

THE RIVER RUNS BLACK

THE ENVIRONMENTAL
CHALLENGE TO CHINA'S FUTURE

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C H A P T E R E I G H T

AVERTING THE CRISIS

China's leaders face a daunting task. With one-quarter of the world's population, centuries of grand-scale campaigns to transform the natural environment for man's benefit, intensive and unfettered economic development, and, most recently, its entry into the global economy, China has laid waste to its resources. The results are evident everywhere. Water scarcity is an increasingly prevalent problem. Over one-quarter of China's land is now desert. China has lost twice as much forested land over the centuries as it now possesses. And air quality in many major cities ranks among the worst in the world.

Of equal, if not greater, concern than the immediate environmental costs of China's economic development practices, however, are the mounting social, political, and economic problems that this clash between development and environment has engendered. China's leaders must now contend with growing public health problems. Rising rates of cancer, birth defects, and other pollution-related illnesses have been documented throughout the country. The public health crisis also contributes to growing numbers of protests, some peaceful and some violent, as the government, either through

incompetence, corruption, or lack of capacity, proves incapable of taking appropriate action to address the people's concerns.

The economic costs of China's environmental degradation are rising sharply. Most immediately, poor air and water quality has direct costs in terms of crop loss, missed days of work from respiratory diseases, and factory shutdowns from lack of water. Even greater challenges are on the horizon. Several of China's major river systems are running dry in places, necessitating huge and costly river diversion schemes. Much of China's north is under increasing threat of desertification, prompting vast afforestation schemes, with only mixed results.

These depleted land and water resources, coupled with the river diversions, will contribute to migration on the scale of tens of millions over the next decades. While this will relieve population pressure on some of China's most overgrazed and intensively farmed land, it will increase the strain on many urban areas. Already cities such as Shanghai are experiencing significant stress to their sanitation and waste systems, as well as difficulty in gaining access to natural resources such as water.

At the same time as the reforms have exacerbated old (as well as introduced new) environmental challenges, they have not managed to break free of other aspects of China's environmental legacy. Particularly damaging has been Beijing's continued reliance on campaigns to address vast, often complex environmental problems. History has demonstrated repeatedly that the challenges of deforestation, pollution, and scarcity of natural resources are poorly addressed by grand-scale campaigns that attend little to the complex social, economic, and environmental/scientific issues that underpin these challenges. Moreover, even as China assumes a leadership position in the global economy and the international community, its leaders struggle to move beyond traditional notions of security that contribute to large-scale development programs with potentially highly deleterious environmental consequences, such as the grain self-reliance and "Go West" campaigns.

Yet there are signs of hope.

China's post-Mao leaders have developed a far more institutionalized system of governance, with a codified system of laws. This is a

critical step forward for environmental protection. In the 1970s and 1980s, the leaders established an environmental protection bureaucracy, held a series of important meetings related to the environment, and issued laws and regulations to strengthen environmental protection throughout the country. Official investment in environmental protection by the central government—practically nonexistent in the 1970s—increased to 1.3 percent of the country's gross domestic product (GDP) at the turn of the century.

Over time, Chinese environmental protection officials have become increasingly adept at developing new policy approaches, drafting laws, and, to a lesser extent, enforcing them. In many instances, they have taken advantage of other aspects of the reform process—utilizing expertise and funding from abroad and relying on growing grassroots and media pressure for better enforcement at the local level.

Still, by most measures, the central environmental protection bureaucracy in China remains weak. With roughly five times the population of the United States, China possesses a central environmental protection bureaucracy only one-twentieth as large. Central government funding for environmental protection, while increasing steadily over the course of the reform period, is still well under the level that Chinese experts claim is necessary to prevent further deterioration. Since 1998, there exists no central environmental agency or commission capable of convening the full range of ministries necessary to resolve many complex environmental challenges that cross bureaucratic boundaries. Even as laws are passed, administrative decrees issued, and regulations set, the politics of resource use conspire to undermine environmental efforts; and the lack of a strong legal infrastructure has enhanced opportunities for corruption and resulted in a systemic crisis for environmental protection enforcement.

