

Flat World versus Free Tibet - An Unequal Contest

Major Shailendra Singh Arya*

Introduction

In January 2006, much before the protests over Tibet threatened to overshadow the Olympics and focussed the world's attention on the roof of the world, in news was a major corporate decision taken at Googleplex in Mountain View, California by the founders Sergey Brin and Larry Page. Google, an internet giant with the innocuous credo "Don't Be Evil" had decided to go ahead with a China-based Google site.¹ In other words; the company which defines powerful and free internet search worldwide had allowed itself to be subjected to harsh Chinese censorship laws. Today, on Google China (www.google.cn) the search for key words like democracy or Free Tibet will return few or no results. Sergey and Larry need not be blamed - it was economics. Google could not stay away from the lucrative market of over 100 million (and growing) internet users of China. Its arch rival Microsoft, with over thousand employees, was already there doing attractive business on Chinese terms.

Tibet, which for generations has fascinated the West as a romantic, mysterious and remote mountain kingdom, has encountered a foe which its famed spirituality is unable to contain. Its uncertain future may be shaped by the powerful forces of free market economy and the criticality of anyhow doing business with the world's fastest growing economy. As the Tibetan unrest and catchy protests in support of the Tibetan cause dominate media headlines across the globe, the pivotal role of Chinese economic muscle in deciding the final outcome remains much understated. Quite paradoxically, while facing a communist China, it is the capitalism, the original proponent of liberty and free speech, which the Dalai Lama and his followers may find as the biggest stumbling block towards a genuinely autonomous Tibet. It's an unequal contest - between an increasingly flat world ² unwillingly pitted against an ethnic community struggling to maintain its unique culture. In this contest, economics is not a footnote but the main protagonist of the story.

The Rise of China

On 4 June 1989, the tanks rolled in Tiananmen Square to quell the students' pro-democracy protests. The repression left 2,600 protestors dead and changed China in ways more than one. Many in the Communist Party hierarchy saw the liberalisation reforms being pursued under Deng Xiaoping having gone too far while many others saw the protests a signal that the process of economic liberalisation needs to reach out to the left-out sections of the population.³ Finally, Deng with his now famous philosophy 'Poverty is not socialism; to be rich is glorious' persisted and further reforms followed. The economy continued to be reformed from a Soviet-type centrally planned economy that was largely closed to international trade to a more market-oriented economy that has a rapidly growing private sector. Massive investments in infrastructure also continued, though the world only started to take note by late nineties when China became too big to ignore. The country has averaged 9.5 per cent growth in real terms since 1978 but even well in 1980s this growth rate was equivalent to only one-tenth of global economic growth.

Things dramatically changed in the new millennium. The dot.com bubble burst which severely affected the United States (US) economy, along with the negative fall-outs of 9/11. Over the period from 2001 to 2005, China accounted for as much as a third of global economic growth.⁴ It also fitted in a gap vacated on the other side of the world by a slow-growing Europe. Consequently, as wrote Pam Woodall in the Economist, its contribution to global Gross Domestic Product (GDP) growth since 2000 has been almost twice as large as that of the next three biggest emerging economies, India, Brazil and Russia, combined. Uniquely, China combines a vast supply of cheap labour with an economy that is unusually open to the rest of the world, in terms of trade and foreign direct investments. The sum total of its total exports and imports of goods and services amounts to around 75 per cent of China's GDP; in Japan, India and Brazil the figure is 25-30 per cent.⁵ Today, the economy of the People's Republic of China (PRC) is the second largest in the world after the US with a GDP of US \$10.21 trillion when measured on purchasing power parity (PPP) basis. It is the fourth largest in the world after the US, Japan and Germany, with a nominal GDP of US \$3.42 trillion (2007) when measured in exchange-rate terms.

Beijing's Economic Clout

In the 19th century, as the Western leaders looked to China to buy their goods, it was said that if every "Chinaman" would only lengthen his shirt tail one inch, it would "save the mills of Manchester". By the turn of the century, even the US Bureau of Foreign Commerce was extolling China as "one of the most promising targets" for an "American invasion of the markets of the world".⁶ The American firms were already on the trail. Wal-Mart had opened its first Chinese supermarket in Shenzhen in 1996. By 2006 it had fifty-six stores in mainland China and the number is rapidly growing. By the same year, French retailer Carrefour had over two hundred stores and the British chain Tesco also had a significant presence. According to the Retail Forward consulting group, China was the seventh largest retail market in the world in 2005 and it is poised to become much larger, overtaking Italy and France before 2010. This new "gold rush" cuts across market segments and sectors, from food to automobiles and luxury goods. In the beginning of 2007, McDonalds had over 700 restaurants in China. The McDonalds now faces stiff competition from unusual (or rather usual) quarters - they now require to compete with Taco Bell, Pizza Hut and Kentucky Fried Chicken (KFC) for the Chinese customers. In the smart confines of these Western food outlets crowded with eager Chinese customers and ringing cash counters, Tibet seems like, and indeed is, another world.

