

A Quick Look at China Today

By

William R. Polk

Obstacles were not acceptable to the great American oil man, John D. Rockefeller. But a century ago he faced one: he had run out of markets. He had already conquered the American market. To enable his Standard Oil, the “mother” of all American oil companies, to expand further, he needed to find new markets. He got an idea from the fact that there were then about 500 million Chinese. Of course they were poor, but if every one of them could be induced every month to buy just a small can of his oil to light their lamps, the total sale would be enormous. “Oil for the lamps of China” became a marketing slogan.

Rockefeller was a century too early. The Chinese of his time were barely able to survive. Revolution, anarchy, foreign invasion, civil war, the imposition of Communism and the juvenile delinquency of the Cultural revolution washed over them like floods. It was not until the 1980s that they were able, almost literally, to get their heads above water.

Then they faced all the problems we sum up in “underdevelopment.” They were both individually and nationally poor; they had little “infrastructure” – roads, bridges, dams, airports, railways. And, above all, years of anarchy and poverty had drained the country of trained people. Many had given up and left for Hong Kong, Taiwan and America. The people left behind were baffled: how could they find a productive blend of traditional Chinese values, Marxism and Western materialism?

Finding a satisfying answer to that question took the Chinese almost a generation. Their answer – even now perhaps only temporary – has been to put aside Chinese tradition, drop all but formal pretense to following Marxist dogma and rush headlong toward what they understand as the West. That is today’s Chinese revolution.

At least on the surface, the revolution has been an enormous success. China is booming super modern. The landscape is being reshaped everywhere. The mighty Yangtze is being dammed; canals are being dredged; factories built; highways constructed. Thousands of enormous buildings rise above the cities. The city boulevards – often 10 lanes wide with parallel roads for local traffic and bicycles – are already choked with traffic and the number of automobiles (mostly made in China by joint ventures with the world’s major companies) is said to be rising by 10% a year. Industries, often embodying the latest technology and automation, now rank among the largest and most efficient in the world. Natural resources, long known but until recently untapped, underpin the new factories. Now “oil for the lamps of China” (along with coal and natural gas) comes from China itself. And virtually all internal disorganization has either been stamped out or has been abandoned by dissidents.

Judged by Western standards, the Chinese are an extraordinarily orderly people. Everywhere one looks, he sees men and women in casual Western dress (no one except restaurant and hotel attendants wears the traditional dress) hurrying down streets on foot or bicycle, getting off buses, all apparently heading determinedly toward some daily task. To accommodate them, most roads have separate extra lanes for pedestrians and bicycles. The first subways have been opened and “bullet trains” are being tested. China is in a hurry.

Ambition is the hallmark of the young people. A good job, a high salary, a bigger apartment, a car, even a house – these are the goals. The symbol of the new way of life is the mobile telephone. It is rare to see a Chinese person of any walk of life without one, talking as he walks, talking as he bicycles, talking as he drives, even talking as he cleans the streets. China is said to have more phones per capita than any country on earth. And, of course, with 1.3 billion people, “per capita” translates to “total.” A widely quoted figure is 160 million cell phones. Coverage appears to be complete; I tested mine in very remote areas and found it worked everywhere easily and clearly. And even in remote areas, electrification is said to serve almost 100% of the population. An undreamed of future seems within reach. Everyone wants a part of it. Now.

Of course, there are prices to be paid for this ambition. The young people with whom I talked in one of China’s leading universities evinced little interest in the subjects that would engage American or European students. When I asked how they felt about social or environmental issues, the students split. One business school student adamantly spoke in favor of minding his own business but an undergraduate disagreed. It was hard to tell which was more typical. After our meeting one of the professors admonished me for my questions. “You were rather hard on those young people,” he said. “You must remember that they and all living Chinese today have been beaten down for so long, it is natural that each of them should think only of how he can improve his own life. We leave the kind of issues you raise to the government. They know best.”

Ironically, I concluded, it is in political affairs that Chinese tradition is most manifest: policy has always been the preserve of the elite. The “good earth” was both selfish and fickle. The ordinary man or woman was, indeed had to be, focused on production.

Production today is impressive. Wages are very low by Western standards. An industrial worker’s income is perhaps \$100/month; farmers get only about 2/3rds of that but can produce some of their food; college graduates earn about \$250/month. Relatively little is paid out by the government in social security, health, unemployment and retirement benefits. Although this is the current reality, everyone to whom I spoke confidently said that it is changing. Conditions are improving. Everything is getting better. The future, as the slogan has it, is “bright.”

