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Spotlight On...

Hot Topics in East Asia...

What International Track?

Scott Kennedy

One of the most ubiquitous phrases spoken in China today is *yu guoji jiegui*. Literally "to link up with the international track," the term is used in a variety of contexts to suggest that China has to make domestic practices conform to international standards. A Chinese private entrepreneur hard up for cash criticizes China's banks for only lending to large state-owned behemoths, demanding that banks need to *yu guoji jiegui* so that

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anyone with a good investment idea can get a loan. Women walk into hair salons, fashion magazines under their arms, and spend a week's salary having their hair made up like Britney Spears. Their defense: to be beautiful, you must *yu guoji jiegui*. Your white-gloved taxi driver greets you with a spotless cab and asks, "Where do you want to go?" in English! The Olympics are coming in 2008, he explains, and so his company told him he better *yu guoji jieguo* pronto. A Chinese man whispers to his friend over a cup of tea that China 's political system is backward and needs to *yu guoji jiegui* before there's a revolution. And finally, China 's Premier Wen Jiabao, sprinkling the admonition throughout his report to the legislature, explains how government policies will make China wealthier, safer, and more just.

When one compares the China of 2004 to the China of 1974, it is hard to complain with this linguistic tool. China suffered catastrophe upon catastrophe in the Mao era, from the Great Leap Forward to the Cultural Revolution. At the same time, its East Asian neighbors took real great leaps forward, first with their economies and then with their political systems. Over the last quarter century China has made enormous strides by any measure, largely by adopting foreign practices and norms in China.

On the other hand, the more the country leaves its Maoist era in the dust, the more the complexities and difficulties of joining the international track become apparent. This has nothing to do with China and much more to do with the world that lies beyond its walls.

In many areas of life around the globe, there is no one dominant or recognized best international standard. Although most Americans believe in free markets, the experience of Japan, South Korea, Taiwan in the 1960s and 1970s shows conclusively that government support (through finance, R&D, and protectionism) may help a country develop a variety of globally competitive industries, from steel to automobiles to consumer electronics. Healthcare and social safety net practices vary widely across the developed world.

In some cases, there are clear and worthy standards, but they are regularly violated by their American and European advocates, making them hypocrites. Due to pressure from the US and Europe, trade and investment barriers in East Asia have come tumbling down. Oddly, though, despite hailing the benefits of open markets, the US provides billions in subsidies to American cotton and corn farmers. The US is also the leading user of "fair trade" laws, such as antidumping, to keep low-priced goods out of American markets. Most people think dumping means selling below cost, which would be unfair, but American (and international) law only require accusers to show that a product is sold in the US for less than in its home market for a dumping charge to stick. Over the past two decades, Chinese firms have been the leading defendants in such cases. Not surprisingly, Chinese industry has begun to mimic its American counterparts by bringing its own antidumping cases against foreigners exporting to China.

There are some international standards that are inherently problematic and one would hope China would avoid. Over the past two decades, companies and governments around the world have increasingly raised money by issuing bonds. Credit rating agencies (CRAs) like Moody's and Standard & Poor's have emerged to provide ratings of bonds so that purchasers have a clear idea of the risks involved. While this seems like a worthy goal, in fact, these CRAs have been given a monopoly by the US government to provide this "service." These firms

make huge profits, but there is little evidence their ratings provide useful information to investors, giving us all a false sense of security. As part of its plan to develop a bond market, China is in the midst of copying the American model, under the false assumption that its financial system will necessarily be made more efficient and immune to crisis by CRAs.

All of these examples are from economic affairs, but it would have been easy to draw from human rights and international security. Just to name one, the 'war on terrorism' has led to a greater violation of human rights in the US and elsewhere (as the US has looked the other way in order to gain allies), while the policy of preemption has created a lower threshold for justifying attacks against (potential) enemies.

Many Chinese recognize this complexity and criticize the US and Europeans for their hypocrisy. Others go further and see genuine problems in international norms and practices. They caution that China must be more discerning and follow its own path. Sometimes this warning comes from Chinese officials, but more often it comes from critics of the regime who charge it too often caves into American and European pressure. One of the hottest books in China in the last decade was *China Can Say No* (*zhongguo keyi shuo bu*) which was modeled on the polemic, *The Japan That Can Say No*, which was modeled on *The France that Can Say No*.

These critics of *yu guoji jiegui* should not be brushed aside as mindless hardcore nationalists. While China has certainly benefited from utilizing many foreign practices, China 's continuing problems do not all derive from not getting on track. Sometimes the track is hard to find or it takes one to a place that should be avoided. China has many choices of which direction it wants to go, not just forward or back.

In fact, the same is true for all countries and peoples.

Scott Kennedy, a political scientist in the East Asian Languages & Cultures and Political Science Departments, is editor of *China Cross Talk: The American Debate over China Policy since Normalization, A Reader* (Rowman & Littlefield, 2003), and author of *The Business of Lobbying in China* (Harvard University Press, forthcoming 2004).

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