Extensively illustrated survey of China from the ancient past to the Olympic Year of 2008 with an emphasis on the modernization of China since the death of Mao in 1976. Ideal for student, first-time visitor to China, or Olympic viewer.

China: From the First Chinese to the Olympics

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Alden R. Carter

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Chapter 12
China's Century?

The rapid emergence of a modern and confident China is an event so momentous as to be without precedent in world history. At the time of Mao's death in 1976, China was an impoverished third-world country. Today, China leads the world in the manufacture of consumer goods. It ranks third in factory output, first in agricultural production, and third in trade. In 2006, it surpassed Japan as the world's second largest producer of motor vehicles. Overall, it has the world's fourth largest economy.

Mao's commune system strangled the creativity and energy of the Chinese people. Its replacement by Deng Xiaoping's socialist market economy lifted 350 million people out of extreme poverty and released a flood of entrepreneurial activity.

Mao's Great Cultural Revolution went so badly awry in the decade before his death that China nearly dissolved into chaos. Today China has a stable if sometimes repressive government and an evolving legal system.

A nation with few friends and fewer admirers during the Maoist era, China is today a major force in international forums, its "soft diplomacy" exerting influence throughout Asia and beyond. With the reputation and example of the United States badly tarnished by American actions in the Middle East, many nations look to China for leadership in the evolution of peaceful co-existence among nations.

A visitor to the 2008 Olympics can be forgiven for concluding from the immense activity and progress evident around him that China's future is bright and that the 21st century may indeed prove to be "China's century." The reality is more complicated. For all the successes of reform in China, huge challenges lie ahead. China's status as a superpower is precarious. A reversal of the progress made since the pragmatists took charge in 1978 could throw the world into economic chaos and threaten peace and stability far beyond China's borders.

This may or may not be China's century, but what happens in China in the next decade or two may well determine the future of the world in our time. Although no one can predict with any certainty the shape of the future, we can at least examine a few of the critical issues facing China and what affect their outcome may have on the world.

Mao and his times are fading memories in today's China.

THE STABILITY OF THE GOVERNMENT

Since the Tiananmen Square demonstrations in 1989, continued rule by the Chinese Communist Party has been based on an unwritten understanding between the Party and the people. The government under the control of the CCP will provide prosperity in exchange for the power to repress political movements—particularly democracy—and civil rights seen as threatening the stability of the regime. The understanding is not without challenges both internal and external. In private, a large number of Chinese express a longing for a true multiparty state with universal suffrage. The United States and other democratic nations continue to pressure the PRC to liberalize civil rights. Yet

the majority of the Chinese people, at least for now, seem content to let the CCP remain in power so long as China's economic development continues at a rapid pace.

Scene of bitter fighting between soldiers and workers in 1989, Changan Boulevard is only another busy avenue in modern Beijing.

The leaders of the CCP have taken steps to legitimize the rule of the Party. Beginning with the diminution of Mao's cult of personality by Deng Xiaoping, the Party has worked to ensure that no single person will ever wield such power again. The constitution has been revised to resemble more closely those of the western democracies. The regular and nonviolent change in leadership has been one of the most important results of this adherence to constitutional requirements. In 2003, Jiang Zemin and Zhu Rongji left office after their mandated terms and were replaced by Hu Jintao (1942–) as president and Wen Jiabao (1942–) as premier.

Hu Jintao

The CCP has codified laws and developed the legal system, making China a nation of laws rather than powerful men. The accessibility of common folk to the courts in formal proceedings has added immensely to the perception that those accused of wrongdoing or seeking justice in a serious civil matter can expect verdicts according to the law rather than at the whim of Red Guards or Party bureaucrats. The courts handle few civil disputes since about 90% are resolved by the 980,000 mediation committees made up of informed citizens, a traditional way of resolving conflict in China that predates the revolution by millennia. Formalized by the CCP after the revolution, these committees were radicalized and given expanded powers as "people's courts." Restored to their traditional function under reform, they work well with only the rare civil dispute being appealed to the regular courts.

