

Relocating Millions: The Chinese Answer To Development

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ABSTRACT

A typical scenario in China today is to move millions of citizens at the will of the government. Reasons for the movement of people range from technological advancement, to revamping cities, to aiding developers in utilizing prime real estate for the advantage of the state. Advancement of the country as a whole is a touted as a desirable objective. Individual wishes are not considered. Westerners question the motives of the government and the ethical implications of moving millions merely to serve the government's goals.

Keywords: Chinese culture, relocation in China, ethics

INTRODUCTION

I have had the opportunity to visit the People's Republic of China, PRC, three times in the past 20 years. Each time I was impressed with the progress the country had made – from the 15 billion dollar Three George Dam on the Yangtze River to the more recent Olympic project. But at what cost? How many lives have been affected by this “progress”?

CHINESE BUSINESS

Capitalism has been touted as the model all countries should follow in order to be successful. While the USA inarguably leads the world in many areas – standard of living, social responsibility and health care to mention a few – other business models exist and purport to have success. China certainly uses a different model, a neo-Leninist state. In this model, one-party rule and state control of key sectors of the economy with partial market reforms and an end to self-imposed isolation from the world economy form the backbone of the ruling philosophy. (Pei, 2006)

Implementing the principles put forth by Jian and Guqing (2007), principles that follow the teachings of Confucius, while admirable, are apparently not wide spread in the People's Republic of China, PRC. Minxin Pei (2006) writes that “The Chinese economy is not merely inefficient; it has also fallen victim to crony capitalism with Chinese characteristics – the marriage between unchecked power and illicit wealth.” He goes on to say that China is in the bottom third of 127 countries surveyed for economic freedom.

Beijing, according to Pei (2006), maintains tight control over most investment projects through the power to issue long-term bank credit and land-use rights. The government apparently awards massive financial grants to officials who can produce “image projects” (Pei, 37) that wow Westerners and promote the belief that China is making progress toward political and economic parity with the west. The truth, according to Pei, has produced politically connected tycoons who have used the real estate boom to feather their nests.

Confucian teachings, according to Jian & Guoqing (2007), state that people must not be adversely affected by business but must be cherished and cared for. Fan (2008) reports that massive construction projects (referred to above as image projects) have displaced 15,000 in Beijing alone. The purpose is to produce a modern environment for the Olympics. Zhang Jiaming, vice chair of the Beijing Municipal Construction Committee, claims that “The relocation project went very smoothly, so no one was forced out of their homes at any of the venues.” (Fan, 2008) This contrasts sharply with the reports from displaced residents who confronted authorities because they were not

compensated for the full value of their properties. Protestors were arrested and tried for inciting subversion.

Schwartz (INFOWORLD.COM, 2005) reports that China's totalitarian regimes should not focus on profit as their only concern. This policy can be described as selective repression and target only those who openly challenge the government's authority. (Pei, 2006) Pei (2006) reports that "State enterprises are also miserably unprofitable" (p 37). This leads to the question that if many projects are unprofitable, "What is going on? " Corruption is rampant! Pei continues on to say that "China has seen its future leaders, and a disproportionate number of them on the take. (Pei, 2006) Today less than 1 percent of Chinese households control 60 percent of the country's wealth. For the last generation, the path to success for the children of those in power were positions in the government or the military. Currently, the path to power is through business, particularly real estate.

THE SITUATION

Chinese assets are unevenly distributed among its people and the discrepancy between the wealthy and the ordinary is escalating. Contrary to the high expectations many of the defects caused by corruption are likely to hasten the deterioration of its potential growth.

According to COHRE, the Geneva – based Centre on Housing Rights and Evictions over 1.25 million people have been displaced in Beijing in order to make way for the Beijing 2008 Olympic Games and this organization predicts that ultimately over 1.5 million will be displaced. (media@cohre.org, 2008) China is by no means alone in their relocation schemes. In this writing the focus will exclude other countries that have done the same thing such as India (Sinder, 2009), South Korea, Spain, USA, Australia, Greece and England. (Bulman, 2007). In the situations mention in the cited article, all citizens suffered financial losses.

These people are not relocated by choice; all of them were forced out because of someone's alternative motives. None of the peoples' interests were in mind when these decisions of relocation were decided. Many times, these citizens are moved because of technological advancements for the country, and as well they are moved if the people are living on prime locations that developers want to profit from. Also, another reason is that the governments are trying to clean up the cities and although they promise adequate living situations most often such arrangements for adequate alternative living situations are not created.

The Three Gorges Dam

In China, many times it is because the government wants to construct a new project, such as the Three Gorges Dam, or new roads. China is desperately trying to catch up with the rest of the world in terms of modernization and efficiency.

If we examine the circumstances involved in the Three Gorges Project it is known that approximately 5.3 million have been or will be relocated "to avert an ecological catastrophe." (<http://ipsnews.net/news.asp?idnews=39621>) For a change, the government has been up front about the problems. Some of the attendant problems include landslides, silting and erosion. Typical of Beijing's pattern domestic opposition to the project was disregarded and the government's needs, in this case, greater capacity to generate electricity have taken precedence.

