CHINA IN PERSPECTIVE
An Orientation Guide

Technology Integration Division
October 2013

DEFENSE LANGUAGE INSTITUTE FOREIGN LANGUAGE CENTER
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CHAPTER 1: GEOGRAPHY

Introduction

China is the fourth-largest country in total area after Russia, Canada, and the United States. Its 9,596,961 sq km (3,705,410 sq mi) feature the highest point in the world (Mount Everest in the Himalayas on the border with Nepal) and one of the lowest (the Turfan Depression in the northwestern basins). Nearly 70% of the country is covered by mountains, hills, or plateaus. Basins and plains make up the remainder.

China was governed for centuries by an imperial system of leadership, and the early seat of power was based in the interior, around present-day Xian in Shaanxi Province. For this reason, roads (e.g., the Silk Road) were initially more important than rivers or canals as modes of transportation. Political boundaries have been repeatedly redrawn over the course of China’s long history. Today, administrative divisions within the People’s Republic of China (PRC) reflect the distinctiveness of the geographical regions. Large “megacities” such as Beijing, Shanghai, Tianjin, Chongqing, and Hong Kong have separate administrative status. They are not part of surrounding provinces. Geographic regions such as Xinjiang, Tibet, Ningxia, Inner Mongolia, and Guangxi that are either dominated by or constitute the historic homeland of ethnic minorities have been given the special status of “Autonomous Regions.”

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7 Matt Hartzell, “China’s Crazy Administrative Divisions….or, When is a ‘City’ not a ‘City’?” Matt Hartzell’s China Blog, 16 March 2013, http://matthartzell.blogspot.com/2013/03/chinas-crazy-administrative-divisionsor.html

**Geographic Divisions**

The broadest division of China is between east and west. Inner China (or China Proper) encompasses approximately the eastern third of the modern nation. It is populated by the Han, whose lineage dates to imperial China’s second dynasty (206 B.C.E.). Outer China, home to Mongols, Tibetans, Uighurs, and others—encompasses the remaining western regions.

The distinctions between Inner and Outer China go beyond ethnicity. Inner China has gentler terrain, is heavily populated and settled, and its historical land use is based on agriculture. Outer China has spectacular but largely inhospitable terrain: high rugged mountains and vast deserts. Its sparse population is pastoral. The Great Wall was built to keep nomad warriors out of settled agricultural Han Chinese communities.

Inner China is subdivided into three regions from north to south: Manchuria; North China, from Beijing to the Yangtze River; and South China, below the Yangtze. In North China, dry-field farming (e.g., wheat and millet) predominates. South China is dominated by wet-field farming (e.g., rice).  

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Xinjiang, in the northwest, is China’s largest political subdivision. Its geography is characterized by extremes. The Junggar Basin to the north and the Tarim Basin to the south are largely uninhabited desert and extremely dry, with minimal rainfall.

Within the Tarim lies the Takla Makan Desert, one of the world’s largest sand deserts. The basins are separated by the east-west Tien Shan range. The Bogda Mountains at the eastern end have a peak of 5,445 m (17,864 ft); only a few miles to the south, the Turfan Depression lies at 155 m (508 ft) below sea level, one of the lowest dry spots on earth. Although Xinjiang encompasses one-sixth of China’s land area, the population is only 20 million and comprises 13 ethnic minority groups. The Uighurs are the largest group at 8 million. Han Chinese migration has shifted the demographic center of Xinjiang north, where major cities such as Urumqi are located and where Uighurs are now a minority.

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**Tibet Autonomous Region**

To the south of Xinjiang is an even more inhospitable region. Tibet is a high plateau ringed by massive mountains—the Himalayas to the south, the Pamirs to the west, and the Kunlun to the north. The plateau’s northern part, the Qiangtang, is more than 1,300 km (800 mi) wide, with an average elevation of 5,000 m (16,500 ft). The world’s highest point, Mount Everest (8,850 m; 29,035 ft), is located in the Tibet Autonomous Region of China; Mount Muztagh, on the Tibet-Xinjiang border, measures 7,723 m (25,338 ft).\(^{21}\)

The climate of Tibet is characterized by extreme cold and high winds. The Himalayan wall blocks the southern monsoon winds that might otherwise bring in moisture; thus, the Tibetan climate is dry, receiving only 46 cm (18 in) of annual precipitation. Nevertheless, the plateau is the source of the major rivers of South and East Asia. The region covers one-eighth of China’s land mass, but with the challenging conditions, the population is a mere 3 million.\(^{22}\) That number is likely to rise because of the 2006 completion of the railway to the Tibetan capital of Lhasa and extensions currently under construction that will link China with Nepal.\(^{23,\,24}\)

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Another of China’s desolate frontiers is the Gobi. It is the world’s third-largest desert: 1,300,000 sq km (500,000 sq mi) in area and 1,600 km (1,000 mi) in length. Only the southern half is in China, while the rest lies above Mongolia’s irregular border. To the west of China’s Gobi lies the Tarim Basin; to the east is the Da Hinggan Range. The desert forms a major portion of the Inner Mongolia Autonomous Region. Apart from a few scenic patches of shifting dunes, the Gobi is bare rock. Vegetation is rare because the Gobi is nearly waterless. Annual precipitation ranges from less than 5 cm (2 in) in the west to more than 20 cm (8 in) in the east. Temperatures range widely from average lows of −40°C (−40°F) in January to highs of 45°C (113°F) in July.

Because of population increases and inappropriate farming techniques on the grasslands at its fringes, the desert has been expanding. In 2010, high winds exacerbated this desertification to create a dust storm that turned “day into night” in Beijing. The storm moved hundreds of kilometers eastward to become the worst dust storm ever recorded on the Korean Peninsula.