Hu Jintao and Wen Jiabao are the first president and premier to grow to adulthood since the revolution, giving rise to hopes that they may be more

democratic than the leaders of the past. Ready access to the courts has been accompanied by limited democracy at the village and township levels. As the populace gains experience with the legal system and the electoral process, the people will become more assertive in their use, putting additional pressure on the CCP to liberalize civil rights.

The press has become more daring in discussing problems. The leaders, in turn, are more honest in responding. However, the government has resisted opening the flow of electronic information, spending heavily on Internet policing.

Freedom of assembly is still curtailed. Only government sanctioned unions and civic organizations are permitted. Participants in unauthorized public demonstrations risk retaliation. In December 2005, reports reached the West that twenty demonstrators in Dongzhou had been shot by police during a protest over the construction of a power plant. Undeterred, demonstrators still take to the streets in surprising numbers. The decade between 1995 and 2005 saw an increase in local protests from 10,000 to 75,000, according to the government's own reports. Faced with this trend, the government is being pushed to negotiate more and use repressive tactics less. Eventually, independent labor unions may become necessary to preserve domestic peace.

A sign of the times: a Beijing subway train passes advertisements for McDonald's.

The success of the economy under reform has improved the lives of the vast majority of Chinese. However, the benefits are not equally distributed. Coastal provinces, workers outside of heavy industry, and the vast army of CCP bureaucrats benefit the most, inland provinces, industrial workers, and most agricultural workers the least. Poor housing, the decline in the quality of government services, and pollution brought on by rapid industrial development have a disproportionate affect on the less fortunate. In July 2007, Premier Wen Jiabao announced a new national health care plan to address the decline in health services.

Disparities in economic well-being threaten the return of the class divisions that eventually tore the old China apart and led to some forty years of violent upheaval. While maintaining the free market and the success of economic reform, the government must equalize the benefits through taxation and careful allocation of resources or risk the possible disruption of the socialist market economy by class hatred and violence.

The Chinese military possesses such overwhelming force that it is unlikely that independence movements in Tibet, Xinjiang, or elsewhere can successfully challenge the rule of the CCP. However, the recent history of Europe, the Middle East, and the United States has demonstrated the ability of a few violent extremists to disrupt societies. The Chinese government reports that Muslim revolutionaries in Xinjiang have sought and received help from international terrorist networks.

Provincial governors and military commanders have exercised considerable power in China for centuries. Even in the Maoist era, they often resisted direction by the central government. It is unlikely that any of these powerful officials will risk open rebellion. There is the risk, however, that prosperous provinces may refuse to abide by national policies that threaten their own prosperity for the benefit of less successful provinces. Often the central government has difficulty collecting all the taxes owed by provinces, some large corporations, and the very rich.

As part of the modernization program, China's military is better equipped and trained than ever before. Since the revolution, the army has been consistently—and often surprisingly—amenable to the leadership of the CCP. The Lin Biao plot, the only significant attempt since the revolution to manipulate the army's power, failed because of the loyalty of senior military officials. Army leaders have largely favored reform, but there remains a deeply conservative streak in their thinking. If they perceive that the reformers are going too far or if unrest threatens national stability, the army

may cast aside its traditional subservience to the Party in favor of direct action and military rule.

Corruption, paternalism, patronage, and the emergence of a new, albeit small, class of the very wealthy could undermine the Party and the government. In 2007, China suffered a public relations disaster when tainted pet food killed dogs and cats in the United States. Investigations by the media revealed other tainted exports, including cough syrup, thought responsible for the death of ninety people in Panama. Zheng Xiaoyu, head of the State Food and Drug Administration, was tried, convicted, and executed for accepting bribes to approve untested products for export.

Only weeks later, American toy companies recalled millions of Chinese-manufactured toys because of lead paint and choking hazards. One Chinese factory owner killed himself. As this book goes to press, the Chinese government is trying desperately to implement effective testing and regulation to reassure trading partners that China's exports will be safer in the future. Foreign companies doing business in the PRC will need to cooperate with the government's effort. All too often foreign companies have been willing partners in bribery and avoiding regulations. Until foreign companies and the governments of their home countries improve business ethics, problems with safety seem likely to continue.

