**What Is Chinese About Chinese Business?**

**Implications for U.S. Responses to China's Rise**

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## ABSTRACT

There has been a commonly held belief, especially in the United States, that Chinese business is distinctively Chinese. Understanding its Chineseness in unitary, monolithic and national terms, this assumption has both underpinned a zero-sum perspective on U.S.-China relations, and fuelled the China threat argument. This paper seeks to critically examine this essentialist construction of Chinese business and its foreign policy implications. Drawing on a global production network (GPN) approach, the paper argues that as well as exhibiting its Chinese characteristics, Chinese business is increasingly characterised by its transnationalness, which calls into question the coherence and unity of the Chinese economy. In this context, the American construction of China as a singular, threatening economic entity not only fails to capture the multiple, unstable identities of Chinese business and the complexities of U.S.-China relations associated with them, but often serves to inform simplistic, counter-productive and even dangerous China policy in the age of global interdependence.

***Keywords****: Chinese business, U.S.-China relations, global production networks, Chineseness, transnationalness.*

## Introduction

Understandings of contemporary China are frequently associated with observations of the Chinese economy in general and Chinese business in particular. If it is true that the business of the country is business (*CBS News*, 4 April 2004), the shape and health of Chinese business may indeed tell us much about what China is and where it is heading. For example, when products made in China flood supermarkets worldwide, people see China's growing influence. When some Chinese firms are engaged in dubious dealings with 'problem states', it calls into question the country's 'peaceful rise' and its credibility as a responsible power. Thus, without doubt, Chinese business and China are closely interrelated. Insofar as 'representations of the economy are part and parcel of specific definitions of a nation' (Crane 1999: 215), those understandings of China are useful. And yet, what is problematic with those understandings is that explicitly or implicitly, they assume that Chinese business is distinctively and exclusively *Chinese*, in the sense that there exists a unitary, coherent actor called China, within and from which Chinese business operates and acquires national purpose and identity. In this way, the Chineseness of Chinese business is essentialised and taken for granted, as if it is as straightforward as is the meaning of the 'Made in China' label.

In this paper, I want to shift from taking the Chineseness of Chinese business as a pre-existing, unequivocal point of departure for understanding China and its international relations, to treating the assumed 'Chineseness' itself as a question and an unstable site of contested meanings and constructions. The key question for this paper is thus: 'What is Chinese about Chinese business?' I will not, nor is it desirable or possible to, spell out what Chineseness actually means here. Rather, I seek to shed light on the very fluidity and complexities of what is meant by 'Chinese' in Chinese business, by problematising the conventional attempt to fix and essentialise it. Instead of understanding Chinese business in purely Chinese terms, I argue that we should see it as a duality of transnationalness as well as contingent Chineseness.

To understand this transnationalness, here I will employ a global production network (GPN) approach instead of the more conventional state-centric approach. As I will illustrate, more than simply being the commercial and economic 'arm' of China, Chinese business is a good example of transnational or global interconnectedness at work. In this context, the explicit or implicit equation of Chinese business with 'China' as a coherent actor becomes at best an unwitting attempt to frame such transnational interconnectedness in the more manageable terrains of nation-states and inter-*national* relations. At worst, it is a particular way of constructing 'China' through conjuring up a threatening, monolithic 'Chinese Other' in economic terms so that particular forms of self-interest can be served or promoted. Thus, the construction of Chineseness in relation to Chinese business is not purely an academic exercise. What is at stake here is more than about getting to the bottom of the accuracy, or lack thereof, of China's growth figures, production data and trade statistics, or the country's relative strength or weakness vis-à-vis other nations. Rather, the social construction is intimately linked to the particular way in which the perceiver chooses to define power relations with 'China' and formulate policy towards it. Given that this essentialist construction is particularly evident in a growing body of literature in the United States that identifies China as an economic superpower and strategic competitor,[1] American representations and their implications for U.S.-China relations will be the focus of my critique here.

The paper begins with a brief survey of the essentialist assumption of China as a unitary, monolithic whole in mainstream U.S. representations of Chinese business. Secondly, drawing on the global production network perspective, the paper examines the extent to which Chinese business can (and cannot) be characterised as 'Chinese'. Finally, it provides a critical analysis of the policy implications of this conventional construction of Chineseness for U.S.-China relations, so as to help open up some space for more effective and responsible ways of dealing with the challenge associated with China's rise.

**Chinese Business in American Eyes: China as a Monolithic Economic Threat**

American conceptions of China have long been influenced by business and trade. Chinese imports such as tea and porcelain left one of the first American impressions about the Middle Kingdom (Cohen 1978: 54-86). For much of the nineteenth century, the market potential of its alleged 400 million consumers fascinated many Americans and their British brethren alike. Today, not surprisingly, Chinese business weighs even more heavily on the way in which Americans come to make sense of China, whose economy has for the past few decades been growing by nearly 10 percent annually, and has recently surpassed Japan and the UK as the world's third largest trading nation and the fourth largest economy respectively.

First of all, the ‘Made in China’ phenomenon has deeply troubled many China observers in the United States. By various accounts, China is now the world’s number one producer of LCD screens and TVs. It produces two-thirds of all DVD players and other electronic equipment, three-quarters of toys, more than half of the world’s bikes, cameras, shoes, and telephones, and more than a third of air conditioners, computer monitors, luggage, and microwave ovens (Hornig and Wagner 2006; Navarro 2007). In an article entitled ‘When Everything Is Made in China’, Jeffrey E. Garten, Dean of the Yale School of Management, argued that as China is becoming a manufacturing superpower, the world could soon be ‘dangerously vulnerable to a major supply disruption caused by war, terrorism, social unrest or a natural disaster’ (2002).

Associated with the ‘Made in China’ phenomenon is ‘the China price’, which, as some have described, are ‘the three scariest words in U.S. industry’:

> In general, it means 30% to 50% less than what you can possibly make something for in the U.S. In the worst cases, it means below your cost of materials. Makers of apparel, footwear, electric appliances, and plastics products, which have been shutting U.S. factories for decades, know well the futility of trying to match the China price (Engardio, Roberts, *et al.*, 2004).
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As if the ‘China price’ is not threatening enough, the author of *The Coming American Wars with China*, University of California business professor Peter Navarro, recently coined the term ‘weapons of mass production’. Appearing before the Congress-mandated U.S.-China Economic and Security Review Commission in February 2007, he testified that China’s growing influence as an economic superpower is owed to a set of ‘unfair, mercantilist trading practices’, which serve as ‘weapons of mass production’ to allow China to ‘conquer one new export market after another (Navarro 2007).