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Manchuria

Manchuria is the historical name for the northeast of China. From north to south, it includes the provinces of Heilongjiang, Jilin, and Liaoning, as well as the northern portion of the Inner Mongolia Autonomous Region.29, 30, 31 (During the first half of the 20th century, the region included the southeast corner of Russia and was a source of territorial dispute between the Soviet Union and Japan.) The Chinese portion is dominated by the Northeast Plain, a major agricultural area. The plain is surrounded on three sides by medium-sized mountain ranges.32 The region is noted for bitterly cold winters, especially in the north. The Heilongjiang winter lasts from 5 to 8 months, with below-zero temperatures and wet weather.33 Liaoning experiences milder winters and torrential summer rains, with up to 100 cm (40 in) of annual precipitation.34

Sichuan Basin

Located directly east of the Plateau of Tibet is the Sichuan Basin, also called the Red Basin for its underlying red sandstone. The basin is a large circular area of 229,500 sq km (88,600 sq mi) that is rimmed to the west and north by forested mountains, which are home to most of the giant panda population.35 The basin is rippled with hills and plains; its many rivers drain into the Yangtze River, which runs through the south of the basin. The mountains trap the moist air that blows in from the southeast, creating a mild, humid climate. The climate and the rich soil make the basin one of China’s key agricultural areas.36, 37, 38 The highly populated region is an active seismic zone with a history of

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powerful earthquakes. On May 12, 2008, a 7.9-magnitude quake killed about 70,000 people and left thousands missing or homeless.\(^{39}\)

**The Southeast**

The vast southeastern area is a land of countless mountains and hills, with few level places. On the west are the eastern Himalayans and China’s borders with Myanmar, Laos, and Vietnam. To the northwest is the Sichuan Basin; to the northeast are the eastern lowlands.\(^{40}\) The long and irregular eastern coastline fronts the two sections of the China Sea. One of the largest flat areas is the Pearl River Delta. At the mouth of the delta are the two special administrative regions of Hong Kong and Macau. The coast region is the site of China’s booming manufacturing sector.\(^{41}\)

Rain-bearing monsoon winds blow westward from the sea across the region; precipitation is abundant, and agriculture dominates the fertile valleys and plains interspersed in the rippled terrain.\(^{42,43}\) The presence of soluble limestone in Guangxi Zhuang Autonomous Region, one of China’s southernmost areas, leads to bizarre and scenic formations of pinnacles, caves, and strangely shaped hills that rise straight up.\(^{44,45}\)

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**North China Plain**

The North China Plain is an immense, flattish triangle 409,500 sq km (158,000 sq mi) in area. Most of it lies below 50 m (160 ft) in elevation. The corners of the triangle are roughly the cities of Beijing in the north, Shanghai in the southeast, and Zhenghou in the west. Along the eastern coastline are the Shandong Peninsula (which juts toward the Korean Peninsula across the Yellow Sea) and the East China Sea.

To the south lie the mountain ranges of the southeast. To the northwest lie the Yan Mountains, and across those ridges zigzags the Great Wall of China. The fertile environment is characterized by an alluvial plain—formed by the Yellow and Huai Rivers and their tributaries. Though this area was once prone to flooding, investment in flood control and irrigation since 1949 has significantly increased the agricultural yield. The plain is one of the most densely populated areas in the world.

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Climate

Although most of China is located in the temperate zone, the climate throughout the country is diverse—ranging from cold and temperate in the north to tropical on the southern island of Hainan. In Heilongjiang Province in the northernmost part of the country, the average temperature in January is below 0°C, compared to above 10°C in the central and southern parts of Guangdong Province. Average July temperatures in Heilongjiang Province are sometimes over 20°C, compared to about 28°C in Guangdong Province. Mountain ranges block the advance of the northern air masses during winter, keeping south China significantly warmer than the north.¹⁰⁰

Most rainfall in China occurs during the summer monsoon season. Annual precipitation in China decreases from the southeast to the northwest. Elevation also affects differences in temperatures and rainfall.¹⁰¹,¹⁰²

Bodies of Water

The Yangtze River

Two of China’s rivers are noteworthy because of their great lengths and their central roles in the development of Chinese civilization. The Yangtze—the “long river” at 6,300 km (3,915 mi)—is Asia’s longest river and the third-longest in the world. Its drainage basin is 1,808,500 sq km (698,265 sq mi) and encompasses most of South China. Three of China’s eight largest cities (Shanghai, Chongqing, and Wuhan) lie on the Yangtze or its delta. Some of the most agriculturally productive areas in all China are found on the river’s lower reaches.

Like many major Chinese rivers, the Yangtze originates in the Tibetan Plateau. It flows generally eastward to the eastern edge of the plateau, where it turns to the south and descends rapidly within a narrow valley. The river loops around mountain barriers and through narrow gorges before turning northeast, where it forms the boundary between Yunnan and Sichuan Provinces for about 800 km (500 mi). It eventually enters the Sichuan Basin where, at Chongqing, it becomes a major transportation artery connecting the interior to Shanghai.

The Three Gorges Dam, on the Yangtze in the mountains east of the Sichuan Basin, is 183 m (600 ft) high and 2.3 km (1.4 mi) wide, making it the largest dam in the world. The 600-km (370-mi) reservoir required the relocation of 1.23 million people, as well as the submerging of 13 major cities and hundreds of smaller towns. Finally completed on July 4, 2012, it was designed to improve navigation, control flooding, and generate hydroelectricity. But experts fear that the massive quantity of water atop a seismic fault will trigger earthquakes.

