

Foreword

Jennifer L. Turner, Editor

Over the past year, ECSP's China Environment Forum held a diverse collection of meetings ranging from greening the 2008 Olympics to hazardous waste challenges in Greater China to U.S. assistance opportunities in the areas of environmental governance, rural health and environment problems, and coastal waters management. Summaries of all meetings are available in this issue of the *China Environment Series* and on our new Web site: www.wilsoncenter.org/cef. In addition to regular meetings in Washington, DC, we began a new initiative this year that has brought four U.S. and four Chinese water experts together to examine and compare water conflict resolution in the United States and China. The group met in Tucson, Arizona in February 2003 and will participate in a November 2003 study tour in China. A second China Environment Forum special initiative that will conclude in summer 2003 has brought U.S. and Chinese finance and environmental experts together to discuss how municipal bonds are created to build environmental infrastructure in the United States and whether such a system could be developed in China. For more details on these two study tour projects see the new Special Initiatives section in this issue of the *China Environment Series*.

I was very pleased with the variety and depth of the feature articles in *China Environment Series* Issue 6—I learned so much from working with these authors. In the opening piece, **Kelly Sims Gallagher** presents the colorful modern history of how the Chinese government's auto industry policies and patterns of international investment have helped to modernize the automobiles on China's road today, but have not led to a high level of installed emissions control and fuel efficiency technology. **Lisa Hopkinson** and **Rachel Stern** have contributed the first CES article to focus on cross-border pollution between Hong Kong and Guangdong. Their piece not only describes the developments of regional air pollution collaboration in the Pearl River Delta, but also highlights relevant models of broad stakeholder participation from U.S.-Mexico air quality cooperative initiatives. While coal is still the major energy source in China, **Roger Raufer** and **Wang Shujuan** see the potential for increases in wind power generation. Their review of U.S. and European wind energy policies offers valuable lessons for Chinese policymakers as they move to develop this renewable energy source. The final two feature articles shift our focus away from national policy issues to local governments and grassroots environmental groups in China. **Lu Hongyan** discusses the growing capacity of university student environmental associations, while **Sulan Chen** and **Juha I. Uitto** highlight the potential role local governments could play in promoting better protection of China's marine resources.

In our third year of soliciting commentaries and notes from the field we gathered a rich collection of research and reflections from individuals in NGOs, universities, research centers, and news organizations. **Ma Jun** opens the commentary section with an analysis of how commercial lawyers in China are helping pollution victims access the courts and actually win compensation for damages. While international donors are beginning to question the value of investing in wind power in China, **Joanna Lewis** discusses the potential of successful wind power development in some of China's coastal areas. Water was a popular theme for this year's commentaries—**Wang Yahua** discusses the political and institutional roots of water conflict along the Yellow River, while **Seungho Lee** and **Maren Lau** each relate how two cities (Shanghai and Xiamen, respectively) are including more stakeholder participation and are becoming better caretakers of water resources. **Huang Liangbin** argues that government mismanagement and China's unhealthy tourist culture are fueling excessive development that destroys nature reserves. While **Li Luyan** describes how poor coastal communities are caught in a toxic trap of endangering their health and polluting their environment by recycling electronic wastes, two other commentaries relate how international partnerships with local governments in China are helping to empower poor communities to protect the environment and improve their livelihoods. **Kate Lazarus** introduces Oxfam America's successful program to create multistakeholder participation for watershed management in the upper Mekong and **Kenji Kitamura** and **Guangxia Cao** describe how the Ford Foundation and Yunnan provincial government's community forestry pilot projects are creating development alternatives for rural communities hurt by the 1998 logging ban. **Guobin Yang** also writes about citizen empowerment to protect the environment in his presentation of four dynamic Chinese Web-based green groups. **Joakim Nordqvist** and **Gabriel Somesfalean** investigate why environmental performance is not a vital concern of managers and policymakers in the cement industry. Building on his sports and environment piece in last year's CES, **Timothy Hildebrandt** raises critical questions on whether the Chinese government and industry leaders will create truly "green" golf courses or

follow the toxic, water-wasting model used by other Asian countries.