China is in process of building up 50,000 miles of inter-state freeways, north-south and east-west routes. It had private car sales of three million in 2005 which makes it the third largest car market in the world after America and Japan. However, these figures will soon look tiny. According to Goldman Sachs, by 2050 the Chinese car ownership could rise to about two-thirds of current American levels on a per capita basis. That will be over 500 million cars.⁷ No wonder, car manufacturers like General Motors (GM), Volkswagen and BMW are lining up showrooms and plants in China with GM already having cornered the biggest share of the existing market. It's not only the foreign cars which the Chinese are lapping up. Their increasing disposable incomes are enabling them to purchase expensive luxury brands. International accountancy firm Ernst & Young, in a September 2005 report, 'China: The New Lap of Luxury', predicted that the luxury goods market in China would grow by 20 per cent annually over the period 2005-8, then increase by 10 per cent a year until 2015. By that time, it is projected that China would account for nearly a third of global demand for luxury goods, matching Japan and ahead of any other country.⁸ Soon the Chinese shall be found elsewhere as well, from the pyramids of Egypt to the Eiffel Tower. It is predicted that by 2015, there will be 100 million Chinese tourists visiting other parts of the world, compared with less than 30 million in 2004. This huge clientele can only be ignored by the tourist economies at their own peril. This mostly indoctrinated clientele also avoids places where the "Dalai clique" is at work with "splittist banners."

A glimpse of this peril has already been experienced by Western corporate world. In the spring of 1998, the Apple Computer company launched a new advertisement campaign featuring large black-and-white photos of celebrities like Pablo Picasso, Rosa Parks, Amelia Earhart, Albert Einstein and the Dalai Lama under the caption "Think Different". However, the need to corner a pie of the growing Chinese market soon forced the Apple executives to think quite differently themselves and the Dalai Lama's visage was removed from its billboards.⁹ Apple was doing nothing outrageous but surviving in a flat world. In the preceding year, Sony-Tri Star (it later became Columbia Tri Star) released the movie Seven Years in Tibet, starring Brad Pitt. The movie went on to become a mega-hit and grossed millions. However, China grew cold towards the Sony-Tri Star and the company paid a high price wherein their other films were virtually excluded from the entertainment market of over 1.3 billion people. An idea of the size and potential of this lucrative market is not difficult to guess. When The Lion King was shown in 1996 and Titanic in 1998, attendance records were shattered. These Hollywood releases then accounted for approximately half of all local box office yields, unofficially estimated at US \$ 300 million.¹⁰

The corporate world was quick to adapt. In fact, they were rather enthusiastic. After a deal was worked out with the US in November 1999 to let China into the World Trade Organisation (WTO), the chairman of the New York Life Insurance enthusiastically observed that a mere one per cent of China's market share would double the volume of his company's business. After the success of Toy Story and The Lion King in China, the Walt Disney Company was hoping to sell limitless amount of merchandise and toys to Chinese children through more than 130 "Mickey's Corner" stores and to open a large new Disneyland-like theme park in Shanghai. However, their next big venture, a US \$ 28 million Tibet film called Kundun got them in serious trouble with the Chinese. Kundun means 'the presence' in Tibetan and it's the 14th Dalai Lama's diminutive name used by his family members. The Chinese Ministry of Radio, Film and Television declared through its spokesman in Beijing, Kong Min, that because Kundun "intended to glorify the Dalai Lama," it constituted a form of "interference in China's internal affairs." The vice-director of the ministry, Yang Buting, came right to the point. Because, he said, Disney had "indicated a lack of respect for Chinese sovereignty," China was "thinking over our business with Disney."¹¹ Walt Disney quickly distanced itself from the film and even hired old China hand Henry Kissinger to placate the Party leaders in Beijing. The need for selling Mickey Mouse had won over an honest portrayal of Dalai Lama.

