

China syndrome

## Corporate social schizophrenia

**China claims to be a world innovator in corporate responsibility. Just don't drink the water or visit a manufacturing plant, warns**

**Jon Entine**

A day doesn't go by without news celebrating the latest Chinese green initiative. The accolades began in 2006, when China passed a law requiring companies to "undertake social responsibility". In 2009 it spent \$34.6bn on clean energy, twice the amount spent by the US. China produced more wind turbines, solar panels and nuclear generators than any other country.

These efforts have fuelled a love fest from commentators who parachute into the world's most schizophrenic society on show visits. "Well, folks," wrote New York Times columnist Thomas Friedman earlier this year, "Sputnik just went up again: China's going clean-tech." The country is no longer "red", he assured us. "Let's call it 'Green China'."

That's catchy but it's hyperbolic. China is the world's emerging economic engine, but it's way too simplistic to crown it as a socially responsible giant. Under a centrally controlled version of capitalism-on-steroids, it's compressing into a matter of decades an industrial revolution that took the west 150 years. China has a horrific environmental and social record – the world's worst.

Soon after passage of the 2006 social responsibility requirements, Business Week ran an investigation of China's corrupt export industry, which regularly falsifies labour inspections. Only 5% of plants were found to limit work hours while 80% ignored wage rules.

Transnationals have been rebuffed when trying to implement SA8000 standards. The series of scandals involving substandard products only reconfirms beliefs that many Chinese companies are unscrupulous about making money at the expense of human lives. For

the foreseeable future, sweatshops and inferior products are baked into China's economic model.

Although Friedman may believe Chinese leaders are doing an admirable job on the environment, the regime that oversees the building of flashy wind turbines also constructed the disastrous Three Gorges Dam and is now working on the equally problematic South-to-North Water Diversion Project.

From an environmental perspective, China is a terrible place to live. Sixteen of the world's 20 dirtiest cities are in the People's Republic, including the worst, Linfen, a coal-mining centre in Shanxi province.

### Dirty living

There are 750,000 premature deaths each year as a result of air pollution. China has hundreds of what the ministry of health calls "cancer villages", with high intensity zones of cancer, cerebrovascular diseases and respiratory disorders. Its production of persistent organic pollutants has quadrupled within the decade.

"Many chemical and industrial enterprises are built along rivers so that they can dump the waste into water," says Chen Zhizhou, a health expert at the Chinese Academy of Medical Sciences. "The contaminated water has directly affected soil, crops and food."

Previous claims that China was making dramatic progress on energy intensity, the measure of a country's efficiency, have been trimmed as China recovers from the recession. Emissions are going in the wrong direction as well, up 1.2% year on year at the latest measure.

It's not all bad news, however. According to the World Bank, "China is one of a few countries that have been increasing forest cover". And in



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Dirtiest air in the world

*From an environmental perspective, China is a terrible place to live*

the current issue of the Berkeley Journal of International Law, Columbia University sociologist Li-Wen Lin reviews an impressive array of Chinese green innovations.

Are these measures simply window-dressing by which China intends to insulate itself from international criticism? "The government has political, social and economic motivations to encourage and also to control the development of CSR in China," Lin says.

He adds: "There are no independent NGOs operating in China." Although the number of advocacy groups has increased, the government still controls their formation and oversees their agendas. Criticism – and the reform it engenders – will happen only as fast as China wants it to, often as a means to diffuse internal criticism of labour and environmental practices.

There also appears little interest among speculation-crazy Chinese investors in expanding the kind of social investing movement that has helped accelerate change in the developed world.

Rest assured we are only seeing the tip of China's black iceberg. Although the country's vast human resources make it certain that it will continue to assert itself as a leader in green innovation, its industrial primitiveness means it will remain an environmental and social laggard for decades to come. ■



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