The Yellow River

The Yellow River plays as central a role to North China as the Yangtze does to the south. The river stretches for 5,464 km (3,395 mi), making it the world’s seventh longest.\(^1\) The rolling river is named for the yellow silt that clouds the waters. People have lived, farmed, and raised animals on the banks of the river since at least 3000 B.C.E. Like the Yangtze, its headwaters lie in the central regions of the Tibetan Plateau. The river empties into the Gulf of Bo Hai in the north Yellow Sea.\(^2\)

Although extensive systems of levees have been built to keep its course under control, the river is considered by locals to be “an untamed dragon.”\(^3\) When it overflows, the floods are devastating, leading to large loss of life in the highly populated region.\(^4\) While millions rely on the river for drinking and agriculture, it flows through areas with increasingly high concentrations of industry. Factory discharges and urban sewage have turned the Yellow River into one of the world’s most polluted rivers.\(^5,6\)

Major Cities

China is the world’s most populous country with 1.34 billion people (July 2012 est.).\(^7\) Population density is heavily skewed toward certain regions, especially the North China Plain, the Sichuan Basin, and the southeast coast.\(^8\) The urban population has been increasing for the past three decades, and in 2011 passed 50% of the country’s total for the first time in history.\(^9\) Although the PRC has fewer megacities than its share of the world population would suggest, it vastly exceeds any other country in its number of


cities of 1 to 2 million residents.\textsuperscript{70} This may change now that plans are being floated to turn coastal southern China, including Guangzhou and Shenzhen, into one megacity with 42 million residents.\textsuperscript{71}

\textbf{Beijing}

China’s capital city of Beijing (formerly spelled in the West as “Peking”) has a shifting population that comprises permanent residents and migrants. The permanent population is nearing 13 million, while the combined figure exceeded 20 million for the first time in 2011.\textsuperscript{72,73}

Beijing is situated at the northern apex of the roughly triangular North China Plain. Except for two brief periods, Beijing has been the capital since 1267 C.E., when it was established by Genghis Khan’s grandson, the Mongol general Kublai Khan.\textsuperscript{74} Beijing has grown rapidly since it was chosen as the capital of the People’s Republic of China in 1949.\textsuperscript{75}

Beijing is the political and cultural capital of China. It is rich in Chinese cultural history, although much of its older character has been destroyed in the drive to modernize.\textsuperscript{76} The most important historical sites lie in the centrally located Forbidden City built in the early 15th century—the palace of the emperors of the Ming and Qing Dynasties. The Palace Museum consists of some 10,000 rooms filled with furniture and art.\textsuperscript{77} Tiananmen Square, a short distance south, is the site of parades and rallies.\textsuperscript{78}

\begin{thebibliography}{99}
\bibitem{72} \textit{China Daily}, “Beijing’s Temporary Population Fell in 2011,” 20 August 2012, \url{http://www.chinadaily.com.cn/china/2012-08/20/content_15690763.htm}
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\bibitem{77} UNESCO World Heritage List, “Imperial Palaces of the Ming and Qing Dynasties in Beijing and Shenyang,” 2012, \url{http://whc.unesco.org/en/list/439}
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New Beijing attractions include the sites constructed for the 2008 Summer Olympics, including the National Stadium (the “Bird’s Nest”) and the National Aquatics Center (the “Water Cube”). Although most Olympics sites are underutilized now, they fascinate tourists as architectural curiosities. In 2011, Beijing tourism was an industry worth USD 13.6 billion.  

Marring Beijing’s magnificence is the oppressive air pollution, caused by industrial plants, millions of vehicles, and dust blowing in from the Gobi. On bad days, the sky is darkened by a brown-grey smog, giving the city the unwanted nickname of “Greyjing.” The smog, which stings the eyes and gets indoors, has sometimes shut down the airport.

Shanghai

A millennium ago, Shanghai emerged as a small fishing village on the Yangtze River Delta. Today, it is one of the world’s major seaports and China’s most populous city (population estimate: 23.5 million). During the 19th century, foreign powers—the British, French, Americans, and Japanese—turned Shanghai into a major commercial center. Today, it is a manufacturing hub and an industrial center for the production of iron and steel, chemicals and petrochemicals, and textiles. A large and skilled workforce facilitates an atmosphere of scientific research and technological innovation.

The densely packed city is divided east from west by the Huangpu River, which empties into the Yangtze, and north from south by Suzhou Creek. The central city surrounds the bends of the Huangpu. In the Lujiazui district sits the futuristic Oriental Pearl Tower, the second-tallest TV tower in Asia. Shanghai, with more skyscrapers than New York, is one of the most built-up cities in the world. Like Beijing, Shanghai’s air pollution is thick and a threat to human health.

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Guangzhou

With a population of more than 16 million, Guangzhou (Canton) is China’s third-largest city and the heart of the southern region. Its location at the top of the Pearl River Delta—90 miles upstream from Macau, Hong Kong, and the South China Sea—has made it one of China’s main commercial and trading centers. Before 1920, when it was home to the first provisional president of the Republic of China, Guangzhou was a city of narrow streets and alleys. Since then, it has steadily modernized and expanded. Today, modern high rises follow the banks of the Pearl. The Chow Tai Fook Centre (116 floors) and the International Finance Center (103 floors) are two of the world’s tallest buildings. The city also is one of China’s biggest automobile manufacturing centers. Like many other cities in China, Guangzhou has become congested and polluted.

Shenzhen

After the death of Chairman Mao Zedong in 1976 and the end of the Cultural Revolution, the new leadership began to transition from a planned economy to a market-based system. The first experiment began in 1978 with the traditional fishing village of Shenzhen, just north of Hong Kong.93, 94

In addition to its proximity to Hong Kong, Shenzhen was chosen because of its access to the gulf and to rich land resources. In 1980, the Shenzhen Special Economic Zone was created. Within China, the city developed a frontier reputation as a place to “get rich quick.”95 Hong Kong businesses seeking cheaper labor relocated manufacturing production to Shenzhen, which drew migrant workers in search of employment. Over time, costs increased and the city has reinvented itself as a financial capital, home to South China’s bourse (stock exchange).96 Its current population is estimated at more than 10 million.97


**Hong Kong**

With a population of 7 million, Hong Kong is one of the most densely populated cities in the world. Located on a mountainous island south east of the Kowloon Peninsula, Hong Kong has one of the busiest deep-water ports in the world. Once a small farming and fishing community, Hong Kong today is a center for international banking and a hub for Chinese exports, with a strong and expanding services sector.  

