

**THE BUSINESS – GOVERNMENT-SOCIETY RELATIONSHIP:
A COMPARISON BETWEEN CHINA AND THE U.S.**

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Abstract: The paper compares the business-government-society relationship between China and the U.S. through the analysis of three cases: the tainted milk scandal in China, the beef recall in the U.S., and the peanut scandal in the U.S.

Keywords: Business/Society/Government relationship; tainted milk scandal

INTRODUCTION

Much of our discipline as business and society scholars is devoted to an exploration of the role the business community does and should play within the greater society of which it is such an important part. Specifically, we focus on the relationship among the business, civil society, and governmental sectors, and on the interdependence and interconnectedness of those three entities (e.g. Lussier and Sherman, 2009; Steiner and Steiner, 2006).

For better or worse, most of that exploration to date has had a decided focus on the United States and Western Europe. While there has been good work done in the business ethics area (e.g., Donaldson, 1996 & 1989) to expand our thinking and our research to other cultures, this has not been the case in the area of corporate social responsibility and the relationship between business, society, and government.

As globalization continues to develop at an accelerating pace, as more and more of our supply lines and our business transactions take on international flavors and characteristics, it becomes increasingly important that we look at other countries and other cultures to learn how their businesses relate to their governments and their societies.

Nowhere is this more true than in China. China has emerged rapidly as such a dominant economic and geopolitical power in the world, but to date little attention has been given to how Chinese businesses interact with the various levels of government and the elements of the civil society there. The purpose of this paper is to begin to correct this deficiency. Using the recent

tainted milk scandal as a case study we will look at how business, society, and the government in China did or did not interact, drawing some contrasts where appropriate with recent product recalls in the United States.

The Business Sector

It is difficult for Westerners, and perhaps for the Chinese themselves, to grasp the changes in China's business sector in the brief time period of the last thirty to thirty-five years. Since the death of Mao Zedong, the ascendancy to power of Deng Xiaoping, and the opening up at an accelerating pace of the Chinese economy to global trade and investment flows, not only has China's GDP grown at truly unprecedented rates for such a large economy, but the structure of the economy has changed dramatically as well. It has long been assumed that a free market system must go hand-in-hand with a political democracy. But China is challenging that theory by allowing its economy to develop in what has many of the appearances of a capitalistic economy, all the while maintaining a very authoritarian and powerful Communist central government.

In the United States we start from the assumption that businesses operate independently in the *free* market system, and that government must or should have some compelling rationale for intervening in that system. Historically in China, certainly since the victory of Mao and the Communists over the Kuomintang after the end of World War II, the opposite has been the dominant rationale. Businesses were owned and controlled by the state, and the role of the business sector was to serve the greater society. The introduction of the free market economy has unleashed the entrepreneurial spirit in the people so that large numbers of privately owned companies, including multi-national corporations, have now appeared in China. Consequently, the relationship between business and government may need to change as well.

The Civil Society Sector

Advocacy Groups. In the developed countries of North America and Western Europe advocacy groups play a critical role in the interdependency of the business and civil society spheres. Across the spectrum of corporate social responsibility issues – consumer issues, environmental issues, human rights, governance, etc. – there are voluntarily-formed advocacy groups that serve as unofficial watchdogs and, often, organizational whistle-blowers, ready to raise a red flag of criticism if the corporation strays onto a path or into a policy deemed inappropriate by the group. Whether large, powerful, and well-funded organizations like AARP or much smaller, more tightly focused ones like the Rainforest Action Network, the thousands of advocacy groups in the West are an established and important part of the dynamic between business and the broader society.

Such is not the case, however, in China currently, and for good reason. Certainly over the past sixty years under the authoritarian regime of the Communist Party there has been near-zero tolerance for organized criticism or protest of any sort. While this may be changing – while the central government in China may be taking some putative steps to ease restrictions on public protest of any sort – movement in this direction has been minimal as witnessed during the 2008 Olympic Games in Beijing. Advocacy groups as we know them in the West are generally a missing link in China, and at least at present there are no institutions there to carry out an effective watchdog function.

The Media. Another critical component of the civil society and its relationship and interdependence with the business sector is the media. Western societies assume an assortment of free and independent media organizations, able to probe into and hold up for public scrutiny the decisions and activities of business organizations. Not only are media organizations important in their own right, but they also serve as an outlet for the watchdog functions performed by advocacy groups as mentioned above.

