

## Government Dominance and Oversight over the Private Sector, an American Nightmare

-Meg Timmons

Since the industrial revolution, business practices have evolved and shifted to become increasingly more efficient and expedient. The economy of the United States of America is a paramount example of this capitalistic business model. However they also fiercely protect original works with numerous copyright laws for original works of Authorship, and patents for inventions and discoveries(US title 17). These laws even protect it against government involvement itself. According to former Congressman Ed Zschau a government cannot force or strike down innovation, “it is fostered by creating an environment that emphasizes freedom of scientific and industrial activities”(Zchau pg3). Yet, in other countries such as the People’s Republic of China, their governments have tremendous control over the private sector and even go so far as to “formally provide [Communist Party of China] with the ultimate power over decision-making and personnel appointment.”(Zhang pg1). Many countries’ governments have more government control and oversight over large corporations and other private sector institutions than the United States government currently exercises, however the Communist Party of China serves as a fantastic foil for utilizing an almost polar opposite approach to the private sector.

In the United States, a company having autonomy of itself and freedom to choose their own strategies and personnel is the cultural norm, On the other hand in China, their government having the oversight and control to steer the direction of any private sector company is seen as alarming and even taboo.

Freedom of innovation is regarded by many as the backbone of the United States entrepreneurial values and these values have “dramatically and repeatedly expanded the rights of

corporations”(NPR). The United States government allows a wide breadth of latitude towards corporations, especially in regards to research and development. Not only does the United States protect the rights of its large corporations, and allow certain non-profits to “refuse to comply”(NPR) with federal mandates, but it supports people starting their own businesses and for them to completely own their own products or services. In fact, many “start worrying about the outsize influence that America’s largest companies and the people who lead them”(Frick pg2) have over the government. They fear that tech giants like Google or Facebook may be gathering more information than even the National Security Agency of the United States. However, many also point to the “countervailing force”(Frick pg3) through which “new companies disrupt old ones”(Frick pg3) to allow innovation and “creative destruction”(Frick pg3) to oust old companies and bring a fresh wave of insight, labor, and growth into the market.

In the United States one can certainly argue that companies have too much lobbying power over public policy, but the argument that government should be able to control the destiny of companies would certainly cause a significant backlash in the United States. In most industries, private citizens’, potential customers’, or customer and member data is invaluable. Being able to accurately It would be perhaps the ultimate cultural taboo to allow Congress or the Executive branch of the government to dictate if Uber needs to give up all data control to the United States government, or to completely control which games Electronic Arts would be allow to produce. Yet, this is exactly how business is handled in the Peoples Republic of China.

The previously mentioned hypothetical examples of Uber and Electronic Arts may seem outlandish, it is precisely what the Communist Party of China has done to its own version of Uber, Didi and its own gaming behemoth, Tencent. Didi was forced to delist from the NYSE and “[give up control of its most valuable data”(Chan) to a state-controlled third party. The Communist Part of China even slapped down its own gaming industry. “Tencent lost \$200bn in its market capitalization after regulators stopped approving new online games” which severely impacted the company’s market value.

This would be seen as a huge taboo in America to allow the government to control its property or its data. China has now even limited the amount of hours children can play online video games “to three hours a week from 8pm-9pm on Friday, Saturday, and Sunday”(Dillet). The President of China, Xi Jinping had famously said at the party’s 19<sup>th</sup> congress, “north, south, east, west and centre — the party is leader of all,”(Liu pg 1), and that obviously includes the private sector and the country’s own citizens.

The power that the Chinese government holds over corporations and its citizens would be seen as completely culturally taboo in the United States, but is seen as acceptable and the way the government should operate in China.

#### Work cited

Chan, Vinicy, et al. “Didi Weighs Giving Up Data Control to Appease Beijing.” *Bloomberg.com*, Bloomberg, 6 Aug. 2021, <https://www.bloomberg.com/news/articles/2021-08-06/didi-is-said-to-weigh-giving-up-data-control-to-appease-beijing>.

Dillet, Romain. “China Restricts Kids' Online Gaming to Three Hours a Week.” *TechCrunch*, TechCrunch, 30 Aug. 2021, <https://techcrunch.com/2021/08/30/china-restricts-kids-online-gaming-to-three-hours-a-week/>.

Frick, Walter. “How Worried Should We Be about the Power of Big Companies?” *Harvard Business Review*, 17 Apr. 2018, <https://hbr.org/2018/05/the-conundrum-of-corporate-power>.

National Public Radio. *When Did Companies Become People? Excavating The Legal Evolution*. 2014, <https://www.npr.org/transcripts/335288388>.

Liu, Xinning. "Chinese Communist Party Asserts Greater Control over Private Enterprise." *Subscribe to Read | Financial Times*, Financial Times, 28 Sept. 2020, <https://www.ft.com/content/582411f6-fc3b-4e4d-9916-c30a29ad010e>.

United States Code. Title 17, U.S. Government Publishing Office, 2011, [www.gpo.gov/fdsys/pkg/USCODE-2011-title17/html/USCODE-2011-title17.htm](http://www.gpo.gov/fdsys/pkg/USCODE-2011-title17/html/USCODE-2011-title17.htm).

Zhang, Xianchu. "Integration of CCP Leadership with Corporate Governance." *China Perspectives*, French Centre for Research on Contemporary China, 25 Mar. 2020, <https://journals.openedition.org/chinaperspectives/8770>.

Zschau, Ed. "American Innovation: Meeting the Foreign Challenge." *Harvard International Review*, vol. 6, no. 1, Harvard International Review, 1983, pp. 42–44, <http://www.jstor.org/stable/42759639>.

United States Code. Title 17, U.S. Government Publishing Office, 2011, [www.gpo.gov/fdsys/pkg/USCODE-2011-title17/html/USCODE-2011-title17.htm](http://www.gpo.gov/fdsys/pkg/USCODE-2011-title17/html/USCODE-2011-title17.htm).