British merchants began to use the area in 1821 to support the opium trade. Conflict with the Chinese, including the two Opium Wars (1839–1842, 1856–1860), ultimately led to the British gaining a 99-year lease to the territory (1898–1997).

After occupation by the Japanese in World War II, Hong Kong developed as a manufacturing center, although today more than 90% of the labor force is employed in the services sector while much of its manufacturing base has moved across the border. In accordance with the lease, Hong Kong passed to the Chinese in 1997 under a “one country, two systems” policy. It is now the Hong Kong Special Administrative Region with its own customs administration. Hong Kong Chinese cling firmly to an identity distinct from mainland China.

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Environmental Issues

In addition to being the most populous country, China is among the most polluted places on earth, largely because of its rapid population growth and economic expansion over the last three decades of modernization. The country’s toxicity threatens both the environment of China and the world. According to a World Bank assessment, China has 16 of the 20 most polluted cities.\(^{103}\) In 2005, air pollution alone cost the Chinese economy USD 112 billion in lost labor and healthcare expenses. As the economy continues to expand, more workers are drawn into the cities; thus, a greater percentage of the population is exposed to the risks.\(^{104}\)

Air Pollution

In 2007, China overtook the United States as the leading emitter of carbon dioxide, which is produced by the combustion of fossil fuels such as coal, of which China is the world’s biggest producer.\(^{105, 106, 107}\)

Coal accounts for 70% of China’s energy production. Other heavily polluting factors include factory emissions, vehicle exhaust, and Gobi Desert dust. China’s major cities have experienced severe levels of air pollution for more than a decade. On bad days, seeing the sky is considered a luxury. Lung cancer and cardiovascular illnesses are on the rise.\(^{108}\) U.S. Department of Energy research showed that pollution in eastern China, where most agriculture is located, has reduced light rainfall by 23%, potentially affecting agricultural yields.\(^{109}\)

Beijing’s response has been mixed. In the decade prior to the 2008 Olympics, USD 32 billion was spent to clean up the air, which included temporarily shutting down some


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polluting industries and reducing traffic by 50%. Yet until June 2012, the Chinese government issued air-quality assessments that contradicted what citizens were seeing and feeling. A team of scientists published results in the West that identified “ambient particulate matter pollution” as the fourth-leading cause of death in China in 2010. Since then, major sources of pollutants have continued to grow.

Water Supply and Pollution

China has 19% of the world’s population but only about 7% of the world’s water supply. Per capita water resources are a mere 28% of the global average. Four-fifths of the water is in the south: a severe regional imbalance. Demands for water by China’s agriculture sector, booming industries, and numerous large cities are increasing. Two-thirds of China’s cities are experiencing water scarcity.

To make matters worse, the existing water supply is diminished by severe pollution. Causes include fertilizers and pesticides, leaking landfills, and industrial wastewater. In 28 major lakes, 40% of the water was measured at the poorest graded level: too polluted to be used for farm irrigation. The same grade was found at 25% of the monitoring stations on the Yangtze, Yellow, and other major rivers. In urban regions, 90% of the river water is polluted. As of 2009, China had invested USD 7.5 billion in thousands of


111 Wang Yizhou, “Govt Releases Citywide PM 2.5 Data,” Global Times (China), 26 June 2012, http://www.globaltimes.cn/content/717283.shtml


Prior to 2010, China’s Ministry of Environmental Protection understated pollution by omitting agricultural waste from official figures. The first national pollution census, completed in 2010, was a step toward measuring the problem with realistic data.

**Soil Pollution**

Large areas of Chinese soil are contaminated with heavy metals from factories and the country’s 280,000 mines. Overuse of pesticides and fertilizers contributes to the problem. Additionally, according to Chen Tongbin of the Chinese Academy of Sciences, 80% of air and water pollutants end up in the earth. Estimates of the affected amount of soil in China range from 10% to 40%.

The consequences for food production and human health are serious. The processes used to mine zinc, lead, and copper cause radioactive cadmium (a known carcinogen) to be released into wastewater, from which it enters the soil. Rice, a staple of the Chinese diet, ranks high among the crops that readily absorb cadmium. The chemical accumulates in the liver and kidneys, damaging the organs and creating a variety of harmful and painful conditions.

Randomly conducted tests routinely reveal levels of cadmium in Chinese-grown rice that exceed national safety standards.

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Natural Hazards

Since 1900, China has suffered some of the world’s most deadly and destructive earthquakes and floods.\(^\text{126, 127}\)

*Earthquakes*

China lies in an area prone to earthquakes caused by friction between the Indian Plate and the Eurasian Plate.\(^\text{128, 129}\)

China’s most severe earthquakes tend to occur in proximity to the eastern edge of the Tibetan mountains, along the western rim of the Sichuan Basin, and northeast toward Beijing. This was the case with China’s deadliest quake, which occurred in Shaanxi Province in 1556. Estimated at 8.0 magnitude, it decimated an area about 805 km (500 mi) wide, claiming 830,000 victims.\(^\text{130}\)

In recent history, the Great Tangshan Earthquake of 1976 struck about 150 km (93 mi) east of Beijing, killing 250,000.\(^\text{131}\) The Sichuan quake of 2008 killed 70,000 and left millions homeless.\(^\text{132}\) The tendency of builders to cut corners during the fast-paced economic boom came to light when many new structures, including schools, collapsed.\(^\text{133}\) As many as 10,000 students may have died, and 1,000 schools suffered serious damage.\(^\text{134, 135}\)

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\(^{133}\) Louisa Lim, “Five Years After a Quake, Chinese Cite Shoddy Reconstruction,” NPR, 13 May 2013, [http://www.npr.org/blogs/parallels/2013/05/14/183635289/Five-Years-After-A-Quake-Chinese-Cite-Shoddy-Reconstruction](http://www.npr.org/blogs/parallels/2013/05/14/183635289/Five-Years-After-A-Quake-Chinese-Cite-Shoddy-Reconstruction)


Floods

China’s floods have been far more devastating than its earthquakes. The geography of eastern China makes the lowland region especially prone to flooding during the summer monsoon. Because the flooding often occurs in agricultural areas where hundreds of millions of people live, the human cost can be high.