Here again, the situation in China is dramatically different. While there is no shortage of newspapers and television channels, almost all are either owned or controlled by the government (Meredith, 2007). Most of the news disseminated in print or via the broadcast media is what the government chooses to release, and thus, there is no effective “free press.” Because the government is still intimately involved one way or another with the business sector (see below), the civil society in China cannot perform the same watchdog function as in the West.

An exception to this general statement regarding the media is the Internet. The Chinese government has found it somewhat more difficult to control what is broadcast over the Internet, and so some complaints about businesses do find a sometimes temporary outlet through this medium. And as we shall see, search engines are controlled by the business sector that sometimes may have a keener interest in generating revenues than providing free information.

The Government Sector

As noted above, it is the “opening up” of the Chinese economy that has gained the world’s attention in recent years. Direct foreign investment is not only allowed but encouraged, albeit with plenty of bureaucratic conditions still attached. Now, it is not unusual for businesses to be owned privately, ownership shares are publicly traded on functioning exchanges, product, manufacturing, capital, and labor decisions are made without a mandate from the government. Still, it is important to remember that China’s brand of free-market capitalism does not yet approximate capitalism in the West. Many businesses even now are owned and controlled by the government, which may also hold significant ownership stakes in many other businesses which are nominally privately owned. Such stakes may not be obvious at first glance; they may be held by provincial or local governments or by government controlled agencies.

Another important factor about the government sector in China is that the provincial, and sometimes even local, governments are often quite powerful and independent in their actions. The central government in Beijing has almost limitless power and authority to establish policies. But China is such a vast country geographically and it has such a huge population that the implementation of those policies poses an enormous problem. As a result, provincial and local officials often determine which policies will be enforced and/or how they will be enforced. Those local officials have quite different priorities and are likely to do whatever will enhance the operations, and consequently the resulting tax revenues, of the businesses within their jurisdictions. In the following sections we will use some recent incidents of food contamination and product recalls to contrast the Business-Government-Society relationship in China with that in the United States.

THE THREE CASES

The Tainted Milk Scandal

Milk farmers in China, who keep an average of just three to five cows, sell their milk to middlemen, who then sell the milk to dairy companies. The farmers do not enjoy economies of scale and have little bargaining power over middlemen, who are usually unregulated. To cope with the low prices and the ever increasing demands for milk, farmers frequently dilute the milk with water to increase its volume, often up to about 30%. To make up for the decreased protein, melamine, a nitrogen compound often used in plastics and fertilizers, was then added to the diluted milk to make it appear to contain more protein (England, 2008). The diluted and melamine-laced milk is then sold to dairy manufacturers, including Sanlu, the company at the center of the scandal. In early December, the Chinese government provided the figures of victims: 294,000 children suffered from urinary problems and six babies died from drinking tainted formula (Spencer, 2008).

Sanlu's reaction to the crisis: When faced with increasing number of sickening babies and evidence of the presence of melamine in its products, Sanlu used both defensive and offensive tactics to protect itself. These tactics include repeated denial of any quality problem with their products, bribing and silencing complaining consumers, and engaging in a vigorous public relations campaign.

Until the last minute before Sanlu admitted that its milk formula was tainted with melamine, the company repeatedly denied to the public the connection between kidney stone babies and its milk formula and pointed instead to other potential sources of the disease. When questioned by a journalist who had strong suspicions, Sanlu's representative for media relations categorically assured him of the quality of their products. Meanwhile, Sanlu started its public relations campaign. Baidu, a leading Internet search engine company, blocked most of negative information about Sanlu (<http://www.voc.com.cn/article/200810/200810240812582730.html> & Zhejiang Metropolitan Internet Forum News Center, 2008).

One lone consumer's complaint: In China, there are few effective outlets through which consumers can voice their concerns. Internet forums are often relatively free and open; yet, comments posted in those forums can be deleted upon request. Consumer associations often act no more than as a nominal mediating agency between suppliers and consumers. Corporate consumer hotlines, on the other hand, may listen to the consumer, but not solve the root problem. The story of Wang Yuanping, from Zhejiang province illustrates one consumer's persistent but feeble struggle (Zhejiang Metropolitan Internet Forum News Center, 2008):

Wang bought 15 bags of milk formula at different times for his family in November, 2007. Some of the products were children's formula, and some were for adults. He soon noticed that the urine of his 13-year-old daughter, who had the habit of drinking a glass of milk before bed, became thick and contained little pellets in the morning after she drank the formula. Sometimes she even had diarrhea. But when she stopped drinking, those symptoms disappeared. When she started drinking the formula again, the symptoms returned.

