

# CHINA RESOURCE JOURNAL

Analysis of Current Trends in China



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## BUILDING A CULTURE OF COMPLIANCE

“To get rich is glorious” -Deng Xiaoping in 1978 as he took over for Mao Zedong

“Money conceals ugliness” -Ancient Chinese Proverb

Over the last 30 years, China has undoubtedly become the world's factory. It is hard to find a consumer good sold in the United States that is not made in China. In this China Resource Journal, we tackle a subject that has been smoldering in our minds and our hearts for some time. And with some of the events in the news recently regarding China, the smoldering has turned into a fire: The under-regulation of the Chinese government causes opportunity and problems for many in China and out of China. In this issue, we examine the under-regulation of business and religious affairs in China, their unique challenges and similarities, and how we as Westerners can be a part of the solution.

In August 2007, the Mattel toy company announced a massive recall of 19 million Chinese-made toys shipped to the United States and Canada. Some of the toys were reportedly made with lead paint, which can be harmful for children. This news came after a string of bad news from China about Chinese-made products: hundreds of thousands of low-quality automobile tires, pet food with tainted gluten that kills pets, combustible computer batteries, poisoned toothpaste, tainted drugs, and seafood laced with unacceptable levels of pollutants and antibiotics.



This 'sarge' truck is one of many Mattel toys that were recalled

For those of us who work within Christian circles in China, we too know about the uneven administration of laws that deal with religious affairs. It seems like while China has solid laws in their Constitution regarding freedom of religion, reports of local officials harassing Christians is commonplace. We also hear reports of a quite free situation in some areas, where local Chinese Christians feel no need to register with the local registered church, and operate with relative freedom. All of our service in China has been relatively open and we've worked in China without interference.

And while these two sectors of society, manufacturing and religious affairs seem very different, there is a thread that runs through both sectors of society that is similar. There are similarities in the Chinese governments' handling of both of these sectors that we'd like to examine in this article.

### Manufacturing in China

China truly has become the world's factory. Over the last year, China exported nearly \$1 trillion worth of goods to the rest of the world. With the news over the summer of the massive recalls of Chinese-made products, nearly all of the blame is coming to rest solely on the Chinese. This blame however, neglects completely how China's success as an exporter is, in large part, the product of nearly a trillion dollars of foreign investment and a lot of expertise that floods into the country in order to escape some standard or other back home. Foreign manufacturing businesses hope that China will help them cut corners, and in the process, deliver goods at fractions of the prices they'd pay at home. Lack of effective environmental regulation and the low cost of manufacturing in China has long been a lure of these foreign businesses. Chinese factory workers earn about 65 cents an hour and are subject to cramped living conditions and long work weeks, all of which would be

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completely illegal in U.S. workplaces.

The results of this manufacturing are detrimental to many in China. China's eastern coast is a conglomeration of belching, puking factories that produce substantial amounts of both air and water pollution. One visit to any of China's East Coast cities reveals air pollution levels that are unimaginable in U.S. cities. Many days in



Beijing's New Olympic Stadium is already showing signs of environmental damage

Beijing, one cannot see more than ¼ mile or less. China's pollution problem costs the country roughly 10% of its gross domestic product, and pollution has made cancer the leading cause of death in China. Nearly 500 million people in China lack access to safe drinking water and only 1% of city dwellers breath air considered safe by environmental standards. Health care costs have risen sharply and social unrest incidents due to environmental factors have also risen sharply.

Reining in economic growth to alleviate pollution and delivering safer working conditions may seem logical, but the country's authoritarian system is addicted to fast growth. Delivering prosperity placates the public, provides spoils for well-connected officials and forestalls demands for political change. A major slowdown could incite social unrest, alienate business interests and threaten the party's rule.

### The Religious Affairs Picture in China

The religious affairs picture in China is also very complex. As we've reported in previous China Resource Journals (CRJ), the situation for Christians in China is rapidly improving. We believe that persecution is not the main story in China, and that people of faith are increasingly finding that the Chinese government of 2007 is finding that Christians are a benefit to Chinese society. For a deeper examination of these issues, please visit our website and review the archived CRJs. With all that we've already written about, it is true that there is a very uneven treatment of the laws in China that deal with religious affairs.

According to Article 36 in the Constitution of the People's Republic of China, (PRC) "*...citizens of the PRC enjoy freedom of religious belief. No state organ, public organization, or individuals may compel citizens to believe in, or not to believe in, any religion.*" This guarantees Chinese citizens with the opportunity to worship God freely. However, the Government seeks, in varying degrees from province to province, to restrict religious practice to government-sanctioned organizations and registered places of worship, and to control the growth and scope of the activity of religious groups to prevent the rise of competing possible sources of authority outside of the control of the Government. This does cause some concern and underscores one of the main difficulties of religious affairs in China and understanding the situation of Christianity in China: the lack of 'rule of law' in China.