The worst flood in recorded Chinese history happened in the summer of 1931, when both the Yangtze and the Yellow Rivers overwhelmed their flood-control devices and flooded several cities. More than 140,000 drowned, and 3.7 million died over the next 9 months from disease and starvation. Although most of the worst floods occurred before 1950, they continue to be a problem. In July 2012, Beijing had its worst rainstorms in 60 years, which led to flooding, death, and destruction—repeating a pattern set in numerous other Chinese cities in recent years.

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CHAPTER 1 ASSESSMENT

1. The capital city of Beijing is China’s most populous city.
   
   **FALSE**
   
   With 23.5 million people, Shanghai is the most populous city in China. Beijing has a shifting population of permanent residents and migrants. The permanent population is nearing 13 million while the combined population exceeds 20 million.

2. The Gobi Desert has been shrinking as agriculture expands along its fringes.
   
   **FALSE**
   
   Because of population increases and inappropriate farming techniques on the grasslands at its fringes, the desert has been expanding. In 2010, high winds exacerbated this desertification to create a dust storm that turned “day into night” in Beijing.

3. China is the world’s leading emitter of carbon dioxide.
   
   **TRUE**
   
   In 2007, the PRC overtook the United States as the largest emitter of carbon dioxide.

4. The demographic center of the Xinjiang Autonomous Region has shifted north.
   
   **TRUE**
   
   This shift stems from Han Chinese migration into Xinjiang’s principal cities in the north, where the Uighurs are now a minority.

5. Floods have had a more devastating effect on China’s population than earthquakes.
   
   **TRUE**
   
   The geography of eastern China makes the lowland region especially prone to flooding during the summer monsoon season. Because the flooding often occurs in agricultural areas, where hundreds of millions of people live, the human cost can be high.
CHAPTER 2: HISTORY

Introduction

The Chinese claim the oldest continuous civilization with a written history dating 4,000 years. A centralized state was introduced in the early imperial era. Though dynasties came and went, the system remained intact (with brief interruptions) until 1911. For the Chinese, the emperor ruled everything under heaven (tian xia). Surrounding states paid tribute to him as the ruler of the Middle Kingdom (Zhongguo), which was the center of the universe to the Chinese. To govern, the emperor relied on a staff of scholars who had passed rigorous examinations requiring years of study. Their advancement was determined by an intricate set of grades and rank. In addition to organizing the world’s first bureaucracy, the Chinese are credited with inventing gunpowder, paper, printing, and the magnetic compass.

Emperors did not answer to the people but to a celestial god, referred to as Heaven. In the early 15th century, a temple was constructed where the emperor offered sacrifices and prayers for abundant harvests. Natural disasters were interpreted as a sign that Heaven had withdrawn its mandate to rule because the emperor had failed to look after the well-being of the people (through excessive taxation, corruption, oppression, or other types of poor governance). Peasant-led rebellions occurred throughout Chinese history—sometimes toppling dynasties. Some view the government led by the Chinese Communist Party (CCP) as a modern dynasty founded by Mao Zedong. His death shortly after the deadly Tangshan earthquake in 1976 enabled his successor, Deng Xiaoping, to lead the country in a different direction.

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The Ancient Dynasties

Historians generally consider the Xia Dynasty (2100–1600 B.C.E.) to be the beginning of Chinese civilization. Writing was invented during the Shang Dynasty (1700–1040 B.C.E.). It was during the Zhou Dynasty (1027–221 B.C.E.) that the concept of a “mandate of heaven” was enunciated to legitimize the imperial leaders. Culturally, two of the great strains of Chinese religion and philosophy—Taoism and Confucianism—were products of this period and the years immediately preceding. Laozi (Lao Tzu), the author of the Tao Te Ching, and Kong Fu Zi (Confucius) are thought to have been contemporaries during the decline of the Zhou Dynasty.

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The Early Imperial Era

Moving beyond the feudal system, rulers of the Qin Dynasty (221–206 B.C.E.) administered the local regions of China through a structure of counties and prefectures that still exists in modified form today. In this way, the Qin created China’s first empire—bringing its core territory under unified rule.

Fear of invading tribes from the north, east, and west caused the Qin emperor, Qin Shi Huang, to begin the construction of fortified protective walls. Hundreds of thousands of laborers died building these precursors to the Great Wall of China. Highways also were built to better link the emperor and his capital of Xianyang (near the modern city of Xian in present-day Shaanxi Province) with the remote outposts of the empire.

By most historical accounts, Qin Shi Huang was ruthless in squelching dissent and rebellion. Using Legalist philosophy, which developed during the late Zhou period, he aggressively punished crimes of any degree. When he died in 210 B.C.E., his second son was made emperor through means of court intrigue. He proved to be ineffectual, and the end of the dynasty soon came. The Army of Terracotta Warriors, which was constructed around Qin Shi Huang’s tomb by 720,000 laborers for over 38 years, remains a legacy of the Qin Dynasty.

The Han kingdoms (206 B.C.E–220 C.E.) emerged victorious in feudal fighting following the demise of the Qin Dynasty and began an ethnic dominance over China that has continued to this day. A period of territorial expansion as far as present-day Turkestan also began during this time, when rulers established trade routes to the west.

