

China: Google Controversy a Turning Point

**Large Majority of Business Panelists Perceive China as
Mistreating Tibetan, Uyghur, and Falun Gong Minorities;
Large Majority See Western Investments as Vulnerable to
Arbitrary Chinese Legal System**

**BDO Dunwoody Weekly CEO/Business Leader Poll
By COMPAS in *Canadian Business*
For Publication January 25, 2010**



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1.0 Overview

The conflict between Google and the Chinese government over censorship and Secret Service penetration of g-mail accounts is seen by a large majority of the COMPAS business panel as a turning point where Canadians and Canadian businesses need to re-think how much the Chinese regime and legal system can be trusted.

Pluralities and majorities of the CEOs and business leaders on the COMPAS panel concur with a long list of allegations of mistreatment and misrepresentation that are being widely circulated. The two allegations that resonate the most are that China gravely mistreats its minorities and that “western business assets in China remain vulnerable to arbitrary treatment for years because of the absence of a strong legal system.” A two-thirds majority also believes that “Chinese banking and financial numbers cannot be trusted.”

Prime Minister Harper has been chastised by the Canadian press in the past for making too much ado about Chinese undemocratic practices and not focusing enough on good relations and good business. For their part, the members of the COMPAS business panel believe that the Prime Minister is more likely have placed too little emphasis on abusive practices than too much.

These are the key findings from this past week’s Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine under sponsorship of BDO Dunwoody LLP.

2.0 Details

Tables 2a, b, and c carried detailed findings with respect to panelists’ attitudes. Following the tables their verbal expressions of opinion.



China

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Table 2a: (Q1) China has been getting into controversy. News reports point to the Chinese Secret Service hacking into journalists' Google email accounts and otherwise threatening freedom of speech. In your view, is this a fundamental turning where Canadians and Canadian businesses need to re-think how much the Chinese government and Chinese legal system can be trusted?

	%
Definitely a turning point	25
Probably	41
Probably not	25
Definitely not a turning point	7
Don't know or no opinion	2

Table 2b: (Q2) On a 7 point agreement scale where 1 means disagree strongly and 7, agree strongly, how much do you agree with each of the following allegations against China?

	Mean	7	6	5	4	3	2	1	DNK
That the Chinese government gravely mistreats its Falun Gong, Tibetan, and Uyghur minorities.	5.9	36	23	15	11	2	0	0	12
That western business assets in China will remain vulnerable to arbitrary treatment for years because of the absence of a strong legal system.	5.8	36	30	16	10	3	3	0	4
That Chinese banking and financial numbers cannot be trusted.	5.4	25	25	18	11	8	4	0	9



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	Mean	7	6	5	4	3	2	1	DNK
That the Chinese prison system is executing prisoners on a vast scale, especially among the Falun Gong religious minority, in order to harvest their organs for transplants, according to evidence in a book by former Liberal cabinet minister David Kilgour.	4.7	11	10	18	14	5	4	4	35
That China, in league with North Korea or on its own, is an extremely irresponsible exporter of nuclear and non-nuclear weaponry.	4.6	10	17	18	17	7	9	3	21

Table 2c: (Q3) Thinking of Prime Minister Harper's record of criticizing Chinese human rights abuses and also building business opportunities, would you say that the Prime Minister is placing...

	%
Too little emphasis on the Chinese government's abusive treatment of its minorities	53
Too much emphasis on the Chinese government's abusive treatment of its minorities	16
Don't know or no opinion	31

The following verbatims provide a nuanced sense of panel opinion:

China is using up all of our resources and we are losing jobs, so they can sell cheap goods to the NA market. The way it is going we will be short of Iron Ore in a short time. What is the



China

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goal here, to allow each company on its own to maximize its profit while wrecking someone else's chances of maintaining their social standards? We as a country need to address this, but I do not know how it can be done.

The Chinese abuse of absolute power is no worse than an average over the years and much better than the 70s (cultural revolution). The government and communist party will do what it sees as necessary to stay in power. The greater the wealth of the country thence standard of living the more leisure time to think about higher things on the scale of needs - like political freedom. Commerce with the West is helping this motion and the human rights issues will get better as the government does not want to be run out by a mob with prangs and pitch forks- has been the demise of a number of past dynasties.

The bigger issue is China's unwillingness to let the RMB float. This has resulted in an undervaluation of their currency which distorts trade. Now that they are in the WTO, it's time to grow up.

China's government doesn't have a great record and so for me it's going to be a while before I'll trust them.

Canada should always take the high road when dealing with regimes that are autocratic in their treatment of their own citizens and others. It is not necessary to compromise our democratic standards just to appease a major and potentially larger trading partner. Tell them what our expectations are on human rights and don't worry about the economic consequences. It is just not worth it!

China has a totally different kind of ethics to the Western World. Spying and manipulation are all part of their culture.

This is the reality of China - they are a great country of hard working people



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The Chinese government deserves criticism from people who have moral authority. And that's not the Canadian government. Our treatment of Natives, Afghani prisoners, Japanese (WWII), Ukrainians (WWI), Jews, Muslims (post 9/11) has many areas of shameful abuse. Who are we to talk?

China will eat us for lunch.

I think anyone today doing business in China is pretty well versed as to what you can and cannot expect from their legal and banking systems and adapt accordingly.

Western countries have double standards about human rights and democracy in developing and underdeveloped countries. For a century, West was silent about human rights abuses in countries that support western economies such as Saudi Arabia, and other Arab countries while are extremely hard on counties like China and North Korea. Guess what, since China is getting stronger both politically and economically, we should expect less criticizing and more compromising. This is the policy exactly Canadian government right now is following.

Trusting any government, communist or democratic is for fools who believe politics is about anything other than power and money.

We should not do business with Communist China; the international community should collectively demand an opened and transparent government and refuse to accept this arbitrary rule making process of the present system. It is shame that we kowtow to the communist China.

Regarding the Google incident, it would not be a turning point because already, one would not trust the legal system so this is no change.

China is stealing our intellectual property and manufacturing and we will all regret letting it happen.



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We can criticize the Chinese government all we want (and should). However, the Chinese market is just too large a market for many companies and governments to ignore.

It feels like no one is quite sure what goes on in China as far as human rights is concerned. It feels like we're peering through an opaque curtain where something is visible but not quite clear! I have not read the book by David Kilgour but find the subject disturbing.

China is a vast uncharted economic opportunity for western business to explore. The trade off is profitable ventures in an expanding market or take the moral high road due to China's treatment of certain of its citizens. My guess is that greed will overcome ethics and well crafted rhetoric will denounce the sneaky tactics being used without actually standing up and being accountable.

3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted January 20 – 21, 2010. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of n=114 are deemed accurate to within approximate 9.2 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