UNCONTROLLABLE FORCES?

For all the problems unresolved or created by reform, the overwhelming evidence demonstrates the huge and far-reaching success of the pragmatic policies initiated by Deng Xiaoping and ably executed by his successors. But reform has unleashed forces that may be beyond any government to control

Among history's lessons two in particular seem to put in doubt the ability of the CCP to maintain its current position. The overturning of regimes and sometimes entire governmental systems usually occurs not when the population is ground down and largely destitute of hope but in times of rising expectations. So it was in 1911 when the Nationalist Revolution overthrew the rule of the emperors. Today, the expectations of the Chinese people are much higher and—if history is a guide—the rule of the Party is similarly at risk if it fails to introduce democratic reforms to match the progress in the economy.

Likewise, a prosperous and expanding middle class usually provides the political leadership of revolutionary movements. Virtually nonexistent a generation ago, China's entrepreneurial middle class is today a dynamic and growing segment of society. Deng Xiaoping recognized the need for a middle

class to lead and provide the example for economic reform. Today, that same middle class is increasingly unhappy with its lack of political power. The Democracy Movement may be quiescent in China now, but it seems certain to recover a voice eventually, as it did in 1911, 1919, 1957, 1978, and 1989. The next time the combination of the passion of the students and intellectuals and the economic resources and pragmatism of the middle class may combine to pose an even greater threat to the regime than presented by the Tiananmen demonstrations of 1989.

Shanghai's Maglev train runs from the airport to downtown at a speed of 267 miles/hour (433 km/h).

CONTINUED ECONOMIC GROWTH

Economic growth at the current rate of 9% may become difficult for China to maintain. China has been fortunate in the era of reform, but inflation, business conditions elsewhere in the world, regional or internal unrest, the availability of critical resources, natural disaster, international relations—particularly with the United States—and a host of other factors could cause a downturn in the economy.

China graduates more students with business degrees than any other country in the world, but there is still a lack of skilled management, particularly in state-owned enterprises. (According to a recent survey, only 20% of factory managers had business degrees.) Despite the shift to the

socialist market economy, Party and government bureaucracies have grown under reform, creating additional layers of redundancy and lowering productivity.

The government still runs some 25,000 state-owned enterprises, most in heavy industry and utilities. Many factories are badly out of date, their workers frustrated by low or late payment of wages, and their managers overwhelmed by the complexities of competing in the global market. The state-owned enterprises continue to drain huge sums from the government treasury.

Agricultural incomes lag. The local manufacturing enterprises have not grown fast enough or competed successfully enough to absorb the excess labor in the countryside. In 2006, the government cancelled the agriculture tax, reducing the farmers' overall tax burden and providing a boost to incomes and rural employment. However, the gap between urban and rural incomes remains among the world's largest.

Inadequate transportation increases the cost of both agricultural and manufactured products produced in the interior provinces. Despite massive investment in infrastructure, China still lacks enough modern highways, efficient waterways, airports, power plants, and sewage disposal facilities. It will take years, probably decades, before China can boast an infrastructure on a par with that of Japan, the United States, and the European countries. Modernizing China's infrastructure will require immense sums, challenging the ability of the government and heavily taxed private enterprises to meet workers' demands for better living standards.

The cost of transportation and chemical fertilizers help drive high inflation in the cost of food. The price of foodstuffs was rising at 18.2% as of the fall of 2007, outstripping a 6.5% increase in household incomes at a time when Chinese families were already spending 37% of their income on food. (American families spend 14%.)

