

How healthy is China?

China Institute China Debate
SOAS, University of London

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This 2nd Annual SOAS China Institute China Debate titled "How healthy is China?" was held at SOAS, University of London on 29 June 2015.

Food security, energy supply, environmental sustainability and rising inequality - these intertwined issues play a crucial role in the ongoing health, or otherwise, of any nation. In China, the world's most populous country, and one that has experienced the most complex and dynamic economic growth of the last two millennia, such issues are played out on a massive scale against a complex cultural and historical background, with national and global effect.

The SOAS China Institute houses the largest community of China scholars in Europe, with over 50 academics, and is host to the oldest professorship of Chinese in the UK. It harnesses this deep expertise to create a space where dialogue is always welcomed, where global business, NGO and government leaders, media and world-class scholars from across the world rub shoulders, argue, share knowledge and build understanding.

At our second annual China Debate, senior-level experts from different sectors will explore the question 'How healthy is China?' and offer their personal and professional insights into China's economic, political, cultural and environmental health.

Panelists

The panel followed a Question Time format, and audience members were asked to come with thought-provoking questions for our panellists:

- Sir Christopher Hum KCMG - Gonville and Caius College Cambridge, British Ambassador to China 2002-2005 : Moderator
- Ms Isabel Hilton OBE - CEO and Editor of chinadialogue
- Ms Beverly LW Sunn - Founder & President, Asia Pacific Properties Mobility Limited
- Professor Andrew G. Walder - Stanford University

Category : Education

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Transcript

This transcript is the product of a machine process and may contain errors.

0:18you
0:27stainless guests esteemed colleagues yes
0:32to welcome to the China Tibet
0:36my name's Michelle hooks and I'm the
0:39director of the psaos Chinese the way
0:44I've been homie over torture workshop
0:47client adapt to different weight or
0:52shoulder the National officially Andrew
0:54Poje to invent a party she'll books
0:56confirming sit out for my ship salmiya
1:00what I wanted under India South China
1:08Institute represents Europe's largest

1:10community of China scholars yes we do
1:14speak Chinese we teach and study child
1:18across a wider range of disciplines and
1:20in greater complexity than any other
1:23institution were also very focused so a
1:28stallion Street also harbors an explicit
1:30intention to promote dialogue about
1:32China between those who work in academia
1:35in business in government and NGOs and
1:40in the media and your China debate
1:44epitomizes this year's debate will
1:48devote itself to dialogue about the
1:51social economic environmental and
1:54cultural health education it's my
1:58distinct pleasure to introduce you to
2:02the moderator
2:04debate Sir Christopher Hum. Sir
2:08Christopher has an extremely
2:09distinguished career British diplomatic
2:11service culminating holding the coast of
2:14commodities ambassador to time he also
2:17recently served this master of God wanna
2:20keys college at the University is
2:23mischief observer an analyst in Chinese
2:25affairs and I'm delighted to say is
2:28currently registered as fast as a
2:30student now hand over Sir Christopher
2:33will introduce the other panelists
2:35formats tonight's event please join me
2:46usual attention we're leaving a shorter
2:49line i will switch back to english to
2:53say thank you very much for that so
2:54introduction it is correct right now a
2:58graduate student in service it wasn't
3:00here I would be revising for next week's
3:02exam on Southeast Asian art but then he
3:07was straight into the introduction of
3:10very distinguished set on my left I have
3:16a very soon even is one of the first
3:19American female entrepreneurs to
3:22establish a real estate and relocation
3:25firm in East Asia first Hong Kong and
3:29then she expanded into China in 1995
3:33she's based in Hong Kong but travels all
3:38time in mainland China secondly we have
3:43professor Andrew Walter he has a chair
3:48School of Humanities and Sciences at
3:50Stanford is a member of the department
3:53of sociology and also husband Institute
3:57of International Studies his previously
4:00told her to Columbia Harvard and Hong
4:03Kong
4:04do science and technology he's written
4:07extensively on China at his latest book
4:10which has come out this year is China

4:13under Mao a revolution derailed and then
4:19garland on my far left we have is about
4:22hilton she's based in london a writer
4:25broadcaster she has reported from around
4:29the globe she is the founder and editor
4:32of china dialogue which many of you know
4:35has a bilingual what would you call it
4:39web-based magazine dealing with
4:42environmental issues very affluent she
4:46has room for BBC radio television and
4:49for a number of the press written media
4:53as well now if i can just explain how
4:58the evening is going to run first I need
5:02to ask each of the panelists to give a
5:05short presentation on our topic how
5:07healthy is China as you heard they come
5:11from different places in the world of
5:13backgrounds that's of course is the
5:16point of bringing them to bear on this
5:19subject which could be interpreted in a
5:21lot of different ways
5:22political economic social environment
5:26they'll then be a short period of
5:28discussion between the panelists I
5:30invited comments on points raised by
5:34fellows in there additional
5:36presentations I then put final part of
5:40the session that will read some
5:42questions to be answered members of the
5:46audience might not sure whether the
5:48world are we at present have been
5:50invited to put in questions in advance
5:53we have chosen some excellent questions
5:55I've invited you audience members who
5:57are here to pose that question and they
6:00will be answered by so let us begin and
6:05I will talk to Beverly to make the first
6:07presentation thank you all for the other
6:11thing here it was in nineteen eighty-two
6:14years after dating shelf hang took the
6:17monumental serve to open chata stores
6:19who West that I just stepped into China
6:22crowds of blue uniforms would walk up to
6:26industry to stare at me because I more
6:29colorful up and said look like I had
6:31come from
6:33today of course everything looks as
6:35though they've walked out of that each
6:36album or boat magazine and I came from
6:4085 by founded in relocation real estate
6:42company in Hong Kong who continued my
6:44travels to china and in the early
6:47nineties i establish a presence there in
6:49shahi then grew to break Jane Lynch
6:52guangzhou with project in over 20 cities

