

When China Met Africa/ China in Canada/ Hopeful Omens in Beijing  
Hon. David Kilgour  
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(This talk is dedicated to Ms. Tao Mi, who unfortunately suffered a great deal from acts by officials of the governments of both Canada and China. I hope that she is still alive somewhere in China. What happened was described by her lawyer, Clive Ansley, in the Vancouver Sun last year:

[http://www.ansleyandcompany.com/Lai\\_Changxing\\_and\\_the\\_Erosion\\_of\\_Canadian\\_Values.pdf](http://www.ansleyandcompany.com/Lai_Changxing_and_the_Erosion_of_Canadian_Values.pdf))

We all regret how some Europeans and their governments treated many African peoples over many years. What China's party-state is doing in natural resource-rich nations on the continent today, notably Zambia tonight, has clear parallels with earlier colonial practices. See, for example, *The Scramble for Africa, 1876-1912*, by Thomas Pakenham and *King Leopold's Ghost* by Adam Hochschild.

This panel's assigned task is to look at what Chinese investment is doing today to Canadians. For context, I refer to the Economist's survey on state capitalism (21 Jan 12):

. State capitalism, going back to Japan in the 1950s and Germany in the 1870s, sees itself as an alternative to liberal capitalism by fusing the power of government with capitalism through such mechanisms as listing government-owned companies on international stock markets.

The Chinese party-state is the largest shareholder in the country's 150 largest companies and directs thousands of others.

. A culture of corruption permeates China's economy today, with Transparency International ranking it far down its list at 75th place on its perceived corruption index for 2011. The Economist quotes a central bank of China estimate that between the mid-1990s and 2008 some 16,000-18,000 Chinese officials and executives of state-owned companies "made off with a total of \$123 billion." The survey concludes, "By turning companies into organs of the government, state capitalism simultaneously concentrates power and corrupts it."

Premier Wen Jiabao, China's senior economic official, said on March 14, "Without the success of political structural reform, it is impossible for us to fully institute economic structural reform. The gains we have made may be lost, new problems that have cropped up in China's society cannot be fundamentally resolved and such (a) historical tragedy as the Cultural Revolution may happen again." Wen has since courageously added that the state-controlled banks are a "monopoly" that must be broken.

## Governance

Let's look next at governance. The Party was published in 2010 by Richard McGregor, former China bureau chief for the Financial Times.

It documents the continuing party grip on the government, courts, media and military. Among its observations:

. "Top leaders adhere to Marxism in their public statements, even as they depend on a ruthless private sector to create jobs. The Party preaches equality, while presiding over incomes as unequal as anywhere in Asia" (Among the hand-picked delegates at the recent National People's Congress were 61 billionaires. The net worth of the 70 richest delegates added more to their wealth last year than the combined net worth of all 535 members of the U.S. Congress, President Obama and his Cabinet, and the nine Supreme Court justices. [source: Bloomberg News February 26, 2012]).

. "(The Party) has eradicated or emasculated political rivals; eliminated the autonomy of the courts and press; restricted religion and civil society; denigrated rival versions of nationhood; centralized political power; established extensive networks of security police; and dispatched dissidents to labour camps."

At a recent conference on Tibet in Ottawa, addressed by His Holiness the Dalai Lama, with parliamentarians from about 30 countries participating, points were made by a number of China experts. I'll mention only a few:

. Public anger about social, political and economic conditions across China is growing, with 180,000 public protests reported during 2011 alone. One-party authoritarian governance has no democratic legitimacy; the so-called "performance legitimacy" will disappear overnight if the economy stalls, probably precipitated by a burst housing bubble. Dealing effectively with government corruption requires multi-party democracy, independent judges and the rule of law.

. All of the candidates for membership on the Standing Committee of the Party, including president-designate Xi Jinping, suffered during Mao's Cultural Revolution. They know that all modern societies are democracies and that premier Wen is correct that

without political reform China faces a dead end. The self-explosion of Bo Xilai and others demonstrated for the world the flaws of political Leninism. The crossroads China now faces is identified in a New York Times piece by Roderick MacFarquhar, a professor of government at Harvard:

<http://www.nytimes.com/2012/05/21/opinion/in-china-fear-at-the-top.html?r=4>

## Canada

In late 2004, China Minmetals was expected to make a formal bid for Noranda, Canada's largest mining company at the time. When it became evident that Minmetals was a branch of the government's mining department, some of us asserted that a takeover would constitute the nationalization of one of Canada's largest private mining companies by Beijing. It is perfectly acceptable to buy products, including bitumen, oil and gas, but is quite another to acquire the firms that produce such exports.

