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## Who's leading Hu?

Will endemic corruption, increasing wealth gaps, and the immense scale of environmental and health degradation from China's industrial revolution, lead to increased social unrest and an even greater media crackdown? Or will the waking economic giant leapfrog mistakes made during the West's industrial revolution? And, in answering this conundrum, will corporate citizenship play a role?<sup>1</sup>

Some think so. In August a 'China CSR Map' was launched, 'to promote CSR in China through a centralized platform for the dissemination of information on organizations with CSR activities there'. Although considerable discussion and activities around CSR exist in China, it is often difficult to find concrete information on which organisations are undertaking what activities. In addition to business, it involves academic institutions, service providers, media and online resource providers. To further accessibility, it is bilingual. China CSR Map is a collaboration between Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), SynTao and Transtech.<sup>2</sup>

Corporate citizenship appears to be relevant to Chinese companies and society for three main reasons: the influence of Western markets; the global aspirations of some Chinese companies; and the so-called development trajectory.

First, there is Western market influence. The social and environmental concerns of Western companies have been influencing construction, manufacturing and human resource practices in China, albeit to a limited and questionable extent. Even Japanese companies and those from other

non-Western countries are now requesting environmental improvements from suppliers in China. Thus, to compete in certain export markets, Chinese companies will need to pay attention to how these markets adopt and practise greater responsibility. Doing so will facilitate China's navigation through the rough seas of global competition.

Recent signs indicate potential strains on future growth, partly fuelled by global trade. China has been posting an average annual gross domestic product (GDP) growth rate of 9.4% for the past 26 years, following Deng Xiaoping's Four Modernisations economic reforms.<sup>3</sup> But China's ranking in the World Economic Forum's Global Competitiveness Index (GCI) fell to 54 in 2006 from 48 a year ago. 'The most worrisome development is a marked drop in the quality of the institutional environment,' the report said. The culprit: the 'steep fall'—from 60 to 80—in how the Chinese institutions fared in the 2006 ranking. These institutions, spanning both public and private, had poor results in all the Index's 15 institutional indicators.<sup>4</sup> GCI measures the set of institutions, policies and factors that set the sustainable current and medium-term levels of economic prosperity.

As if sensing the need for change, on 25 September 2006 Chen Liangyu, a top Chinese Communist Party official in Shanghai, was booted out of the party's top leadership council, the Politburo. Mr Chen was 'the most senior official to be sacked' in a decade, or since incumbent President Hu Jintao became party secretary in 2002. The government launched an investigation that centred on the misuse of at least one-third of the 10 billion yuan (\$1.2 billion) pension

fund to make illegal loans and investments in real estate and other infrastructure deals.<sup>5</sup> Coincidentally, on the day of Mr Chen's downfall, China's auditor-in-chief disclosed that 'an unnamed company defrauded \$140 million from Chinese banks and spent nearly \$40 million on bribes'.<sup>6</sup>

To comply with international norms and to increase their competitiveness on the world stage, Worldwatch, an NGO, suggested this: 'Chinese private enterprises would be wise to integrate CSR from the beginning.'<sup>7</sup> The global aspirations of some Chinese companies are a second reason why corporate citizenship is relevant to China.

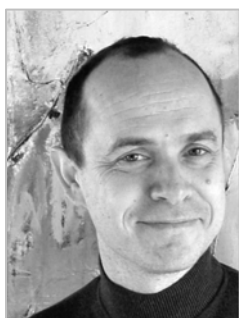
#### Chinese premiere Hu Jintao himself

highlighted the goal of having a prominent role in global markets worthy of a great power. The Lenovo purchase of IBM and attempted takeover of Unocal by the China National



Offshore Oil Company (CNOOC) is setting a trend that, according to Jack Zhai, head of global corporate finance at Deutsche Bank in Beijing, 'will continue'.<sup>8</sup> Besides mere ambitions, Chinese companies are expanding abroad because of market realities: constant price-cutting at home makes entry to foreign markets vital. Thin margins abroad make up for even thinner margins at home.<sup>9</sup>