In addition to all this is still another ‘worrying’ trend, namely, China’s ‘going global’ strategy. In 2005, China’s oil company CNOOC launched a bid to buy the California-based oil company Unocal. American economist and commentator Paul Krugman compared it with the Japanese challenge in the 1990s, but his conclusions are markedly different: ‘Fifteen years ago, when Japanese companies were busily buying up chunks of corporate America, I was one of those urging Americans not to panic…. But the Chinese challenge—highlighted by the bids for Maytag and Unocal—looks a lot more serious than the Japanese challenge ever did’ (2005:15). Republican congressman Dana Rohrabacher went further, labelling the Unocal bid as ‘part of [China’s] long-term strategy for domination.’ He said that ‘The greatest threat to our freedom, the greatest threat to America’s prosperity, is not radical Islam [but] a China that is emerging on the scene that is belligerent to everything we stand for as a people’ (Marshall 2005). Their views were shared by the American public: an opinion poll at the time found that 73 percent of Americans opposed the CNOOC-Unocal deal, with half of the respondents also perceiving the Chinese as an adversary (Hornig and Wagner 2006).

In this context, many American scholars, strategic analysts and practitioners believe that the China challenge goes far beyond the economic realm, and may signal the beginning of a new power transition between a hegemonic power and its rising challenger in international history. Insofar as such transition often corresponds with war and conflict, many in the U.S. are convinced that the rise of

China represents a serious threat to U.S. national interest as well as international stability.[2]

What is remarkable about these American understandings of Chinese business is not so much their conclusion of China as a *threat*. Rather, it is their equation of Chinese business with a singular, unitary, and more or less homogeneous actor called *China*. Invoking the words ‘China’ and ‘Chinese’ at ease, analysts told a story of a whole nation engaged in concerted efforts of building national greatness through sustained economic development and aggressive business strategies. A ‘bill’ metaphor used by some commentator helps illustrate this point. For the U.S., this bill results from cheap imports from China. On this bill, the argument goes, the costs for the United States, apart from the big trade deficits with ‘China’, also include ‘domestic layoffs, the relocation of entire industries, cutbacks for research and development and the downfall of the once-almighty dollar’. And the ‘payee’? ‘A population of billions’ (Hornig and Wagner 2006).

While some take more than one billion people as a single economic actor, others believe the actor is even bigger, namely, ‘Greater China’ or ‘Cultural China,’ which encompasses Hong Kong, Taiwan, Singapore, the Chinese diaspora around the world, as well as mainland China.[3] ‘Put these different parts of the Chinese puzzle together, and you find unequal potential: a human resource pool that is not only the largest in the world but also includes a large number of scientists, engineers, and seasoned executives; an advanced and rapidly progressing technological infrastructure, and a leading industry position in many emerging technologies’ (Shenkar 2005:6). The perceived Chineseness of Chinese business, this time defined in broad ethnic and cultural terms, similarly takes on an essentialist, unitary quality.

Furthermore, such Chineseness is believed to have been further cemented by a political centre in Beijing. Many people are convinced that 'Chinese' products' conquest of the global market is not the free market at work, but has the ultimate blessing of the Chinese government, for the 'desk drawers of party strategists are filled with detailed plans promoting national industries from automaking to biotechnology' (Hornig and Wagner 2006). Given that the Chinese government is the majority of many firms, the challenge of Chinese business becomes even more ominous, raising questions not only about unfair trading practices but the interrelationship between Chinese business interests and foreign policy objectives (Harding *et al*. 2006:58). With the government in control, the argument goes, China's mercantilist trade policies 'have not just helped China gain increasing economic, financial, and political power over U.S. institutions [… but] also been a primary catalyst for the rapid growth and modernization of Chinese military forces' (Navarro 2007).

In short, according to these American images, the Chineseness of Chinese business is not just geographically self-evident, but also culturally and/or ethnically homogeneous, and even politically unified. Linking all Chinese businesses together is this perceived common national identity, an identity which appears so unitary and self-contained that it is often equated with reified, visualised images ranging from 'dragon', 'juggernaut', and 'locomotive' through 'China Inc.' to 'a giant sucking vacuum cleaner' and a cash-rich 'predator' (*The Economist* 2006:77-78;

Leonard 2004:22; Wu 2005:27)[4]. With this assumption about a unified China behind booming Chinese business, not surprisingly, an alarmist version of the power transition theory has gained popularity. And along with the perception of China as a dissatisfied, revisionist power, a dichotomised, zero-sum understanding of U.S.-China relations becomes not only possible, but imperative. As Navarro insists, ‘It’s one thing for America to lose much of its blue collar manufacturing base to China. If the U.S. loses its white collar science and technology base too, it will be Americans living the peasant life rather than the Chinese’ (2007).

While these images present a simple and easily understood picture of Sino-American relations, I argue that their state-centric approach to Sino-U.S. relations no longer fully reflects the complexities and nuances of the contemporary global economy and transnational economic relations. Indeed, this dichotomised, nation-based image of Chinese business, by pitting ‘a rising China’ against the ‘United States’ as two closed categories, threatens to poison this complex, crucial relationship. I will come back to the policy implications of these representations later in the paper. For now, it is necessary to draw attention to an important, alternative image of Chinese business, an image which questions the essentialist understanding of its Chineseness and brings to the fore its inherent transnationality.

**Global Production Networks and the Translationalness of Chinese Business**

In the age of mercantilism, the world economy ‘was constrained within political boundaries laid down by states through national monopolies and trade restrictions’

(Cox 1987:107). Thus, at the time nation-based economies were more or less the norm. But the globalisation of economic activities has gradually rendered the national category less relevant and less meaningful. In *The Work of Nations*, Robert Reich, former Secretary of Labor in the Clinton administration, cast doubt on the continued existence of an American economy: 'As almost every factor of production—money, technology, factories, and equipment—moves effortlessly across borders, the very idea of an American economy is becoming meaningless' (Reich 1992:8). Similarly, in economic development studies, many scholars argue that 'exclusive attention' to the national state as the conventional unit of analysis 'is becoming less useful in light of the changes occurring in the organization of economic activities which increasingly tend to slice through, while still being unevenly contained within, state boundaries' (Henderson, Dicken, Hess, Coe and Yeung 2002:437).

