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Climate change: the China Challenge

China Practices "Ecological Colonialism" at its Own Expense

Compiled and Commented Analysis

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China practices “ecological colonialism” at its own expense

Compiled and commented by Michal Meidan based on:

- Chen Shanzhe, “Entrepreneurs on the cyclic economy: waiting for real measures,” 21 Shiji Jingji Baodao, 28 November 2006
- Zhou Jigang, interview with Pan Yue, “The rich consume and the poor suffer from pollution,” 27 October 2006
- Unsigned article, “China develops renewable energy systems,” The People’s Daily, 2 November 2006
- Shao Jianrong, “Why the officials responsible for environmental regulation cannot find any way out of this mess,” Fazhiwang, 3 November 2006

How can China cope with the environmental problems it faces? The Chinese press is full of questions about protecting the environment, expressed in a variety of forms and slogans such as the “cyclical economy” (循環經濟, *xunhuanjingji*), the “conservation-minded society” (節約型社會, *jieryuexing shehui*), the “energy-saving economy” (節能經濟, *jienerg jingji*), or the “scientific development” (科學發展, *kexuefazhan*): all the contemporary political jargon carries an environmental label.

So the urgency of the situation seems to have reached political and popular awareness in China. But it is still not clear how the central government’s ambitious initiatives can be put into effect or how the obstacles can be identified. Of course, the experts are pointing to a range of problems, but these often boil down to the need for governmental action.

The selection of articles cited offers a variety of points of view: those of entrepreneurs, local authorities, the Finance Ministry and the State Environmental Protection Administration (SEPA). The result reflects economic and political interests at different levels, but does not readily lend itself to any unanimity of view. What does come through, nevertheless, are the fault lines in public policy, the legislative system and the funding mechanisms.

According to Pan Yue, Deputy Director of SEPA, protecting the environment is compatible with a socialist system of government, and even favourable to it. Drawing support for his thesis from Marx and Engels, he asserts that a socialist government is in a better position to balance the need for economic growth with that for sustainable development, since social equity lies at the heart of both. Capitalist governments have not only developed industrialisation at all costs (albeit at a far slower rhythm than that experienced in China) but, now that they have become aware of the environmental effects, they have also adopted a sort of “environmental colonialism:” they export their most polluting and energy consuming industries to the developing countries.

China, in its interior, is living through a comparable phenomenon: the polluting industries migrate from east to west,

and from the towns to the countryside. “The rich consume and the poor suffer from pollution,” Pan Yue says. As a good official, he supports the government’s efforts and considers that “scientific development” offers the right answer to Chinese problems. For too long, China has imitated the Western model (at an accelerated pace); but the model is ill-adapted to China. Contrary to some people’s thinking, scientific development is not merely a change in production methods and growth: it represents a shake-up in economic and industrial practices: “It is a new civilisation,” that China will be trying out between now and 2020. Yet, Pan Yue does not explain what “scientific development” means in terms of real measures; nor does he say how these measures go beyond the economic field and influence the political and social fields so as to end up with a new civilisation.

Thus, having created the term “socialist environmentalism,” Pan Yue adopts the stance of Party theoretician; he does not spell out the problems that might arise between now and 2020, or those already in evidence.

In the field of public policy, the entrepreneurs gathered last year at Boao Forum for Asia, cited by Chen Shanzhe, recommended that the government should make a real commitment to protecting the environment, introducing the “cyclic economy” and developing renewable energy sources. To encourage enterprises towards less polluting production methods, a real system of initiatives will be necessary alongside a real system of penalties for cases of default. The way things are currently, enterprises have no financial motivation for changing their production techniques, since the fines they risk amount to no more than 600 yuan less than the cost of making changes in equipment and production technology.

Furthermore, measures and standards (such as those devised for new buildings) are imprecise and difficult to adopt. The cited experts are unhappy that the government’s “tangible hand” is failing to direct the invisible hand of the market. Written descriptions of “the cyclic economy” are at best “an educational tool, which is not bad, designed to

spread the idea of energy conservation” (一本不錯的宣傳節能觀念的教材, *yiben bucuo de xuanchuan jieneng guannian de jiaocai*).

Similarly, among the deputies to the National People's Congress, according to *Fazhiwang*, only two represent the “environmental protection system”⁽¹⁾. The result is that [government] departments in charge of the protection of the environment do not have access to the decision-makers⁽²⁾.

All the same, at the local level, decisions are taken in accordance with the wishes expressed by local leaders. Surveys carried out by seven different departments of the State Council have apparently revealed that extensive investment is still put into the poorest Chinese provinces, despite the contradiction implied by the “Three No's”, one of which prohibits investment in polluting industries. Indeed, a local official explains to the reporter that “standing up for the law gives you no guarantees, but standing up for your own manager does guarantee protection.” Faced with their hierarchical superiors, officials are powerless. If the central authorities gave them some measure of support, they say, they would be less dependent on the local administrative hierarchy.

Herein lies the weakness of the legal system, a problem mentioned by all. Industrial policy and environmental policy often conflict, but the central authorities are powerless and the legal system provides no adequate answers.

The experts come back to the system of initiatives. The

introduction of “clean” production methods ought to be made profitable for enterprises, hence the necessity for public funding for replacing equipment as well as for providing new energy sources or technological development.

Su Ming, Deputy Director of the Research Institute for Fiscal Science at the Ministry of Finance, speaks of the creation of a new fund for renewable energy sources, but complains all the same about the ineffectiveness of government activity and the inefficiency of the system for fiscal support. The high costs of investment and electricity supply inhibit the development of alternative sources of energy and, for lack of new funding (subsidies, grants or loans on more flexible terms), the primacy of fossil fuels in the country's energy provision cannot be lessened. “If no one expects any increase in the contribution made by renewables to China's energy needs, their attraction can only diminish.”

Finally, the question of technology remains unanswered. While the entrepreneurs consider, surprisingly, that this is “a question for the engineers,” Su Ming takes a contrary view. He sees it as the business of the tax authorities to encourage local investment in new technology.

If the socialist system seems to lend itself to the protection of the environment, can the same be said of a bureaucratic system? •

• Translated by Philip Liddell

1. The term is still rather vague, and this assertion probably does not allow us to realise how many people do support “green” causes at the NPC, even though one must bear in mind that the Congress already has a limited role in the Chinese political system.
2. Which is perhaps not quite true: the Director of SEPA is thus a member of the top committee on energy, a committee headed by the Prime Minister Wen Jiabao.