The work force seems to be highly disciplined. There are no labor unions at least as we would define them. In the transition from state-owned to private enterprises, workers have sometimes, some say usually, been treated as just another part of the capital

equipment, to be transferred, put aside or dropped when facilities are closed or sold off. When asked about this, the officials with whom I spoke rejoined that in this they are merely following the American model. The sole goal seems to be efficiency.

Efficiency is the aim of everyone. The mayor of Shanghai rattled off statistics of current production, planned advances, resources to be allocated, markets to be conquered with an energy, determination and grasp of detail that would have astounded not only his counterparts in America but also the chief executive officer of any large corporation. As impressive as he was, he was not alone. Indeed, what most stuck me was the eagerness of quite senior business and industrial leaders for “continuing education.” In Shanghai, highly experienced chief executive officers of enterprises employing thousands of people – banks, industries, airlines, telecommunications companies – were signing up to spend their weekends for the coming two years to sharpen their skills in the American-style and American-taught Arizona State University’s W.P. Carey School of Business.

Much of the energy and money of the new China is focused on the coastal cities. Above all, Shanghai, now a metropolis of about 16 million, has become one of the most modern cities of the world. Thousands of huge cranes are at work in shifts around the clock to construct buildings every bit as impressive as the best New York or Chicago can offer. Money appears to be no obstacle. While the government owns the land, investors can lease it for long enough to make any investment profitable. And, they can borrow whatever capital they need from the government at low interest rates. With a yearly inflow of about \$100 billion in sales to America, the government has money to spare. So Shanghai is almost literally exploding.

As befits a capital city, Beijing is more stately but it dwarfs Washington D.C. and makes European capitals seem dowdy and provincial. It even rivals Shanghai. Ringed by 5 wide, well-built circumferential highways – a 6th is nearly complete – it is pierced by ten-lane highways that compare favorably with Paris’s Champs-Élysées. Indeed, the Beijing scene is far more vast. In the city center, Tianamen Square which contains the National History Museum, the People’s Assembly and Mao’s mausoleum, is as large as at least 20 football fields. The Place de la Concorde would fit in a corner of it. And it fronts on the Forbidden City, itself perhaps 50 times the size of the Louvre including its gardens. In China, the word “big” must be replaced by “vast.”

For years, Western environmentalists have worried about what would happen if this vast land with its huge population ever approached Western standards of living – the impact of enhanced consumption would surely overwhelm the world’s resources. As one Chinese guide remarked to me, proudly I imagined, “everyone in China wants a car. If we get them, then we’ll need another planet. But all you foreigners want to sell them to us.” That “future” of a rich, hungry and numerous China is nearly “now.”

Now, at least for the 100 million or so Chinese who are favored by the government, skilled or lucky. Twenty percent of the population account for about 80 percent of China’s gross domestic product. They all have bank accounts, can borrow from the government (at about 1.8% interest) to build houses or businesses, are favored

for schools and colleges, get permits to build, travel or take advantage of state subsidies easier than others and by now constitute a real middle class. Obviously, they do not get their money from salaries and what they get does not appear in government statistics. But the luxury hotels are full of them at \$200 a night; they can afford to buy \$150 thousand houses and even \$125 thousand dollar cars.

The people who can afford these prices are the owners of the new private enterprises or organizers and managers of the semi-private companies or state-owned companies in the process of being privatized. It is already clear that the future is with them and their future has already begun to arrive. Private enterprises are estimated (since they are now included in official figures) to account for more than one-third of China's gross domestic product.

This new class of Chinese has melded into the "virtual nation" -- Greater China - that unites the mainland, semi-autonomous Hong Kong and politically independent Taiwan. However far apart their governments appear, the peoples of these three entities congregate and mingle on the mainland. All the big mainland cities have tens of thousands of "offshore" Chinese residents. Perhaps even more significant, all three kinds of Chinese constitute an emotional or nostalgic "nation." Tourists from all over the three Chinas are overwhelmingly present at every tourist interesting site from Shanghai through Beijing to Xi'an and even to remote mountainous areas. On the beautiful Li river near Guilin a few days ago I saw over a hundred ferry boats packed with thousands of them. Guilin, a small town by Chinese standards with only a million residents, is said to have been visited last year by some 11 million tourists of whom at least 10 million were Chinese. Pride, delight and exuberance are everywhere evident.