Yet, it seems plausible that the small central environmental protection apparatus and its relatively weak reach are at least partly by design. Through the reform process, the central government evidences the belief that, as with the economy, reliance on local authorities and the nonstate sector will yield a better outcome than strong central governance.

Devolution of significant authority for environmental protection to local officials represents one critical element of this process. It has resulted in significant variability in China's environmental situation from one region to the next, with some regions and localities aggressively pursuing stronger environmental protection efforts while others fall further behind.

Cities such as Dalian, Shanghai, and Xiamen routinely invest a significant percentage of their local government revenues in environmental protection; reach out to the international community for extensive technical and financial support for environmental concerns; and have developed relatively well-staffed, well-funded, and well-supported local environmental protection bureaus (EPBs). In all these cases, the driving force was a mayor who perceived his personal advancement and/or the reputation of his city as linked to an improved environment, although economic development clearly provided the wherewithal to address the region's environmental challenges.

As was the case centuries ago, however, only those regions with enlightened local officials and substantial local resources—whether derived domestically or from the international community—have managed to control, if not abate, environmental pollution and degradation. In many other instances, this devolution of authority has contributed to poor efficacy in responding to local environmental challenges. Many local EPBs are grossly understaffed and underfunded and, most important, beholden to local governments for their livelihood. Not surprisingly, they generally lack the political clout within the local bureaucracy to monitor, much less to respond effectively to, local environmental problems. The weak financial and enforcement links between Beijing and provincial and local governments compound the problem: central directives are rarely, if ever, well executed. In poorer regions, such as Sichuan Province, even when the officials recognize the necessity of improving their environmental protection efforts, they are stymied by a lack of resources.

A third aspect of the reform process, China's decision to join the international economy and the international community writ large, has also equipped China's leaders with a vastly different set of polit-

ical and economic tools than their predecessors possessed. China has opened its arms to embrace technological assistance, policy advice, and financial support from the international community to help improve its environmental situation.

Environmental governance in China increasingly incorporates not only technologies but also norms from abroad. China's participation in the United Nations (UN) Conference on the Human Environment in 1972 and the UN Conference on Environment and Development in 1992 sparked enormous change in the environmental attitudes and orientations of Chinese elites, which have begun to trickle down through education to the wider society. The 2002 UN World Summit on Sustainable Development in Johannesburg may well have a similar impact, already having served as the occasion for China to announce its decision to ratify the Kyoto Protocol to address the challenge of global climate change. The Olympics in 2008 similarly have the potential to drive important advances in environmental technologies, encouraging, for example, the introduction of natural gas into Beijing as a replacement for coal and the purchase of a range of alternative fuel vehicles by the local government. How far the environmental impact of the Olympics will extend beyond Beijing, however, remains to be seen.

Outside actors have also taken advantage of China's economic reforms to introduce new policy approaches to environmental protection. International governmental organizations, such as the World Bank and Asian Development Bank, individual countries such as Japan, and international nongovernmental organizations (INGOs) have been instrumental in persuading their Chinese colleagues to experiment with market-based mechanisms such as price reform for natural resources, tradable permits, and energy service companies. In some cases, such as pricing reform for water, resource scarcity and population pressure provided the opening for the reform to be initiated, giving credence to the more optimistic view of how population affects the environment.

Further, China's accession to the World Trade Organization (WTO) will place new strictures on some of its production practices, particularly in agriculture. Several Chinese products have al-

ready been deemed insufficiently green, resulting in a sharp drop in those exports to WTO member countries. Yet, the WTO also will offer some highly polluting industries such as textiles the opportunity to ratchet up significantly their exports.

And there are concerns over the implications of China's burgeoning levels of foreign trade and investment for the environment more broadly. Many multinationals bring only their best environmental practices and most advanced technologies to China. Royal Dutch Shell's broad engagement in China's environmental protection efforts—funding environmental NGOs, insisting on top-quality environmental and socioeconomic impact assessments for its pipeline venture, and bringing natural gas to the coastal provinces—offers a good example of the ways in which international firms can shape China's environmental trajectory in a constructive manner. Many others, however, offload their most polluting enterprises on regions desperate for foreign investment.

