

Opinion & Analysis

China must tame economic dragon or face disaster



JOHN GIBBONS

A radical economic rethink is now needed by the Chinese leadership

SICHUAN PROVINCE was this week rocked by the most severe earthquake to hit China in 32 years. The country's co-ordinated response to the disaster, with 50,000 troops quickly dispatched to help in the rescue effort contrasts with the shambolic response of neighbouring Burma to the cyclone that recently battered it.

Unlike bankrupt Burma, China is today the workhouse of the world – and its fastest growing major economy. It is harnessing the energy and industry of its vast population to take advantage of the markets opened up to it by its recent gung ho embrace of globalisation.

Three little words have come to symbolise the opening of this new era in modern history. They are: “Made in China”. For instance, the US retail giant, Wal-Mart has some 60,000 suppliers worldwide, yet over 80 per cent of these are based in just one country – China.

Its boom has meant a consumer bonanza. Irish shoppers can now buy a decent pair of jeans or two sweatshirts for less than €10. The Irish Congress of Trade Unions reckons that the price of clothing is now only 60 per cent of what it was back in 1996. This is due in the main to cheap Chinese imports. It's hard to

describe the China of 2008 without slipping into superlatives. A single country with a fifth of the world's entire population, it has in just a decade or so become the world's biggest exporter. It will soon eclipse the US as the largest economy on earth. For many decades an inward-looking society, when the country finally decided to embrace capitalism (while retaining its ruling communist dictatorship) it has done so with astonishing enthusiasm – and effect.

And while the seismic nature of China's economic metamorphosis has been felt in every corner of the globe, so too have the increasingly nasty aftershocks. Within China itself, its highly polluted environment is reckoned to cost the country around \$200 billion (€129 billion) – or around one tenth of its entire annual gross domestic product.

Every six days, China commissions a new coal-burning power plant to feed burgeoning demand for energy. In a single year, it adds the equivalent of Britain's entire energy network to its grid. Just one of these plants recently commissioned in Inner Mongolia burns 40,000 tons of coal a day. Relentless Chinese demand for raw materials is levelling the tropical forests of Cambodia, Thailand and

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the Philippines. With these virtually exhausted, the Chinese dragon is now roaming further afield. China's economic demands may well have also razed the remaining forests of Asia within two decades.

As it imports timber, oil and ores, China exports deforestation, species extinction and ecological chaos to its trading partners as we in the West have done for decades. Its fastest growing “export” is pollution, and it's no longer just a domestic problem. China will also shortly be the world's largest emitter of CO₂ – a pollutant that respects no borders. Within China an estimated 300,000 people a year die as a result of air pollution. Sixteen of

the world's 20 most polluted cities are Chinese. This is the price of the country's massive dependence on cheap but filthy coal as its primary energy source. Intensive agriculture is already leading to diminishing returns: every year some five billion tons of topsoil are eroded and blown away, while in the same period the country loses around one million acres of grassland to desertification.

Feeding a fifth of humanity with only 7 per cent of the world's fresh water is an epic challenge. This is especially so now that industry is competing for and contaminating the very water the country depends on. Intense use of fertilisers to boost agricultural output is also adding to the toll of water pollution. About 500 million people in rural China now depend on tainted water.

Aquifers account for two thirds of China's fresh water, and these are declining precipitously. The country's (heavily polluted) great rivers are mainly fuelled from the glaciers of the Himalayas; global warming has thrown them into headlong retreat. China's growing thirst for oil is no less insatiable and it's helping to drive world crude prices, which this week approached \$130 (€84.20) a barrel. Its hunger for commodities is one of the

drivers in recent global food price hikes and shortages. For many ordinary Chinese people, as well as their leadership, the country's economic success is a source of immense national pride.

China is now involved in a massive gamble; it is trading sustainability and environmental destruction for the promise of security and prosperity it sees in Europe and the US. And it might, in a sense, succeed. Barring disasters, China will have a middle class of 700 million people by 2020. And here's the crunch: for this to happen, the resource use and environmental impacts of the entire human race would have to double – in just 12 years. This is nothing less than an apocalyptic scenario.

In the past, the Chinese administration has moved decisively to deal with critical threats. Its “One Child” policy wasn't popular, but it worked. For all our sakes, an equally radical economic rethink is now needed. As long as we in the West lecture China to do as we say, but not as we do, that prospect remains remote.

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