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The Political Role of Chinese Consumer Boycotts for Beijing

ABSTRACT

This essay aims to discuss the political role of Chinese consumer boycotts for the government in Beijing. The French retail chain Carrefour witnessed the economic leverage of Chinese consumers in 2008 and will serve as an illustrative example. In the first part, it is shown how Chinese consumer boycotts are supportive for the Chinese government as they can lead to a gain of legitimacy. The part about risks then highlights how boycotts also can turn in a counter-productive threat. The essay concludes that to the extent that they remain under government control, Chinese consumer boycotts can be considered as supportive for the Chinese government, but also that they should not be underestimated - neither by foreign firms conducting business in China nor by Beijing.

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By

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Introduction

Consumer boycotts are feared by foreign companies in the People's Republic of China (PRC). Chinese consumers have demonstrated their economic leverage several times in the past 20 years: Carrefour (Nyíri 2009:1), Mercedes (Li & Jourdan 2018), Zara (Zhang 2019), Dolce & Gabbana (Williams 2019) and Starbucks (Fish 2018) have all witnessed such an impact since the turn of the millennium. This essay discusses the political role of consumer boycotts in China with the example of the Carrefour boycott. This case will serve as an illustrative example of how the phenomenon offers important political advantages, such as gaining legitimacy, but also what risks it hides for the Chinese government in Beijing.

It is not the first instance of such a consumer boycott (the same strong expression of nationalism was already evident in 2005 against Japan), though it was perhaps the first time that European countries experienced the strength of consumer nationalism. Furthermore, the boycott demonstrated the perils of losing the support of the Chinese population: 'The Carrefour boycott achieved the largest scale, by far the highest visibility, and perhaps the most success of any such initiative in China in recent years, but it was typical of a growing number of boycott appeals' (Nyíri 2009:5).

Context of the Carrefour boycott

The Carrefour boycott occurred in the spring of 2008 during preparations for the Olympic Games in Beijing. When the torch relay arrived in Paris, it was interrupted by Pro-Tibetan activists, which incited the anger of the Chinese population. 'Chinese national pride was injured by these incidents (particularly in Paris), resulting in an upsurge of Internet nationalism and public protests' (Shambaugh 2013:93).

In many cases, the Chinese government has reacted with economic sanctions when other countries have been perceived to have offended China's national interests. Economic sanctions correspond 'to the concept of economic techniques of statecraft' (Baldwin 1985:39) and can be defined as 'the deliberate, government-inspired withdrawal, or threat of withdrawal, of customary trade or

financial relations' (Hufbauer et. al. 2009:3). To the public, sanctions are often associated with trade-disrupting measures (Drezner 1999:3).

Recently, China has used sanctions on several occasions as the country became increasingly aware of the strength of its growing economic power as a tool of foreign policy. 'While China is cautious and defensive in its military and strategic foreign policy, its growing economic power has allowed it to be active in its economic foreign policy' (Harris 2014:120). For many observers, it is clear that China knows how to use this tool well: 'Beijing has been playing the new economic game at a maestro level' (Gelb 2010:38).

Norway was sanctioned in 2010 when the Norwegian committee awarded a Nobel Prize to Liu Xiaobo, a Chinese dissident, while in 2013, China levied economic sanctions against the Philippines in response to disputes regarding the South Chinese Sea. The government again initiated sanctions against South Korea in 2017 after the country installed a terminal high altitude area defence missile system (Harrell, Rosenberg & Saravalle 2018:5).

However, in spring 2008, the boycott against Carrefour was initiated by the people itself, not the government. On April 10, 2008, a post was published on Tianya, an internet forum with around 80 million users, calling for a boycott of French companies, including the chain Carrefour (Nyíri 2009:2). The company was one of the main targets, as a small percentage of it is owned by Blue Capital. Blue Capital is managed by the property group Colony Capital and French billionaire Bernard Arnault, who is the chairperson and chief executive of luxury goods group LVMH (Ransom & Macfie 2008). LVMH had ostensibly supported the Dalai Lama and the Tibetans with donations (Deeny 2009).

On April 15, the Chinese government declared the boycott as reasonable and lawful and many consumers stopped shopping at Carrefour (Nyíri 2009:2). The boycott can be seen as a success. The Chinese population expressed its anger, and the Chinese government, without doing much itself, received a similar result as could be achieved with economic sanctions: on April 21, the French president Sarkozy wrote a 'message of sympathy' to Beijing and apologised for what had happened (Spiegel Online 2008).