China's weak enforcement of its own environmental protection laws also undermines the potential environmental advantages of foreign direct investment. Many multinationals complain that despite their best efforts, local officials and enterprise managers prefer not to use the pollution control technologies they provide in order to decrease the costs of operating the plants. Or, in other instances, foreign firms simply cannot compete against domestic firms that do not abide by the country's environmental regulations.

China's leaders have also placed the future of environmental protection in the hands of the Chinese people, opening the door to grassroots activities, NGOs, and the media. This has produced an exciting and vibrant—if still nascent—source of policy approaches and enforcement capabilities. Environmental NGOs, independent environmental lawyers, and an aggressive media all have injected new ideas and methods into China's environmental protection efforts, reflecting a gradual evolution in the traditional belief of the Chinese people that it is the role of the government to safeguard the environment. Moreover, NGOs and the media have begun to reshape the environmental and political consciousness of the public and some government officials in ways that are important not only

for environmental protection but also potentially for broader social and political purposes.

Yet, even as the NGO sector and media have become highly valued adjuncts to China's environmental protection work, restrictions governing their work still remain. The Chinese government is wary of the potential for NGOs and the media to move beyond issues of local enforcement to criticize central government policy or potentially serve as a force for broader social change. Thus, in many respects, China's environmental NGOs have developed far more slowly over the past decade—both in terms of the absolute number of such NGOs, their membership, and the scope of their work—than might have been anticipated.

Finally, this is a circular process: Even as political and economic reform shape China's environment, the environment, too, is influencing China's reform process. Environmental pollution and degradation are costly to Chinese economic productivity, contribute to tens of millions of environmental migrants, damage public health, and engender social unrest. In addition, the environment may serve as a locus for broader political discontent and calls for political reform, as it has in other countries. Thus, China's reform process has brought an extraordinary dynamism and energy to both the nature of China's environmental challenges and its environmental protection efforts; yet it also increases the uncertainty in attempting to chart China's future environmental path.

Scenarios for the Future

Given the dynamic nature of both China's economy and its evolving political system, assessing China's environmental future and its broader implications for the country and the world is no easy task. Integrating centuries of historical attitudes and approaches with the current infusion of new ideas and technologies into this interplay of economic development and environmental governance demands consideration of a range of potential outcomes.

Using China's economy as a starting point, three scenarios suggest themselves for China's environmental future, with significantly different implications for both the country and the world.

China Goes Green

In the first scenario, China's economy continues to grow, producing more challenges for the environment but simultaneously spurring greater investment in environmental protection at both the local and national levels. Not only the economy and the environment benefit but China's political system is also enhanced through more effective application of the rule of law, greater citizen participation in the political process, and the strengthening of civil society.

In this scenario, China's most vibrant cities such as Shanghai and Dalian serve as genuine models for other coastal and inland cities interested in attracting greater foreign investment and recognition for their livability. As urbanization continues, satellite cities replicate the better environmental practices of the major urban centers rather than becoming dumping grounds for the cities' most polluting enterprises. Shanghai becomes a center for the most advanced environmental thinking and cleaner production, prompting a booming industry in environmental technologies. Beautification campaigns clean up the city streets, and Shanghai develops a high-speed transit system to its satellite cities, thereby sharply slowing the growth rate in car use in the city and surrounding environs. The continued increasing wealth of the city and environmental education opportunities in schools spawn a highly energized green movement, which promotes recycling, water-saving measures, and other grassroots efforts to protect the environment and the city's natural resources. In ten years, the water in the Huangpu River is once again safe for recreation and drinking, leading to a lively riverfront community.