Thinking that he might have bought a fake product, he dialed Sanlu's hotline in February, 2008, to confirm if the products were truly made by Sanlu. Sanlu soon confirmed that the products

were made by the company, but made no comments about the quality of the products. The company then sent a local representative to contact him after a few days. The representative asked Wang to either return or exchange the unused products. Thinking of the safety of other consumers, Wang refused and insisted on seeing the test results. The representative cited trade secret reasons, and Wang was never given any test results.

Wang then decided to file a complaint with the Consumers Association of Taishun County in Zhejiang province. On March 27, Wang and a representative from the supermarket that sold him the milk formula had a meeting at the Consumers Association of Taishun County. The representative admitted that the products were sold through them but said that they could offer him only a refund. Wang did not agree to that and insisted on knowing if the product had any quality problems. Wang hoped that the Consumers Association would send the products for proper testing. But he was then told that he would have to pay for the testing first. The cost was close to ¥10,000 (RMB). Wang hesitated. The meeting reached no solution.

Wang then sent an email to Sanlu and asked the company once more for test results, tried the internet forum, went back to press the local Consumers Association to test the products, all to no avail. On May 31, a local representative from Sanlu named Zhong Yun came to Wang's home with a contract. He promised to give Wang four boxes of a whole new set of formulas (worth ¥2,476.8) on the condition that Wang deleted his blogs concerning his questions about Sanlu's products. Wang signed the contract, but secretly kept two bags of the original products. Zhong took the rest away.

One blogger later asked Wang why he did not persist to the end. "I knew there was a problem, but I did not know what the problem was. If I had known melamine was involved, I would not have accepted the new formula or given them to friends and relatives," Wang replied. "It is very hard to get to the truths and expose them." (Zhejiang Metropolitan Internet Forum News Center, 2008).

A brave journalist's report: In today's capitalistic society, the media is also heavily influenced by the business sector. It sometimes takes great courage for a reporter to expose the unethical conduct of a giant corporation. In the milk scandal, several news articles had reported cases of kidney stone babies, vaguely pointing to milk formula, but no one pinpointed any specific company that made the formula, until one reporter unambiguously named Sanlu in his report. The news story was then frantically forwarded among netizens, causing furor among them and soon among the general public. The reporter later admitted, "When my report got published, all that kept appearing in my mind was Sanlu indignantly accusing the reporter of irresponsibility and demanding that the reporter be brought to the court. Honestly, I didn't sleep well the whole night" (Wang, 2008).

The municipal government's involvement: The local municipal government seemed in this case to have played a more supportive/protective than a regulatory role in relation to Sanlu. A news report on September 30, based on an interview with Wang Jianguo, spokesperson of the municipal government of Shijiazhuang, where Sanlu's headquarters was located, shows how Sanlu relied on the local government to help deal with the crisis.

“On behalf of the municipal government, Wang expressed deep guilt and pain over Sanlu’s infant milk formula incident and deep apologies to the vast amount of victims and their parents. On August 2, the municipal government leaders received a request from the Sanlu Corporation titled “Request regarding consumers suffering kidney stones from consuming some of Sanlu’s milk formula,” (In the “Request,” Sanlu) “suspects that melamine was added by unlawful dairy farmers in the raw milk collection process and asks the municipal government to help solve two problems: one is to ask relevant government departments to strictly monitor the quality of the raw material and to take legal actions against those criminals who added melamine and other harmful materials; and the other is to ask the government to control and coordinate with the media to create a favorable environment for the company to recall the products and to avoid a series of negative influences to the society as a result of the incident.” Due to the lack of political sensitivity, the municipal government only dealt with the requests: the municipal government immediately sent a strong team from the police department and investigated the unlawful adding of melamine at milk stations and milk halls. Additionally, the municipal government also organized a team headed by the deputy mayor that went to the Sanlu Corporation, helping the company to deal with the incident. But the municipal government did not report the incident to the provincial government until September 9” (People’s Internet Forum, 2008).

The Beef Recall in the U.S.

On January 30, 2008, the Humane Society of the United States released an undercover video showing workers at the Westland/Hallmark Meat Co. of Chino, California, “kicking sick cows and using forklifts to force them to walk” to the slaughter area. This video, and the subsequent furor fomented by newspaper reports across the country, led in less than three weeks to the largest recall of ground beef in United States history. The video had been shot by a member of the Humane Society who had applied for work at the slaughterhouse a few weeks before and who had surreptitiously brought the camera to work (Martin and Contreras, 2008; see also Kermodel, Etter, and Zhang, 2008).