While it would be absurd to deny that Chinese business has much to do with China, I argue that it is characterised also by transnationalness. By transnationalness, I mean in particular the dominance of 'non-Chinese' business within the Chinese economy, and fragmentation of Chinese business as a result of such dominance. Both Chineseness and transnationalness constitute what I refer to as the 'duality' of Chinese business. In this context, an exclusive attention to the former no longer does full justice to the complexities of 'Chinese' business today. The reliance on the nation-state as the primary unit of analysis, for instance, has resulted in an exaggeration of Chinese power in the global political economy (Breslin 2005:735), and a mistaken view of China as a model for *national* economic development. In the view of Hart-Landsberg and Burkett, China's economic experience cannot be understood ‘in national or even inter-national terms, as if China’s gains create opportunities for policy makers in other countries to promote their own national restructuring in ways that benefit their respective working-class majorities’ (2006:4). In other words, economic development in China, far from being a solely national phenomenon, exhibits increasingly transnational or global characteristics. This transnationalness is manifested in various sectors of Chinese business, but here my analysis will be focused mostly on manufacturing, not least because this sector, the main driving force behind China’s economic development, has attracted most attention in Western media.

The transnational characteristic of Chinese manufacturing, rendered largely invisible by the state-centric approach, can be best examined from the global production network (GPN) perspective. The GPN refers to the contemporary development of capitalism which increasingly involves ‘the detailed disaggregation of stages of production and consumption across national boundaries, under the organizational structure of densely networked firms or enterprises’ (Gereffi, Morzeniewicz, and Korzeniewicz 1994:1-14). Characteristic of such globalised production networks are the existence of multiple (sub-state, transnational, as well as national) actors, their interconnections and complex power relations. In this way, the social origins and production of various production materials, labour, capital, information, technology, design, management, marketing, and consumption are no longer necessarily tied to a fixed, single locality or nationality, thus making the identification of business in national terms increasingly difficult and problematic, if not impossible. Placing strong emphasis on production and its processes, the GPN approach allows a fuller understanding of the ‘intricate links—

horizontal, diagonal, as well as vertical' that form 'multi-dimensional, multi-layered lattices of economic activity' (Henderson, Dicken *et al*. 2002:442).

In doing so, the GPN approach adopted here does not imply a neoliberal rosy picture of globalisation as a win-win scenario or a politically neutral phenomenon. Quite the contrary, it allows great sensitivity to the uneven distribution of value and power in global production processes. As far as the organisation of economic activities is concerned, national boundary, ethnicity, domestic political governance have not disappeared or become totally irrelevant. Nevertheless, to the extent that power and production (particularly in its conventional sense of manufacturing) often do not coincide and converge on the same geographical space, the multiple, unstable identities of business and economy cannot be neatly fit into separate national categories. Indeed, while the nation-state is still widely seen as the most important actor in managing economy, in this process the state itself could, and have, become increasingly internationalised and intertwined with sub-state and transnational actors in the complex and ever-evolving global economic networks.

*Transnationalising Chinese Business*

Contemporary China and 'Chinese' business need to be located precisely in such global production networks. The rise of the Chinese economy, in the view of Dirlik, coincides with 'an intensified interest in what has been called "Global Capitalism" or "flexible production"… [and the] temporal coincidence, to say the least, is intriguing, and raises questions concerning the conjuncture between a Chinese or Asian capitalism and what appears to be a new phase within capitalism globally' (Dirlik 1997:304). This conjuncture, more specifically, is enabled by the convergence between the global capitalist search for better profit at the lowest possible costs and China's decision to make most of its comparative advantage in cheap labour to develop its economy. In this sense, contemporary 'Chinese business' has been an integral part of global business, and its dynamic 'identity' is inevitably coloured by, and needs to be understood *in relation to*, 'the nature and logic of the new transnational accumulation dynamics that are reshaping economic activity in China' (Hart-Landsberg and Burkett 2004:4).

China's close relationship with the global production networks is most evident in two aspects: its connection with foreign direct investment (FDI), and its role as a major destination for outsourcing and subcontracting by transnational corporations (TNCs). Between 1985 and 2005, annual net FDI inflows into China grew from US$1 billion to US$72 billion. In the same period, China took in more than $600 billion in FDI, twelve times the total stock of FDI Japan received between 1945 and 2000. In the early 1990s, FDI inflows have further accelerated in light of Beijing's decision to allow a new form of FDI, wholly owned foreign enterprises (WOFEs). By the early 2000s WOFEs accounted for 65 percent of new FDI in China. Since 1993, China has consistently been the largest recipient of FDI among developing countries.[5]

Underlying these massive inflows of FDI is a growing trend for TNCs to outsource and subcontract production and even services to China. To date, corporations from 190 countries and regions, which include 450 of the Fortune global top 500 multinational corporations, have invested in China (*Xinhua News Agency*, 21 May 2006), further contributing to its integration into the global production networks. In this process, according to Shenkar, Chinese manufacturers initially serve as ‘component suppliers to foreign buyers and as Original Equipment Manufacturers (OEMs).’ Such firms produce to the specifications of foreign firms who then distribute and sell the product in their home or other foreign markets or embed it in one of their end products. The second phase sees entire operations being subcontracted to China, with the foreign firm maintaining ‘oversight, branding, and marketing’ (Shenkar 2005:78, 17). By one account, 60,000 foreign-owned factories had been opened between 2003 and 2005. Along with such a global shift in production, China has been turned into East Asia’s main producer of final products and final export platform. As a testimony to this remarkable metamorphosis, over the 1992-2000 period, parts and components accounted for 42 per cent of its import growth but only 17.9 per cent of China’s total export growth (Hart-Landsberg and Burkett 2004:14). Or take China’s computer-related products for example: nearly three quarters of those products are made by Taiwanese companies on the mainland, and those companies in turn rely on OEM contracts with Japanese and US companies. Consequently, a transnational production chain emerges, which includes the world’s most developed countries such as the U.S. and Japan, semi-periphery economies such as Taiwan, and developing states like China (Breslin 2005:745).

Just as both the region’s production networks and China’s role within it have been transformed by FDI inflows and outsourcing and subcontracting processes, so too has the meaning and identity of Chinese business. If anything, this particular ‘location’ of ‘Chinese’ business in the global production networks has profoundly complicated its Chineseness, and added to it a transnational dimension which is defined predominantly by what may be described as ‘non-Chinese’ business.

By ‘non-Chinese’ business, I do not suggest a dichotomy between Chinese and non-Chinese businesses, but rather use it for analytical convenience. And by the dominance of ‘non-Chinese business’ in the Chinese economy, I mean foreign control over major processes and components of production in China, such as exports, technology, and profit. In the area of exports, for example, Chinese subsidiaries of global multinationals and joint ventures with businesses from the industrialised countries accounted for ‘fully 65 per cent of the total increase in Chinese exports’ between 1994 and mid-2003 (Hart-Landsberg and Burkett 2006:7). While China’s exports of industrial machinery grew twenty-fold in real terms between 1993 and 2003, foreign funded enterprises’ (FFEs) share of them grew from 35 percent to 79 percent. Over the same period, exports of computer equipment increased from $716 million to $41 billion, with the FFEs’ share rising from 74 percent to 92 percent. As Gilboy points out, ‘This pattern repeats itself in almost every advanced industrial sector in China’ (2004:38, 40). Arriving at a similar conclusion, Yasheng Huang wrote that ‘Foreign firms have established majority controls over FIEs in most industries. Only in seven out of twenty-eight manufacturing industries are foreign firms found to have an average aggregate minority equity position’ (2003:19). As a footnote to this increasing foreign dominance in Chinese manufacturing industry, in 2001, 11 Chinese enterprises were among the world’s top 500 businesses, but not a single one was from the manufacturing sector.