At the same time, Premier Wen Jiabao uses his environmental expertise to push for broader environmental change, and the political success of former Dalian mayor Bo Xilai encourages other mayors to follow suit, using the environment as a stepping stone to positions

of greater political prominence. Throughout the country, tens of thousands of model environmental cities sprout, providing China's citizens with unprecedented access to a better future for themselves and their children.

China's entry into the WTO reinforces positive trends in the quality of goods produced, the development of a legal infrastructure, and stronger enforcement capability. Electricity supplied from the Three Gorges Dam and natural gas provided by the West-East pipeline dramatically improve China's energy mix; coal use decreases as the desire for efficiency and higher quality of life becomes paramount. Environment-related public health concerns diminish as China is forced to rethink its rural development and agricultural strategies to accommodate WTO-mandated levels of food safety. As China moves away from intensive farming and toward other, more environmentally sustainable and lucrative crops, the country also becomes world-renowned for the quality and quantity of its organic produce, particularly fruits and vegetables. In the automobile sector, Chinese joint ventures become leaders in producing fuel-efficient cars. Alternative fuel-cell vehicles dominate the roads, encouraged by the desire of Beijing to match consumer interests with the country's diminishing oil supply.

On the governance front, China's NGOs continue to flourish, supported not only by the international community but also increasingly by Chinese citizens who value a clean environment and are willing to contribute both financially and personally to ensure its sustainability. China's top entrepreneurs become an important new source of funding for environmental NGOs, helped by new tax laws and a growing base of wealthy Chinese citizens. Small mass-based environmental NGOs emerge, and the well-established NGOs expand their membership and their mission as the next generation of environmental NGO leaders, led by Wen Bo, Hu Kanping, Li Li, and others, increasingly incorporates international practices of lobbying and lawsuits to protect the environment.

For the Chinese leadership, the environment may change from a political liability into a source of political strength as the people are able to realize both economic prosperity and improved quality of

life. Certainly, environmental issues become increasingly important in local elections as people's concerns broaden past basic living conditions. Rooting out violations of environmental laws and corruption becomes a source of political credibility for aspiring leaders and community spirit for mobilized citizens. A formal and organized environmental movement evolves across provincial boundaries assisted by the media and the growing political strength of environmental NGOs. They advocate a political platform that encompasses a broad range of social and political interests tied to the environment, including population planning, environmental protection, rule of law, and economic development ideals. This scenario lends itself to a deepening or broadening of political reform, as Chinese citizens increasingly demand that their voices be heard on the full range of social, political, and economic issues. At the same time, the increasing confidence of the Chinese Communist Party (CCP) leads it, on its own initiative, to open the door to greater political diversity and political reform of its own accord. By the 2013 presidential elections, the CCP is recast as the Chinese Socialist Democratic Union and is one of two or three parties competing for political power.

The international community—business, government, and NGOs—joins forces with domestic NGOs and environmentally proactive government leaders to increase dramatically China's technological and policy capacity to protect the environment. This partnership also transforms the Go West campaign into a vast experiment in sustainable development. Urban planners, conservationists, and business leaders join forces to develop western China in a model environmental fashion, implementing cleaner production, ensuring public hearings for new development projects, and establishing local best practices with solar-powered office buildings, recycling centers, and state-of-the-art public transportation. The media, together with the public, serves as a watchdog to ensure that the west does not become a new center for resource exploitation and polluting industry.

For the international community, this scenario offers the potential for improved implementation of international environmental agreements, declining or stable levels of China's greenhouse gas

emissions, and improvement in China's contribution to transboundary air problems such as acid rain. More broadly, it suggests a China that is more likely to be both willing and able to participate fully in international environmental, as well as other, agreements and institutions. Environmental advocates both within and outside the Chinese government will become important members of the international environmental movement supporting China's participation in the full range of regional and global environmental regimes. And they will use international regimes to hold the central government accountable for its environmental commitments.

Inertia Sets In

This second scenario extends today's status quo. The Chinese economy continues to grow, but greater economic wealth translates only sporadically into enhanced environmental protection. The environment continues to be a drag on the Chinese economy, and both at home and abroad people complain about the worsening condition of China's air and water quality.