The recall included all frozen and raw beef products that had been shipped from the plant since February 1, 2006, amounting to 143 million pounds and exceeding by four times the largest previous beef recall. While the Department of Agriculture (DOA) itself does not have the authority to issue recalls, it can remove its inspectors from slaughterhouses and prohibit shipment of beef products from those plants. DOA officials reported that approximately 37 million pounds had been sold to the federal government for use in school lunch programs. They also stated that most of this beef had almost certainly been consumed and that there had been no reports of any illnesses associated with the recalled product.

DOA regulations, for the most part, exclude cattle that are too sick to walk, called “downer” cows, from slaughter and the beef production process. The assumption is that they are more likely to carry pathogens – possibly even those pathogens related to mad cow disease – with the associated increased risk of danger to the consumers of the beef. There was a loophole, however, at the time of the incident. If an on-site veterinarian ruled that the downer cow was

suitable to enter the food chain, the plant could slaughter the animal and include it in the normal processing procedures.

The president of Westland/Hallmark, Steve Mendell, stated “We are shocked, saddened, and sickened by what we have seen today,” (Weiss, 2008), referring to the video footage released by the Humane Society. The worker shown prodding the sick cow, Rafael Sanchez Herrera, pleaded guilty to three misdemeanor counts of “illegal movement of a nonambulatory animal,” was sentenced to six months in jail after which he was to be deported to his native Mexico (Martin et al, 2008)

The product recall did not end there. General Mills announced that it had “recalled 35,000 cases of its Progresso Italian Wedding soup because it contained beef from a supplier that got meat from the Hallmark/Westland [sic] plant” (Zhang, 2008). And Nestle Prepared Foods, a subsidiary of Nestle SA of Switzerland, said it had recalled some of its Hot Pockets sandwiches made with meat from a supplier that used Hallmark/Westland.

Further fallout from the incident included closing the loophole, mentioned above, when the Department of Agriculture proposed banning all downer cows from being used in the food supply (Martin, 2008), and Senator Richard Durbin and Representative Rosa DeLauro moved to create a single powerful new agency to “oversee all food safety” (“The Biggest Recall Ever,” 2008).

There are some striking contrasts here with the tainted milk scandal in China. First, the regulatory apparatus, while hardly perfect, worked very quickly to address the problem once it was known. One might even argue that the recall went beyond what was absolutely necessary under the circumstances in an attempt to minimize public concern. Indeed, extraordinary actions were taken even though not a single illness was reported, let alone any deaths.

Second, the entire process was triggered by the actions of an advocacy group, whose main purpose, ironically, is not public health but the proper treatment of animals. The Humane Society for years had been acting as a watchdog over proper procedures in the slaughter of animals for use in the nation’s food supply.

Third, because of the free and open media in the United States public knowledge of the incident became widespread very quickly once the video was released. At this stage there was no alternative to swift action both by the federal government and the company involved.

Fourth, local governments really have no role to play in consumer protection in the United States. In the beef recall case the federal government carried the entire burden; both the Congress and the Department of Agriculture reacted to the problem with great speed.

At this stage one might reasonably conclude that a country with a more highly developed infrastructure – established legislation, functioning regulatory agencies, an active and effective complex of advocacy organizations, and a free and open media – can offer consumers a higher level of protection. Such an infrastructure is indeed necessary, but it is not sufficient as we shall see in the following section.

The Peanut Scandal in the U.S.

A year after the beef recall, on January 13, 2009, the Peanut Corporation of America (PCA) announced a “voluntary recall of peanut butter produced in its Blakely, Georgia processing facility because it has the potential to be contaminated with Salmonella.” The recall was for specified lot numbers of products shipped from the plant after July 1, 2008. Most of this product had been sold to institutional buyers and to cracker and snack manufacturers, but it is also sold under PCA’s own brand, Parnell’s Pride, and by the King Nut Company under the King Nut brand name. Indeed, it was in an open container of King Nut peanut butter in a Minnesota long-term care facility that a strain of salmonella was discovered which had “the same genetic footprint as the cases in the national outbreak that has sickened almost 400 people in 42 states” (PR Newswire, 2009). An elderly woman, a patient at the facility, died after eating the peanut butter.