But will going global mean going ethical? If Chinese companies seek to become global players or own global brands, they will need to pay more attention to the values and aspirations of producers and consumers in their target countries, especially those in the



West. According to **AccountAbility CEO Simon Zadek:** *'Going global means being more responsible. We may just be on the cusp of an accountability revolution in Chinese business, or at least that part that needs to be credible in international*

*markets, as they seek to move up the chain towards the high-value-added opportunities that come with control of global brands.'*<sup>10</sup>

But, if Chinese companies target countries where consumer demands for responsibility are not as strong as in the West, there lies the problem. Recent Chinese foreign direct investment and foreign acquisitions have been in Asia<sup>11</sup> and Africa. In both continents, the general concept of CSR among local players is still largely equated to philanthropy. These countries, including its neighboring economic power Japan, have embraced the trade opportunities with China whose robust growth and growing prosperity has enabled them to diversify their export markets and become less reliant on exports to the US. The stalling of the world trade talks has even led to a faster proliferation of bilateral and regional free-trade agreements.<sup>12</sup>

This has made NGO campaigners increasingly concerned about Beijing's model of 'international development', as exemplified by the country's relationship with Angola.<sup>13</sup> In 2004, Angola's government, battered by a long civil war, was negotiating a new loan with the International Monetary Fund (IMF) for its reconstruction. The IMF, aware of Angola's long history of corruption and poor governance since independence from Portuguese colonial rule in 1975, was keen to include measures to cut corruption and tighten the country's economic management. To the IMF official's surprise, the Angola government suddenly broke off negotiations. The Angolans had received a counter-proposal from China's export-credit agency, Exim Bank: a \$2 billion loan that came with minimal rates of interest, a generous payback period, and none of the IMF's 'conditionalities'. The government in Luanda chose China's offer.

Unlike many Western companies, Chinese companies with global ambitions already serve important markets, including its own domestic market of more than a billion Chinese and where margins are squeezed to their limits. Adopting expensive above-compliance strategies on social and environmental issues have made them wary of becoming uncompetitive at home and in other markets they currently serve. Just as some factories have different labour codes for different production lines in the same factory, depending on which brand the production line is for, global Chinese companies might seek to align the CSR

credentials of particular products with the markets being served, rather than raise their standards globally. Oddly, this might provide new impetus for ethical labelling within those sectors that have been resistant to it until now. The impact on how companies do their business in China, however, might be limited to the size of the ethical market in the West.

The third reason why corporate responsibility may be relevant to China is because of its development trajectory. If the (questionable) assumption that the West has established a development trajectory that China is following and modelling, then just as the voluntary responsibilities of business towards society and the environment have grown in the West, then the same can be expected in China. Yet this assertion is based on many assumptions about the limited role of government to actually deliver changes in corporate practice through regulation, as well as the ability of a vibrant civil society to push for changes not demanded by government. On both counts, the situation appears quite different. The interventionist approach of the Chinese government could lead to significant rapid developments in regulations and investment for a sustainability transition; yet at the same time the same philosophy does not leave much scope for civil-society activism that could drive voluntary corporate action.

China imposed broad new restrictions on 10 September 2006 on the distribution of foreign news in the country, beefing up state regulations on the news media. Under new rules that were said to take effect immediately, the state-run New China News Agency said it would become the de facto gatekeeper for foreign news reports, photographs and graphics entering China. To censor content that endangers 'national security', the agency announced its new role and rule in its own



dispatch. As chronicled by a *New York Times* article, **'President Hu Jintao has intensified a crackdown on all kinds of news media in recent months, arresting and harassing journalists, tightening regulation of Web sites and online forums, hiring tens of**

**thousands of people to screen and block Web content deemed offensive and firing editors of state-run publications that resist official controls.'**<sup>14</sup>

Yet it is exactly such discourse and information flow that is essential for corporate responsibility. Western-based companies such as News International and Yahoo! have been criticised for agreeing to restrictive media regulations in order to access the Chinese market. These defy the basics of corporate responsibility, like social auditing, which requires active participation and ownership of standard setting, monitoring, verification and corrective action implementation by independent representatives of the workers themselves. Without change in the social and legal context in China, it will be difficult for companies to responsibly source from China.<sup>15</sup>