Time Warner's Cable News Network (CNN) is often synonymous with 24 hours news reporting and promoting liberal political positions. It brought 1991 Gulf War live to homes worldwide and was also the first channel to break the news of the American Airlines Flight 11 crashing into the North Tower of the World Trade Centre on 11 September 2001. But now its quick and accurate footage of Tibetan unrest has drawn considerable flak from Chinese officials. Recently, many demonstrations were held in Chinese cities against the media corporation for the supposedly biased coverage of the Tibetan unrest. A Chinese website called anti-cnn.com sprang up overnight and accused the CNN and western media in general of biased reporting against China, with the catch-phrase "Don't be so CNN", which meant "Don't be so biased". The CNN advertisement revenue from China and Hong Kong is the next likely casualty of free speech. They have some other worries too with two Chinese individuals suing CNN for US \$ 1.3 billion damages. The figure is familiar. They have sued US \$1 for per person in China.

Cheap Chinese goods have flooded the American as well as the Asian markets. Critics of China's business practices say that its size and economic power mean that it will soon be setting the global floor not only for low wages but also for lax labour laws and workplace standards. This is known in the business parlance as "the China price", as noted by Thomas L Friedman in his bestseller The World is Flat.¹² This business price also includes soft-pedalling on the political issues inconvenient to Beijing. Tibet tops this dubious list of inconvenient issues.

America Discovers China

The love-hate relationship of the USA with China has undergone a subtle change in the last few years. However, the relationship has always been founded on strong economic undertones. In 1784, a trader ship called Empress of China, arrived at Canton. It was the first contact between the post-revolutionary Americans and the Chinese, besides being a financial windfall for its American owners. Thus began the lucrative Sino-American relationship known as the Old China Trade. The end of the First Opium War in 1842 led to the Anglo-Chinese Treaty of Nanking, which forced open many Chinese ports to foreign trade. It was soon followed by the 1844 Treaty of Wangxia with the USA. There was a lull post the World War II wherein for 30 years after its founding, the USA did not formally recognise the PRC. The rapprochement process began in 1969 and finally in February 1972, President Nixon travelled to China. The likely economic benefits of normalisation soon convinced the USA to transfer the diplomatic recognition from Taipei to Beijing in 1979, while still continuing unofficial commercial and cultural relations with Taiwan under the Taiwan Relations Act. While some differences on political front remain,

post 9/11 the two countries developed further cosiness when the PRC offered strong public support for the war on terrorism and the coalition campaign in Afghanistan. The Chinese also contributed US \$150 million of bilateral assistance to Afghan reconstruction following the defeat of the Taliban. The Chinese have since learned that dollars make better gifts than pandas.

The USA's direct investment in mainland China covers a wide range of manufacturing sectors, several large hotel projects, restaurant chains, and petrochemicals. The American companies have entered agreements establishing more than 20,000 equity joint ventures and wholly foreign-owned enterprises in mainland China. More than 100 US-based multi nationals (MNCs) have projects in mainland China, some with multiple investments. As in 2007, the cumulative US investment in mainland China is valued at US \$ 48 billion. Total two-way trade between mainland China and the US has grown from US \$ 33 billion in 1992 to over US \$ 230 billion in 2004. These rising figures have also prompted the US State Department in March 2008 to drop China from its list of the world's worst human rights violators. The decision is possibly aided by a strong China lobby in America, whose clout is ascending since the early nineties. The primary goals of this lobby include the promotion of American policies favourable to the economic development of the PRC. Their financial muscle in Washington DC has effectively countered the domestic American interest groups which seek to bring pressure on China to move from a fixed currency to a floating currency. In the recent months, this lobby while playing up common interests with the USA in the war on terror is successfully working overtime to trivialise the Tibet unrest.

China Embraces Europe

In September 2007, when the German Chancellor Angela Merkel received the Dalai Lama at her Berlin office in a rare gesture, German industry expressed fears that it would actually pay the price for the Chancellor's honest gesture. The views of the German industry are discreetly shared across the continent by the business houses and powerful lobbies. The reasons are not difficult to fathom. The European Union (EU) remains China's most important trading partner; European exports to China in 2006 were worth about US \$ 63.3 billion. Though there is resentment in Europe about the trade imbalance and lack of protection for intellectual property rights in China, the general trend has been one of major European leaders visiting China and signing huge trade deals and agreements to channel foreign direct investments into the fastest growing economy in the World.¹³

This perhaps explains that in spite of many pro-Tibet European leaders like French President Nicholas Sarkozy and German Chancellor Angela Merkel, the EU under the current Slovenian presidency unanimously adopted the Ljubljana Declaration and ruled out an Olympics boycott arguing that the Dalai Lama himself has not 'spoken out for a boycott'. The French President may also soon reconsider his stance. Post the disruptions of the Olympic torch relay in Paris, the Chinese took to streets in several cities to demand a boycott of French goods and targeted the French supermarket chain Carrefour. Matthias Nass, the Deputy Editor-in-Chief of Die Zeit, a major German weekly newspaper, wrote, "nobody wants to antagonise China" because of the need for its co-operation on a range of issues, including international terrorism, Iran and North Korea, as well as because of its mammoth foreign currency reserves.¹⁴ These considerations have already led to few EU member states favouring the lifting of arms embargo on China, which was imposed by EU in response to its suppression of the Tiananmen Square protests of 1989.