PCA’s problems escalated quickly. Within two weeks *The Washington Post* published a report from the Center for Disease Control and Prevention that twelve times during 2007 and 2008 the peanut company’s internal tests had registered positive for salmonella bacteria, yet the company had shipped the product to its food processing customers. Major processors including Kellogg and McKee Foods, the maker of Little Debbie snacks, began recalling their products made with peanuts from PCA’s facilities, and the list, including cookies, crackers, ice cream, and snack bars, soon totaled nearly 2000. By this time eight deaths and more than 600 illnesses in forty-four states and Canada had been linked to the salmonella outbreak. Production at the company’s plant in Plainview, Texas, was also halted and its products recalled (Layton, 2009; Jargon and Zhang, 2009; Zhang and Jargon, 2009).

Stewart Parnell, owner and president of PCA, and Sammy Lightest, the manager of the Georgia plant, appeared under subpoena before the House Energy and Commerce Committee’s investigations panel but refused to testify claiming their Fifth Amendment rights not to incriminate themselves. Food and Drug Agency inspectors had never inspected PCA’s Georgia processing plant. Due to a shortage of inspectors it delegated that responsibility to the Georgia Department of Agriculture which over several years had cited PCA for sanitary violations such as “mildew, rust buildup, and unclean food contact surfaces” (Jargon and Zhang, 2009), but had never tested either the plant or the plant’s products for salmonella. “We can only run 4500 samples in a year, and we have 16,000 food processing and food sales stores in the state,” reported Georgia’s assistant agricultural commissioner for consumer protection. The federal Food and Drug Agency inspected 5,930 out of this country’s 65,520 food processing facilities in 2008 (Layton, 2009). Neither the federal government nor Texas officials even knew of the existence and operation of PCA’s Texas plant until the investigations in Georgia were begun. The Plainview plant had been operating unlicensed for four years and so had never been inspected (Layton and Miroff, 2009). When Texas officials did visit the plant, they found “dead rodents, rodent excrement, and bird feathers” (Zhang, 2009). A private laboratory found samples of the plant’s products possibly contaminated with salmonella bacteria.

Some businesses did not rely on government regulators to assure the safety of products and their ingredients. Nestlé USA considered buying products from PCA and twice sent its own

investigators to inspect the company's plants. Both times the inspections revealed "rat droppings, live beetles, dead insects, and the potential for microbial contamination," and Nestlé rejected PCA as a supplier (Layton, 2009b).

Companies are not required to report the findings of internally-ordered inspections and tests to either the federal or state regulatory agencies. On a number of occasions when PCA was informed of the presence of salmonella in its samples, it would submit those samples to another testing lab and sometimes get a negative report. On February 13 Peanut Corporation of America filed for bankruptcy protection under Chapter 7 of the U.S. Bankruptcy Code.

This recent peanut scandal and product recall point up numerous flaws in the regulatory "apparatus" in the United States. The woefully inadequate inspection staffs and resources at both the federal and state levels mean that food safety cannot be assumed and is certainly compromised. The fact that companies are not required to divulge the results of internal tests to state or federal officials, even when they indicate serious contamination problems, came as a surprise both to legislators and to the public. There is no mechanism by which knowledge generated by a private company, in this case Nestlé, could become public knowledge even though it had the most serious repercussions (at least eight deaths) on U.S. consumers.

ANALYSIS

For all the movement of China's economy and commercial activity in the direction of a free market, capitalistic system, there is a world of difference between what we know as the interdependence of business, government, and the civil society sector in Western nations and what is to be found in China today. Although there are plenty of instances in the West where faulty products have found their way onto the markets, with and without the explicit approval of the manufacturers or distributors, nevertheless the tainted milk scandal points to some sharp differences between conditions in China and in the West.

First, the business-government relationship in the Chinese context seems quite distinct from that in the U.S. context. In both contexts, governments play both a regulatory and a protective role – regulating business against unlawful behavior and protecting and supporting lawful business operations. Yet, in the Chinese context, the government's role also often has the added paternal element, owing to the long Confucian tradition. As a result, the protective role sometimes may take precedence over the regulatory role. When Sanlu asked for help, the municipal government immediately stepped in and sided with Sanlu and complied with Sanlu's requests.