Still, the words of Chinese business leaders should be taken into account as a guide to indigenous driving forces for CSR versus Western models. Wu Mao, Chief Economist of the Shougang Steel Group, one of the top five steel companies in China, said, 'CSR will not be promoted in China by 'lecturing' or 'teaching'. Rather, foreign companies and NGOs should share their experiences in order to promote CSR in a Chinese way.'<sup>16</sup>

Similarly, Chen Ying, Deputy Director of the China Enterprise Confederation (CEC), is on record as saying that corporates and foreign NGOs have demanded too much on too many issues in China. 'Rather than telling China what to do, they should let the Chinese government, companies and social organisations develop their own ideas. CEC plans to provide training to encourage more Chinese enterprises to take up CSR practices and join the Global Compact.'<sup>17</sup>

## Death of a green salesman?

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BP and Wal-mart have moved to the opposite ends of the corporate citizenship spectrum. Wal-Mart has attracted NGOs into its orbit, as exemplified by the NGO Environmental Defense relocating its project manager to Bentonville, Arkansas, home of the giant retailer's headquarters. The environmental group has set up shop in the company's 'back yard' to work on green initiatives.<sup>18</sup> Wal-Mart also hired former critic and Sierra Club president Adam Werbach to teach company floor employees how to consume less in their everyday lives, eat healthy food, and buy compact fluorescent light bulbs. Indeed, the so-called 'greening' of Wal-Mart has so profoundly changed the company's reputation that a prominent activist NGO decided not to campaign against Wal-Mart because they no longer make an attractive target.<sup>19</sup>

Meanwhile, BP, a heretofore CSR leader, has drawn the scorn of public opinion over a widespread series of awful gaffes. Its record includes the following:

### September 2005

The US Occupational Safety and Health Administration fined BP Products North America more than \$21 million following an explosion at its Texas City plant that claimed the lives of 15 workers and injured more than 170 others.<sup>20</sup>

### March 2006

BP's Exploration Alaska subsidiary spilled more than 200,000 gallons of crude oil near Prudhoe Bay, the largest North Slope spill ever.<sup>21</sup>

### April 2006

US Labor Department fined BP \$2.4 million for safety violations at its Ohio refinery.<sup>22</sup>

### June 2006

The US Commodity Futures Trading Commission brings charges of price fixing.<sup>23</sup>

### August 2006

BP shuts down the largest oil field in the United States, Prudhoe Bay, and its 400,000

barrels a day of production, due to poor maintenance.<sup>24</sup>

### September 2006

BP executives get excoriated by elected officials and apologise during an appearance before a Congressional Committee hearing under oath, with one taking the 5th Amendment against self-incrimination.<sup>25</sup>

How much rope does a company with a historically acclaimed record on corporate responsibility receive when they make mistakes? Specifically, how much leeway does BP get for its atrocious recent record because of its groundbreaking role as the first oil company to publicly acknowledge the existence of global warming and the role of fossil fuels as a cause?

BP has come a long way from the days in the run-up to the 1997 Kyoto Climate Change Conference. This was the first multi-stakeholder event organised by the UN Association of USA NGO programme, together with business, the Clinton-Gore administration, and the United Nations. The US had not taken a leadership role at that point, but BP was out in front, having publicly abandoned the Global Climate Coalition, a group of influential oil companies campaigning against the validity of climate change. During the question-and-answer session that followed the presentations a radical-left NGO representative commented, 'I never thought I would say this, but BP's position is more progressive than the US government's.' How BP will regain that faith over time will make it a test case of how companies who started well, but faltered, can finish the race victoriously.

