

Changes in China

Global developments impact the U.S.

by Rob Sanchez

In July of 2002 I visited China for two weeks. One week of that vacation was spent as a tourist and one week I lived as a local resident in Shanghai. I observed some disturbing trends in China that will affect the United States as global trade between the two nations intensifies.

I was lucky to have a window seat as the plane approached Beijing because the scene about twenty minutes outside of Beijing was stunning. The plane flew by a nuclear generating plant and a vast sand dune desert. My first impression was that a catastrophic nuclear disaster had killed all forms of life because no vegetation was visible. Farmland was wedged between sand dunes. Sometimes it seemed that rivers of sand were flowing through the crops.

Farmers that battled this sand lived in small villages that were separated by dunes and joined by temporary dirt roads or trails. It appeared that they were losing the battle against the desert because crops were being engulfed by waves of sand.

Desertification of the farmland is the direct result of overpopulation and poor management. Arable land has been overtaxed by intensive farming which has caused it to become vulnerable to erosion by rains and winds. Feeding such a large population is a daunting task when more than 27 percent, or 2.5 million square kilometers, of the country comprises useless desert sand.¹

Scientists say that the sand dunes are now within sixty miles of the capital, and creeping closer every day. They project that the sand, unless stopped, will blanket Beijing within a few decades.² Serious ecological problems such as floods caused by soil erosion and ferocious sandstorms that turn the skies over Beijing to yellow and brown are becoming more commonplace.

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While driving around Beijing I saw projects instituted by the Chinese government to plant trees in order to fight the encroaching desert. Throughout China workers, students and army troops have been drafted into a giant "Green Brigade." Trees line the new freeways and parks but they don't look like natural woodlands. Most trees are monoclonal and they are planted equidistance from each other. This mechanical approach at manufacturing instant forests might fail because the trees lack gene diversity. There is very little growing underneath the trees like grass or shrubs. Sometime the plastic irrigation pipes that water the trees are exposed on the bare ground. Since China has chronic water shortages it is not clear how all of these trees will be allowed to draw the water supply down as more trees are planted.

Meeting government quotas for tree planting is sometimes very counterproductive when not enough saplings are available. Trees from the forests are transplanted to the cities, which in turn accelerate more desertification. Some cities have even stolen trees from other cities to meet their planting schedules.

All of the major cities on the tour were traffic nightmares. Cars clogged the streets and the drivers had no regard for pedestrians and bicyclists. Traffic was far worse than Los Angeles freeways at rush hour. Small trucks and buses belched noxious clouds of diesel fumes while small motor scooters left trails of smelly two-cycle oil fumes. Stifling air in the crowded cities is made worse by vehicle emission standards that are almost non-existent. Ambient lead levels in the cities are extremely high because gasoline is leaded.

The huge populations coupled with lax environmental regulations result in major pollution problems. Chinese accept pollution as a necessary part of their industrial expansion. They don't seem to mind noise because the cities are loud with construction and other activities all day and night. The blare of traffic, construction, and other human activity never stops.

Zoning in a crowded nation like China is difficult and

therefore almost non-existent.

It wasn't uncommon to see huge apartment complexes right next to petroleum and propane storage tanks. Sometimes factory smokestacks seemed to surround apartment blocks. At least these residents didn't have to walk a long way to work.

In Shanghai I lived in an apartment on the twenty-eighth floor. This apartment was in a good location and we had most of the modern conveniences that we take for granted in the USA, but for the vast majority of Chinese the living standards are deplorable.

There is no room for single-family homes in most of the major cities. Upper-class people live in the high rises while everyone else lives in squalid slums.

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Shanghai, like most Chinese cities, has some of the densest populations in the world.³ Despite the multitude of people I never saw non-Asian residents. That's probably because China's immigration policy is far more restrictive than ours. They understand the relationship between immigration and the resultant population that occurs.

China's immigration policies are not reciprocal. Many in the United States say they are a “nation of immigrants” but the Chinese would more than likely say that they are a nation of citizens. Ambassador Li Daoyu recently said, “China is not an immigration country.”⁴ In the year 2000, almost 1.5 million Chinese emigrated to the United States and China sent 63,211 students to our schools during 2001-2002.⁵

The Chinese government claims they are going to issue visas to allow skilled workers to China. This visa is needed so that managers and engineers can work in the factories and offices that relocated from the United States to exploit China's cheap labor pool.⁶

Air pollution was the most noticeable and annoying

Population Density Comparison

| | Shanghai | London | New York |
|------------------|-----------|-----------|-----------|
| Population | 6,296,700 | 2,761,000 | 8,008,278 |
| Square Mile Area | 110 | 124 | 303 |
| Population p/s/m | 56,389 | 22,266 | 26,401 |

environmental problem in China. There is no escape from the smoggy haze — even in the countryside. In Shanghai the sun, when you can see it, looks like a dim orange ball and of course stargazing is out of the question. Farmlands seem to be hazy at all times.