Unfortunately, the protective, paternal aspect of the local government was inherently partial and enabling. With the belief that it was protected by the local parent government, the company repeatedly assured the public of the safety of its products and denied any quality problems even though the company knew that its products were tainted, until the local government could not protect it any longer. Without the protective involvement of the municipal government, Sanlu might not have been able to be so unwavering in its stance toward its tainted milk products. The peanut butter case, in contrast, was marked by a lack of governmental awareness and involvement. The Plainview, TX, plant was not even licensed. In short, in these two cases, the local governments exemplified two extremes: extreme protective involvement of the municipal

government in the Sanlu case and extreme lack of involvement of the state and federal governments in the peanut butter case.

In the United States, governments at the federal and state levels also combine regulatory and supportive functions. Under normal circumstances these two functions are reasonably well-balanced, often along partisan lines: generally the Democratic Party members will lean toward regulation, and the Republican Party members will tilt toward support. This will often change when Democratic legislators feel the need to support important businesses in their home districts. However, when a public safety problem is made public (the peanut butter scandal) or even a potential public safety problem (the beef recall) is identified, governments in the United States will quickly drop all semblance of support and shift entirely into their regulatory functions.

Second, the business-civil society relationship manifestly differs in the Chinese context than that in the U.S. context as well. In the U.S., the civil society often serves as a strong check on the business sector. This can be illustrated by the beef recall case, which was exposed by the Humane Society in the public sector. The Chinese society is marked to a large extent by an absence of such advocacy groups, mainly due to the one-party political system. Thus, when Wang Yuanping, the consumer who had doubts about the quality of Sanlu's products, started to investigate the product, his lone voice was soon squelched by Sanlu. The Consumers Association, which is a government agency, was ineffectual and did not provide much help to him. Thus, the lack of checks-and-balance from the public sector further tilts the power to the business sector.

Third, the business-media relationship again illustrates the dominance of business over media in the Chinese context. Although in the U.S., the media is largely owned and controlled by business, it is still generally believed to possess a high level of independence, compared with that in non-democratic societies. The fear of journalists of litigation and the license to litigate journalists by companies as illustrated by the story of Jian Guanshou, the journalist who first pinned down Sanlu in his report, illustrate just how unprotected journalists are in China. Further, the collusion between Sanlu and Baidu, the search engine company, demonstrates the power of business to control the public's access to information. Again, in this relationship, business seems to have the upper hand.

Finally, neither system can boast a perfect record in terms of consumer protection. While the more balanced relationship between business, government, and the civil society which has evolved in the United States and in other more developed economies, appear to offer a better chance for consumer protection compared to the more lopsided relationship in China – at least to Western minds, neither system can totally escape the harm done by individual (or corporate) greed, thoughtlessness, and downright immorality. The rogue executive who would knowingly ship products that had tested positive for salmonella bacteria and the rogue company that would continue to ship products knowing that they were causing harm and death to infants defy belief and also escape temporarily the safeguards imposed by even the best regulatory “apparatus.”

In conclusion, the business-society-government relationship in China sets itself apart from that in the U.S. due to its one-party political system and the Confucian tradition. The relative lack of independent watchdogs and advocacy groups and the relative lack of independence of the media

make it more difficult for irresponsible behavior by powerful corporations to be exposed in China. Further, the protective and paternal local government played an enabling role to the cover-up of the truth by Sanlu. Had the media been more independent and powerful and the local government not so protectively involved, the scandal might have been exposed earlier and fewer babies might have been sickened.

To what extent can the lessons learned from these three case studies be extended? Certainly the anecdotal evidence presented here is limited; nevertheless, it is useful in pointing us in some directions that are worth further study. We see that appropriate legislation and regulations are essential for consumer protection, but they can be subverted by lack of funding for monitoring and enforcement. We see that a robust civil society sector – specifically a minimum number of active advocacy groups and an unfettered, independent media – are essential if the excesses of business behavior are to be constrained. The media and advocacy groups are almost always acknowledged as stakeholders of businesses, but there has been far too little attention paid to their importance amongst business and society scholars.

These case studies also raise questions as to how the business-government-society relationship evolves. As an emerging economy grows and develops, does this relationship pattern itself after what we now see in the United States, Western European countries, and Japan? Or, as China continues to grow, will a quite different relationship unfold?

Finally, these cases should stir our interest in how a country's economic growth and the development of what we have termed its regulatory infrastructure are influenced by its history, its culture, its social structures, and its unique political system. In this paper we have only scratched the surface of this important research as it applies to China. As other countries such as India, Brazil, and Russia continue to gain importance in the world's geopolitical system, this question will provide a fascinating and fertile ground for further study.

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