Due to efforts by the Chinese and French governments, the situation was calmed down, and relations were restored a few days after the incident involving the torch relay. Relations

subsequently remained friendly until Sarkozy announced his plan to meet the Dalai Lama in December 2008, which again triggered anger within China. However, on this occasion, it was the Chinese government that threatened France, this time with economic sanctions (Day 2008).

Gaining legitimacy - One of its main advantages

‘Like all politicians China’s leaders are concerned first and foremost with their own political survival. They don’t have to stand for election, but they face other political risks that democratic leaders do not have to worry about’ (Shirk 2007:6). The government must gain legitimacy through good policies and can only attract the support of the population when it delivers what is asked of it. ‘The government relies on accomplishing concrete goals such as economic growth, social stability, strengthening national power, and ‘good governance’ (governing competence and accountability) to retain its legitimacy’ (Zhu 2011:123).

Citizens of superpowers such as China and the US especially want ‘strong leaders who stand tall in the world.’ (Shirk, 2007:10) In the case of China, standing tall means showing zero tolerance when it comes to core issues. Subjects like Taiwan, Tibet, the United States, and the South Chinese Sea are some of them. In this sense ‘Chinese debates over international relations and China’s role in the world are inextricably linked to Chinese domestic politics’ (Shambaugh 2013:16).

Consumer boycotts may contribute to legitimacy for the Chinese government. They constitute an information channel, as they are an expression of the interests of the Chinese population. They can be seen as a sign for what the population wants Beijing to stand for when it comes to foreign policy: ‘Chinese consumer boycotts usually concerned China’s national sovereignty’ (Liang 2020). The 2008 Carrefour boycott showed the world that it is not just the Chinese government that does not accept criticism of the One-China policy but the Chinese population too (Liang 2020).

In spring 2008, consumers started boycotting Carrefour, but the government followed after the meeting between the Dalai Lama and Sarkozy later that year. The government needed to react sufficiently harshly and show they had listened to the people’s request earlier this year: that no one must be allowed to criticize the Tibet policy. ‘Demonstrations of popular anger can be helpful when the leadership seeks to signal resolve and demonstrate its commitment to defending the national interest’ (Weiss 2014:4). In this way, demonstrations of anger led to an even harder position of the government (Zhao 2013:551).

Therefore, one of the biggest advantages of consumer boycotts for Beijing is that they offer leaders a legitimate excuse to undertake harsher measures themselves afterwards. In this way, it becomes clear what Hoffbauer meant with the title of its article *China sends the Consumer forward* (Hoffbauer 2008). This willingness to tolerate and then curtail anti-French sentiment in 2008 reflects ‘many of the same considerations that motivate China’s management of nationalist protest more generally – calibrating the domestic risk while maximizing the diplomatic benefit of grassroots anger.’ (Weiss 2014:243).

It is for this reason that Carrefour is often considered a turning point: it was the first boycott that had been actively supported by the Chinese government. ‘This was the first time the government explicitly, though indirectly, endorsed a consumer boycott, and it was after this that the boycott became broadly visible to ordinary Chinese citizens’ (Nyíri 2009:2).

Risks of Chinese consumer boycotts for the Chinese government

The Chinese government is known for crafting and using nationalist sentiment to its advantage. The government wields influence with ‘government propaganda, intellectual debates, populous display of emotion and repulsion, or a mixture of all three’ (Yuan 2008:212). With its steady growth in economic power and international political influence, this control over people is important in international relations, as ‘how nationalism is handled can have a significant impact on relations with its neighbours and beyond’ (Yuan 2008:212).

China typically keeps nationalist sentiment under control and only turns it occasionally to its advantage. ‘Although Beijing is hardly above exploiting nationalist sentiment, it has generally used nationalism pragmatically, tempered by diplomatic prudence’ (Zhao 2005:132). However, there are exceptions:

It is also no secret that such sentiments cannot always be controlled to the extent that suits China’s leaders. This becomes a problem for the CCP when Chinese nationalists blame the state for perceived inaction, unprincipled compromises, or humiliations, or demand more or tougher action from it than the leadership is prepared to take (Guo 2012).

The Chinese government has witnessed several times how nationalism (which may cause consumer boycotts) can turn into a counter-productive threat, as was the case with the Zara consumer

boycott. The Spanish company was attacked on Weibo (the Chinese counterpart to Twitter) for featuring a Chinese model with freckles in one of its advertising campaigns for lipsticks. The model did not correspond to the Chinese ideal of beauty, which was widely criticised within China (Nyffenegger 2019).