Elizabeth May, leader of the Green Party, recently noted, "Any enterprise that is owned by another nation state raises sovereignty issues, but in the case of China the security advisors to the government of Canada for a long time have expressed particular concern about Chinese influence." Last spring, the Asia-Pacific Foundation of Canada released an opinion survey, finding 75% of Canadians were opposed to Chinese state-owned companies gaining controlling stakes in Canadian firms. At about the same time, another poll conducted on behalf of various Canadian environmental groups found nearly three-quarters of British Columbians (72.8%) were worried about China's increasing ownership of Canadian natural resources.

Jameson Berkow made two related points in the National Post (11 May 12):

- . Canadian companies have accepted billions in investments from Chinese government-owned businesses. Industry associations, environmental groups and the government of Canada have stayed mute on this while Canadians' concern generally increased.

- . China's state-owned refining giant Sinopec Corp. two years ago paid \$4.7-billion for Conoco Phillips Co.'s 9% stake in Syncrude Canada Ltd., among Canada's largest oil sands operators.

If anyone thinks that Sinopec is a socially responsible corporation, note what fellow panelist Scott Simon says:

Last September, an article appeared in the Globe and Mail entitled 'Sinopec, the oil sands and justice delayed.' (It) was about an incident in 2007 when 150 Chinese workers were flown in by Sinopec to build a massive storage tank on Canadian Natural Resource's

Horizon project. Two workers died and two were injured when the roof of the tank they were building collapsed. After a two-year investigation, Alberta health and safety officials laid 53 charges of failing to protect worker safety against Canadian Natural Resources and Sinopec.

The trial was delayed repeatedly, with Sinopec's construction company arguing that they have no presence in Canada and that a Canadian court summons is thus invalid. The article concluded by saying that a trial will be held in the end of 2012.

Official corruption is a daily reality for anyone doing business in or with China. One Canadian family I knew from Alberta, for example, lost \$20 million by investing in a pharmaceutical business because there is no rule of law in the country. In the well-known case of Sino-Forest, the Ontario Securities Commission recently said that the company falsified timber holdings and "engaged in numerous deceitful and dishonest course of conduct."

### Conclusion

Premier Wen has spoken often about the necessity for democratic reform. He blocked the rise of Bo Xilai to the nine-member Standing Committee of the Party. Bo and his mentor, former President Jiang, have been among the worst offenders in using totalitarian methods, including the ongoing persecution of Falun Gong since 1999. In the worst crisis of party legitimacy since 1989, Bo has been removed from his posts and his wife, Gu Kailai, is under investigation about the murder of British citizen Neil Heywood. Zhou Yongkang, the Party head of security, who worked closely with Jiang and Bo, is being investigated and appears to be on his way out.

Neha Sahay of the Calcutta Telegraph recently (May 23) made an interesting point related to lawyer Chen Guangcheng, now of New York:

``(He) is only one among thousands of Chinese seeking asylum in the United States... A UN Refugee Agency report revealed the startling statistic that Chinese citizens come second after Afghans in seeking to leave their homeland last year, as many as 24,400 Chinese sought asylum in the West.``

Governments of open societies and our private sectors might examine why we are supporting the violation of so many universal values in order to increase trade and direct investments from China. For years, this has resulted mostly in our jobs being outsourced to China and continuous increases in our bi-lateral trade and current account deficits.

### Fair Trade

Peter Navarro at the University of California asserts that consumer markets worldwide have been "conquered" by China largely through cheating.

Navarro has various proposals intended to ensure that trade with China becomes fair. Specifically, he thinks all trading nations should:

.define currency manipulation as an illegal export subsidy and add it to other subsidies when calculating countervail penalties; .respect intellectual property; adopt and enforce health, safety and environmental regulations consistent with international norms; .ban the use of forced labour effectively-not merely on paper as now- and provide decent wages and working conditions for all; .adopt "zero-tolerance" for anyone selling or distributing pirated or counterfeit goods; and .apply provisions for protection of the natural environment in all trade agreements in order to reverse the 'race to the environmental bottom' in China and elsewhere.

The Communist Party is currently making major changes in its senior leadership. Those appointed should seek dignity for all citizens if they wish to achieve sustainable prosperity. Beijing's conduct internationally also requires major changes if a new government's goal is to build world harmony.

The Chinese, whom I respect greatly, want the same things as Canadians and the rest of the world: respect and education for all, safety and security, sustainable jobs, the rule of law, democratic governance and a sustainable natural environment. If the Party begins to treat all members of the human family in a transparent and equitable way, the new century can bring peace and prosperity for China and the world.

Thank you