The ‘non-Chinese’ dominance in China’s production and export activities is echoed and underpinned by a similar pattern with regard to technology, services, branding and marketing. Foreign companies manage virtually all intellectual property in China and account for 85% of its technology exports (Lunding 2006:8). Gavin Heron, managing director of TBWA/Shanghai, said that China is ‘a story of international brands, not local ones…. As soon as a local brand has any traction, they’re bought out by a multinational’ (Donaton 2005:21). Indeed, foreign companies’ technology and branding superiority has allowed them to establish dominant positions in China’s production (such as delivery dates, industry and quality standards, design specifications) even without ownership (Breslin 2005:745). For example, brand-name producers such as Levi-Strauss, The GAP, Reebok and Nike enjoy strong control over a wide range of labour-intensive consumer goods, such as clothing and footwear, which are produced by buyer-driven commodity chains (Sum and Pun 2005:184). Similarly, through control of industry standards—a phenomenon dubbed ‘Wintelism’—Microsoft and Intel have huge influence over access to the PC market without producing PCs themselves (Breslin 2005:745).

In this context, the lack of a domestic technology base has made Chinese companies in many industries at the mercy of their multinational counterparts, in terms of both technology access and licensing fees. The transnational alliance that controlled the core DVD technology, for example, initially demanded significant licensing fees from Chinese DVD manufacturers, and only reached agreement on a reasonable fee after several rounds of prolonged negotiations (Sull 2005). And to take another example, more than a decade as a junior joint venture partner to the global giant Volkswagen, Shanghai Auto had no capability to compete as an independent car maker. Volkswagen even expressed doubt publicly whether, after China's admission into the WTO, it would need its Shanghai 'partner'. The only 'strategy' left for Shanghai Auto was to start a second 'joint venture' with GM (Nolan 2002:126-7).

Moreover, dominance in the areas of capital, production, export, and technology naturally translates to dominance over value and profit. While Chinese companies may be doing well from export earnings, U.S., Japanese and European transnationals continue to maintain the added value and technological lead (Kerr 2007:92). It is estimated that between 60% and 80% of the value of all Chinese exports are processed (imported) components (Ravenhill 2006:670). Because the import content of the FFEs is often much higher, exports from FFEs in China yield much less value-added for the national economy than the roughly equal value of exports from 'national' firms (Wade 2005:312). Thanks to Wintelism, leading foreign enterprises, through controlling the sales channel and market standards, still control the realisation of value. Intel, for example, earns as much as 10 percent of its total $30 billion a year in revenue from selling computer microprocessor chips to China (Sun, Qiu, and Jie). For this reason, Japan's alarm over the fall of its personal computer exports to the United States as opposed to China's rise in its PC exports may be misplaced. Those trade figures fail to reflect the fact that the computers assembled in China rely on high value-added technology from Japan and elsewhere (Wade 2005:313).

This phenomenon is as applicable to labour-intensive products as it is to the high-tech sectors. A Barbie doll made in China is sold for $20 in Western markets, but only about 35 cents is retained by China. 'What China got in the past few years is only some pretty figures,' said Mei Xinyu of the Commerce Ministry's research institute. 'American and foreign companies have gotten the real profit' (Barboza 2006:1). Not surprisingly, acutely aware that this uneven distribution of profit in the global production networks is in their favour, executives from Microsoft, Starbucks, Costco, Weyerhaeuser and Amazon.com extended a warm welcome to the visiting Chinese president Hu Jintao in April 2006, 'all eager to show the Chinese leader their appreciation for his efforts in providing American businesses with an ample supply of cheap labor, a stable currency exchange and an affable investment climate' (Kwong 2006:1). These transnational businesses understand too well that Chinese business means not just *Chinese* business, but their own business as well.

It now becomes clearer that products 'made in China' are not necessarily made by China, nor does the bulk of the profits necessarily go China's way (Breslin 2005:743). What does this mean, then, for the identity of Chinese business and for the implications of Chinese business success? To put it simply, as part of the global production networks, China is mainly 'acting as the manufacturing conduit through which the regional deficit is processed, with China running deficits with "supplier" states in East Asia, and surpluses with 'demand' states in Europe and North America' (Breslin 2005:743). For this reason, bilateral trade figures between nations become often misleading. Frequently, the burgeoning sales of 'non-Chinese' manufacturing operations in China to the U.S., for example, are counted as ‘Chinese exports’, leaving an impression of China’s rapid rise into an economic superpower status (Shenkar 2005:10). However, looked through the GPN prism, this image of Chinese economic prowess is largely unwarranted. While China recorded a $200 billion trade surplus with the United States in 2005, it also accumulated a $137 billion trade deficit with the rest of Asia (Barboza 2006:36). In 2003, for instance, China took in 40-50 percent of Asia’s exports, accounting for all of Taiwan’s and the Philippine’s export growth and over half of each of Japan’s, Malaysia’s, South Korea’s and Australia’s (Hart-Landsberg and Burkett 2004:13). Similarly, while China recorded a $25 billion surplus with Japan in 2000, this surplus would disappear if we take into account Japan’s $26 billion surplus with Hong Kong, the main port of entry for Japanese goods into southern China. Also, it is worth adding that more than half of Sino-Japanese trade is now conducted among Japanese companies (Brooke 2001:3).

Insofar as the control over production and technology is located elsewhere, even the role of Chinese business as ‘the final stop in a global production line’ (Browne 2005:A2) may not be stable in the longer term. Some argue that in competing on price, discounters such as Wal-Mart, Target, Best Buy, and Circuit City commonly seek low cost, reliability, short lead time, and vast production capacity—‘a combination that inevitably leads to China’ (Shenkar 2005:146). For Chinese business, this trend may be anything but inevitable. Breslin suggests that ‘it is largely corporate decisions driven by understandings of market behaviour in core economies’ that have done much to boost Chinese exports and fuel the ‘Made in China’ phenomenon (Breslin 2005:748).[6] As such, China, with its cheap labour costs, vast domestic market and good infrastructure, remains an attractive place for foreign investment for now. However, as the global production networks expand and the global division of labour intensifies, the package of technology and skills required at any one site is becoming narrower and more specific. In this context, 'when only a small part of the production chain is involved, out-contractors and TNCs have a wider choice of potential sites' (Hart-Landsberg and Burkett 2006:19). What this means is that China's position as the 'world's workshop' should be seen as historically specific, not something intrinsic to Chinese business. With wages rising in China, low-cost production is no longer its exclusive advantage. As *The Economist* recently reported, 'In the calculus of costs, risks, customers and logistics that goes into building global operations, an increasing number of firms are coming to the conclusion that China is not necessarily the best place to making things' (*The Economist* 2007). Hence, 'Made in China', so far the hallmark of Chinese business success, may face increasing challenge in the years ahead, as the recent decisions of transnational companies Intel, Flextronics, and Yue Yuen to divert their investment to China's neighbours can illustrate (*The Economist* 2007).