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159 Stanley Stewart, “The Secret Tomb in the Heart of China,” Times Online (UK), 16 September 2007, http://www.timesonline.co.uk/tol/travel/destinations/china/article2452334.ece
(now known as the Silk Road). As the routes developed, the Great Wall was extended west to repel Turkic invaders from Central Asia.\(^{160,161}\)

Four centuries of disunity followed the collapse of the Han Dynasty as warlords fought for control, beginning with the relatively brief Three Kingdoms period (220–280 C.E.), when the empire was effectively split into three kingdoms (the northern Wei, the southwestern Shu, and the southeastern Wu).\(^{162}\) The Wei briefly overcame the Shu kingdom before the Wei was internally overthrown and transformed into a new dynasty.\(^{163}\)

China was briefly united during the early years of the Jin Dynasty (265–420 C.E.). But the reunited empire soon plunged again into civil war and quickly splintered into a series of dynasties from 304–589 C.E. This period was marked by several technological advances, including the invention of gunpowder.\(^{164}\) The period 420–589 C.E. is known as a golden age for Chinese literature and arts.\(^{165}\)
The Middle Dynasties

Burdensome taxes and compulsory labor programs were implemented during the Sui Dynasty (581–617) to reconstruct the Great Wall and build the Grand Canal, which connected the two most important rivers of China. But these unpopular projects, combined with costly and unsuccessful military campaigns against Korea, led to “popular revolts, disloyalty, and assassination.”

In the Tang Dynasty (618–907), territorial expansions and advances in technology rivaled the accomplishments of the earlier Han period. During this time, which is regarded as a “high point of Chinese cultural development,” block printing was invented, making the written word available to more people. To help administer the government, the means were established to select and promote scholarly-gentry administrators.

Economic instability and military defeat led to the end of the Tang Dynasty and the fragmentation of China into 5 northern dynasties and 10 southern kingdoms. These were mostly reunited during the rule of the Song Dynasty (960–1279), which is considered a period of Chinese renaissance. Confucianism replaced Buddhism as the dominant Chinese philosophy during this time, when a wealthy mercantile class arose from the growth of private trade and the beginning of a market economy.

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The Late Dynasties

Having subjugated Central Asia, Korea, and North China, Mongol invaders led by Kublai Khan conquered the Southern Song Kingdom and established the Yuan Dynasty (1279–1368). As “the first alien dynasty to rule all China,” the Mongols attempted to rule the kingdom through existing Chinese institutions. They rebuilt Beijing and improved roads and waterways—leading to “the first direct Chinese contacts with Europe.” Marco Polo traveled east to China during this time. Muslims from Central Asia also began converting many Chinese in the northwest and southwest to Islam during Mongolian rule. 171, 172

A former Buddhist monk led an invasion that overthrew the Mongols and established the Ming Dynasty (1368–1644), the last dynasty to be governed by native Chinese. Expansion of the Grand Canal promoted domestic trade, while naval expeditions in the China seas and Indian Ocean as far as East Africa brought foreign envoys bearing tribute for the Chinese emperors. The decline of the Ming Dynasty followed a familiar pattern. Weak or disinterested emperors allowed court intrigues to preoccupy the government. Meanwhile, taxes were increased to pay for the lavish needs of the court and to finance military actions against the Mongols and the Jurchens in Manchuria. 173 Eventually, rampant banditry throughout the country developed into active rebellions, which were exacerbated by severe economic conditions in the wake of devastating droughts and floods in North China.

As rebellion swept though China during the late stages of the Ming Dynasty, a Ming general stationed in the northeast allowed the Manchu army to pass through the Great Wall. He requested their help suppressing a rebel leader who had marched into Beijing, deposed the Ming emperor, and declared a new dynasty. The combined Ming and Manchu forces were able to put down the rebellion, after which the Manchu leader declared himself emperor of the new Qing Dynasty. In the next 40 years, the last pockets of Ming resistance to the new dynasty were extinguished, leaving all of China under Qing control. 174

Early in the Qing Dynasty, the economy flourished and China saw a period of rapid population growth. The increasing demands of a growing population led to economic challenges, particularly because the Qing leaders were forced to invest more of the empire’s wealth into military actions against rebellions in central China. The most famous of these was the White Lotus Rebellion, which lasted 9 years around the beginning of the 19th century.\(^{175}\)

**Opium Wars**

Meanwhile, China faced a new threat from foreign powers in its southern port of Guangzhou (Canton). During the late 1700s and early 1800s, the British East India Company shipped thousands of tons of opium from India into China in exchange for Chinese tea and other goods. This not only created social problems for the Chinese, it became an economic issue as the silver payments for the opium began to drain China’s reserves. Despite imperial bans on the opium trade in the 1830s, British traders pursued the business and found Chinese merchants willing to import the opium.\(^{176}\)

Eventually, confrontation over the opium shipments led to war. Chinese military forces were ill-prepared to fight the modern British forces, which had cannons and muskets. The Chinese defeats during the First Opium War and the Second Opium War 12 years later resulted in a series of one-sided treaties that granted numerous trade concessions to the British, French, Russians, and Americans.\(^{177}\)

During the 1850s and 1860s, rebellions grew in southern China and spread north, while mostly Chinese Muslims in the western provinces clashed with non-Muslim Chinese. Adding fuel to the growing domestic fire was a drought in 1877–78, which caused suffering for millions of people in the northern provinces.\(^{178}\) As discontent grew, attempts by the Chinese government to industrialize and modernize their military were hindered by general corruption and mismanagement.\(^{179}\)


Imperial Breakdown

As the 19th century drew to a close, Chinese rulers found themselves increasingly dominated by the colonial powers that had established trading and missionary activities throughout China. In 1895, the rulers ceded Taiwan to the Japanese, and in 1898 they were forced to grant the British a 99-year lease on Hong Kong. They also had to confront rising internal conflicts and discontent with Qing rule. Furthermore, the emperors of this time often came to the throne while young children; in these cases, power was transferred to regents, the most notable of whom was the Empress Dowager Cixi. In 1898, she usurped power from the reform-minded Emperor Guangxu, who was of mature age. Thereafter, he was held in various types of palace confinement until his death.\(^{180}\)

Almost immediately, Empress Dowager Cixi threw her support behind yet another indigenous rebellion. This group was known as the Fists of Righteous Harmony, but foreigners referred to them as “Boxers” because of their martial arts skills.\(^{181}\) The Boxers turned their fury from the ruling Qing Dynasty to the foreign powers in China, unleashing a wave of attacks on missionaries and Chinese converts. They marched toward the capital, where foreign diplomats fought off the Boxers with a small group of military personnel until a faction of international troops, including American forces, arrived and were able to rescue the diplomats and drive back the Boxer forces.