What still holds China back is, of course, the vast under class. The absence of real estate taxes of course helps mainly the affluent, but few Chinese pay taxes. While taxes theoretically begin to be imposed when a person earns roughly \$15 a month, 9 out of each 10 Chinese do not pay taxes. Their China is still, in social and economic terms, a rural or village country. While all land (both urban and rural) is state owned, long-term leases blur the distinction of private and public property. A farmer gets his land, usually about 1 hectare or roughly 2 acres, on lease for 50 years and is allowed to do with it more or less what he wants. He usually does what people in his area have always done -- plant food crops. He does not so much engage in agriculture as in horticulture. Each farm is a garden, tended mainly by hand with occasional help for animals or small tractors. But today, things are changing even for the peasant. He often moves up the "value added" scale by planting fruit trees instead of maize or wheat and markets his own pomegranates, citrus fruit and the fish he grows in the ponds that dot the countryside. He is required to send his children to school. Virtually every village now has a primary school, and groups of villages are served by secondary schools. Astonishingly, given both China's recent history and the difficulty of its written language, literacy is believed to be 85-90%. The next generation may not wish to stay on the land.

Some members (in China that means millions) of this generation is already attempting to move to the cities where the lights are brighter and opportunities are

greater. While the regulations are now “relaxing” (to use the Chinese expression), they are still aimed at keeping rural people out of the cities. If a man who has the legal status of residence in a city marries a rural woman, she had (and in some cases still has) no access to regular work or social welfare; some state institutions withhold housing allotments from those with rural spouses. If the couple had a child, the child could not be registered as “urban” without a substantial payment. That meant the child could not attend higher schools or get access to better government jobs. What is now happening indicates that the government, so powerful a force in China, cannot completely stop the flow. So it is now, apparently, attempting to direct it into productive channels. As one official put it, the aim is to build a “comprehensively well-off (*xiaokang*) society in an all-round way.”

No longer needed to push development of the coastal cities, where capital from Hong Kong and Taiwan has spearheaded the revolution, the Chinese government is fostering development of the interior. Such more or less traditional cities as Xi’an (the still-walled city of the classical dynasties, a place where Marco Polo would have felt at ease) now produces wings for Western jet aircraft companies, motors for rockets and pharmaceuticals. It is the home of 49 universities and training institutes, most of which are devoted to technical subjects. The Xi’an “foreign service center international” (the provincial business promotion organization) issued a broadsheet admonishing both foreigners and Chinese to “Go West, Find Gold in Xi’an!”

The 56 minority communities present an enigma. Viewed superficially, their houses, dress and even diet are increasingly hard to distinguish from those of the *Han*, as the Chinese call themselves. They are allowed to keep their own languages, but schooling is mainly in Mandarin, the official language. The children are required to learn it. In some aspects of their lives, particularly marriage customs and permission to have more children, they are given more freedom than the *Han* but, of course, in most “practical” affairs they are treated as second-class. Some, particularly in Tibet, are treated far worse.

Even worse treated are the 8 million Turkic speaking Uighurs in the far west of China. They live in what used to be called Chinese Turkestan and is now called Xinjiang. Divided from the Han Chinese by religion, language, social customs and lack of intermarriage, many have campaigned for autonomy or even independence. In response, the Chinese government has subjected them to years of what it calls a “strike hard” campaign. When captured, nationalist dissidents, deemed “terrorists,” are often tried by “sentencing rallies” at sports stadiums and then speedily executed. Human Rights Watch reports that such events are frequent and individual executions take place almost daily. No one knows how many, but certainly large numbers, are imprisoned. More pacifically, the government is attempting to uproot their culture and impose upon them the Chinese language and a growing number of Chinese immigrants.

Meanwhile, in China, the economy is booming and formerly state owned enterprises are rushing toward privatization. One casualty of the privatization policy is the attempt to control population growth. For years, a Chinese family was restricted to

one child. The birth control “device” was bureaucratic: only one child could be registered and so become entitled to food coupons, permission to reside in a city, access to schooling, health care facilities and housing. These were powerful disincentives to large families. But, today, with an increasing number of younger people working for private organizations and earning more money, the bureaucratic restraint has fallen away. No one seemed to know for sure, but the general feeling is that as younger couples seek to expand their well-being, they are voluntarily restraining the birth of children. Except, that is, that everyone wants a son: if the first child is a girl, almost certainly the couple will have a second child.

That first or second child will participate in a China that neither John D. Rockefeller nor Mao Zedong could have imagined, a China that is on the verge of being a colossus among nations. In very few years, we may indeed, as the guide told me, need a second planet to accommodate us all.

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