In this scenario, the growing use of automobiles, for example, is not matched by more stringent enforcement of the air pollution control law. Automobile use increases dramatically as expected, and low-cost, low-end cars that do not employ the most advanced technologies are favored. Rather than embracing the fuel-efficient, compact cars that populate Europe and Japan, wealthier Chinese follow in the footsteps of Americans, desiring gas-guzzling luxury cars and sport utility vehicles (SUVs). Public transportation becomes a least-desired mode of transport. Despite the spur of the 2008 Olympics, alternative fuel-cell vehicles do not spread in popularity. Air quality continues to suffer, as Chinese officials miss their targets and the number of cars continues to increase.

Top authorities rely on their traditional ineffectual use of campaigns to address nationwide problems, and the Go West campaign confirms the worst fears of local environmentalists: It leads to greater devastation of the natural resources of the interior provinces in the name of development. Political tensions in Xinjiang and Tibet

heighten as the two strata of society—the wealthy Han settlers and the indigenous poorer minorities—diverge further.

The devolution of authority to local levels continues to produce a patchwork of environmental protection practices, in which only the wealthiest cities with environmentally inclined mayors use their growing economic capacity to fund improvements in their local environment. There is little transfer of environmental know-how—either technological or policy—to other regions of the country. The northeast continues to suffer the environmental impacts of declining rust-belt industries, and the interior provinces are transformed into a haven for environmentally exploitative practices to lure both domestic and international investment. The costs of remediation projects, massive river diversions, and afforestation campaigns continue to increase as China's leaders continue to favor cleanup rather than prevention. These campaigns serve primarily as public works projects to stimulate the economy and provide work to otherwise unemployed farmers and loggers, but simultaneously drain the already overdrawn coffers of the state banks.

The WTO produces improved enforcement capacity in areas such as intellectual property protection, but this enhanced capability remains narrowly trained on business and does not translate readily into other arenas. Transfer of environmental technologies continues to be hampered by weak incentives and enforcement. Only the World Bank and other international development programs support progress on the environment; China remains unable to develop and sustain a domestically driven environmental technology industry.

With little reinforcement from the central government, NGOs remain constrained in number and in the range of their activities, focusing primarily on species protection and some urban renewal work. They only slowly expand the horizons of their work to lobby against environmentally unsound projects. The next generation of environmental activists becomes frustrated by the political limitations of their work and instead turns more to media and other outlets to express their environmental and political interests. Interest in environmental law develops only slowly because it is viewed as an area with poor future growth prospects.

International actors remain engaged in environmental protection work in China, but are stymied by recalcitrant local actors, weak incentives for adopting new approaches or technologies, and few opportunities for replication of their work beyond single demonstration projects. Foreign investment in environmental industries slows.

For the international community, China remains a partner in international environmental accords, but not necessarily a reliable one. Driven overwhelmingly by their continued desire to grow economically and maintain political stability, China's leaders continue to resist what they perceive as onerous environmental commitments to address problems such as climate change. At the same time, China's contribution to climate change and other transboundary air pollution problems increases as the country continues to develop with small enterprises fueled primarily by coal and as automobiles proliferate.

Environmental Meltdown

There is no guarantee, of course, that China's economy will continue to grow at the 7 percent that some analysts predict necessary to maintain social stability. If indeed there were an economic slowdown, there might be some environmental benefits. Declining industrial production, for example, could lead to decreasing emissions of greenhouse gases. Overall, however, the environment would likely be an early victim.

In the third scenario, China's economy slows or even experiences a significant downturn. Local officials continue to favor economic development at the expense of the environment in an effort to preserve social stability. As a result, China's air quality does not improve, as the country continues to rely on older, more inefficient polluting technologies and automobiles. Water pollution increases throughout the major river systems. And, most important, investment in waste treatment or new conservation efforts diminishes as a short-term outlook prevails.