### *Fragmenting Chinese Business*

At this point, it is worth emphasising that by 'non-Chinese business' I do not imply the existence of unitary, monolithic *Western* business or *American* business. Rather, my point is that thanks to the expansion of the global production networks, Chinese business is not purely Chinese, and that the boundaries between 'Chinese' and 'non-Chinese' businesses have become increasingly blurred. An important implication of these blurred boundaries is that even within 'Chinese business', the assumed unity and coherence is questionable.

Of course, for some, the interconnection between Chinese and non-Chinese businesses merely disguises the very existence of a more or less uniform entity of Chinese business on a larger scale, namely ‘Greater China.’ It is argued that what is alleged to be the dominance of non-Chinese business in China, upon a closer examination, may reveal the dominance of overseas Chinese businesses. For instance, rather than a major indication of non-Chinese dominance in Chinese business, a large proportion of ‘foreign’ direct investment actually comes from ‘Greater China’ or the Chinese diaspora: Hong Kong, Macau, Taiwan, and overseas Chinese in Southeast Asia and elsewhere. Given the common cultural and ethnic ties, they still seem to constitute a coherent Chinese business network, variably known as the ‘bamboo network’ and an ‘invisible empire’ (Weidenbaum and Hughes 1996; and Seagrave 1996).

The existence of a loose Chinese business network across ‘Greater China’ cannot be denied. However, this Chinese network does not exist in isolation from the larger global economic networks. Hong Kong, for example, may be a major source of ‘foreign’ direct investment in China, but this does not mean that the origins of the investment are necessarily based in Hong Kong or even come from China itself (known as ‘round-tripping’). Breslin notes that through their subsidiary offices in Hong Kong, some foreign businesses have been able to disguise their involvement in the Chinese economy. For example, it is estimated that about 80 percent of Japanese FDI in Hong Kong is subsequently reinvested in Guangdong. On the surface, this appears to be Hong Kong investment into China, but it is in fact Japanese investment (Breslin 2005:746). By analysing the flow of final trade in the East Asian region, Hart-Landsberg and Burkett similarly note that the business network of Greater China, ‘rather than reflecting a growing regional independence and balance,’ is formed primarily ‘in response to the changing needs of transnational corporate production networks’ (2004:17). Thus, even in its ‘Greater China’ guises, Chinese business is not a uniform, self-contained cultural entity, but is underpinned and defined by extensive production networks between greater China and the rest of the world. In other words, ‘the “imagined” Chinese transnational ethnicity’ and the implied new economic relationships among greater China need to be put in the context of ‘the production processes of a Global Capitalism centered in trans-national corporations’ (Dirlik 1997:309-311).

Even if it is possible to isolate ‘Chinese business’ in ‘Greater China’ from the global economic networks, the so-called ‘common’ ethnic and cultural bonds mask the internal diversity and differences among the vast Chinese communities, where the meaning of being Chinese itself is constantly changing and frequently contested (Tu 1994). The Chinese diaspora, spanning across a diversity of regions and national spaces, consists of different and localised communities and identities, whose loyalties by no means converge on a single centre, let alone a political centre in Beijing. It is no secret that Taiwan, led by pro-independence politicians, has long been engaged in a deliberate effort of cultivating a new Taiwanese identity in distinction from mainland China. In Singapore, where what ‘Chinese’ actually means is often subject to fierce debate, ethnic Chinese see themselves ‘as Singaporean first and *huaren* (ethnic Chinese) second, if ever. It would be a horror to them if one now still calls them overseas Chinese or *huaqiao*, the sojourners’ (Tan 2003:751-774; Chan 2000:288).

With such localised identities naturally come parochial and sometimes conflicting values and interests among ‘Chinese businesses’, which may bear close resemblance to ‘a global patchwork of many small enterprises that, in some cases, have little or no respect or love for one another’ (Kao 1993:33). In business dealings, the Taiwanese often distrust their Hong Kong or mainland counterparts, whereas Singaporeans are acutely conscious of deep value differences between themselves and the mainland Chinese (Chan 2000:12). Once embraced by mainland China, the notion of ‘Greater China’ as a singular, unified business network has lost much of its appeal within the PRC (Callahan 2005:273). As one mainland Chinese scholar put it, ‘we reject the concept of Greater China…. Overseas Chinese come not because they are patriotic but because of investment benefits’ (Dirlik 1997:321).

‘Internal’ diversity and fragmentation are not only characteristic of Chinese business in ‘Greater China’, but also within China proper. Two factors stand out here: China’s decentralisation-oriented reform and the expansion of the global production networks into Chinese business. As Peter Nolan notes, with ‘a strong tradition of relatively autonomous local government’, China’s economic reform based on decentralisation has only reinforced this autonomy tradition in business (2002:131-132). Meanwhile, most clearly symbolised by its WTO entry, China’s integration into the global production networks has further undermined the coherence of the Chinese economy. In a zealous drive to join tracks with international standards (*yu guoji jiegui*), many Chinese companies have not only acquired a dependence on transnational capital and technology, but more remarkably, have also shied away from ‘collaboration within their industry, especially if such collaboration crosses regional or bureaucratic boundaries' in China (Gilboy 2004:42). In fact, as Gilboy points out, 'China's best firms are among the least connected to domestic suppliers: for every $100 that state-owned electronics and telecom firms spend on technology imports, they spend only $1.20 on similar domestic goods' (Gilboy 2004:42). Not surprisingly, the Chinese economy 'has been variously described as a "cellular" economy, federalism, Chinese-style, or de facto federalism' (Huang 2003:140). Thus, even if Chinese businesses are all located within the same national space and run by Chinese, they are still a long way from, if ever, becoming a unitary, coherent Chinese economic actor.