Wage inequalities, the length of the workweek, and working conditions are the principal concerns of workers in all industries. The government treads a thin line between rewarding workers adequately and maintaining the competitive advantage of Chinese products in international trade. Eventually, whatever the impact on the trade balance and economic growth, the government will have to increase worker compensation and improve conditions or risk an unacceptable increase in strikes and other work actions. The formation of free labor unions would give Chinese workers the opportunity to negotiate better wages, a shorter workweek, and safer and healthier conditions. But the CCP remains opposed, insisting that workers are

adequately represented by the largely powerless All China Federation of Trade Unions sanctioned by the Party.

In June 2007, the Standing Committee of the People's Congress passed a labor law that should correct some employer abuses, particularly the nonpayment of wages and the poor treatment of migrant workers. However, labor activists see the law as still too friendly to large companies, including foreign corporations doing business in China.

China's workforce is aging. Awash in excess labor today, Chinese industry may suffer from chronic labor shortages in twenty years.

Many grandparents take care of grandchildren while parents work.

FOREIGN TRADE

The growth of China's economy has been largely based on foreign investment, exports, and a large trade balance. China continues to attract foreign investment on a massive scale—an estimated $70 billion in 2007. However, investing in China or doing business directly with the Chinese is neither easy nor necessarily profitable.

Since joining the World Trade Organization, the Chinese government has reduced tariffs and worked to ease the difficulties encountered by foreign companies in China. However, regulations, taxes, and laws are often

confusing and their enforcement inconsistent. Appeal to the courts or regulatory agencies can be frustrating and time-consuming. Corruption and the expectation of bribes and kickbacks by bureaucrats complicate negotiations and threaten business ethics. Although energetic, Chinese workers often lack elementary skills. Government policies continue to restrict consumer spending. Taken altogether, these problems make it more difficult for foreign companies to earn acceptable returns on investment.

Foreign companies also have difficulty protecting intellectual property rights. For decades the PRC refused to sign the International Copyright Convention. It is now a signatory, but the piracy of CDs, DVDs, books, and computer programs is still a major problem.

Confronted with massive trade deficits, the United States and other nations have urged the government of the PRC to stimulate consumer spending. So far, however, Chinese policies have been focused on increasing sales abroad. The advantage that Chinese exports have is directly related to the exchange rate of China's monetary unit, the rimimbi, which is some 40% undervalued by 2007 estimates. An increase in the rimimbi's value would increase consumer spending, import sales, and the profitability of foreign companies while decreasing the deficits of China's trading partners.

The PRC's failure to move in the direction of a more equitable trading relationship with its partners has brought accusations that China is pursuing a mercantile policy overly favorable to its own economic development at the expense of trading partners, the future of the free trade system, and the health of the international economy. For the present, it appears that foreign companies find investment in China too tempting to pull back. Consumers in America and around the world enjoy the cheap prices of Chinese products. However, China's massive trade surpluses cannot continue indefinitely without risking the imposition of high tariffs and other trade restrictions damaging to all parties.

Vietnam, India, Indonesia, Pakistan, Bangladesh, and Russia are increasingly attractive to foreign businesses looking for cheap sources of labor and attractive business climates. A significant shift of investment away from China would bring downward pressure on China's economic growth.

INTERNATIONAL RELATIONS

China is increasingly the dominant nation in Asia, its economic progress envied and its political power acknowledged. The socialist market economy, where a single party makes the rules with the acquiescence of the population,

has become a tempting model for other authoritarian regimes, particularly in poor countries.

The United States has seen its reputation seriously damaged by its occupation of Iraq. The Bush administration's "neo-con" foreign policy is interpreted by Asians as bullying and a quest for domination. Equally disturbing to many Asian governments is the inconsistency of American foreign policy which may change in favor of a Democratic, pro-human rights stance once the Bush administration leaves office, only to swing back to the neo-conservative perspective in four or eight years.

Neo-cons within the Bush administration have painted China as an emerging military threat to the United States. With American forces stretched thin by the Iraq war, there are some grounds for these concerns. China has made considerable progress in modernizing its military and developing military applications of space and computer technologies. But in its long history China has never been an aggressive military power, and its defense budget remains only about a tenth of what the United States spends. Unless confronted with American military adventurism in Asia, it is unlikely that China will change its defensive posture.

