

# The costs of the Chinese economic miracle

The rapid economic growth in China of 7.3% in 2014 and 6.9% in 2015 has left China with both huge environmental and social costs.

## Environmental Costs:

### **Energy:**

- China is the world's largest coal producer and therefore accounts for 1/2 of the world's coal consumption. Due to the use of coal in order to produce electricity in January 2013 Beijing experienced a prolonged period of smog in which the level of particulates in the air was 40x the safe limit set by the WHO.
- 80% of China's 660 cities failed to meet safe air quality levels
- 154 million people in China now own a car, up from 27 million in 2004. The huge number of car users means that there is increased fossil fuel emissions

### **Land:**

- The Sichuan province that is home to Pandas now only possesses 1/10 of the original forests. Therefore

the loss of the Pandas' habitats is threatening their survival

- Desertification due to overgrazing and overfarming have contributed to the devastating sandstorms and droughts that many areas in China experience

### **Water:**

- China is home to 20% of the world's population, however only has 7% of the world's freshwater. As a result, approximately 2/3 of China's 660 cities suffer from water shortages.
- Over 70% of the water available is being used in agriculture, with 20% being used in the coal industry
- The cost of pollution is \$227 billion or 3.5% of China's GDP
- In Beijing there are only 100m<sup>3</sup> of water per person for the whole year, with the water table falling by 300 meters so far.

## Social Costs:

- 20% of the population in China still live on less than \$1 a day, with some children being forced to work in dangerous factories, rather than going to school and getting an education
- Housing in some parts of Beijing was demolished in order to build the facilities needed for the Olympics. As a result of this 300,000 people were evicted.
- 1/12 of people rely on the heavily polluted Yangtze River for their drinking water. This has led to many people becoming sick. This then leads into the poverty cycle as they are unable to work if they are ill.

## Solutions?

As you can see the rapid economic development of China has taken its toll on the environment and the population. In order to prevent some of the environmental costs China has been exploring and investing in a variety of different solutions. Some of these are:

- A \$13 billion investment program over the next 10 years has been announced in order to replant forests and repair the damage in the Western provinces
- In December 2015 the Asian Development Bank approved a \$300 million loan in order to help China address the smog in its cities caused by the burning of coal to generate electricity.