Especially in the already economically hard-hit areas of northeast China and the interior provinces, massive layoffs in the state-owned

enterprise sector and growing problems with environmentally and economically induced migration would also challenge the ability of local governments to provide work for the people. The social welfare system is overwhelmed as continued corruption drains local coffers and impairs the development of a functioning pension system. There are frequent demonstrations, which often turn violent. The outlook for improved quality of life is bleak. Positive environmental trends in forestry and agricultural practices are reversed as logging bans are ignored and farmers attempt to eke out a living on increasingly degraded land.

In the Go West effort, environmental and economic exploitation prompt not only growing political disaffection but also increased violence and protests against domestic and international businesses perceived to support such policies. International business stops investing and withdraws from the interior, which is now viewed as politically unstable. The West-East pipeline becomes a target of sabotage. Weaknesses in the banking infrastructure and law enforcement deepen as Chinese officials seek any means to keep local industry afloat. After making small gains in the rule of law, courts are increasingly reluctant to press enterprises to adhere to environmental protection laws for fear of promoting further social unrest. Corruption continues to erode economic institutions and leadership credibility as Chinese citizens believe they have no recourse for justice.

Unwilling to risk massive layoffs, Chinese officials backtrack on WTO commitments in an effort to preserve Chinese industries. Bureaucracies are given greater latitude to develop regulations that impede the access of foreign companies to China's market. Foreign investors respond by denouncing Chinese practices, further contributing to international friction and trade disruptions. Fewer environmental benefits are also felt due to a slowdown in the influx of foreign technology and increasing acceptance of poorer environmental practices. Gains for China's industry come largely in the highly polluting textile, toy, and tin mining industries; few benefits are reaped in the expected area of agriculture, as China resists opening its market to large-scale grain imports promised in its WTO accession agreement.

In the political realm, this kind of economic downturn could produce at least three different scenarios. The first and most predictable would be a reversal in the present trend of modest political reform, exacerbating the tension within the Chinese leadership between its relatively newfound belief that there is much to gain from embracing forces of local political action and integration with the international community and its traditional fear that such processes will undermine the security of the state and their capacity to govern. In such a time of domestic stress and leadership vulnerability, the environment is not likely to receive much positive attention. More likely, the public security apparatus would increasingly scrutinize the work of NGOs and independent lawyers for the political content of their work. Peasant and worker unrest would be managed through repression and, perhaps, through the projection of an external threat or a manufactured crisis in the Taiwan Straits to rally nationalist sentiment and deflect attention from the country's economic woes.

Although the CCP has proved remarkably adept at harnessing nationalistic sentiment for its own legitimizing purposes, the wave of anti-Party sentiment expressed during the confrontation with the United States over the EP3 spy plane during spring 2001 (when a Chinese fighter jet crashed and a U.S. spy plane was forced to land on Hainan Island) suggests that such views could spiral out of the government's control, producing a new challenge to the stability of the regime.

A second possible outcome would be for China's leaders to pursue a path akin to that of former Soviet General Secretary Gorbachev in the mid-to-late 1980s. Gorbachev responded to economic malaise and his inability to reform the Soviet economy by opening up the political system as a means of diffusing popular discontent and channeling it into institutions such as political parties. This is a less obvious option. Many reform-oriented Chinese leaders have explicitly rejected such an approach. But recent scholarly studies revisiting the lessons of the Soviet experience, as well as visits by senior Chinese officials to Europe to study social democratic parties suggest that discussion has not been closed completely. Reform-minded leaders might well ally with labor, environment, and

women's NGOs to explore alternative formulations for restructuring the government to involve greater public participation.

In this scenario, China's environmental NGOs would be a logical locus of political action, drawing on both the intellectual and political skills of the NGO leadership as well as the innate attractiveness of their message and mission for many Chinese. The role played in effective environmental protection by transparency, rule of law, and public participation suggest a natural synergy between movement toward greater political openness and the work of the environmental community in China. Potential alternatives to the CCP might include a green party or a broader "democracy" party that would embrace many of the social issues of greatest concern—labor, the environment, and education among them—that CCP-led development has brought to the Chinese people.