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## Reframing finance

At the end of August near Zurich, Switzerland, institutional investors, asset managers and listed companies gathered at the Swiss Re Centre for Global Dialogue to share thoughts on how to promote more long-term approaches to financial performance.<sup>26</sup> The speeches generally emphasised the challenge that short-termism in financial markets is not helpful for companies wanting to plan for long-term value creation, incorporating attention to value arising from sustainability. However, the dialogue did not progress far in identifying mechanisms for promoting long-term approaches, especially those that might be significant enough to turn the tide of short-termism that has been filled in recent years by the growth of short-selling techniques by hedge funds. The challenge was summed up well by David Russell, speaking to the *Financial Times (FT)*: 'The investment process in the last 20 years has generally gravitated towards shorter term and relative returns. Pension funds have long-term liabilities to manage.' The senior adviser on responsible investment at the Universities Superannuation Scheme did not mince words, adding, 'We can no longer rely on short-term relative investment processes when we have liabilities stretching out for decades.'<sup>27</sup>

A number of initiatives seek to address this challenge. The Marathon Club is a group of investors looking at ways to encourage investment for the long term.<sup>28</sup> In August, it released a summary of investors' responses to its discussion paper on how to promote long-term long-only investing. 'There is wide recognition that a long term approach requires a more comprehensive and in depth understanding of investment issues by trustees, prompting some respondents to suggest the need to develop appropriate governance structures and define further the scope of trustee education.'<sup>29</sup> Trustee awareness was identified as a key lever for change.

The importance of two other initiatives, previewed in the World Review of *JCC 19*, began to be recognised in 2006. Reporting on environmental, social and governance (ESG) issues grew as a result of the the Enhanced Analytics Initiative (EAI), which

commits its members, which include BNP Paribas, USS, Investec and Hermes, to spend 5% of their brokerage fees with firms that focus on extra-financial indicators.

In July, the *FT* reported on the significance of the new UN Principles for Responsible Investment (UNPRI). These principles are backed by investors responsible for more than \$4 trillion-worth of assets, or about 10% of global capital. UNPRI also commit signatories to integrate ESG, or extra-financial, issues into conventional investment analysis; to become active, responsible owners by promoting good corporate practice in these areas; and to report transparently on what actions have been taken in this area. The initiative promises to generate a global impact for the Global Compact, which is where it's now located within the UN system.



**Paul Clements-Hunt** of the United Nations Environment Programme Finance Initiative (UNEP-FI), which conceived the UNPRI, told the *FT* that 'the signatories know

they have to show that PRI will change things. It shows the investment community that these issues are mainstream.'<sup>30</sup>

What is noteworthy about these principles is they recognise that ESG issues have an effect on the long-term performance of companies. 'For the best part of 25 years, these factors have been a niche part of SRI [socially responsible investing],' said Marc Fox, a member of the ESG Research team at Goldman Sachs. As ESG issues enter the mainstream of investing, there has been a subtle change in terminology, reflected in the articles and press releases. No longer referred to as 'non-financial' issues, ESGs are now described as 'extra-financial', to highlight both their materiality and their additionality to the norm. Thus the conceptual frames of finance and investment might be moving towards the whole-systems theory of value and valuation that was described in *JCC 19*.

But what of the practical implications? How does one create a truly long-term mandate?

Emma Howard Boyd, Head of Socially Responsible Investment at Jupiter Asset Management, put forward a suggestion: 'You have to look at other ways of incentivising fund managers.'<sup>31</sup> Translating the diagnosis

of systemic contradictions into proposals for specific changes in rules and norms to incentivise different practices from finance professionals is the central challenge.

## NGOs aren't God, AEI reports

Not everyone was happy about the trends toward reframing finance in 2006. Certainly not a scholar at the American Enterprise Institute (AEI), Adam Lerrick, who in August wrote in the *FT* that 'vigilante non-governmental organisations have become the de facto regulators of the flow of finance to the developing world.'<sup>32</sup> His argument is that NGO influence on Western banks is making it more costly for entrepreneurs in emerging markets to access capital. Claims such as 'not a single dollar of multilateral funds is disbursed without NGO blessing' or that there is a 'fiat by self-anointed regulators from rich nations' make governing private finance seem so extreme and far from the truth that the argument could be ignored.

