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All the problems in China

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Chinese President Hu Jintao met President Bush today in Washington. Intellectual property protection was discussed, but the Chinese government is unlikely to do much to quell the problem, piracy expert Andrew Mertha tells host Kai Ryssdal. That's because China has too many other problems right now.

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HEADLINE: Professor **Andrew Mertha** of Washington University talks about where Beijing stands on piracy

ANCHORS: KAI RYSSDAL

BODY:

KAI RYSSDAL, anchor:

I bet by now you're kind of wondering, trying to figure out exactly where Beijing stands on piracy anyway. You hear about bogus computer software and knockoff Louis Vuittons. But then you hear stories like the one Jocelyn just reported for us, and you've got the president of the country saying he's going to fix things.

To get us closer to what the truth is, we've called **Andrew Mertha**. He's a professor of political science at Washington University in St. Louis.

Professor Mertha, does the Chinese government really care about piracy?

Professor **ANDREW MERTHA:** Intellectual property, as much as it's a high priority for Microsoft or Time Warner, is a fairly midlevel-to-low priority for Beijing. It's not to say that it's not considered an important issue, to see enforced a little bit better, but it's

something that is not quite at the level of something like population control or larger macroeconomic issues.

RYSSDAL: Am I going too far if I say then that the Chinese central government implicitly condones piracy and intellectual property theft?

Professor MERTHA: My sense is certainly that at the national level, intellectual property is taken seriously, but in many cases, particularly in smaller rural, more local towns, villages, sometimes the entire local industry is dependent upon intellectual property violating manufacturing to keep people employed and to provide the budget for the local government.

RYSSDAL: And so what we have here is a political and economic problem for the central government because this intellectual property violation keeps the economy going. And the government in Beijing then doesn't have to worry about peasants becoming hungry and starved and economically upset and thus protest.

Professor MERTHA: Well, exactly. And you lead into, I think, an even more important dimension which is not talked about very often, but it's certainly the one that keeps leadership in Beijing, as well as local leaders, awake at night. And that is the notion of social unrest. When you go up to the northeastern part of China, you go to the Rust Belt, you've got upwards of 50 percent unemployment or higher. And so you've got these people either milling around on the streets or finding some sort of work either in manufacturing or in sales of pirated or counterfeit goods.

If you're the local government or if you're the national government, are you going to clamp down in order to protect intellectual property or are you going to look the other way to somehow mitigate against societal unrest. And, to me, it seems like that would be a no-brainer for the authorities.

RYSSDAL: We hear, it seems, every couple of months from China that they're doing something to crack down on piracy and intellectual property rights. How come nothing ever changes?

Professor MERTHA: Very often intellectual property is painted as a legal issue or as a cultural issue. And what it really boils down to is an economic issue. Everybody I've spoken to, whether it's the pirates, whether it's consumers from the underdeveloped southwest to bureaucrats in Beijing have said the same thing, and that is that the pricing has to change in order for there to be any kind of improvement of the situation. I mean, if it caused \$300 or \$400 to buy Microsoft Office, that is if you can find a legitimate copy of it vs. a dollar on the street, what are you going to do? And it's this economic dimension to it, this notion of pricing that I think is really at the root of any kind of overall solution to the problem.

RYSSDAL: **Andrew Mertha** is a professor of political science at Washington University in St. Louis. His book on intellectual property in China is called "The Politics of Piracy."

Professor Mertha, thanks so much for your time.

Professor MERTHA: It's been my pleasure.

RYSSDAL: You can see all of our piracy coverage on our Web site. It's marketplace.org