With little regard to the skills and desires of those being relocated the farmers from along the edges of the Yangtze are being redirected to live in cities. Their compensation for giving up their land is that they are eligible to apply for social security. Also reported in this piece is that early relocation efforts were "beset with problems and marred by corruption and fraud scandals." (<http://ipsnews.net/news.asp?idnews=39621>) The unfortunate result is that more than 1 million people are now nomads wandering the countryside. Additionally, the project has been carried forward without regard to the loss of cultural relics. (French, 2007)

The Nail House Situation

Nail houses are homes or buildings that refuse to make way for developers. It is a dangerous situation for those who are holding out, called *Dingzihu* in Chinese. “Poor areas are targeted for developers to move in and add / improve roads and construct new buildings.” (http://www.danwei.org/bbs/property_rights_the_cooliest_na.php) A nail house property owner is cited in this article as not being offered proper compensation for his home. It now exists as the lone house on top a 30 foot, man-made hill. Ms Wu, another owner in a similar predicament “was the only one we had to dismantle forcibly” reported Ren Zhongping, a city housing official. (<http://www.nytimes.com/2007/03/26/world/asia/26cnd-china.html?r=2&hp&oref=slogin>)

Positive results were obtained by Cai Zhuxiang and Zhang Lianhao refused to leave their Shenzhen nail house and are believed to have received “a staggering 10 million to 20 million yuan. (http://zoniaeuropa.com/20071004_1.htm) This was a usual case.

XI’AN’S RELOCATION

The Textile Machinery Plant of Xi’an is an example of a more humane and very profitable relocation. When visiting the PRC in June 2008, I attended a lecture given by Mr. Wang Guoqing. He focused on the way he conducted his business and gave each audience member a copy of his recently published book, **The Art of Business**. His lecture outlined how his entrepreneurial efforts relocated the Xi’an Textile Machinery Plant owned and operated under the auspices of the Chinese Denniler Corporation Group was ethically conducted. (Jian & Guoqing, 2007)

Wang Guoqing (2006) chairman of the board of Shaanxi Denniler Corporation Group is also the deputy to the Xi’an Peoples Congress. He is a prolific author and one of China’s richest entrepreneurs.

Guoqing (2006) and Jian & Guoqing, (2007) enunciate the guidelines by which business should be ethically and profitably run. His book states ten principles which he terms “intrinsic laws.” (Guoqing,, 2006) Guoqing lists the rules as:

1. Having will which includes aspirations and not giving up.
2. Having goals which will produce concerted efforts by everyone.
3. Having wisdom which leads to long-term planning.
4. Being diligent which means hard work.
5. Having perseverance which guarantees consistent efforts.
6. Developing strength which means gaining the competitive edge.
7. Seeking perfection which involves developing knowledge and skills.
8. Enduring hardship which means having experienced extreme hardship.
9. Using creativity which leads to innovative ideas.
10. Demonstrating honesty which begets trust. (Guoqing, 2006).

Jian and Guoqing (2007) refer to relocating as “restructuring”. Assets include land, equipment, facilities, personnel and even brand names. Working toward a win-win situation avoids confrontation and supports enforcement of laws. While guarding assets it is equally important to be guided by ethics. The authors specifically call for fairness, humanity, honesty and commitment. Human beings must be treated fairly so that their social lives are held in tact. This entitles each to the opportunity to seek prosperity and the opportunity to develop the self.

The humanity component “displays understanding of, respect for and love of people.” (Guoqing, 2007, 3) Focusing on people-oriented values and property-oriented values promotes the growth of enterprises. Ignoring people-oriented values undermines real progress toward social, political and financial reform. Valuing and improving the lot of the humanity involved contributions to the vitality of the enterprise. No person should be adversely affected nor should their job security be endangered.

The relocation of the Xi'an Textile Machinery citizens' by the Group (Chinese Denniler Corporation Group) conducted their relocation with "justice and fairness". (Jian & Guoqing, 2007) The Group provided housing for workers, retirees, reimbursement for medical bills, retirement benefits. Contrary to many of those who have been relocated the people involved in this project claim that "Denniler is our home."

SUMMARY AND CONCLUSION

When one compares the results achieved by the Group to the relocation of farmers along the Yangtze it seems clear that taking ethics into account is a factor that can produce outstanding results for both parties. While anticorruption campaigns are repeatedly initiated they are traditionally half-hearted and ineffectual (Wedemnan, 2005) theorizes that the function of anticorruption campaigns is not to eliminate corruption but rather to keep the rate at some 'acceptable' level. A has been to keep the level to 'petty' corruption low while increasing the opportunity for high-stakes corruption. (p 95)

Apparently the knowledge that corruption is widespread is common. The process of going forward once a charge has been filed is complicated and may be changed from criminal to civil. Political pressure, the protection of an individual by his/her superior putting pressure on the court representative to reduce or discard the charge, is quite common. An additional concern that mitigates the imposition of a stringent sentence is that frequently anecdotal evidence is responsible for the filing of charges. All too often the accused is turned in by others who are trying to deflect attention from their own behavior.

Government provided data to indicate that more high level officials are being turned in than in the late 1990s and the number of major cases is increasing. (Wedemnan, 2005 p 113) concludes that "Chinese-style anticorruption campaigns are unlikely to deter corruption."

Western business enterprises wishing to engage in commerce in China need to become familiar with both models explored in this paper: the neo-Leninist model and the ethical Confucian-based model. Perhaps through more exposure to each can produce a profitable exchange between west and east.

AUTHOR INFORMATION

Joan Coll-Reilly, PhD is a Professor in the Stillman School of Business at Seton Hall University, South Orange, NJ. She teaches Organizational Behavior, International Business and graduate seminars in Leadership. Recently Dr. Coll-Reilly has developed a capstone course for management majors in the area of leadership. Her research has two foci: international cultural issues and leadership. The Stillman School is noted for its International programs, particularly the "Doing Business in ..." These courses carry 3 credits. Students and faculty travel to the target country for immersion in culture, business and general exposure to the country's economy. She has participated in travelling with the program to China, Poland, Ireland, Russia, the Dominican Republic and Bermuda. Additionally, she has travelled to 20 more nations.

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