6:56across china when my first employee off
7:00to me what my vision was in China I told
7:04them that it was simply to provide
7:06services with integrity to Western
7:09multinationals into when they work with
7:12Chinese companies who would want the
7:14same type of value-added services and
7:18here we are today I think we would all
7:21agree that China has enormous potential
7:24to continue to modernize yet is facing
7:26major challenges in considering the
7:29health of China their main possible
7:31metrics by which to measure your horses
7:33China's health economic growth education
7:38food safety environmental concerns
7:41political freedoms corruption the list
7:44goes on these forces are complex highly
7:47interdependent
7:49difficult to aggregate to come up with
7:51an overall assessment my opinion and
7:54rather than discuss these specific
7:56metrics overlap with mice view though it
7:59has qualified views of economics and
8:03politics I'd like to take a different
8:05approach instead having been in greater
8:09china for over 30 years i will give a
8:11humanistic perspective of the health of
8:13china after all china is comprised of
8:18each of its 1.4 billion individuals
8:24understanding how healthy chinese
8:26individuals are is another way to
8:29understand how filthy chinese as a
8:31country especially in such a highly
8:34productive society so how do you assess
8:38how healthy are China's people one way
8:41of capturing the overall thing that
8:44these many economic and social forces
8:46have a Chinese people is to look at what
8:49is important to the people of China what
8:53do people care about what needs are they
8:56trying to satisfy a good framework to
8:59analyze this question is one your wife
9:01can be familiar with Maslow's hierarchy
9:03of needs it describes the priority of a
9:08person's needs the foundation is the
9:11basis human need food water Bevacqua 1
9:17thess attain one can afford to move up a
9:19level and focus on safety
9:22javad shelter environment employment
9:26financial security health then comes the
9:30long relationships family friends the
9:34fourth is esteem gaining the respect of
9:37others material goods social stature and
9:40once all of these are achieved one can
9:43focus on self top actualization a higher

9:47purpose be that religion community
9:50service for improving Society Maslow's
9:53hierarchy as a way to assess the health
9:55of a person in the grander sense of word
9:59similarly the health of the country can
10:02be inward like turning what is most
10:04important to it and its people survival
10:07a higher purpose with something in
10:10between or similar
10:12the Chinese higher it differs somewhat
10:14from Laszlo's China's strong collective
10:19culture and values with ninety percent
10:21ninety-two percent of the people need
10:24Han Chinese one ethnicity one culture
10:29our based on deep relationships you all
10:33know that what she is one medal to be
10:37Chinese culture and it is the family in
10:42China relationships are not the third
10:44level with a parent but are part of
10:46survival one of the basis of human
10:49beings that is the basis not through so
10:53for today's discussion the Chinese
10:55pyramid has four levels not five so
10:59where is China on this modified pyramid
11:01of what is most important to people the
11:03dramatic shift from an agrarian society
11:06to the China today is more than simply
11:08the massive wealth creation that has
11:11occurred people have moved quickly be on
11:14the bottom tiers of hierarchy survival
11:17would say be directed to esteem and this
11:20has been mostly obviously manifested and
11:24materialism as the simplest way to gain
11:26self esteem and social status the rise
11:28of the Chinese consumer and focus on
11:32ludford brands and displays of wealth
11:34no it's only natural and part of the
11:38illusion these material displays
11:43represent the first time people have
11:46moved above the bottom tiers of the
11:48hierarchy and generations but a growing
11:52number of China's youth and leaders are
11:54already moving past the desire for
11:56worldly goods and our focus on broader
11:59societal hood a better environment a
12:02support system for the underprivileged
12:04the agent their parents the eradication
12:08of corruption people are increasingly
12:11spending their money on enriching their
12:13lives not my purchase a plus for goods
12:15but by exploring their own country and
12:18the world a hundred million Chinese
12:21tourists travel globally in 2014 why to
12:26experience and understand the cultures
12:28their art their music their architecture

12:31how they do business how the society
12:34functions foods that they enjoy and and
12:38as they do they bring that intangible
12:41souvenirs both solemnly and at the conch
12:46little batteries their travel shape
12:51their perception of the world and that
12:53is what is important to them my business
12:56is in corporate workforce mobility and
12:59we have been increasingly working with
13:01Chinese multinationals who are sending
13:03people across the ball these beyond
13:05executives are excited more often than
13:09not it's not because they see the
13:11International assignment is a means to
13:13their career and income but they're
13:16excited about the exposure and about
13:19bringing home best practices to further
13:21not only their career but their
13:23companies but also their country their
13:27focus on how they're learning can
13:28benefit China's future this is their
13:32self actualization their way of
13:34improving Society and they are already
13:37in the upper tier of this pyramid I'm
13:40not saying that everyone in China's yet
13:42at the top of Maslow's hierarchy there
13:44is a way to phone but overall the people
13:48of China have very much moving into the
13:50top two reps esteem and higher purpose
13:54that is help
13:57but just as with a medical assessment
14:00the absolute death threats are only part
14:02of the story no one if your patient is
14:05improving or on the decline completely
14:08changes your prognosis so let's look at
14:10the trend the trends i mentioned earlier
14:13global truck focus on improving Society
14:16these are all continuing to grow I
14:18mentioned 100 million Chinese tours in
14:212014 this year only predicted to be at
14:25140 million I increasingly see this in
14:29my daily life and in my work every word
14:32I turn and I meet young people and these
14:35are people who are 35 years in power my
14:38work and who are excited about the
14:41future that are also recently focused on
14:44integrity on learning and contributing
14:46to their society fundamentally what
14:49inspires me about China is the
14:51tremendous sense of openness and
14:54interest in the world optimism and dry
14:56that I see in the every generation you
14:59see this red mist in social media Weibo
15:02Reverend QQ and others social media is
15:06exploding and has enabled Chinese youth