The Yellow Peril

The USA already has a massive trade imbalance with China. In 2005, the USA imported US \$ 240 billion of goods from China and exported back just US \$ 40 billion. The next year, the US trade deficit with mainland China exceeded US \$ 350 billion and was the USA's largest bilateral trade deficit. This trading deficit is likely to increase in the years to come. The only reason that it is sustainable is that China is happy to put its entire surplus into dollars.¹⁵ The value of US dollar has sharply eroded in the recent months and the US economy is in mild recession due to a sub-prime crisis. In these circumstances, the imperative of financial stability precludes any US political action which may result in the Chinese having a rethink on the methods of storing their surplus.

The other fall-outs of these imbalances are also not hidden. According to estimates, in the US manufacturing sector, between 2000 and 2003, America lost nearly three million jobs in manufacturing, mostly to China. The next big fight is for oil. The oil consumption around the world is still climbing sharply. China leads this climb. In 2003, China shot past Japan to become the world's second largest oil consumer after the USA and has since accounted for 40 per cent of the total growth in global demand for oil. But it has avoided competing with USA for oil wherein it takes Iranian oil and is developing oil-fields away from the Middle East. These include Sudan and Angola in Africa and in South America. For reciprocation, the USA has turned a blind eye to the controversial regimes in Sudan and Zimbabwe being supported by China. The name of Tibet shall soon figure in this reciprocation list.

Olympic Sponsors In Dilemma

The pro-Tibet protests across the globe are indeed a cause of concern for the Chinese leadership and may jeopardise their plans for a showcase Olympics. But their concerns pale in comparison to the financial worries facing many Olympics sponsors. They face a past history of protests and Olympic boycotts. Even in the post cold war era, during the 2000 Sydney Olympics, there were protests about the environment and Australian aboriginal rights which had alarmed the sponsors. Beijing Olympics sponsors like McDonald's, Coca-Cola, Samsung, Lenovo and other sponsors have paid tens of millions of dollars to link their names with the Beijing Olympics. The sponsors have called-off their press conferences lest they turn into a publicity disaster and are arguing to delink the games from politics. Chris Renner, president for China, of sports marketing consulting firm Helios Partners summed up their dilemma wherein he stated on 19 March 2008, "We all have to be careful about how we talk about this".¹⁶ The clients of Helios Partners include sponsors Volkswagen AG, computer maker Lenovo Group

and mining giant BHP Billiton Ltd.

The sponsors are now instead trying to mollify activists pressing for change on Tibet, Darfur and other issues, without angering China. China is also banking on the economic clout of these huge corporations to pacify the pro-Tibet Western protestors. The name of Darfur often figures in many anti-China tirades. The inclusion was predicted, as the country is key diplomatic partner and Chinese oil supplier. Oil exports make up 70 per cent of Sudan's revenues and help fund weaponry that the Sudanese government uses against its citizens. It is no surprise that China is the major supplier of weaponry to the Sudanese government, which further worsens the Darfur conflict. The cycle is nicely completed with China as the prime consumer of Sudanese oil and the Chinese companies developing the largest oil fields in Sudan. The close economic and military ties of China with Myanmar are also under scrutiny by the protestors and human rights groups, including the Nobel Peace Prize laureate Desmond Tutu. All hope to put pressure by threats of an Olympic boycott. Unsure of the Chinese response, the protestors intend to pressurise China to make concessions through the Olympic sponsors.

Tibetans Join the Fray

A very large number of Tibetans are living in the USA and other western countries amidst globalising influences. Their largest numbers outside Tibet are in the vibrant and democratic India, where the Dalai Lama has formed the government-in-exile, called the Central Tibetan Administration (CTA) of His Holiness the Dalai Lama. These exposures, in big cities far removed from their land of gold-roofed monasteries and vast desolate valleys, has taught them many ways of the modern world. Consequently, the Dalai Lama has become a global figure, symbolising spirituality and non-violence, as well as the star fund-raiser. The Tibetans have managed to raise significant funds through their various campaigns which have appealed to the Western public. Their well-spoused cause has attracted Hollywood celebrities and prominent world leaders. While the initial unrest in Lhasa was spontaneous, the subsequent well-organised world-wide protests during the torch relay display remarkable organisational skills and networking. They also have a visible presence on the internet with many pro-Tibet sites, hosted on servers located outside China. They recently scored a media coup wherein You Tube, the popular American video web site, was flooded with videos of Free Tibet flags being unfurled from Everest base camp in Nepal to Golden Gate Bridge in San Francisco.