But three key issues arise. First, that financial institutions (FIs) need to demonstrate how their approach to extra-financial issues can be as much about innovating new financing for sustainable development in the Global South as it is about risk management. Hence, the work of initiatives such as New Ventures and Vantage Point are key.<sup>33</sup> Second, that NGOs need to be clear about how their

engagement with FIs is a means of enabling economic democracy, and ensure they give voice to and are more accountable to Southern constituencies. Third, that professionals in NGOs and FIs need to develop a moral counter-frame to the one put forward by organisations such as the AEI. Phrases such as 'NGO blessing' and 'self-anointed regulators' play to the framing that George Lakoff describes as 'Strict Father God', whereby people are rewarded through success in a free market governed by electoral representative 'democracy': working hard for yourself, and doing what you are told.<sup>34</sup> Consequently, this framing suggests people should not develop their own ideas about rights and wrongs or seek non-governmental means to pursue them. AEI is saying to us, implicitly, that NGOs are playing God, and because they are only human are clearly getting it wrong. What might an alternative moral frame be? Perhaps that a Spirit, a God or a deeply natural quality is working through us when we take responsibility for the situations of others as well as ourselves. Imagine new ways of pursuing that. A 'Shared Spirit' frame, perhaps?

## Transparency matters



August saw the conclusion of the consultation period of the European Commission's Green Paper on the European Transparency Initiative. The consultation engaged stakeholders on aspects of transparency in the European Union, such as lobbying and disclosure of data about the recipients of various EU countries.<sup>35</sup> **Siim Kallas, vice president of the European Commission**, said that self-imposed, voluntary codes do not go far enough, particularly given their impact on legislation.<sup>36</sup> Kallas did not spare NGOs from his criticism, decrying the fact that over €2

billion per year are channelled through them, with little attention paid to how the funds are spent.<sup>37</sup> The Alliance for Lobbying Transparency and Ethics Regulation, a coalition of 80 NGOs, has welcomed the transparency initiative. At the same time, some NGOs, such as Friends of the Earth Europe, whose largest donor is the EU, claimed that 'the attention on NGOs is simply a distraction from the much more pressing issue of corporate accountability.'<sup>38</sup>

If the sincerest form of flattery is imitation, then NGOs should be honoured by business front groups that trade on the NGO credibility of grass-roots organisations

(which is why they have been dubbed 'Astroturf organisations', as in fake grass). One example can be found populating editorials in papers such as the *New York Daily News*, with headlines such as 'Deep-Fried Hysteria' on 29 September 2006 concerning governmental efforts to reduce obesity. There were also full-page newspaper ads, such as 'Hype', which warned readers that they have 'been force-

fed a steady diet of obesity myths by the "food police," trial lawyers, and even our own government.'<sup>39</sup> The sponsor, the Center for Consumer Freedom, is a 'nonprofit organization dedicated to protecting consumer choices and promoting common sense'. The group was founded about 12 years ago with tobacco-company and restaurant money to fight smoking curbs in restaurants. The Center and its ads are the brainchild of a Washington lobbyist for the restaurant industry.<sup>40</sup>

Given the growing use of non-profit organisations as vehicles for lobbying and advocacy by vested interests, the issue of how progressive organisations can define themselves and protect their reputations and role grows ever more important.

## Consuming Truths

As 2006 progressed it became clear that the challenge of climate change was once again rising in public consciousness in many parts of the world. The success of the film *An Inconvenient Truth* highlighted wide public curiosity and concern as to what is happening to our weather.<sup>41</sup> The climate challenge is a consumption challenge: to promote human well-being while reducing the overall demand for carbon fuels, either directly or as embodied in the various products and services we use.

The international policy agenda on sustainable consumption (SC) continues to be touted as one of the most important out there, but real action remains lacking. The UNEP/UN DESA process, the so-called Marrakesh process, continues to have high-level meetings on SC—for example, a high-level meeting in Istanbul in August and a roundtable in Mumbai in September. But action and enthusiasm are lacking in these meetings. Governments have not set aside budgets for this, there are no international performance targets, top-level ministers are not routinely involved, and there is no formal mechanism for reporting at the international level. In fact, the Marrakesh process was not

itself mandated at the Johannesburg Summit on sustainable development, and is just an aspect of what was mandated—a vaguely conceived 'Ten Year Framework of Programmes'. At the time of writing, close to the halfway point of the ten-year framework of programmes, the international policy process has yielded not much more than a few 'task forces'—small government-funded committees, focusing on aspects of the sustainable consumption challenge, but not guaranteed to find anything new. Overall, there is hardly much enthusiasm to act proactively.