15:09to congregate and express what is
15:11important to them what they value and
15:14it's not the discussion board about the
15:16latest car the trendiest fashions for
15:19the latest celebrity news it's about the
15:23environment food safety high standards
15:26of Education and improving the social
15:29good it's about integrity and doing the
15:31right thing for their family for their
15:33friends for their country it's about
15:35their supply of purpose they are
15:38increasing
15:38we at the top of this pyramid because
15:40they can afford to be there in
15:43conclusion and rapid pace a population
15:46of nearly 1.4 billion on his women from
15:49the devastation of the Cultural
15:51Revolution to being the second largest
15:53economy and soon to be worse it has done
15:58so through a tremendous vision
16:00orchestration and leadership of the
16:02government and drive of its people rules
16:05laws directives can all be there but
16:09unless you have a billion individual
16:12human spirits pro-actively embracing
16:15change making sacrifices seizing
16:19opportunities collectively in other
16:21words without shared values of what
16:24people feel is important this daunting
16:27growth could not have occurred China's
16:31people are keenly focused on Chinese
16:33challenges precisely because they can
16:35afford to care about grab for
16:37sustainable issues beyond their own
16:38survival or they're in the medical
16:41social status in other words because the
16:44country is a healthy advantage
16:46has been in decades and perhaps a
16:48history they are collectively assembly
16:51and as well as higher needs and are
16:53transformed the country into responsible
16:55global contributor so if you ask me how
17:00healthy is China I believe that although
17:03China still faced with many challenges
17:05it is arguably healthy and constantly
17:09focused on becoming healthier and
17:11whatever people may be in mount those
17:14hierarchy as individuals they are said
17:28every thank you very much I think
17:30there's some very holistic point said
17:33that we may come back to know if he was
17:373 so 2 okay I checked the world bank
17:42website this morning and last year it
17:45appears that China pulled even with the
17:47United States as the world's largest

17:49economy which is quite a milestone both
17:52economies are roughly 16 trillion
17:55dollars per year purchasing power parity
17:58turns China's economy has grown 16 times
18:02sighs since 1980 like to reflect on this
18:07landmark and what beats America's Amin
18:10and what it says about how far China is
18:13common but the
18:15I'd like to start by calling up a very
18:18wise Chinese economist was quoted about
18:22this number last year as it appeared
18:24that China was about ready to become the
18:27world's largest economy these are the
18:29foreigners take every number about China
18:32and multiply it by 1.3 billion said in
18:36China and take every number and we
18:38divide it by 1.3 good and in that spirit
18:41I'd like to talk about what this plan
18:44work means for how far China has gone
18:46when the future problems that it may
18:50face china's gdp per capita in saying
18:54purchasing power parity terms is 11,000
18:57both eleven thousand eight hundred
18:58dollars last year that's 10 times the
19:02number as a level measure of the level
19:04of development such as the size of the
19:05economy that's 10 * sup 10 times the
19:08size of the economy in 1990 it's double
19:11indian china
19:14you begin the reform and opening process
19:17in 1980 and roughly the same however
19:21this this ranks China 63rd out of some
19:24130 countries world it's at the bottom
19:28of the middle income Nestle of the world
19:32economies you start to enter the upper
19:35in commercial element around thirty
19:36thousand dollars per year there are 17
19:41countries that are of 40,000
19:46income so in terms of level of
19:50development to miss this surprisingly
19:52when I look through the website a couple
19:54of days ago what countries does China
19:57right with now in terms of its level
19:59developed these countries would include
20:02South Africa Serbia Peru Jordan the
20:07Dominican Republic and Colombian the
20:10level of development of countries in the
20:13middle income bracket like Mexico in
20:16Brazil are still fifty percent higher in
20:18terms of per capita income than China
20:22now we all know everybody has been
20:25noticing that China's growth is slow
20:27it's been ten percent a year roughly for
20:29several decades it slowed to about seven
20:32percent or less now real Bank

20:36projections and many economist project
20:38that within 10 years will be done to
20:40four percent maybe
20:42so the question is will China be hitting
20:47a plateau with a level off and will it
20:50be caught in what is often talked about
20:52the middle income trap trying to which
20:56will be at about the level of Mexico
20:59Brazil or will China China's rise
21:02continue and goal on the path of
21:05countries like South Korea which was the
21:07last country to move into the upper
21:09income potential or even earlier Japan
21:12and of course China's meters have the
21:15aspiration and Chinese people have the
21:16aspiration to continue moving on this
21:19over attract and not be traveling this
21:21building Covenant I'd like to argue that
21:24that right now the prospects look
21:28somewhat worried if you look very
21:29closely at some of the social figures of
21:33about inequality about wages size of
21:38their force and I'd like to just briefly
21:39discuss five things that are challenges
21:44first of all wages in china
21:47manufacturing in particular are rising
21:49rapidly the labor force is shrinking at
21:52the same time you have growth slowing
21:55secondly you have a rapidly aging
21:57population in a country that's still at
22:00a relatively low level of economic
22:02development third China has very high
22:06levels of income
22:08and it's levels of income inequality
22:10unusual for countries outside of Latin
22:13America and some Zaire Africa fourthly
22:17there are problems in the educational
22:20system especially basic level education
22:21in rural China which will affect the
22:25labor force in the future its ability to
22:27move up into higher value chain of
22:30production and finally china has a
22:33rather pronounced version of crony
22:35capitalism which decades ago was modeled
22:39after it was inspired by the Japanese
22:42corporate economy which as we all know
22:44has really hit the wall over the last 15
22:48years for reasons I'll talk about
22:49briefly now one of the prospects for
22:53China moving ahead since nineteen sixty
22:56only twelve countries have moved from
22:57the middle income to high income status
23:00others all the others have stagnated at
23:03the middle-income all the countries that
23:06have made it out of the middle income

23:08trap have had moderate levels of income
23:10inequality so the Gini index which
23:12everyone talks about China's was up in
23:16the low 30s 132
23:19teen 80s the higher this number the more
23:22unequal in economy is now all of the
23:25countries that made it out of the
23:28building contract had had genie indices
23:34below point for all of the failed cases
23:38were above 0 point for between point for
23:41and 145 China's current income
23:45inequality measure is point 53 which is
23:48really very high much higher than all of
23:50these countries that have failed
23:52actually to move on education China's
23:56population broader population not the
23:59students who know the best universities
24:00that we tend to see all the time we're
24:03very very talented and very well
24:04educated but the average level of
24:07education of the overall labor force is
24:11low and it is not likely soon China's
24:18Ministry of Education planes that fifty
24:21percent of labor force has some high
24:23school education ministry of education
24:26figures are based on governments at each
24:29level that report to the upper levels
24:31many students they have in school for
24:32which they get subsidies in the budget
24:35census takers who go to households can
24:38ask families how many people in the home
24:41have at least some high school education
24:43the numbers not fifteen percent is 24
24:47China's Ministry of Education their
24:50fingers say that the high school
24:52eighty-three percent of high school age
24:55population are in high school presently
25:00but the census data said fifty three
25:02percent these figures are lower than
25:05those countries that have become stuck
25:07at the middle income level lower
25:09considerably lower than countries like
25:11Brazil Mexico enter now I said earlier
25:16why will this while these numbers not
25:18improve well it's fairly simple public
25:21education in China is not free in fact
25:25it's fairly expensive especially in
25:27rural areas it turns out that was quite
25:30surprised to find this that China's
25:32rural high school education tuition and
25:36fees are the highest in the world five
25:38times higher than the next most
25:40expensive country which is Indonesian
25:44now what this means for China's economy
25:47is the following one reason for poor