Coal burning is the primary source of China's high sulfur dioxide emissions and it's used for more than three quarters of the country's commercial energy needs. Industrial emissions of heavy metals and toxics are also significant contributors to air pollution in China. Industrial boilers alone consume 30 percent of China's coal. These boilers are usually inefficient and emit through low smoke stacks, contributing to much of China's ground-level air pollution.⁷ Small smoke stacks seemed to be scattered everywhere I went. Fortunately most of them weren't being used because heating isn't need in the summertime. Sometimes these smokestacks were so close to apartments it would be possible to reach out the window and touch them. Life in those apartments must be miserable when the smokestacks are belching black smoke.

Drinking tap water in China is a risky proposition so tourists are instructed to never drink tap water even at the five-star hotels. I was always careful to drink bottled water and when necessary I purified water with a portable reverse osmosis unit.

China's water shortages are extreme. Of the 640 major cities in China, more than 300 face water shortages, with 100 facing severe scarcities. Raw sewage is routinely dumped into the fresh water supplies so it's difficult to find water that is safe to drink. Chinese protect themselves from diseases such as fecal coliform by boiling their water but that doesn't get rid of toxins.⁸

Lake Taihu, the third largest fresh water lake in China, is near the city of Wuxi and boat rides offer a change to tourists who are weary of riding the bus. The scenery is beautiful as long as the polluted water is ignored. Taihu produces 25 percent of the nation's total freshwater fish but it also functions as a repository for

industrial waste water, sewage, tourist trash, chemical fertilizers, pesticides and fish food from enclosed fishing areas.⁹

The average family farm in China is about one acre — and that's not enough land to support a family. Country people are leaving the farms and flooding into the cities in search of work. These people are called "*migrant workers*." They are desperate to work and

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American-owned companies are eager to work them like slaves for a pittance. Chinese employers are no better. China's overpopulation is a tempting opportunity for employers looking for cheap labor. The Labor Ministry acknowledges that their labor force now grows by 12 to 13 million people each year.¹⁰

The lure of cheap labor is too much for U.S. companies to resist and so far consumers have been more than happy to lap up cheap Asian goods. The Chinese have an unlimited ability to drop prices because the labor supply is glutted far beyond what is needed.¹¹ Average factory workers in China make about \$150 a month — and those are the good jobs!

Our visit to a cloisonné enamelware factory was a good illustration of the deplorable labor conditions in China. It was fascinating to watch how a man used metal tongs to lift and lower the cloisonné pottery from a gas fired stone furnace. He would carefully place the glowing pottery on the ground to cool. His protective clothing amounted to a T-shirt, shorts, and light canvas sneakers. I asked our tour guide why he wasn't wearing protective gear and told him that if a pot dropped on his feet he could sustain terrible injuries. He told me that this is one of the *good* factories, designed for view by *tourists*.

Typically these workers are barefoot.

I visited several factories and never saw employees use protective clothing. Craftsmen in dingy workshops toiled over lathes and grinding wheels with no eyewear to guard against flying projectiles. The employers don't see the need to protect their workers because there are many hungry people waiting for these jobs if someone becomes disabled from injuries. Companies don't shoulder the burden of OSHA, the EPA, healthcare, and pensions. Cheap labor and low expenses allow these factories to churn out goods that are far cheaper than U.S. manufacturers and that's why Wal-Mart now means "Made in China."

China has active construction projects throughout the countryside and every city. New skyscrapers are going up everywhere and they all seemed to have construction cranes on top of the roof. These buildings seem to be in a race to go ever higher into the smoggy sky. Suzhou had a very impressive semiconductor research and fabrication plant that appeared near completion that was funded by American and European partners.

Multi-national consortia are financing most of the construction because the Chinese government doesn't have the capital to build on these scales. American companies might not have the desire to invest in the United States but they are rushing to China as fast as they can. In 2000, China attracted \$40 billion of foreign direct investment, or thirteen times that of India.¹² Factories were being built for a wide variety of U.S. companies in every city — especially Shanghai and Suzhou.