In light of this apparent impasse, a new EU-funded project SCORE (Sustainable Consumption Research Exchange), brainchild of **Dutch engineer Arnold Tukker**, was developed.<sup>42</sup> Hosted by and in collaboration with the newly minted

UNEP Collaborating Centre on Sustainable Consumption and Production (CSCP) in Wuppertal, Germany, SCORE is aiming to

provide a needed injection of urgency on the sustainable consumption agenda. A key task will be to help policy-makers, business and the public understand how sustainable consumption need not be a negative cost-raising burden-reducing burden, but can be a positive, opportunities-laden pathway to sustainable development.

Previously the UNEP Consumption Opportunities report sought to frame sustainable consumption in these terms.<sup>43</sup> It emphasised that most action on sustainable consumption has focused on impact reduction, involving pollution reduction, conservation of single stocks of resources, and preservation of ecosystems and species. Although important, the UNEP report emphasised that with the growing burden of consumption levels worldwide such impact reduction is not sufficient, and actual demand reduction is required. It pointed out this did not mean a reduction in human utility, but a reduction in the actual resource through-flow of economies. Rather than put the emphasis on the consumer, as so many are prone to do, UNEP recognised that 'systemic demand' needs reduction, which means considering industry resource wastage and the lack of service solutions to provide for human needs. Thus it argued for more efficient consumption, involving fewer resources for the same product, increasingly different consumption, involving switching to ways of meeting human need through services not products, and conscious consumption, which implies collective efforts to promote wider consideration of whether our consumption of certain resource-intensive products actually delivers significant well-being anyway.

As awareness of the environmental imperative grows, the challenge will be for businesses to find ways of succeeding within economies that must reduce their resource through-flow. More responsible products-as-usual will not be sufficient for future success. The 'dematerialisation' and optimisation of consumption patterns will be key.



**Arnold Tukker of SCORE** is among the leading experts who have joined the editorial board of the new Consumption Opportunities Project, which will promote the UNEP sustainable consumption framework described above.<sup>44</sup> The author of this original Consumption Opportunities framework, John Manooch, told *JCC* that:

*the Marrakesh process has given us a stadium, and the governmental mandates, weak as they are, provide a partial audience. Maybe Consumption Opportunities can clarify what games are actually being played, and what the winning stakes are, and networks like SCORE can provide both coaching and even produce star players. But it remains a question of whether governments and business actually do take up the opportunities on offer, whether they really want to play.*

The game may really begin if the consumption challenge can be framed in terms of creating pathways for social development that are sufficiently resource-light to be possible for a majority of the world's population over the long term, rather than the minority of a few generations of middle- to upper-class consumers.

## Taming the messenger

Media's critical role in defining corporate responsibility as one that extends beyond the borders of a Western company's headquarters has long been enshrined since the exposition of sweatshop operations among Asian manufacturers contracted by major brands. Besides garments and sport shoes, the same concept has seeped through

other industries, such as diamonds, mining and forest products, among others.

While sweatshop stories have become a dime a dozen, in August the big news was the story of Asia's largest electronics contract manufacturer, Taiwan-based Hong Hai Precision Industry Co., which sued mainland Chinese journalists for allegedly

'damaging its reputation'.<sup>45</sup> It came with a different twist: the suit took the heat off the manufacturer and its clients, which include global brands Apple, Hewlett-Packard, Dell, Sony and Nokia. Apple's famous iPod was touted as another sweatshop icon.<sup>46</sup>

Bringing journalists to court is a civic right of corporations, but it is also considered as part of corporate manoeuvrings to divert attention or to harass messengers of bad news. In this case, the 'messengers' involved a writer and editor of Shanghai-based newspaper, *China Business News*, which published in June a story about substandard working conditions and low pay in the factory of Foxconn, a subsidiary of Hong Hai in mainland China. To be sure, Apple sent auditors to the factory and found that, other than occasional breaching of Apple's acceptable Code of Conduct limit of 60 hours and one day off per week, especially during peak production periods, the sweatshop claims were unfounded. Hong Hai went on to slap the journalists—not the publication, as is usually the case—with a RMB30 million (approximately £2 million) libel suit that led to the freezing of the journalists' assets. The strategy backfired as progressive Chinese media made this a case of 'press freedom' versus the big bad corporation. Eventually, Hong Hai withdrew the lawsuit.<sup>47</sup>

