history — replete with scarcity and famine — makes its citizens all the more determined to avoid the poor house.

When this insecurity is multiplied by the size of the Chinese nation, over 1.3 billion people, its effects are on an unprecedented scale. In the long term, however, China's new-rich foreign policy will not last. One reason is the introduction of market forces into the media.

New media

Forced to raise their own revenues and readerships, Chinese journalists are pushing the bounds of censorship every day, often reporting controversial stories online before censors can

intervene. These stories are reproduced by

An increasingly free media coupled with a growing sense of personal economic security will compel more Chinese to question their countrymen's behavior.

bloggers, who through sheer force of numbers are evading censorship. "The Chinese media has shifted from lapdog to watchdog," Jaime FlorCruz, CNN's Beijing bureau chief, said in June.

While Beijing sought to tighten control of foreign journalists earlier this month, the process of information diffusion will expand beyond the CCP's

control when thousands of foreign journalists descend upon Beijing for the 2008 Olympics.

Once market principles are fully entrenched in the media and affordable technology allows millions more Chinese to log on, it will become clear the CCP has lost the battle for information control.

China's conscience

If the experiences of other countries are any indicator, an increasingly free media coupled with a growing sense of personal economic security will compel more Chinese to question their countrymen's behavior.

When the Chinese nation is informed about its state-owned firms' practices and is rich enough to look up from their daily lives, their growing social consciousness will be reflected in Chinese business activities abroad. A fuller understanding of how unethical practices diminish the nation's reputation and long-term security implications will likely inspire more responsible behavior.

Super power support

The United States can help. As the sole super power, it should set an example. Writing in the new journal "Democracy," Michael Signer recently advocated a foreign policy of "exemplarism...that aims at building moral prestige in the world community, with the aim of attracting willing followership from other countries."

The next U.S. administration will have an opportunity to take the moral high road in its

dealings with developing nations. The resulting pressure will help catalyze China's progress toward a more ethical approach to its economic participation.

While "GDP-ism" is the mantra at home, "non-interference" has become the clarion call of China's business elite abroad.

The West can also work to ease Chinese insecurity by increasing cooperative ties in the areas of energy and the environment. But it is the Chinese people's responsibility to demand more from their policymakers and business leaders in the areas of good governance and corporate responsibility — proving that the excesses of today will not continue indefinitely.

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