25:51high school enrollments is the high
25:53demand for labor and the high wages that
25:55I mentioned earlier my presentation
25:57wages and manufacturing jobs are really
25:59quite high
26:00faster than the rate of the gamma growth
26:03in China there's an estimated one point
26:05three times for each worker in the
26:08manufacturing settle this is why wages
26:11have risen faster than the growth of the
26:12economy and I thought for many years
26:16that this would never be a problem for
26:17Chum because that being simply that the
26:19processing coastal regions and move into
26:23the interior to Sichuan down soon I
26:26places turns out however I've learned
26:29that the labor market nationwide is a
26:34single labor market wages of the same
26:36throughout the country in the interior
26:37and the coast and the workers who are
26:40willing to work that moved migrated to
26:42the coastal areas are ready for very
26:45long period of time so this means that
26:48you have you also have an aging
26:51population means that this labor force
26:53is shrinking in this trend will continue
26:55about roughly 2 million workers leave
26:59the labor force every year in China over
27:02the past 34 years in this number will
27:04accelerate as the population ages more
27:08quickly in the next decade or two this
27:12obviously will threaten the model the
27:15economic model that was so successful in
27:18last 10 years this export-led growth I
27:22will affect foreign exchange reserves
27:26trade surpluses foreign firms untold
27:30already are starting to
27:32their operations outside of China to
27:34other regions told that Samsung has been
27:37moving its operations to Vietnam this
27:39very large operations to be an AMA over
27:41the last five years I don't claim being
27:44from the University in Silicon Valley I
27:45don't claim any special knowledge but
27:48I'm tall that Apple is looking to
27:50relocate its operations to another
27:52country and opera is there seriously
27:55considering Indonesia in other words the
27:57exit of these these export oriented
28:00manufacturing firms has already begun is
28:02to accelerate and this is by China's
28:05leadership most observers are saying
28:07that China has moved to a different
28:09change gears and different models of
28:12economic development now I'll briefly

28:14mention obviously the budgetary
28:16implications of fiscal implications of a
28:18rapidly aging population which leads to
28:22a smaller ratio of people who are
28:24employed people who are retired this is
28:27happening at the same time the program
28:28is already slowing and because of the
28:31one-child policy that was enforced so
28:34rigorously for decades China's
28:37population is aging very quickly and it
28:40will be a country metal at the lower
28:42level of middle-income
28:44with an aging population it will be
28:46actually older than the United States
28:49ovulation within 10 years finally is the
28:54big question I think probably the
28:55fundamental systemic questions all these
28:57things that we've been talking about our
29:00women available by policy tomography is
29:04baked in the size of the labor force
29:05these are not things that any government
29:07can really easily respond to in the
29:10short run but the big question really is
29:13about what I've called this what's
29:15called the Beijing model or it's really
29:18a form of crony capitalism approximately
29:21thirty percent of corporate assets are
29:23still in the state sector many of these
29:26are large national champions they look
29:30very large very impressive especially in
29:32the world rankings of lard lard the
29:35world's largest corporations and forms
29:37of Fortune magazine's many of these
29:39however are actually former planning
29:41former industrial bureaus
29:45command economy days have been
29:47structured and reorganized and merged
29:49now these firms don't really operate in
29:52the same way as firms and other more
29:56market-oriented economies they have a
29:59monopoly or oligopoly position in the
30:01domestic market they are protected
30:05mostly from foreign competition from
30:08their being given bank financing from
30:11state banks at preferential rates and
30:14when they can't pay these loans tend to
30:16be rolled over and ultimately when
30:18they're not repaid the state banking
30:20system has to be recapitalised there are
30:23very high rates currently of corporate
30:25debt due to the investment-led stimulus
30:29package was really trying to come
30:33avoided economic downturn after 2008
30:38these firms are in many ways too big to
30:40fail there's a lot of national prestige

30:42vested in them but they're going to have
30:45to be restructured or partially
30:47privatized or be forced to face
30:51market-based competition and of course
30:53this is something that China's leaders
30:54know and it's in the economic reform
30:57plan that they
30:59published last year now this is an
31:03economy i said earlier it was inspired
31:05by the the japanese model of the 1970s
31:08and 1980s and i remember how everyone
31:11was worried that Japan was going to take
31:13over the world back in the 1980s but
31:16eventually the protectionism the crony
31:19capitalism led to stagnation in Japan
31:22and we all never worried I think China's
31:24leaders are aware of this and they're
31:26very illegal ways to avoid this kind of
31:29thing so very quickly I think my time is
31:32up but i'd like to say very quickly a
31:35postscript on corruption in the
31:38anti-corruption campaign you can
31:40tolerate a great deal of corruption with
31:42ten percent and new growth the current
31:45campaign against about corruption is
31:46highly popular in china it's long
31:49delayed and i think we all agree that
31:52it's something that's badly needed but
31:55the problem of reason why eruption is a
31:59problem the problem at Xi Jinping of
32:01other leaders see as one of the greatest
32:04threats to the future of the of the
32:06party in china stability is baked into
32:09the organization of the political system
32:10which deeply penetrates the organization
32:13of the corporate economy and it's very
32:15difficult as a private entrepreneur and
32:17all to do well without these good
32:19relationships with the local government
32:22and government officials so in other
32:24words to that the task awesome it's easy
32:27to understand what needs to be done this
32:29is a politically difficult task to
32:31restructure a large economy that large
32:35corporate economy and what really
32:38will stay the government's hand is that
32:40any changes that you begin to introduce
32:42will threaten to lower in the short-run
32:44growth rates even more and this is a
32:47party that really a season high growth
32:51rates as a central disability so in many
32:54ways they're a bit abstract dealing with
32:57it so I think
33:08thank you very much thank you very much
33:13mr. burned thanks to Michelle into so