The "soft diplomacy" of the PRC has won friends in Asia and beyond. A major trading bloc is emerging through the ASEAN Plus Three mechanism. It appears that the PRC is working toward recruiting many of the same nations into a regional defense alliance. Pakistan, an ally of the United States, has even closer ties with the PRC. Should Pakistan decide that its interests no longer coincide with those of the United States, America could lose a critical ally in the Middle East.

In August 2005, Russia and the PRC held joint military maneuvers in Shandong Province. In August 2007, Russia, China, and the other members of the Shanghai Cooperation Organization held maneuvers on Russian soil. During the exercises, Premier Putin announced that Russia was resuming long-range patrols by its strategic bombers, the first time this force has been deployed since the breakup of the Soviet Union. The patrols represent a further hardening of Russia's stance toward the United States. If Russia and the PRC resume the alliance that the Soviet Union once had with the PRC, together they could pose a major threat to the United States in either a nuclear or conventional war. Even without armed conflict, the possibility of a new Cold War concerns many diplomats.

The joint maneuvers were aimed in part at the threat of a remilitarized Japan. The Bush administration has encouraged Japan to enlarge its military budget and to expand the reach of its "self-defense forces." During joint

exercises with United States forces in the summer of 2007, Japanese pilots dropped live bombs for the first time since World War II—a step the Chinese saw as fraught with symbolism. Should Japan choose to increase its defense budget by a significant amount, China will react by spending more on its military, possibly leading to a dangerous arms race in East Asia.

Russia, the United States, China, and Japan have cooperated in the Six Party Talks with North and South Korea over the development of nuclear weapons by North Korea. In the summer of 2007, it appeared that North Korea was cutting back and perhaps ending its nuclear weapons program. Resumption will tax the patience of all the participants in the talks and possibly lead to threats of military action against North Korea by the United States or—possibly—the PRC.

The Donghai Bridge, the longest cross-sea bridge in the world (20.2 mi./32.5 km), connects Shanghai and the offshore port of Yangshan.

The general direction of China's foreign policy, including its relationship with the United States, has been toward peace. Its diplomats are as adept as any in the world at sounding harsh one moment, conciliatory the next. The Chinese are inclined to approach disputes with indirection, negotiating toward a solution that gives them an advantage but that does not crush adversaries, thus avoiding a lasting and dangerous bitterness on the part of the losers.

The PRC was the first nuclear power to renounce first use of nuclear weapons. In 1986, it renounced atmospheric testing. It agreed to the nuclear Non-Proliferation Treaty in 1992. Its representatives signed the Comprehensive Test Ban Treaty in 1996.

As well as the U.N., the WTO, ASEAN Plus Three, and the Shanghai Cooperation Organization, the PRC participates in a numerous other international organizations including the International Atomic Energy Agency (IAEA) and the World Health Organization (WHO). It maintains dozens of formal and informal exchanges of scientific information with other countries, including the United States–China Science and Technology Agreement.

President Chen Shui-bian of Taiwan

TAIWANESE INDEPENDENCE?

The future of Taiwan remains one of the world's most dangerous issues. Hoping to maintain the status quo, the United States continues a policy of diplomatic ambiguity. A clear statement denying the PRC's claim to Taiwan could lead to diplomatic and trade retaliation by the PRC. A statement recognizing the claim would amount to acceptance of the PRC's contention that Taiwan is a rogue province and the "cross-Strait relationship" is a domestic matter that China's central government would be justified in resolving by military action. Caught between dangerous alternatives, the United States can do little but urge both sides to seek peaceful resolution of

their differences while at the same time maintaining defense commitments to Taiwan and a major trade relationship with the PRC.