However, the government did not see any political benefit in boycotting Zara; on the contrary, such a boycott would only result in economic losses and would likely worsen the country's relationship with Spain. Accordingly, it denounced the criticisms as unfounded and wrote via China Daily to the people: 'Zara 'insulting China'? Don't be so sensitive!' (Zhang 2019).

The anti-Japan protests after the dispute over ownership of the Senkaku islets (Taylor 2012) raised critical opinions in the Chinese national newspapers too. Boycotts may backfire: 'Blindly boycotting Japanese goods by giving way to sentiments could harm our own industries and exports and reduce employment' (Xinyu 2012).

As such, if the government does not do enough to reprimand the offending country for 'wrong' behaviour that could subsequently put the government in a sandwich position: on the one hand, they must follow the opinion of the population to prevent losing legitimacy, while on the other, upholding good relations with foreign countries is essential for China's foreign policy principles. Therefore, 'it is not difficult for Chinese leaders to realize that nationalism is a double-edged sword: both a means to legitimise the CCP rule and a means for the Chinese people to judge the performance of the state' (Zhao 2013:541).

Hence, consumer boycotts have political consequences and Beijing has to be careful that they do not become an independent phenomenon. 'Antiforeign nationalism can undermine Beijing's diplomacy with Western countries aimed at securing a stable inflow of foreign investment and technology as well as cultivating China's image as a peaceful and responsible player in the international community' (He 2007:22).

It is therefore understandable why the Chinese government supports some of the boycotts but typically tries to control 'the information available to ordinary Chinese citizens and manipulating their reactions to international events, ensuring that the situation does not backfire on the party-state or get out of hand' (Guo 2012).

In the case of the Carrefour boycott, Beijing was able to maintain control. Doing so was necessary because ‘the anti-Carrefour boycotts were becoming a distraction from the Olympics. The international media were following the boycotts. Instead of positive news stories about the Olympics, there were stories about the protests that would mention the problems in Tibet’ (Coombs 2013:115).

As a result, Beijing intervened to prevent further actions against Carrefour. For example, state censors made it difficult for organizers to speak online. Further, messages encouraging the boycott were blocked, and ‘typing Carrefour into Chinese-language search engines returned blank pages explaining that such results ‘do not conform to relevant law and policy’ (Jacobs 2008). On May 1, the police began dispersing protestors and arresting people. Eleven protestors were apprehended outside Carrefour stores in Beijing and Shenzhen, and the government managed to calm the uproar (Nyíri 2009:5).

Therefore, the Carrefour boycott is a key example of the benefits of a consumer boycott. It was supported by the government and stopped before it began to cause harm. However, it also showed how politically inspired popular movements could be difficult to control (Van der Putten 2008).

Conclusion

From a political point of view, consumer boycotts against foreign companies are a welcome instrument for the government in Beijing. They tie in with the strategic aim of the Chinese government of using soft economic power rather than military power in its foreign policy, and they support the government in gaining legitimacy on a domestic level. It might further be argued that consumer boycotts become even more powerful in the future as the purchasing power of Chinese consumers has been growing.

Their current economic leverage could be seen for instance in the Dolce & Gabbana case. In 2019, an advert published by the company and racist statements made by its CEO caused outrage on the internet, with considerable repercussions. Consumers shared videos of burning or destroying their D&G products. ‘Many consumers, in fact, returned goods and all major e-commerce platforms in China stopped selling their products’ (D’Arco, Marino & Resciniti, 2019:186). It was a big issue for the company as a large proportion of Dolce & Gabbana’s total sales are made in China (Gänger 2019). And the damage was not limited to China: ‘At both the Golden Globes and the Oscars, where in previous years Sarah Jessica Parker, Scarlett Johansson, and other top talent stepped out

in opulent Dolce & Gabbana gowns, no A-lister dared to risk alienating fans by donning the label' (Williams 2019).

This is why consumer boycotts are still of great importance in 2020. Especially in times of economic slow-down due to the COVID-19 pandemic, global companies do not want to see their bottom line decrease further because of a boycott in the often-strategic Chinese market. This essay therefore concludes, that to the extent that they remain under government control, consumer boycotts can be considered as supportive tool for the government in Beijing.

However, consumer boycotts are associated with more risk if the government loses its ability to control them. For example, China could face problems if the government is unable to start or stop them at the appropriate time. In such scenarios, boycotts could cause damage and endanger foreign relations, as well as the legitimacy of the government. This understanding is important to predict the behaviour of the Chinese government in the future and the potential effects on international relations. Chinese consumer boycotts should not be underestimated - neither by foreign firms conducting business in China nor by the government in Beijing.

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