33:16ask this kind invitation I think it's a
33:19very interesting moment to be talking
33:22about the health of China we've been on
33:24a whole rather positive about China for
33:2630 years very impressed with tiny
33:29miracle rate rose the kind of economic
33:32and figures that Henry was quoting but I
33:35think the best at the moment when we
33:37reached a point when world futures of
33:39that love with China. China is now such a
33:41weight the world that what about China
33:44inescapably effects I hear more and more
33:49anxieties the state of China here
33:52anxieties in Washington and hurt
33:55feelings in Washington we used to hear
33:57in vogue feelings in China there were a
33:59lot of that humans in the United States
34:00at the moment and about China's recent
34:03here in the great anxieties about about
34:10the strategic anxieties about China's
34:13rise and what sort of
34:15proved to be international world not not
34:19helped by the South and East China Sea
34:22and behaviors which I think have been
34:26thought to be disappointing but also the
34:29fear of the internal pressures created
34:31by the sort of nationalism of grievance
34:33which has been cultivated since 1989 as
34:37as the major national narrative a
34:40dangerous choice and it's a self-created
34:43trap if you like from China's leadership
34:45and the seesaw nature of China's foreign
34:49policy remains confusing to many your
34:54service and justice we're getting used
34:57to the idea that the Chinese economy
34:59would power long and be the motor of
35:02global growth as wasted economies
35:04spluttered after the great financial
35:07crisis the Chinese economy is slowing
35:09it's aiming at seven percent most
35:11observers think it's around 4.15 at
35:14present and for many of the reasons
35:16again that Andrew mentioned it's not
35:17likely to pick up very powerfully in my
35:21view just at the moment when China's
35:24trying to access it to to execute this
35:26this very important strategic shift from
35:28the old model T the low added value hi
35:32investment export-led high blue tomorrow
35:36the two moving up the value chain and
35:38all those things and relying more on on
35:41domestic consumption that's the exports
35:44and domestic consumption is growing but
35:47again for reasons of demography it's
35:49hard to see that being as powerful

35:51motors that needs to be invested is
35:53ensuring substantially and debt is a
35:56very heavy burden domestic consumption
36:00if you look at an aging population and
36:02you look at the the one-child policy and
36:04the impacts of that where you have a
36:06younger generation might be expected to
36:09to spend more a being responsible for
36:12aging parents and grandparents they're
36:15not going to have as much spare cash in
36:18the larger population outside of
36:20relatively privileged circles I think
36:25that the moment that China has reached
36:27is this strategic economic and pivot if
36:31you like China has set itself some
36:33really excellent objec- the 12th
36:36five-year plan if you're looking at the
36:38health of China fine with China's GP and
36:41I saw this patient arrived I looking at
36:43somebody who is getting on a bit and
36:45hadn't really lived very well in the
36:48last
36:48a few years have really missed me to the
36:51doctor's advice so if you look at the
36:53systems that support health in the
36:57ecological sense or mental sense never
36:59the health of its population and the
37:01health of the economy I would say it's
37:04looking pretty ropey rather like someone
37:07who in their late 50s decides to go to
37:09the gym they should have gone there 20
37:12years earlier China is now trying to
37:14execute a very creditable shift to a
37:17more sustainable model to be on the 12th
37:20planet and we'll continue the 13th plan
37:22the problem is that justice again do not
37:26labor this poor patient not refer to
37:28death but but if you give up smoking in
37:30your 60s it's not nearly as good as
37:32giving up in your 30s on although you'll
37:35feel better you still have a lot of
37:37damage and China is in that condition
37:39now China is trying to move to a more
37:42sustainable economy after 30 years of
37:47taking the view that Brandon grooves
37:49were counted that you'll get rich and
37:52then we'll clean up and now China in
37:56addition to all the other challenges it
37:58faces is facing the very very heavy
38:00consequences of a very wasteful
38:05ng model now every industrial economy
38:09did this the brick started the united
38:12states did germany did it we all
38:14polluted first with the idea that we
38:17would clean up later the problem china

38:19has is that it started off with much
38:22much less headroom than anybody else
38:24accusing china has ruffled same surface
38:26areas the United States bolonia fraction
38:28of the usable land and five times the
38:31population if you look at any measure
38:33any index of environmental every we like
38:37China starts off gravely disadvantage
38:40that's bad luck but that is the reality
38:42so China starts off for instance with a
38:46very very low allocation of fresh water
38:49we don't think of China Saudi Arabia but
38:52North China it has about the same
38:55allocation fresh water and this this
39:00poor allocation is exacerbated by uneven
39:03distributions that you love sometimes
39:05too much water under the
39:07and not nearly enough north of the axle
39:09and if you add on to that the fact that
39:14the rest of China's surface water and a
39:17great deal of its underground water has
39:20been heavily polluted through very poor
39:23governance through you know the
39:25get-rich-quick approach of they both
39:27chemical industry amongst others through
39:30the fact that all the twenty percent of
39:32the fresh water is taken up by by coal
39:35by the mining and processing and general
39:39use of coal and by the fact that North
39:43China has been drawing down its reserves
39:46in compensating for for its lack of
39:52water by over drawing water from rivers
39:54by over drawing from underground
39:57aquifers the water table under bridge in
39:59for instance has brought by some 80
40:02meters and all over the North China
40:03Plain you see indentations of exhausted
40:07aquifers and 17,000
40:10disappear completely Chinese geography
40:14survey in the last 20 years you can see
40:19that that at least in terms of a patient
40:22who exposed to live a long time
40:24something quite drastic has to happen
40:27and there is a huge economic risk built
40:30into this North China has forty percent
40:33of the of the Chinese economy the assets
40:37at risk in agriculture or about three
40:40trillion a year is more than 40 trillion
40:43in terms of industrial economy of China
40:46and none of this confunkshun water
40:50powering China water and energy are
40:53intimately connected decisions every
40:55energy decision is also important
40:57decision and that is the Chinese running
41:01out of room to make energy decisions