Pro-independence forces on Taiwan have become increasingly assertive. On March 4, 2007, President Chen Shui-bian announced a dramatic reversal of the "Four No's and One Without" policy, replacing it with the "Four Yeses and One No": 1. Taiwan wants independence; 2. Taiwan wants to change its formal name from The Republic of China to Taiwan or the Republic of Taiwan; 3. Taiwan wants a new constitution; and 4. Taiwan wants development. The "One No" (which might have been better left a "without") states that Taiwanese politics is without questions of left or right but only of unification or independence.

Both the PRC and the United States demanded that Taiwan's government return to the "Four No's and One Without" policy, but Chen pushed ahead. On July 19, 2007, Taiwan formally petitioned the United Nations for recognition as an independent country. The United Nations legal office returned Taiwan's application the next day, citing United Nations Resolution 2758 which declared in 1971 that the government of the PRC is the only legitimate representative of the Chinese people. President Chen's office responded: "Taiwan is a sovereign, independent country. Neither Taiwan nor China is subject to the other's jurisdiction. Moreover, Taiwan has never been part of China. This is the status quo."

On August 8, 2007, President Bush and President Hu Jintao reaffirmed their countries' commitment to United Nations Resolution 2758. Chen is scheduled to leave office in May 2008. It seems likely that he will seek referendums on a new constitution, on a change in Taiwan's formal name, and possibly on independence during the spring elections that will choose a new president. Only months before the PRC welcomes the world to the 2008 Olympics, a Taiwanese vote for independence could bring a superpower confrontation of potentially devastating consequences.

SUPERPOWER CONFRONTATION?

The options available to the leaders of the PRC and the United States are limited in the event of a Taiwanese vote for independence. The vast majority of the PRC's 1.3 billion people are fiercely dedicated to the unification of the Mainland and Taiwan. The power of the CCP is not invulnerable, and its leaders will have to take strong action to thwart Taiwanese independence or face an outcry from the Chinese people that would dwarf the Tiananmen protests of 1989.

Commitment to Taiwan is one of the "hot button" issues in American politics. A failure by the Bush administration to respond strongly to any action by the PRC would devastate the administration's popularity among conservatives and tear the Republican Party apart in an election year.

War between the superpowers is the worst scenario but not the only one. The PRC has some $1.3 trillion invested in the American economy, mostly in United States Treasury Bonds. A move to withdraw a massive amount would bankrupt the United States government and throw the American and world economies into depression. Or the United States could freeze the PRC's assets, bringing down the Chinese economy and probably the world economy as well.

The best hope is that careful diplomacy may lead to a continuation of the status quo. Eventually, social, economic, and political progress in the PRC may narrow the differences between the Mainland and Taiwan enough to make a "one China, two systems" alternative acceptable to all parties.

THE ENVIRONMENT

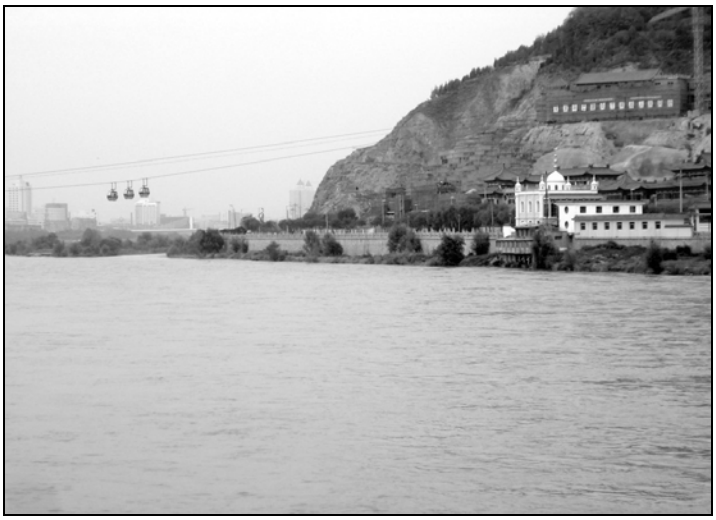
Modernization has taken a huge toll on the environment of China. According to the World Health Organization, seven of the ten most polluted cities in the world are in China, including the capital of Beijing. Labor complaints and pollution are the two leading causes of civil unrest.