The strategists of the Free Tibet Campaign have now adopted novel methods to register protests which financially hurt the Chinese. China had completed the five billion dollars and 1142 kilometers long Golmud - Lhasa railway ahead of schedule by July 2006. This massive project was the part of China's multi billion dollar "Great Western Development" scheme to close the economic gaps between China's prosperous eastern coastal area and its poor western inland regions. The Tibetan activists condemned the Western corporate involvement in this project and requested their withdrawal. These companies included Canada's Bombardier, Power Corporation, and Nortel, and US corporate giant General Electrics (GE). The International Campaign for Tibet (ICT) highlighted that by partnering the Chinese government on the construction of the railway, these businesses have made themselves partners in China's occupation of Tibet.¹⁷ Among others, chubby Tibetan children of the Capital Area Tibetan Association in Falls Church, Virginia, USA had joined the protests against Bombardier, a manufacturer of airplanes, recreational vehicles and rail transportation equipment, which was leading the consortium.

Subsequently, the three major United Kingdom (UK) luxury travel agencies, GW Travel, Great Rail Journeys and Explore Worldwide which were marketing tours on the Gormud-Lhasa railway were approached by the Tibetan activists urging them to stop their involvement in such an unethical and immoral project and asking them to withdraw from marketing the Tibet railway. The poor response of the travel companies prompted the Free Tibet Campaign to recommend one ethical travel agency, The Himalayan Adventure Company, based in the UK.¹⁸ The company has offered small group and tailor made travel in Tibet while not promoting the railway. The campaign now plans to encourage tourist boycott of the railway, making it difficult for Beijing to recover the money and make its operation financially unviable. In response, Beijing has granted permission to the American company Railpartners which will start running a US \$1000 a day luxury train service called 'Tangula Express' to Lhasa.

The Tibetans are now experimenting with more economic strategies. They have already set up non-profit organisations (NGOs) like The Tibet Fund to preserve their distinct cultural, religious and national identity. These NGOs have a political agenda and have been fairly successful in collecting funds and mobilising public opinion against China. On the other hand, many Tibetan activists now also suggest boycotting Chinese goods, discouraging retailers to store Chinese goods and to invest in ethical funds which do not invest in Chinese companies or in China. Though the Tibetans have joined the fray, their efforts pale in comparison to the overwhelming Chinese economic clout.

Conclusion

As the Olympics draw close, more appeals to not to mix sports and politics shall be heard. By this same ideal yardstick, politics and economics should also not be mixed but the reality is anything but this. The growing trade with China and the promises of the untapped Chinese markets has severely undermined the genuine cause of grant of real autonomy to the Tibetan people. It's a curious situation in the Western world; while the sympathies of the common public lie with the Tibetans, their governments prefer making suitable noises without hampering their long-term trade interests and the MNCs plan their next product for the huge Chinese markets. The dynamics of a free market economy are too strong to be opposed by the Tibetan diaspora with limited economic resources. They do however hope, with help from a powerful media, to fight the wily Chinese by channelising the current sympathies into economic and political pressures on China to negotiate with the Dalai Lama.

The 2008 Summer Olympics emblem has been titled "Dancing Beijing" with distinctly athletic features. As per the

Chinese, the open arms of the calligraphic word symbolises the invitation of China to the World, to share in its culture. In many ways, the invitation for sharing the economic pie is implied. It's an invitation which few nations and corporations can choose to ignore with billions of dollars at stake. On the other end of the spectrum, the blue-and-red Free Tibet flag with snow lions promises only glimpses of an endangered culture and least of all, money. Clearly, it's an unequal contest on the roof of the world. The only hope of Tibetans lies in converting their superior ethical and historical stance into uncomfortable economic pressures on the Chinese. The time is opportune with a new China more than eager to showcase its massive sporting infrastructure, development and internal cohesion to a scrutinising world. In this new economic strategy, the Tibetans may lose their innocence but shall gain a homeland.

***Major Shailender Singh Arya** is from the Regiment of Artillery and is presently serving with 30 Assam Rifles.

Journal of the United Service Institution of India, Vol. CXXXVIII, No. 572, April-June 2008..