This is not to say that Chinese political and business leaders do not *want* to construct a coherent national economy based more on innovation tan cheap labour. On the contrary, the Chinese government has attempted at assembling a national team in global economic competition, and is seen as the main driving force behind Chinese companies' 'go global' strategy. This leads some scholars to suggest that 'China is "nationalising" globalization: pursuing a policy of selective and strategic integration that bends globalization to China's long-term nation-building goals' (Kerr 2007:78). Despite such nationalist desire and effort, however, the Chinese government seems to have played at best an ambivalent role in relation to Chinese business. While the dream of rebuilding China's national greatness through economic development remains alive and well, the unmistakable path the state has chosen to realise that goal has precisely been to *globalise* its economy and business. In explaining China's policy on foreign investment, Zhang Yansheng, director of the Institute for International Economic

Research under the National Development and Reform Commission (NDRC) put it bluntly:

> In an effort to introduce outside competitors to further promote the transformation of the market economy, we prefer strategic alliances with foreign investors…. Despite more wholly foreign-owned companies aiming at preventing technology spillover, we will give more preferential treatment to the multinationals with R&D centers in China (*Beijing Review* 2007).

This strategy is not inconsistent with China's official discourse on national economic development, first advanced by Deng Xiaoping, and then adhered to by his successors Jiang Zemin and Hu Jintao. As Crane puts it, in this discourse, 'There is still a strong impulse to defend the imagined [national] economy, but this must be accomplished in concert with global capital' (1999:230). If anything, this seems to denote what Robert Cox calls the 'internationalization of the state,' a process of 'interstate consensus formation regarding the needs or requirements of the world economy that takes place within a common ideological framework.' A characteristic of this internationalisation of the state, according to Cox, is that states have acquired 'a responsibility to both' national economies and the world economy (1987:254-255).[7] As a result of this dual responsibility, it is not surprising that the Chinese state's role in its national economic development often appears ambiguous and even contradictory. In the words of Crane, economic nationalism in Deng's and Jiang's China 'has taken on some rather odd forms: the aggressive courting of direct foreign investment; the listing of companies on foreign stock exchanges; and the concerted effort to enter multilateral trade organisations. These are hardly the actions of a staunchly neomercantilist power' (1999:230).[8]

Such ambiguity may help explain that some of China's business giants emerged not because of state support, but despite state neglect and bias against them. For example, the much taunted Haier success story had its humble beginning as a loss-making enterprise, which had to turn to villagers to borrow money as it was unable to secure credit from state banks (Liu and Li 2002:700). Kelon, a Chinese home-appliance company, tells a similar story of its bittersweet relationship with the state. The company was initially refused a production license by both the Ministry of Light Industry and Guangdong province, where it was founded. It caught the attention of top leaders only '*after* the firm claimed top position in the industry in 1991.'[9] And current privately owned vanguards, including Huawei Technologies and TCL, were not designated as national champions in the first instance (Lunding 2006:7).

Also, the latest 'going global' strategy of many Chinese companies, often perceived as orchestrated by the state, reveals that they are not so much supported by an ambitious state as they are 'pushed' out by intense competition in domestic markets from foreign funded enterprises. According to a 2003 survey of China's fifty largest 'industry-leading' firms by the Shanghai office of the Germany-based Roland Berger Strategy Consultants, slightly more than 50 percent of the participating firms named 'seeking new markets' as the overriding imperative for globalising their business activities. Among this group of firms, manufacturers in particular cited growing competitive pressure from multinational companies in the home market, excess capacity, and sliding profit margins as key reasons to search for new markets abroad (Wu 2005:28; Liu and Li 2002:700). Consequently, Chinese companies' going global, instead of representing a coherent national strategy, may in fact testify to a decline in Chineseness in China's current domestic business environment.

Thus far, what this section has demonstrated is that at least as far as China's status as the world factory is concerned, the rise of China does not mean a net flow of power from the U.S. to China as a unitary state actor. Given the penetration and expansion of global production networks in China, the commonly assumed Chineseness associated with Chinese business does not quite exist in the sense that it is understood as a homogeneous, singular, and pure entity. What is palpable instead is its duality of Chineseness and transnationalness, the two sides of the same coin of China's global economic integration.

Of course, one can argue that this transnationalness may be a temporary characteristic of China's relentless pursuit of its national greatness. As China continues to develop and innovate, it may eventually be able to stand on its own feet and re-assert its economic primacy. What is not so Chinese about Chinese business today may mask a gradual, long-term revival of its Chineseness. By that time, it is argued that the world in general and the United States in particular may have much more to fear, but it may be too late to do anything about it. Certainly, in this paper, I do not deny the continued ability for China to innovate and develop. After all, this is a nation with a long and proud history of technological innovation. However, what I am doubtful is the assumption that at some point in this process, China could somehow slam shut its door to the global economic system and remove its transnational connections. It seems to me that a more powerful China is likely to be a more, not less, transnationalist China.

**Constructing 'Chinese Business' as Otherness:**

**Implications for U.S. Responses to the 'Rise of China'**

Of course, the future is always difficult to predict and a more transnationalist China is by no means an preordained outcome. This is especially so if the U.S. adheres to a nationalist understanding of China's development. Against this background, it is now necessary to come back to the American perceptions of Chinese business as inherently Chinese. Far from being an objective account of what Chinese business is, they are better seen as a particular construction of China as Otherness (Yao 2002:8). By focusing on the so-called Chineseness of Chinese business, those imageries have helped to conjure up both a singular, homogeneous, and threatening economic powerhouse that is China and a volatile power transition scenario in U.S.-China relations.

When identity is conceived as construction, Dirlik usefully reminded us of the need to look at 'who is doing the constructing and to what end' (1997:303, 319). As a particular way of constructing Otherness, the American construction of the Chinese identity performs two important political functions. Firstly, it serves as an explanatory framework. Reflecting 'a larger unease with globalization' (Harding *et al* 2006:61), the imagination of Chinese business as a unified economic threat provides a simple, ready-made conceptual framework within which the fast-paced dislocations and uncertainties associated with economic globalisation could be understood. Whenever many of the economic woes at home cry out for attention, be they job losses or trade deficits, the image of China as an economic threat stands out as a convenient answer. To the extent that Chinese business is interpreted as a singular actor, the so-called Chinese business practices, such as the ‘China price’ and ‘weapons of mass production’, can become meaningful as well. Those business practices, often termed ‘unfair’, ‘dubious’ or ‘suspicious’, then could supply a coherent set of explanations for the ‘rise of China’ as well as for ‘our’ relative decline.