Elsewhere in Asia, media organisations continue to bear the brunt when there are stories about corporate and political wrongdoings. And, since political economy continues to rule the landscape where the media organisations operate, cases of harassment abound. For example, the Philippines in South-East Asia has been touted as the 'second most dangerous country to be a journalist', next only to Iraq.<sup>48</sup> About 47 local journalists have been killed since 2001,<sup>49</sup> most of them based in provinces where thin-skinned political and business leaders still believe retribution against unfriendly press remains under the national radar. After reporting on the military's role in an election fraud, editors of *Newsbreak* magazine, an independent local publication, were sent a funeral wreath and shadowed on their way home, while their office phones were bugged.<sup>50</sup> Advertisers also withdrew their support for fear of political retribution to their local business operations.<sup>51</sup>

The foreign press, supposedly unaffected by economic and political limitations of their local counterparts, is expected to provide the big and unadulterated picture. But the experience of *Far Eastern Economic Review (FEER)*, an affiliate of Dow Jones focusing on current events in South-East Asia and China, has been instructive. In its July/August issue, it published an interview with Chee Soon Juan, an opposition leader and vocal government critic.<sup>52</sup> Slighted, top-government officials reinstated a media code that requires foreign media companies to set up local office in Singapore, which could be sued whenever it publishes articles unfavourable to local leaders. For not kowtowing, *FEER* was banned in Singapore starting September.

The real context of the ban, according to sources of Reuters and Agence France-Press, is the timing of the *FEER* story.<sup>53</sup> In September, Singapore was set to host the annual meeting of the International Monetary Fund (IMF) and World Bank (WB). Singapore's officials did not want anyone 'making embarrassing noises' as the 16,000 delegates from all over the world flocked to Singapore.<sup>54</sup> Interestingly, the World Bank has been a staunch believer of an independent media as a factor in economic development.<sup>55</sup>

While Singapore's Ministry of Information stated confidently that Singapore 'will remain a good investment location ... [since it] offers a stable, pro-business environment, and a safe, secure and vibrant place for foreigners to live, work and play', Mark Mobius, fund manager of Templeton's US\$20 billion fund invested in emerging economies, affirmed that investors 'valued a free press in countries where they put their money'.<sup>56</sup>

If these watchdogs in Asia were limited in their ability to hold their government and, in the same breath, the corporations that operate in these countries, accountable for their actions, how can Asians appreciate the bigger goal of corporate citizenship?

This was raised by journalists who attended *Newsbreak's* seminar on 'Covering Corporate Social Responsibility' held last September in Subic Bay, the Philippines. According to Lala Rimando, business editor of *Newsbreak*, 'It was a good opportunity to share how media should report on and criticize the companies' design and

implementation of their social responsibility programs. But are the companies actually ready to walk their talk and address accountability issues on how they run their core businesses?' Exhibit one: When a tanker carrying bunker fuel owned by Petron Corporation, an oil company owned by the Philippine and Saudi Arabia governments, sank near a marine sanctuary in central Philippines, Petron initially shunned accountability for the economic costs of the oil spill although it readily provided a litany of its good works in various poor communities.<sup>57</sup> Judging by the September conference of Asian Forum, the biggest gathering of corporate social responsibility advocates in Asia, most Asian companies are still at the level of community philanthropy projects.<sup>58</sup>

These dynamics—press freedom and the practice of corporate responsibility—are crucial not only in how Asians draft their future, but also in how the West asserts its influence in Asia. After all, China, the region's biggest and most influential economy, has been growing its trading and political stake in the region in recent years.<sup>59</sup> So, while Western countries assert their influence in China, they might as well also consider those to whom China turns as alternative economic partners.

## Appendices

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