The failure of the Boxer Rebellion heralded the end of the Qing Dynasty. Although the Empress Dowager continued to rule in name, true power was rapidly shifting to the colonial interests, who intensely pursued “spheres of influence” within the country. In 1908, the Empress Dowager and the captive (but still titular) emperor died within a day of each other. The 2-year-old son of the emperor’s half-brother was made the new emperor, and 3 years later he became China’s “last emperor.” Meanwhile, far from Beijing, plans were being hatched that would soon bring an end to centuries-old dynastic governance.\(^{182}\)


Republican China

Assisted by Western financial backing and motivated by the principles of nationalism, democracy, and socialism, a Chinese activist named Sun Yat-sen headed the Nationalist Party (Kuomintang or KMT) and led a revolutionary movement in the early years of the 20th century that overthrew imperial rule in hopes of establishing a republic. In reality, warlords continued to control most of the country.\textsuperscript{183, 184} After World War I, when German concessions in China were awarded to the Japanese, Sun Yat-sen turned for support to the Soviet Union, which provided advisers.\textsuperscript{185} Hedging their bets, the Soviets also cooperated with the Chinese Communist Party (CCP), which was founded by Mao Zedong and others in Shanghai in 1921.\textsuperscript{186} After Sun’s death in 1925, Chiang Kai-shek became the new KMT leader. His Northern Expedition forces reached Beijing in 1928 and established a national government with its capital in Nanjing, although warlords continued to hold power in many areas.\textsuperscript{187} Over the next 20 years, the KMT and CCP engaged in alternating periods of civil war and cooperative fronts against the Japanese.


Nationalist–Communist Alliance

While the KMT focused on a series of expeditions to defeat the Communists, the Japanese invaded Manchuria in 1931 and established a “puppet state,” placing the last Qing emperor on the throne. Chiang paid scant attention to the growing Japanese presence on the northern border because the KMT forces were gathering for a final assault on the last, southern Communist stronghold in Jiangxi Province. The Communists’ escape from their trapped location in the south and their brutal trek to far-north Yanan (where they established a new base) became known as the Long March. It was during this period that Mao Zedong established himself as the unquestioned leader of the CCP.188

In 1936, Chiang was kidnapped by a former Manchurian military commander, and was freed only after agreeing to set up a new front with the CCP against the looming Japanese threat in North China. By the second half of 1937, Japan and China were involved in a full-scale war that involved terrible atrocities. By many estimates, 250,000 to 300,000 noncombatants were killed and 20,000 women were raped when the Japanese invaded Nanjing.189 Chiang’s government moved inland and set up their new capital in Chongqing, which was bombed frequently during the war but was difficult to attack by land. By 1945, the Japanese were defeated by the Chinese National Revolutionary Army, which comprised both CCP Red Army and KMT forces. Allied assistance also proved crucial to this victory.190

Civil War

The end of the Sino-Japanese War was soon followed by the second act of the civil war between the KMT and the CCP. The Communists had used the Sino-Japanese war to establish new bases inland, and they emerged from the conflict stronger than their rivals. They were also winning the propaganda war against the KMT, whom many viewed as corrupt. Soon the CCP began to push Chiang’s forces deeper into the south. By 1949, Chiang and his remaining troops and supporters fled to the island of Taiwan, where they declared the city of Taipei the temporary capital of the Republic of China. (Prior to the KMT exodus to their island, the people of Taiwan had just emerged from a 50-year period of Japanese rule.) Over the next quarter century, Taiwan was able to develop economically under tight KMT control. By the 1980s, its citizens enjoyed a far higher standard of living than their mainland brethren.

The People’s Republic of China

Early Mass Campaigns

On 1 October 1949, Communist Party Chairman Mao Zedong proclaimed the founding of the new government, declaring “the Chinese people have stood up.” The first 7 years were marked by land-redistribution policies, inflation control, and increasing industrial production based on the Soviet model. In 1956, satisfied that things were going well, Mao directed the government to experiment with free speech and declared, “[L]et a hundred flowers blossom and a hundred schools of thought contend.” Intellectuals were encouraged to offer constructive criticism of the new government’s record. Some offered criticism no harsher than a tepid critique of a supervisor’s work style. Nonetheless, the leadership was unprepared for the volume of criticism. A crack-down on “rightists” quickly followed. Office managers were given a quota to meet, and anyone who had spoken up was an easy target. Those identified as rightists were denounced, demoted, and often sent to the countryside for reform through labor (laogai),

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a Maoist innovation modeled on the Soviet gulag system. Their families suffered the stigma of their transgression.

The Great Leap Forward developed as part of the government’s Five Year Plan for 1958–63. In an attempt to simultaneously increase agricultural and industrial production, China’s huge rural labor force was reorganized (under Mao’s urging) into over 20,000 immense communes, with each commune receiving ownership of land and equipment. In addition to implementing practices for increasing agricultural productivity, the Great Leap Forward propagated small-scale industrial enterprises. The results of the program were disastrous. Agricultural yields plunged, causing famine that resulted in tens of millions of deaths. By 1959, Mao had to acknowledge failure. He was forced to step down as Chairman of the PRC, although he kept his position as Chairman of the CCP.