Secondly and more importantly, this construction of Otherness is prescriptive in practical and policy terms. While explaining where faults and problems lie, the perceptions of Chinese business as a closed national category are often able, even if they are not intended, to mobilise public support and influence policy-making on China. Only when Chinese businesses and their practices are cast in national terms, can their alleged ‘victims’ suitably take on similar national significance in terms of, for example, American national interest, national security, national competitiveness, or national identity. And when the national interest, security and national identity are thought to be at stake, any measures that are allegedly able to safeguard these interests would be more easily legitimatised and implemented. For example, without doubt, it is American perceptions of a *Chinese* takeover that helped to mobilise politicians and the public to foil Haier’s attempt to buy Maytag and CNOOC’s high-profile bids to buy Unocal in 2005. With U.S. national security believed to be at stake, the fact that ‘Unocal’s oil and gas reserves were mostly located in Asia to begin with, and played a negligible role in satisfying US energy demand, made little difference to those who voted against CNOOC’ (Klare 2006:183).

More importantly, by visualising Chinese business as something of a coherent whole, unified around a single centre, this construction not only obscures the changing dynamics of Chinese business in the complex global economic networks, but also informs a zero-sum approach to China and justifies otherwise unjustifiable actions against this perceived national security threat. For example, Souchou Yao notes that the prevalent images of 'Chinese economic success' in Southeast Asia, with the unquestioned Chineseness at their core, were in many ways complicit in the murderous race riots in Malaysia during May 1969 and the violent anti-Chinese riots in Indonesia in the wake of Suharto's downfall (Yao 2002:4). In times of economic and political volatility, the equation of specific Chinese businesses with such totalising categories as race and class conveniently but often violently shifted the target of public outrage away from the relevant regime and onto ethnic Chinese populations as a whole. Though with less disastrous consequences, similar episodes were replayed in Spain in September 2004, when local footwear manufacturers, chanting 'Chinese out,' burned two Chinese-owned warehouses in revenge for their business losses from 'unfair Chinese competition.'

Yet it is in the United States that the policy implications of such construction could be the most catastrophic. In recent years, the 'rising China' image in general and the common perceptions of Chinese business in particular have already sparked a series of China-focused policies in Washington. For instance, in 2000, Congress mandated the establishment of the U.S.-China Economic and Security Review Commission to monitor the national security implications of U.S.-China economic relations, the only such institution in the U.S. that is directed at a specific foreign country. In July 2005, blaming an 'artificially undervalued Chinese currency' for the ballooning U.S. trade deficits with China, senators Charles Schumer and Lindsey Graham sponsored a bill to impose an across-the-board punitive tariff of 27.5

percent on Chinese imports. Some Congress members interpreted this measure as 'part of a sea change in congressional thinking that will eventually force the administration to give up its engagement strategy and begin to challenge China' (Marshall 2005). And in early 2006, echoing a US Senate legislation that urged the government to revoke its permanent normal trade relations with China, Washington announced the setting up of a task force to ensure Beijing's compliance with global trade rules. Again, this task force, focusing on just one country, was unprecedented in U.S. history (Crutsinger 2006; Cronin 2006). Indeed, Washington has become so unease about China's economic challenge that on some days, as many as four congressional committees simultaneously have China on their agenda (Hornig and Wagner 2006).

While such anti-China rhetoric and policies are lent credibility and urgency by the frightening image of a rising Chinese behemoth, I argue that these nationalistic economic policies are frequently unjustified, misguided, and even dangerous. To begin with, those policies do not necessarily serve America's national interests as alleged. More often than not, as the U.S. Chamber of Commerce admitted, industry-specific or region-specific interests have been 'miscast as homeland security or national security imperatives' (Hawkins 2006:7). For example, the interests that the Schumer-Graham bill would best serve are more likely those of the textile industry in South Carolina, Graham's home state. Similarly, it cannot just be pure coincidence that the author of a House resolution demanding a national security review of CNOOC's bids of Unocal, House Resources Committee Chairman Richard Pombo, is from the district where the headquarters of Chevron, CNOOC's rival bidder, are located (Weisman 2005:D1). Should these 'China' problems be framed in terms of specific business issues, which I think they are, they would have lost much of their galvanising impact on the government or the general public.

Moreover, many of the policies are often misguided in that the assumed Chineseness of Chinese business denotes a zero-sum economic relationship between China and the United States, a relationship which bears little resemblance to the interconnectedness between ‘Chinese’ and ‘non-Chinese’ (including American) businesses. One of the clearest examples of this Sino-American zero-sum game has been the alleged loss of U.S. jobs to China. However, by the U.S. Bureau of Labor’s own estimates, in any given year, the direct numbers of American jobs lost to China are fewer than 10,000 (Pethokoukis 2007). A *Time* article notes that the jobs associated with most of the goods Wal-Mart sells in the U.S., disappearing from the U.S. long ago, went mainly to Taiwan, Hong Kong and South Korea, which means ‘Wal-Mart’s China trade may indeed be eliminating factory jobs—but in South Korea, not South Carolina’ (Elliot and Powell 2005). Thus, China is not yet the kind of economic threat it is made out to be. In fact, it has been America’s fastest growing export market in recent years. Although total U.S. exports stalled between 1993 and 2003, its exports to China tripled in the same period (Gilboy 2004:36). Given the importance of the Chinese market, the World Bank estimates that if China’s growth rate fell by just 2 percent, up to 60 percent of China’s bank loans would become nonperforming, thereby threatening both China’s and Asia’s financial systems, which in turn could adversely affect the U.S. economy (Pethokoukis 2007). China’s importance in the world economy is not primarily because of its rise as an independent economic superpower, but due to its deep enmeshment into the global economic networks. A focus on its “Chineseness” would have easily overlooked this non-zero-sum dimension, an dimension which is intrinsic to U.S.-China relations.

From the global production network perspective, not only does the assumption of a zero-sum game between China and the United States become problematic, but the notion of the so-called ‘Chinese business practices’ becomes problematic, as what is often termed as ‘Chinese business practices’ may be seen as a product of the interactions between Chinese and transnational companies, including U.S. companies. For instance, the Unocal bids by CNOOC, a state-owned company in China, has been seen as a proof of China’s sinister business strategy to undermine U.S. national security. Yet, what is less well-known is that Goldman Sachs, whose CEO Henry Paulson is currently U.S. Treasury Secretary, was involved in financing the aborted CNOOC-Unocal deal (Hawkins 2006). In this sense, Chinese companies’ acquisitions of natural resources in various parts of the world, while drawing much alarm and criticism in the U.S. and elsewhere, are nothing uniquely Chinese. As Michael Klare explains,

> the United States, Britain, France, Japan, and other Western oil-importing countries have long competed among themselves for drilling rights in overseas producing areas…. China may be a newcomer to this contest, but is not behaving noticeably differently from the other oil-seekers. Indeed, the “National Energy Policy” announced by President George W. Bush on May 17, 2001, calls for US officials to conduct the same sort of diplomatic quest in

> pursuit of foreign energy as that now being undertaken by Chinese officials (Klare 2006:182).