According to the government's own figures, the air of two-thirds of China's 338 largest cities is either moderately or severely polluted. Diseases caused by air pollution represent the second leading cause of death in the PRC. China leads the world in the production of sulfur dioxide. An International Energy Agency report predicts that China will surpass the United States as the world's leading emitter of greenhouse gases by the end of 2007. The PRC signed the Kyoto Protocol on greenhouse gas emissions but, as a developing country, is largely exempt from the rules. So far, the government has refused to agree to limits on China's carbon dioxide emissions. However, the government is showing signs of increased action on emissions. In August 2007, Hu Jintao announced a massive reforestation plan to counterbalance carbon dioxide emissions while providing wood products lost in the destruction of so much forested land during The Great Leap Forward and the economic expansion of recent years.

Some 70% of China's energy production comes from the burning of coal. China is investing in cleaner alternatives, but coal will remain the mainstay of energy production for decades to come. Inefficient factories use far more energy than factories in the West to produce the same amount of such products as steel and cement. Unless China can import or develop technology that increases factory efficiency and allows the clean burning of its most plentiful energy resource, the cities will remain polluted and China will continue to pump huge amounts of greenhouse gases and other pollutants into the atmosphere. The pollution reaches far beyond China's borders. Carried by winds, China's particulate matter and acid rains fall on Korea, Japan, Taiwan, and even Los Angeles.

The glaciers that produce the Yangtze and many of China's other rivers are melting because of climate change. Some scientists predict that the glaciers may disappear in a century. A drought in the north has dried the Yellow River so that its waters no longer reach the sea in some years. In 2002, construction began on a massive pipeline system to divert water from the Yangtze to the water-starved north. The lines will follow three routes totaling some 2,300 miles (3,700 km), much of it over rugged terrain, to link China's four largest rivers, the Yangtze, Huang Ho (Yellow), Huaihe, and Haihe. As of 2007, 260 pollution control projects were underway to ensure the purity of

the piped water. Completed in stages, the pipeline system will eventually carry 11.8 trillion gallons of water. Beijing will start receiving water in 2008 with final completion of the entire system scheduled for 2050, when it will be ten times the size of any of the world's current water diversion projects. Besides the estimated cost of $62 billion, there will be other prices to pay in the alteration of the Yangtze Valley environment and the relocation of an estimated 400,000 people.



The mighty Huang Ho at Lanzhou, Gansu Province, becomes a trickle by the time it reaches the sea.

The effort to clean up the Yangtze is overdue. One 2006 study warned that without vigorous action, the great river would no longer support marine life by 2011. Already the huge Three Gorges dam project has drastically altered the river's environment. The hundreds of millions of people living in the Yangtze River Valley are increasingly affected by the river's pollution and the decline of once plentiful fish stocks.

According to the government, 70% of China's rivers are significantly polluted, making China's waters the dirtiest on the planet. Chinese industry uses 4 to 10 times more water than comparable factories in the West. Only about 50% of the sewage from China's cities is treated. The government is pushing to increase that figure to 70% by 2010. Current estimates are that the average Chinese has only about one quarter of the drinkable water per day that people enjoy in the industrialized West. In the north it is only about one

eighth. An estimated 400 million Chinese lack regular access to clean water. One of China's greatest challenges is providing enough clean water in the decades ahead for human consumption and irrigation while keeping China's factories and vast waterborne transportation system viable.

The loss of cropland in a soil-poor country is another problem. Only about 10% of China's land is suitable for farming, but it is being squandered as cities sprawl outward. Highway, factory, and pipeline construction chews up more. Acid rain falls on 30% of the country, damaging cropland and water. Carcinogens in industrial waste have poisoned productive lands and created hundreds of "cancer villages."

In the spring and summer of 2007, China suffered an international loss of face when some of its consumer exports were declared unsafe. Inside the PRC, the problem is far worse. An estimated 300 million Chinese are sickened by food-borne illnesses yearly. A reported fifty babies died in 2004 from unsafe formula. With tens of thousands of new enterprises fighting for business, the government is scrambling to install efficient regulatory mechanisms to protect consumer safety. Until it succeeds, Chinese consumers and customers abroad will be at risk.

