

ELIZABETH ECONOMY ON CHINA'S ENVIRONMENT

When Beijing won its bid for the Olympics in 2001, it promised to deliver a “Green Olympics.” As a result, many China watchers in and outside the country believed that the Olympics would prove a transformative event for the country in its environmental protection efforts. However, in the months preceding the 2008 Summer Games, it became clear that while money had been spent and effort expended, the result would fall far short of a Green Olympics. Instead, Beijing would have to rely on a number of stop-gap measures to ensure clean air and adequate water supplies: pulling a million cars off the road, piping water in from Hebei Province, and shutting down a wide swath of factories surrounding the capital.

As China’s Olympic glow fades, its environmental challenge remains daunting. China is home to 20 of the world’s 30 most polluted cities; two-thirds of its agricultural land is affected by acid rain; 14,000 new cars hit the road every day; and only one percent of the urban population breathes what the European Union considers to be clean air. Water resources in China are unevenly distributed—with the heavily populated and industrialized North possessing only one-fifth of the water supplies of the South. Two-thirds of people in rural areas lack access to piped water—and the depletion of underground water supplies has led to ground subsidence in places like Shanghai. Moreover, rising sea levels due to climate change pose a significant

Elizabeth Economy, Director of Asia Studies at the Council on Foreign Relations, gave a talk on the major issues facing China’s environment at the Atlantic Philanthropies in New York City on Monday, December 15, 2008. The following is a summary of her talk.

threat to more than 100 million people living in China’s coastal areas.

These environmental circumstances have a wide range of economic and social implications. A number of international and Chinese-produced studies suggest that environmental pollution and degradation cost the

Chinese economy the equivalent of ten percent of GDP annually. The health of the Chinese people is also at risk. China’s Ministry of Water Resources has reported that half the country drinks contaminated water, and 190 million drink water that is so contaminated that it is dangerous to their health. In 2007, the World Bank and China’s State Environmental Protection Administration issued a report that indicated that more than 400,000 people die prematurely every year from respiratory disease related to air pollution; the actual number, according to some World Bank analysts, is as high as 750,000. Perhaps most troubling for China’s leaders, poor environmental conditions spark approximately

50,000 disputes and protests each year. While these protests have traditionally taken place in China’s rural areas, they now increasingly occur in urban centers as well, engaging middle class, educated Chinese.

China’s leaders are quite concerned about the environmental situation, not only for domestic reasons, but also because the country’s interna-

tional reputation is at stake. China is now the world’s largest contributor to global climate change, as well as to pollution in the Pacific. The proliferation of food



A dead fish is seen at a dried-up reservoir due to water shortages on the outskirts of Yingtan, Jiangxi Province, on March 21, 2008. Photo credit: Stringer/REUTERS

safety scandals has also put the government on the defensive concerning its environmental practices. As a result, Beijing has moved forward aggressively with a number of impressive environmental targets and campaigns to address its environmental challenges. It has also welcomed international assistance both in terms of technology transfer and capacity building.

Yet, the ability of China to turn its environmental situation around is constrained by the very nature of its political economy. The amount of human and financial capital Beijing invests in environmental protection remains shockingly low: only 1.3 percent of GDP is invested in environmental protection; and there are only 300-odd people working at the Ministry of Environmental Protection in Beijing. Moreover, both the cost of resources such as water and the level of fines levied on polluting factories remain well below the level necessary to encourage conservation of resources and adherence to environ-

mental regulations. Under the current system, it is often cheaper for Chinese polluters to pay a fine and continue operating than to invest in cleaner technologies.



A boy sits next to a pile of rubbish at a recycling center in central Beijing on November 4, 2008. Photo credit: Stringer/REUTERS

tough economic measures or expanding the political space to allow for non-governmental organizations, an independent judiciary, and the media to become effective agents of transparency and enforcement. Until there is real reform of China's political economy, it is difficult to see how Beijing will be able to achieve the environmental improvement it desires.

The weak political capacity for environmental protection also undermines Beijing's desires to improve the situation. Enforcement is confounded by endemic corruption, and meaningful environmental progress will require greater transparency, accountability, and the rule of law. As it stands, China's leaders are unwilling to take the risk of either taking