Understood this way, threatening to retaliate against ‘China’ is not only unlikely to eliminate those ‘Chinese’ business practices, but it could in fact provide further impetus to them. It is in this sense that I consider the policies based on a unitary Chinese economic Other counterproductive and potentially dangerous. Again take the American nationalistic responses to CNOOC’s Unocal for example. By effectively declaring to the Chinese that North America is off limits, American policy-makers sent ‘precisely the wrong message to China’s modernizing managerial class and encourage highly damaging … tendencies in China, including nationalism, mercantilism and distrust of the international markets’ Harding *et al* 2006:64). Similarly, Hadar notes that ‘by taking steps to derail the Unocal-CNOOC deal, Washington is helping set in motion what could be only described as a self-fulfilling prophecy’ (2005). Since no amount of U.S. legislation would be able to reduce the global production demand for energy in China, China would seem to ‘have no choice in light of the US policies but to form special economic or foreign policy relationships’ with the so-called ‘rogue states’ (Hadar 2005). Of course, this in turn could confirm the suspicion of China many Americans have long held, thereby giving rise to a vicious cycle of mutual suspicion and hostility. Starting out with the image of a homogeneous Chinese Other and consistently acting upon it, hawkish policy-makers in Washington could well succeed in bringing out a more unified rival in China down the road.

## Conclusion

In this paper, I have examined and questioned the widely held assumption of Chineseness about Chinese business, particularly in the context of American representations of it as a singular, self-contained actor. Locating Chinese business in the evolving, non-linear global production networks, I have argued that instead of representing something uniquely and homogeneously Chinese, the identity of Chinese business is best seen as a duality of Chineseness and transnationalness.

In this context, the American representations of Chinese business are not objective, neutral analysis, but a particular way of constructing Otherness. Not only does this construction of Other provide a simple conceptual framework within which the complexities and uncertainties of globalisation's impact on the U.S. can be (mis)understood, but it also serves to inform and shape specific U.S. responses to China. More often than not, these policies, based on a zero-sum understanding of U.S.-China relations, are unjustified, misguided, and dangerous, as they could well become a self-fulfilling prophecy by provoking and reinforcing nationalist responses from China.

The implications of such a construction of Chinese business are not just confined to U.S.-China relations, but also applicable to China's other bilateral relations, such as with Japan. Already, many have been alarmed by the fact that China and Japan have emerged both powerful for the first time in history. Yet, if we understand the issue through the transnational production network approach, then the fact need not in itself be a cause for concern. This is because, also for the first time, the region has been linked through complex production networks which render the category of national economies less salient or relevant.

Still, international competition has not disappeared and inter-*national* relations will no doubt survive into the future. As Sino-American relations and Sino-Japanese relations can illustrate, national interests and national security remain the key concerns of policy-makers and the public alike. As Michael Yahuda points out, 'Notwithstanding the close and significant economic interdependence between China and Japan, there is no corresponding spillover into social, intellectual, or security engagement' (2006:181). While the persistence of international geopolitical struggle is partly because of historical legacies, more importantly, it is also related to the remaking of that history through our continued state-centric construction of international relations. In this sense, international tensions have less to do with the 'limits of economic interdependence' *per se* than with the limitations of our thinking to come to terms with the changing global reality in less state-centric terms. By utilising the GPN approach, this paper therefore hopes to contribute to the problematisation of the state-centric imagination of global politics in general and Chinese business in particular, so that U.S.-China relations, for instance, could be understood and practised in ways other than merely inter-*national* politics and its allegedly recurring tragedy of great power rivalry.

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## Notes

[1] As Shaun Breslin notes, 'the vast majority of the literature predicting a future Chinese superpower challenging US power emerges from writers based in the US.' Shaun Breslin, 'Power and Production: Rethinking China's Global Economic Role', *Review of International Studies*, vol. 31, no. 4 (2005), p. 737.

[2] For debates on the relevance of power transition theory to the understanding of China's international relations, see, for example, Ronald L. Tammen and Jacek Kugler, 'Power Transition and China-US Conflicts', *Chinese Journal of International Politics*, vol. 1, no. 1 (2006), pp. 35-55; Steve Chan, 'Is There a Power Transition Between the U.S. and China? The Different Faces of National Power', *Asian Survey*, vol. 45, no. 5 (2005), pp. 687-701, and Douglas Lemke, Ronald L. Tammen, *et al*., a special issue on 'Power Transition Theory and the Rise of China', *International Interactions*, vol. 29, no. 4 (2003), pp. 269-364.

[3] See Alan Smart and Jinn-yuh Hsu, 'The Chinese Diaspora, Foreign Investment and Economic Development in China', *Review of International Affairs*, vol. 3, no. 4 (Summer 2004), pp. 545, 547; David Shambaugh ed., *Greater China: The Next Super Power?* Oxford: Clarendon Press, 1995.

[4] The tendency to represent Chinese business in the context of a unified Chinese actor is not unique to the United States. British writer Tim Clissold, for example, simply personalised China as Mr China. Tim Clissold, *Mr China: A Memoir*, New York: HarperCollins, 2005.

[5] See Minqi Li, 'The Rise of China and the Demise of the Capitalist World-Economy: Exploring Historical Possibilities in the 21st Century', *Science & Society*, vol. 69, no. 3 (July 2005), p. 435; Martin Hart-Landsberg and Paul Burkett, 'China's Rise to Model Status', *Monthly Review*, vol. 56, no. 3 (July-August 2004), pp. 13, 6; George J. Gilboy, 'The Myth behind China's Miracle', *Foreign Affairs*, vol. 83, no. 4 (July/August 2004), pp. 36-7, 40; and UNCTAD, *World Investment Report 2006*, .New York and Geneva: United Nations, 2006, p. 51, available at: http://www.unctad.org/en/docs/ wir2006_en.pdf.

[6] Similarly, for Pan Rui, a Chinese scholar at Fudan University, it is international investors who have made China into the world's factory, see Barboza, 'Some Assembly Needed'.

[7] For an account of the development of the Chinese state's sense of international responsibility as evidenced in Beijing's articulation of its 'peaceful rise' strategy, see Chengxin Pan, '"Peaceful Rise" and China's New International Contract: The State in Change in Transnational Society', in Linda Chelan Li ed., *The State in Transition: Processes and Contests in Local China*, London: Routledge (forthcoming).

[8] See also, Yongjin Zhang, 'Reconsidering the Economic Internationalization of China: Implications of the WTO Membership', *Journal of Contemporary China*, vol. 12, no. 37 (November 2003), pp. 699-714.

[9] Huang, *Selling China*, pp. 178-179 (Emphasis in original).

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