41:05freely now China has that there is a
41:09sort of definition of foolish behavior
41:13which is to keep addressing the same
41:16problem with the same solution and
41:17hoping the world next time China's
41:20approach to its water problem has been
41:23substantially an engineering one time
41:26it's booked more dams entry
41:29tree it continues to blow down 6
41:31currently building downs in one of the
41:33world's most active earthquake zones on
41:35transfer agreements what is probably and
41:39through all this engineering some of
41:41them quite heroic engineering the water
41:44situation in China has got steadily
41:46worse so engineering is not lead to
41:49fixing the most recent case of Miss
41:51applied engineering is the south-north
41:53auto transfer project a multi-million
41:56dollar project to move really inadequate
42:00amounts of rather dirty water fit a high
42:02energy costs from sunshine and North
42:04China it's not going to fix north
42:06china's water problem and upon a cost
42:08per meter basis it would be cheaper to
42:11disseminate so curiosity an appropriate
42:15decisions continue to be made and i
42:17think one of the reasons that they
42:18continue to be made is that although we
42:21have so we do see a tremendous awareness
42:24at this point when we started trying to
42:26dial up to now nine years ago
42:29environmental problems really we're at
42:31the margin of public discussion there
42:34was the beginning of civil society
42:37and so very talented and active
42:40individuals but in general terms the
42:43priority is still very rapid GDP growth
42:47today environmental concerns are a
42:50matter of regime survival we know about
42:53evolution because cause the regime to
42:56take quite serious metals water
43:00pollution the water scarcity or also
43:03existential threats of Chinese economy
43:06we don't hear so much about soil
43:08pollution but that's an equally severe
43:11and extremely intractable problem which
43:14is currently a state secret the extent
43:16of it assisting secret is more
43:18intractable because it's very expensive
43:20and difficult to fix so cleaning up soil
43:23and then remediating him so that it is
43:25of some use is very very difficult now
43:29all these issues have come together and
43:33certainly the government has responded

43:35to 1200
43:37it's a beautiful sustainability it will
43:40take a long time with to turn the
43:42economy around and be one of the bills
43:44for past behavior will have to be met in
43:48some form and what are these bills well
43:51they are the cost of remediation you
43:53know the cost of treating the water both
43:55of them discharging delta-neutral they
43:58are the costs of of making an energy
44:00transition which allows you to clean up
44:02the air and they are the health impacts
44:05on the Chinese population which are
44:08equally severe and air pollution is not
44:11just a billion unpleasantly causes lung
44:14cancer and China's lung cancer rates
44:16have gone our illness as fast as the
44:19economy if you look at the growth we
44:22don't hear quite so much about other
44:23forms of counsel counsel villages entire
44:26communities struck by the the effects of
44:30chinese industrial revolution but they
44:33are also severe and those girls will
44:35have to be met so there is a toxic
44:38legacy of the race to industrialize and
44:41although it is fixable it is it is a
44:44burn on the present
44:47generations just to cheer you up
44:49completely there's been climate change
44:52China is very vulnerable to the impacts
44:55of climate change because most of its
44:57development its advanced development is
44:59on low-lying coastal cities so sea level
45:03rise monsoon variability nothing places
45:06and they never there are extremely
45:10serious I can see you getting anxious so
45:16the news the good news is and that
45:19client accepting a kind of course in
45:21China China for many reasons is I think
45:25going to surprise a lot of people when
45:27its pilot palace is published and and
45:30comparison why do I say because China is
45:34at the same time as suffering all these
45:35problems the biggest producer of solar
45:37panels wind technology it has a very
45:41large installed capacity for renewable
45:45energies and it has a promise to peep
45:48its emissions by 2030 probably couldn't
45:51do it by 2022 might do it by 2025 and
45:54emissions will then that begins
45:57this is a very positive contribution of
45:59China is going to make nobody is doing
46:03enough but so I think the Copenhagen
46:07situation or which times
46:09break down the drawers is not likely to

46:12be to be repeated in Paris so
46:25well thank you very much I think we've
46:27had three very of rich contributing so
46:31there are many different lines of
46:33discussion which eat out what I'd like
46:35to suggest since we're going to have to
46:37compress out of the bird is that I try
46:41to extract out of those presentations
46:44really just two questions I'd like to
46:47put those out and that will give all
46:49three of you an opportunity briefly
46:52means to accommodate anything and
46:54grinning like out of what your fellow
46:57panelists have said one of them is I was
47:01very struck by what Beverly had to say
47:03about censored openness and and
47:06curiosity which he encounters on the
47:08part of young people the question in my
47:12mind is is that sense of openness and
47:15curiosity shared by the party shared by
47:20the government facilitated by the
47:23government in the way which is really
47:25going to make China other
47:29his awesome away and the other question
47:33is on onto question of reform but there
47:36is no paper has as I'm from said some
47:39very ambitious plans some very
47:42impressive looking plans that the third
47:44cleaner and java laid out anything very
47:49interesting settled without proposed
47:52means but is there a will to put those
47:57proposals into effect of the vested
48:00interests going to be through come all
48:04those reforms really effectively going
48:06to be carried out to the way which will
48:08make Chinese economic health as lusty
48:12that unique so who like to comment on
48:16other of the news that second
48:24yeah it was just on the question of
48:27whether whether the curiosity in the
48:30open mindedness of the young is shared
48:32by both government I think that I may be
48:35five six years ago who said yes today I
48:40I would certainly say I think that we've
48:43seen increasingly concerns expressed
48:47that the most senior levels of
48:49government above about Western ideas and
48:52how dangerous questing ideas not which I
48:55described as dangerous to China actually
48:57they're dangerous perhaps or seen as
48:59dangerous to regime survival we see an
49:02increasingly heavy hand and center ship
49:04and increasingly having hadn't given
49:06free flow of information we see an
49:09increasing arrest on all sorts of