In addition to all of the dedicated contributing authors, I wish to express my gratitude to Timothy Hildebrandt, the creative and amazingly enthusiastic CES managing editor, to Richard Thomas who once again worked his magic in the design and layout of the publication, and to Pamela Baldinger who has been a fantastic partner in planning the municipal finance project. I would also like to thank Heather Hsieh for her artistic contribution to our Feature Box design. The continued support and encouragement from the rest of the ECSP staff, the Asia Program, and others around the center have been invaluable. While this publication was made possible by a generous grant from the W. Alton Jones Foundation, I also wish to acknowledge the wonderful support the China Environment Forum has received over the past year for meeting activities from the U.S. Environmental Protection Agency, U.S. Department of Agriculture, and the Carnegie Corporation of New York.

The Asia Program at the Woodrow Wilson Center

Crisis in the Hinterland: Rural Discontent in China

Despite China's two decades of modernization, rural China, accounting for 70 percent of the country's total population, is still beset by economic difficulties and political instability. Is there a governing crisis in China's rural areas?

At a 12 November 2002 Asia Program seminar titled "Crisis in the Hinterland: Rural Discontent in China," four speakers explored social discontent and crisis in China's rural areas. **Jean C. Oi** (Stanford University) observed that most peasant protests have been directed largely at corrupt village cadres, not the regime itself, thanks to the central government's efforts at reducing peasant burdens. **Xiaobo Lü** (Columbia University) predicted that continuing rural discontent—particularly in grain-producing central China with the heaviest tax burdens—may pose a genuine threat to the regime and initiate substantial democratization in China. **Yawei Liu** (Carter Center) argued that the rural crisis would not disappear until free elections are regularly held at the village and township levels. **Melanie Manion** (University of Wisconsin at Madison) maintained the fundamental solution for monitoring local officials would be to develop real democracy in China's countryside. A Special Report based on this meeting highlights China's potential rural crisis and points to democratization as the best means of forestalling serious upheaval.

China's Economy: Will the Bubble Burst?

China has declared an impressive annual economic growth rate of nearly 10 percent over the past two decades. However, whether China can maintain its economic miracle in the new century is uncertain, considering the country's loss-making state enterprises, millions of unemployed urban workers, and inefficient banks with billions of dollars of bad loans.

Four leading experts gathered for a 12 February 2003 seminar to explore China's economy. **Thomas Rawski** (University of Pittsburgh) pointed out the unreliability of Chinese statistics regarding economic growth, and argued that the government's poor decisions on investment and bungled management of existing fixed assets will keep China on the current path of low growth, stagnant employment, and widespread over-capacity. **Charles Wolf** (RAND) challenged the prevailing consensus that China's economy will be able to sustain high rates of economic growth by highlighting several potential adversities. While China is unlikely to suffer from all of these adversities, the occurrence of a cluster of them could slow down China's economic growth significantly. **Deborah Davis** (Yale University) observed that China has experienced a rapid increase in income inequality over the past 15 years, with a large gap between urban and rural incomes. However, she maintained that China's "human software" advantage—in terms of age and education—will help the country's continued economic development. **Fenwick Yu** (U.S. Department of Commerce) emphasized the positive impact of China's entry into the World Trade Organization (WTO) on that country's economic development; China's WTO membership will force Beijing to protect intellectual property rights, develop the rule of law, and reform China's state-owned enterprises and banks through global market competition. In brief, the four speakers differed as to whether China's economy will sustain high-speed growth in the years ahead, but none of them believed the country's economy would soon collapse.

A full report on both of these meetings is available at Asia Program's Web page: <www.wilsoncenter.org/asia>

*For more information on these or other Asia Program China meetings and publications
E-mail asia@wwics.si.edu or call 202-691-4020.*

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