As always, population growth remains a huge worry. Already supporting four times the population of the United States on approximately the same amount of land—but without America's abundance of good farmland—China cannot sustain many more people. Government population experts hope to stabilize the population at about 1.6 billion people by 2050. Success will come none too soon.

After years of paying little attention to the environment, the government is moving vigorously to combat environmental degradation. But regulatory agencies are pitifully understaffed. Enforcement can be sidetracked by corruption or by provincial officials determined to pursue economic growth at any cost. Too often, regulations are simply ignored. An estimated 95% of China's new buildings do not meet government energy codes.

Still, there are some reasons to hope that the leadership of the PRC has accepted that China can no longer pursue economic expansion while ignoring the damage to the environment. In his 2007 address to the National People's Congress on the state of China, Premier Wen Jiabao made nearly fifty references to pollution and the environment on his way to sketching out ambitious new goals.

The PRC spends about 1% of its gross domestic product (GDP) on environmental issues, one of the leading rates in the world. The challenges remain immense but, with the commitment of the government and the

willingness of the people to cooperate, the PRC may yet reverse the declining health of China's environment.

Shanghai

THE SOCIETY

Of all the changes wrought by modernization in China, probably the most profound is that people simply have more money. Deng Xiaoping's socialist market economy has lifted hundreds of millions from poverty and quadrupled family income. By various estimates 100 to 150 million people still live on less than a dollar a day, but the vast majority of the Chinese people have escaped the crushing poverty of the past. The availability of such basics as clothing, food, and shelter has markedly improved in a single generation. While few Chinese are rich, family incomes now permit such "luxuries" as stylish clothes, television sets, motor scooters, personal computers, cell phones, air conditioners, and refrigerators. Private car ownership, unknown thirty years ago, is booming. Ten people of every thousand own a car today—a tiny fraction compared to the American rate of 776 per 1,000—but ownership increased by 16% in the first six months of 2007 alone.

Modernization and the loosening of social controls have brought some undesirable changes. Crime, corruption, drug addiction, HIV/AIDS, and prostitution have all increased. Conservatives bewail the increase in divorce, premarital sex, and what they see as the decline of family and community traditions. Optimists tend to accept divorce and premarital sex as preferable to

stultifying traditions where bad marriages were expected to endure and arranged marriages matched young people who barely knew each other.

The best of Confucian traditions seem as strong as ever. Increased prosperity and social mobility have challenged traditions, but the Chinese sense of family and community remains strong enough, in the view of optimists, to weather the changes brought by modernity. Like Japan, China will likely remain a deeply traditional society where family ties and community bonds provide the individual with identity and aid in good times and bad.

A confident government has loosened control over some civil rights, allowing freedom of speech and religion to a degree unknown in Mao's China. In 2004, the constitution was amended to guarantee the right to own and inherit private property. Fully 90% of villages have held elections, and the people's congresses at provincial and national levels are more assertive today. A survey in the late 1990's reported that 82% of Chinese were satisfied with their government. The increase in civil demonstrations indicates that this figure may have fallen. Yet the understanding that exists between the people and the Party—prosperity for power—seems to be holding.

If and for how the long the CCP can maintain its position remains very much open to question. Like any similar relationship known in past eras between peoples and authoritarian regimes, the control of the CCP may ultimately be vulnerable to the innate human drive to control one's own fate whatever the risks.

As the Olympic year dawns, some dark and threatening clouds hang on China's horizon. But, altogether, the forecast is bright, promising sunshine for the Chinese people in the 21st century.

Extensively illustrated survey of China from the ancient past to the Olympic Year of 2008 with an emphasis on the modernization of China since the death of Mao in 1976. Ideal for student, first-time visitor to China, or Olympic viewer.

China: From the First Chinese to the Olympics