49:13charges of people who are thinking
49:15people who are who have set up think
49:18tanks and people who are putting forward
49:20ideas about future governance in all
49:24sorts of ways so I think that that is
49:27electrically trend I I would like to
49:31propose that obviously in China is a
49:34very very large country what seemingly
49:38maybe censorship which there is and
49:41there has been I think a
49:46not even rewriting text and limiting
49:52information that turns through the
49:55country by the same token china is
50:00allowing people to leave it allows
50:05thoughtful process the concern is at
50:11what speed so I think there's a little
50:14conflict there and respecto of not and
50:18cutting back reverting entrenching I
50:22would like to think that they're looking
50:25to slow down the process with innovation
50:28and technology and all the strengths and
50:33the ills of thing for hit grades there
50:35is great concern that it goes to rapidly
50:38let me give you an example in fact what
50:42if I my colleagues was on a flight from
50:45Shanghai to Guam terms that I callate as
50:48it turns out there was a rumor in
50:50Guangzhou that we're I don't know if
50:56you're aware of it and syndrome because
50:57of the minority group China looks in
51:00what
51:02equal-opportunity physician to to take
51:07the league of people to different parts
51:09of the country so that they might
51:10participate to the economic growth of
51:15the country and a rumor was spread that
51:19six weigert had attacked a young woman
51:24in Guangzhou and that led to cell phones
51:28all the way back to Lucci that led to
51:31riots were 200 people were killed the
51:36unfortunate thing about this was that
51:38this was only a war so those are real
51:42concerns in terms of growth to quickly
51:45communication too quickly and it's
51:47coming and China will invest in it but
51:51their needs perhaps to be a certain
51:56temporary in terms of speed all the
52:00squirrels
52:05I was listening to myself talk I thought
52:08this is
52:09the pessimistic pessimistic talk I'd
52:13like to actually pick up on something
52:15that Beverly said about the openness and
52:17curiosity I've also been struck by that
52:20I when I analyzed the issues facing

52:26China intend to go heavy on the problems
52:31make very clear what the huge challenges
52:34are but this is especially true when I'm
52:37in the United States sitting my desk and
52:39then I go to China and of course that
52:42meet many Chinese people also the
52:43university but I meet people I mean
52:45basic level officials in China I mean
52:48academics when I go to bed and talk to
52:53county level officials I get the sense
52:57of I mean very intelligent hard-working
53:00honest people I don't actually see the
53:03corruption that people talk about I've
53:06never been shaken down by a traffic cop
53:08for anything like that when I read books
53:11about Cambodia or Russia constantly and
53:16I almost adopt this kind of proud
53:19feeling as a student of China that
53:21China's from government much better than
53:23these countries
53:25you know this is most of my work in
53:27recent years has been about China and
53:281960s and even in that period china the
53:32chinese communist party is a very well
53:34organized entity so there's an
53:38irrational part of me that wants to
53:40believe that somehow somehow the people
53:45of China will be able to so that's my
53:49that's mine
53:52more happy face sounded like a pretty
53:56blue presentations thank you very much
53:59now I think we'll sit with it selected
54:01with the questions which I have and
54:04choose ones which again has a new handle
54:07to our discussion is Henry Devereaux
54:12would you like to bathroom but I feel
54:15like that you do you do I can ask your
54:18best friend now do you see
54:32do you see any any likely the chinese
54:35club willing to spend something like ten
54:38percent of gdp on health embezzle on the
54:42population say a decade from now taking
54:47aging products okay westerbeke spiritual
54:52health care as welfare as well have you
54:56don't stop I can see China being very
55:00concerned about the welfare of its
55:02people The Enquirer the crackdown on
55:06corruption I would think that the
55:08medical industry is one that it brings a
55:11great person to China and as the
55:14populace bros and you have the
55:16middle-income center the people now
55:19become far expressing the need for
55:23better medical care or to look at as
55:27well as the country having an age of

55:30population China will have to commit to
55:35developing a larger mammals
55:39Ford's people may be fact that you
55:41believe that it is on their agenda
55:43important ones together with food safety
55:46together the pollution champine this
55:50year has committed to 27 billion dollars
55:55to work on pollution to clear up the
55:58rivers to investigate how they might
56:02improve the air quality to look up your
56:06toxic waste in the area through
56:08factories within the Shanghai are a 27
56:11million not committed of four in five or
56:14ten or twenty year period it's a
56:17three-year commitment that that point
56:18will be spent
56:24I exam to read and health spending was
56:28going off over a year I think though
56:33that there are there are a number of
56:35large social costs which you're going to
56:38have to be met over the next few years
56:40and one of 11 remains and going back to
56:43the questions of inequality who is going
56:46to fund the social rights of the of the
56:50rule who quarters these are migrant
56:53workers and I believe my co-workers who
56:55moved to the cities but and don't have
56:57social rights in their cities they don't
56:58have the right fletcher go to school
57:00they don't have access to health any
57:04kind of social safety net there is a
57:07general acceptance that this is
57:09monstrously unfair and it's causing all
57:11kinds of additional social problems like
57:13left-behind children children World War
57:15and Indian villages in some cases to the
57:19grandparents in some cases without it
57:22was a terrible case recently suicide of
57:25five young children in that situation of
57:28course a lot of anxiety
57:30the problem is who's going to fund it so
57:33the cities where these people moved are
57:37many of them in debt they don't have the
57:41right disco ball in another local
57:43property tax to support their
57:45expenditure they have to give too much
57:47the government they don't get no back so
57:49there's a fight going on right now Oh
57:51social spending pretty much in all
57:53sectors in China and it's about where
57:56the responsibility will finally devolved
57:58and I think until that is resolved it's
58:01going to be very hard to know in 10
58:03years time huggles purporting to pan out
58:06certainly there's a strong sense that