A generally understood definition of rule of law states that those in governmental authority make decisions based on the application of known principles or laws without the intervention of discretion in their application. In other words, when laws are on the books, you use them 100% of the time and in a consistent manner to determine whether someone has broken those laws. In order for a government to govern, it may only use the powers granted to it by certain laws (i.e. constitutional laws). In China, we have a situation where the national government has drafted a number of laws that relate to religious affairs in China and have given provincial and local officials the ability to administer those laws. Many times, those laws are then administered differently in different places.

### The Connection Between the Two

In both of these cases, there are definitely similarities and differences. In both situations in China, there seems to be a lack of strong regulation from the Federal government. One of the challenges in Religious Affairs in China, for example, is that the laws dealing with religion are not evenly administered. And certainly, in manufacturing it seems as though it would benefit China to have a strong set of regulations that govern manufacturing standards.

The other similarity between these two is that there are Western partners involved in both manufacturing and

religious affairs. In the case of the Mattel Toy recall, Mattel CEO Bob Eckert admitted that Mattel lost control of the manufacturing process. He said that a sub-contractor of a Mattel sub-contractor was the one who allowed the lead paint to be used on the recalled toys. But at the end of the day, when a toy has the Mattel label on it, Mattel needs to be the one to step up and make sure that the toy is safe. Telling their Chinese manufacturing partners that they will accept no less than safe toys is mandatory. Change will only come when China's lax enforcement brings a severe economic cost. We as consumers of Chinese goods must insist that the businesses we buy from who have manufacturing in China maintain high standards by increasing their quality controls and inspection. Most businesses fear that an increase in the standards of quality control will also increase their costs, but it seems to us that since these businesses are the ones with the Chinese manufacturing contacts, it may create a culture of compliance inside China. These businesses, who are held accountable by their international customers, insist that the government set industry-wide safety standards so that all companies are being held to the same standard. At the end of the day, what other country could deploy more inspectors at a lower cost than China with its low cost advantages?

In the arena of the government's handling of Christianity, there too do the Western partners have a responsibility and opportunity to effect change. Through engagement with Chinese government leaders who are responsible for religion in China, we can encourage them to define and publish all laws governing religion, from the top to the bottom. As we've illustrated in the last several CRJ editions, those Westerners who set aside the old paradigms of clandestine work in China are given new and exciting opportunities in China since their service in China is not hidden. We can help and encourage the Chinese government to more fully define what Article 36 means in real terms. If these laws were more clearly defined and there was training of all public servants, then everyone would know what the laws say about religion in China and everyone at every level would know how they should be implemented. In addition, we can encourage them to more clearly define what happens if a public servant violates the Criminal Law and deprives citizens of religious freedom. There should be a clear set of penalties for that violation. If everyone knew what the penalty was and it was uniformly administered, this would provide accountability to a system that currently has little accountability.

China sits at a crossroads in its development. We pray and want to work toward the strengthening of China's internal structures within the country and for openness for them to raise the bar in creating a culture of compliance.

## **Check out the ways we are Clarifying Western Perceptions about China!**

### **China Resource Journal**

If you liked reading this edition of the China Resource Journal, be sure to check out the archived editions on our website under the Publications page.

### **The China Resource Podcast**

We are just completing our 4th episode of The China Resource (TCR), and have really enjoyed doing each one. TCR is like a radio show, except its available on our website for download, or you can subscribe via iTunes. We have several segments on TCR: China News, Analysis of Current Trends in China and even a Chinese Culture segment. Check it out on our website or subscribe today!

### **Ethical Foundations of China Service**

About a year ago, we completed a 'statement paper,' together with several other China Ministry leaders that has become the definition for effective service in China. It too is available on our website under the publications page.

### **Projects in China**

Each time we complete another Bible Distribution Event or send another team of pastors to do training, perceptions are redefined about what is possible in China. Trip reports are available on our website!

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1. We exist to serve the growth and development of the Church in China through theological training, Bible distribution, Church building and other partnership opportunities.
2. We exist to enhance the China ministry culture and clarify Western perceptions of Christianity in China through extensive research and education, thereby equipping China ministry leaders, workers and the Church in the West to more effectively advance the kingdom of God in China.

For more information about CRC, ways you can partner with us, or to inquire about our speaking schedule, please contact us at 303-332-8884 or Mike@ChinaResourceCenter.org