Third is the scenario that many China watchers have previously described: that China might collapse or be riven by wide-scale civil strife. Regime-threatening protests emanating from China's minorities, especially the Uighurs in Xinjiang and Tibetan independence advocates, or from a combination of striking laborers, peasants, and urban intellectuals, are all within the realm of possibility, especially as China's leaders struggle to enforce WTO strictures. In this scenario, the environment could be one of many causes espoused by the protesters. An environmental disaster of significant magnitude, like a collapse of the Three Gorges Dam, could easily serve as the trigger for such protests—a giant symbol of the corruption, lack of transparency, and limited political participation of China's current system.

Which Way? The Role of the United States

Millions of people concerned with the environment, both in China and elsewhere, are hoping that the first scenario of growing prosperity, democracy, and environmental protection becomes reality. But this is by no means assured. Both China's domestic reforms and its deeper integration into the international system require a fundamental change in values. The nationalistic and occasionally

violent demonstrations in the wake of the U.S. accidental bombing of the Chinese embassy in Belgrade and the EP3 collision demonstrated that within at least some sectors of Chinese society and the Chinese leadership, the commitment to this kind of change is a tenuous one.

The world community has an opportunity to assist in the process of developing China's approach to environmental protection. The impact of the international community on China's environmental practices has already been substantial. In every regard—technology transfer, governance, and policy development—the international community has helped to shape the evolution of China's environmental protection effort. Fortunately, this involvement shows no evidence of abating and, indeed, seems likely to grow in the future.

Yet much more remains to be done. Technology transfer and adoption of new policy approaches await the development of a stronger legal and enforcement apparatus. Here, the international community, in particular the United States with its strong environmental enforcement apparatus and history of public participation in environmental protection, could be far more active in contributing to the development of China's environmental future.¹

The environment provides a natural and nonthreatening vehicle to advance U.S. interests not only in China's environmental protection efforts but also in its basic human rights practices and trade opportunities.² Several simple steps could be taken to help shape China's future environmental, political, and economic development. Chief among these is removing restrictions on the Overseas Private Investment Corporation and the U.S.–Asia Environmental Partnership. These restrictions, which date to the 1989 Tiananmen Square protests and before, severely limit U.S. influence in China. The United States Agency for International Development (USAID), with its broad emphasis on governance, public health, rule of law, and poverty alleviation could be especially valuable in addressing China's most pressing needs and the United States' most direct interests. For USAID to become actively and directly involved in such activities, however, would require the United States to remove either the prohibition on USAID funding of communist states or the label of communist state from China.

The United States has the chance not only to benefit more significantly from China's current reform process but also to aid in the future evolution of that process in ways that serve broader U.S. political, economic, and environmental interests. This will require the U.S. leadership to develop both an understanding of the opportunities to influence China's future path and a newfound commitment to take the bold steps necessary to do so. It is a challenge that the United States cannot afford to ignore.

Deep U.S. engagement involving both trade and substantial support for political development has been an essential component in the development of our close relations with many nations in Asia, including Japan, Taiwan, and South Korea. As the United States considers the importance of mainland China to regional stability, to the world economy, and to the global environment, it need look no further than its past successes in the region to understand that it has a substantial opportunity at a critical juncture in China's development to play a similarly catalytic role. No matter how extensive China's interaction with the United States and the rest of the world, China itself bears the brunt of the challenge. A future in which China fully embraces environmental protection will require new approaches to integrating economic development with environmental protection. Equally, if not more, important will be a commitment by China's leaders to develop the political institutions necessary to ensure such a future, to bring true transparency and accountability to the system of environmental protection. Speculation remains as to the boldness of President Hu Jintao and Premier Wen Jiabao, China's Fourth Generation leaders. Yet change will require nothing short of boldness. This is a system thousands of years in the making, one in which the greatness of leaders has often been achieved at the expense of nature, through grand-scale development campaigns to control and exploit the environment for man's benefit. But today, greatness may well depend on resisting this tradition and instead developing a new relationship between man and nature.