58:09it's required but quite welcome
58:17send you now is country Mac yes
58:25given China's political system heavily
58:30influences its economy does that mean
58:33that its economic policy fundamentally
58:37different to that of Western Europe and
58:40North America and if that's the case
58:43then what's the implication for many
58:46theorists of trying to analyze come
58:49healthy challenge I think opium
58:55partially dress that move my comments by
58:58saying that in many respects Chinese
59:00corporate article corporates system
59:03resembles the Japanese statement
59:07coordination between ministries they
59:11have banking system in large
59:12corporations another way which China is
59:16actually different from Japan and
59:18Western economies is that there are
59:22strict capital controls and the banking
59:25system most completely stayed up
59:29what this means is that you're on a bike
59:31legacy until a financial crisis of the
59:34kind that we experienced in the United
59:36States and spread throughout the world
59:392007-2008 because the government has
59:43needs to recapitalize the banks mean
59:47to bail out in fact they do this more or
59:50less comical basis so it's not going to
59:53be as volatile a kind of economy as you
59:57might expect
60:00businesses result there as we saw
60:042007-2008
60:07so I guess okay I think we're going to
60:16go straight to your questions quite
60:18refunds is an adult male audience if not
60:23how we turn miss you to what extent is
60:27China's at risk of a property stroke
60:30construction industry bubble bursting at
60:34what can the government do to deal with
60:36this is quite aware of the bubble burst
60:44with real estate the oversupply the cost
60:47of real estate having sword as it has
60:50they have now looked to temper
60:53construction temper building on the new
60:59developments and in fact him shinta
61:01strategy for expansion building railways
61:07building infrastructure to a while China
61:10to get to Pakistan the Silk Road and so
61:14that it might go work through Pullman in
61:17to create a distribution center for
61:20Europe and building railroads through
61:26Siberia up through Canada down to the US
61:30with the concept of outreach expansion
61:34program for their goods and vice versa

61:39the real estate yes there is an
61:43oversupply but my belief is that whilst
61:47the economy may go down to five percent
61:51you still have a thriving economy I
61:55believe in the US for it correctly in my
61:59realm 1.3 and that's an optimistic
62:06perspective so in balance don't I think
62:12we need to look little bit more globally
62:14when we look at at these issues look it
62:17up other countries in how they aren't
62:19there so I'm not as pessimistic about
62:23the outcome of China because again I do
62:27feel that you have a younger generation
62:30people filled with hope who are willing
62:32to still make sacrifice they're willing
62:35to see the roof and the collective
62:38there's a very different concept in
62:41terms of how they are a popular country
62:45mobilize its
62:46it's not even 30 years the natural world
62:49perhaps 20 move this quickly unless you
62:54have
62:55the type of willpower an ability to make
63:00sacrifice and to happen so I I do feel
63:07that I'm one more optimistic might say
63:13because if I look at the water sugar it
63:16is a global problem I've spoken to water
63:21consultants and his concern is
63:24California more so than China because
63:27China doesn't have the old
63:29infrastructure it will have the ability
63:32to create innovation to find new
63:36methodologies it doesn't have to leave
63:40go over old and restructuring with the
63:44new technology new innovation China
63:47probably
63:48an opportunity to bring new resources
63:52for itself others honor
63:58as finalists driving Duke Williams is
64:05not with us but he asked to what extent
64:09would democratization of China as he
64:12voted into environmental improvements
64:15Western democracies do not have an
64:18exemplary record of fossil fuels and
64:21carbon emissions is it ours yeah I am
64:26which are entirely accept the premise of
64:29the question all democracies are the
64:31same with all non democracies the same
64:33it doesn't really stand much examination
64:36so if President for instance European
64:40Union countries are pretty much on
64:41target for meeting at Quixote topics
64:43including Britain Britain is meeting its
64:45clear two targets cuz Mrs. able to close
64:47down the coal industry and wait for gas

64:49entirely different reasons but
64:51nevertheless dalida climate Olivia that
64:55kind of bonus on the other hand Canada
64:58program
65:00I'm not doing too well Australia is not
65:02doing too well an India finds it very
65:05hard to make any decision at all but
65:08exemplary democracies like like Sweden
65:11and Denmark or aiming to be a hundred
65:12percent fossil fuel free in the next
65:14couple of decades so I think you you
65:17know that the show the starting point
65:19that that you know democracies are
65:21performing worse I think it's not
65:23necessarily true on whether
65:27democratization i think i think we
65:29always try to look at the possibility of
65:31reform in China through probably the
65:33wrong lens because we seem to be looking
65:36for a ballot box behind every behind
65:38every under every table it's not going
65:41to happen but but China's system which
65:44is more like responsive authoritarianism
65:47is certainly concerned with public
65:49opinion and it is concerned with the
65:51future and that is it to make decisions
65:54which are going to be more
65:57environmentally friendly and certainly
65:58as I said in my remarks in terms of
66:01climate policy China sees a strategic
66:03opportunity and quite rightly for its
66:07for new technologies I think environment
66:11rather than climate and these are not
66:14same thing and the difficulty I think
66:17that China faces in terms of
66:19this environment is one of governance if
66:23you look at industrial societies that
66:25dick clean up they did so with the
66:27benefit of a robust civil society a
66:30robust legal system so religious could
66:33be taken to court by well-funded NGOs a
66:38freedom of information and a free press
66:40transparency accountability all those
66:42good things which make for governance
66:45what we haven't China's a lot of very
66:47good laws very very poorly applied now
66:50there is some silent in the 13th plan
66:53and a great deal of thought has gone
66:55into this and so we will see reforms of
66:59a governance system which could well
67:00affect an improvement one for instance
67:03is to make officials responsible over
67:07their lifetime could be for the
67:09decisions and the consequences of
67:10decisions that they make rather a good

67:13idea I think we should do that that
67:15means you can't just you know wreck
67:17Italian move on and say in 20 years time
67:19oh I can't even remember it was that it
67:22will follow you and it will affect your
67:24promotion prospects in that will make
67:26behavior much more responsible today so
67:28that's a good example of thinking about
67:31how within a top-down system you do get
67:34better governance and other quirks and I
67:38still think that the kind of
67:41restrictions that are coming
67:43are not going to help you need to engage
67:47the population in this kind of thing
67:49can't do it alone as a government and I
67:52think that Chinese handicapping itself
67:54in that state bye-bye not in pari its
67:59people
68:05although hand back to show
68:12so the question we have asked as divided
68:15opinion and China as a subject of study
68:18divides it is very tempting to spend
68:23most of your time talking to them
68:25sitting in a room with people of the
68:27same in not reach out and talk to people
68:32come from different perspectives and
68:34physically but we've been trying to get
68:37there but we continue to the next year
68:40near Earth year after is to bring them
68:43together will hold a perspective one to
68:46enter into conversation and what half
68:48the time and I've gotten delighted the
68:52wonderful example set by a panel I would
68:56like all of you to ask
69:11you
69:22you