American billboards are commonplace and that's no surprise since over 400 of the 500 largest companies in the world are now invested in China. Some of the companies include Microsoft, General Electric, Sony, Exxon-Mobile, Royal Dutch Shell, General Motors, Toyota, Volkswagen, Boeing, Matsushita, Siemens, Toshiba, Intel, Kodak, Hewlett-Packard, and IBM. U.S. companies have been China's largest investors for three consecutive years, with total investments of \$67.8 billion.¹⁰

China's version of "free trade" seems to be working very well for them. That's because to trade with China you must play by their rules. Imported automobiles are stuck with a full 100 percent tariff and most manufactured goods such as appliances cannot be

imported into China. Here are some other interesting examples of China's "free trade" in action:

- Raw materials are allowed into China but manufactured goods are severely restricted.
- Most of the heavier consumer goods are sold in government owned stores so the government can decide what products the stores will sell. Even if a consumer was willing to pay a high tariff for an American product it might not be available for sale.
- German car brands dominate the roads of China.

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Volkswagen holds 54% of the Chinese auto market while Mercedes and Audis are driven by the wealthy. Buicks were the most common American cars seen. Chryslers and some Japanese models are now appearing because they recently set up manufacturing plants in China.

- Shopping for a washing machine and dryer for the apartment in Shanghai was both frustrating and educational. Appliances must be bought at government stores and the selection is limited. There are a few Japanese and American washing machines but most of the models were shoddy looking Chinese brands. The only dryer available was a flimsy Chinese model called the "Little Swan."
- Bootleg DVDs of recent American movies can be bought on the street for less than one U.S. dollar. CDs of computer software can be bought on the street for even less.
- Suntory and Budweiser beers are now available since they set up breweries in China. The young Chinese seemed to treasure those beers even

though local brands like XiaXing were far better. American style hype and advertising seem to be effective at selling mediocre beer everywhere in the world.

- Dell Pentium 4 PCs are now being sold since Dell decided to move large parts of their manufacturing and support operations to China.
- Junk food restaurants such as McDonald's and Kentucky Fried Chicken are appearing all over the place so at least America can produce something — although I only saw Chinese workers in the restaurants.
- The United States gives total freedom to send money to China but the Government of China forbids, as strongly as possible, money to flow in the reverse direction. China won't even allow tourists to exchange their Chinese money once they leave. All Chinese money stays there, even corporate profits made by American corporations. The real incentive for U.S. corporations is to sell the products outside of China where they can keep the profits. Bill Gates had no problem bringing money into China when he donated 975 million dollars toward the construction of universities.
- China recently appealed to the World Trade Organization to force the United States to exempt all of China's steel products from its tariffs.¹³ They only want "free trade" to go one way— their way!

The Chinese understand the foolishness of unfettered free trade, but they are experts at exploiting the near-religious fervor for globalism that exists here in the United States. American economists seem almost unanimously to think that tariffs are bad for a country's economy. China's successful economy proves American economists' theories wrong. Trade tariffs in China are over double the Smoot-Hawley Tariff Act of 1930 that American economists are forever scapegoating as the cause of the Great Depression. They seem reluctant to admit that China's economy is booming largely because of similar trade protections.

The U.S. Congress granted "Most Favored Nation" status to the People's Republic of China in 1979 and it has been renewed ever since. Tariffs against Chinese goods coming into the United States have recently been dropped nearly to zero. Consequently, our nations are now locked into global competition with an overpopulated

nation that cares only about production at all environmental and social cost. The United States will continue to lose this trade battle unless tariff and immigration barriers are restored to the levels of the 1970s and earlier. The only other alternative will be for the people of the United States to accept far lower salaries and far worse working conditions in order to compete for the jobs that are moving to China.

The “Ground Potential Theory of Globalism”¹⁴ helps to explain what is happening between the U.S. and China. For those of you not electrically inclined, the third prong on an electrical plug is designed to ground the metal case of an appliance so that it’s at the same electrical potential as earth ground. As far as the electrons are concerned there is no difference between earth ground and the cabinet so that electrocution is prevented in case of an electrical short. Globalism is all about grounding the economy of the industrialized world to that of the developing world. Similarly, the globalists want people and goods to be able to move freely without borders. Like the electrons, nobody will be able to tell the difference between China and the U.S. once free trade has “equalized” us. China could be an example of the future of the USA unless the globalist trade and open immigration policies that are in vogue are changed.

If globalism continues unchecked in this country, we are doomed to suffer all the environmental disaster and wage-exploitation of China. Exponential population increases fed by our lax immigration laws will make environmental management all but impossible. Our ecology and labor conditions will be as grounded as the outside of a refrigerator, made on par with the rest of the world in general, and on par with China in particular. As far as finances, our money and consequently our purchasing power will flow in one direction, out of the United States and into China.

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