*Cultural Revolution*

During the second half of the 1960s, China was swept by a period of cultural cleansing. This Cultural Revolution was sanctioned by Mao and engineered by the Gang of Four, including Mao’s third wife, Jiang Qing. Others were also involved in orchestrating the events, but the Gang of Four were eventually held accountable.

Mao believed that revolutionary progress was being impeded by an increasingly complacent bureaucratic class of party apparatchiks. He associated their attitude with the traditional scholar-gentry, who glorified the past to legitimize the present status quo. To challenge their authority, Mao specified that “the four olds” (old customs, old culture, old habits, and old ideas, which all reflected a feudal mindset or bourgeois culture) must be eradicated. The task fell to the Red Guards (*Hong Weibing*), youths who were encouraged to denounce “revisionists” or those who were not staunchly supportive of Maoist doctrine. Red Guard factions competed intensely to best fulfill the chairman’s directives, resulting in millions of deaths and...
When the Red Guards proved too unruly, they were sent to the countryside to learn from the farmers. Chinese history books refer to the era as one of turmoil, but provide few details to the magnitude of the destruction of lives and cultural artifacts.

**Market Reforms**

By 1978, Deng Xiaoping, who had been purged from the leadership as a “capitalist roader” during the Cultural Revolution, had maneuvered to power in the 2 years after Mao’s death. Deng, then 74 years old, went on to lead China for over a decade, despite never officially holding the position of head of state. China embarked on a path in which pragmatism outweighed adherence to ideology. Deng famously declared, “It doesn’t matter whether the cat is black or white. As long as it catches mice, it’s a good cat.” He embraced the Four Modernizations (agriculture, industry, science/technology, and military) as a blueprint for national development. Relations with capitalist nations warmed appreciably and free markets began to appear around the country.

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The 1989 Democracy Movement

During the 1980s, as labor protests swept through some European Communist countries such as Poland as well as capitalist countries such as South Korea, college students in China took to the streets to demand political change. By mid-decade, there was widespread awareness within China that it was quite backward relative to some of its neighbors (which traditionally were tributary states), and the CCP was blamed.\(^{206}\) The peak demonstration occurred in Beijing in 1989, shortly after the death of Hu Yaobang, a popular former CCP chairman who had been sacked during an earlier round of demonstrations. Paying their respects to Hu in Tiananmen Square enabled ordinary people to gather and air their complaints about corruption and the socio-economic inequalities spawned by market reform.\(^{207}\) Many vented frustration over inflation, which had been unheard of during the first 30 years of CCP rule but was running as high as 30%.\(^{208}\)

Government leaders were initially conflicted over how to respond.\(^{209}\) But by the end of May, the hardliners had won out. On 4 June, truckloads of troops and armed tanks using live ammunition traversed Beijing’s broad boulevards to clear the square.

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Post-Tiananmen China

The CCP leadership faced considerable foreign criticism and reaction over the Tiananmen Square crackdown and deaths, including strained diplomatic ties and economic sanctions. But the nation soon made efforts to repair foreign relations by demonstrating a renewed commitment to economic reform. In January 1992, Deng Xiaoping embarked on a highly publicized trip to inspect foreign investment zones in the south. Later that year, at the 14th Party Congress, his initiatives for deepening the market-oriented economic reforms earned official endorsement. These reforms led to a higher standard of living for many citizens through the expansion of private-sector employment opportunities, and helped to legitimize one-party rule as a necessary source of stability.\textsuperscript{210} At the same time, the process enabled corruption to flourish, which cemented the power of an emerging “red aristocracy” of hereditary elites.\textsuperscript{211,212}


Recent Developments

The resilience of China’s authoritarian political system is increasingly called into question.\(^{213,214}\) Internally, the CCP’s ability to legitimize one-party rule on the grounds that “life has gotten better in every way” is eroding.\(^{215,216}\) Pollution—a consequence of several decades of breakneck economic development—now outranks all other public concerns.\(^{217}\) Environmental protests ushered in democratic governance on Taiwan in the 1980s.\(^{218}\)

Citizens of the PRC have become aware of their legal rights and now take cases against the government to court, despite the low odds for success.\(^{219}\) Protests have become commonplace. Moreover, their significance has grown, in part through cell phone and social media dissemination. Increasing numbers of educated professionals who are in a position to emigrate are voting with their feet. An expert explained, “[P]eople wonder what’s going to happen two, three years down the road.”\(^{220}\)


CHAPTER 2 ASSESSMENT

1. During the Qing Dynasty, China was opened for opium sales.
   **TRUE**
   The British, who wanted to exploit the China market, forced the Qing Dynasty to allow opium sales.

2. There were no non-Han Chinese dynasties during the imperial era.
   **FALSE**
   There were two non-Han Chinese dynasties, which were headed by Mongolians (Yuan) and Manchus (Qing), respectively.

3. The Cultural Revolution celebrated China’s traditional arts.
   **FALSE**
   During the Cultural Revolution, traditional arts were eliminated because they were considered one of the “four olds” preventing China from achieving a Communist utopia.

4. Walls that are now known as the Great Wall were first constructed during the Ming Dynasty to protect the Chinese from northern tribal invaders.
   **FALSE**
   Fortified protective walls were constructed as early as the Qin Dynasty, more than 1500 years before the Ming Dynasty.

5. Deng Xiaoping initiated China’s economic reforms.
   **TRUE**
   After being purged from the leadership as a “capitalist roader” in the 1960s, Deng returned to power in the late 1970s and introduced economic reforms.
CHAPTER 3: ECONOMY

Introduction

In December 1978, the Chinese Communist Party (CCP) leadership initiated reforms to reshape a socialist command economy into a market economy.\(^{221}\) At the time, over 70% of Chinese citizens were farmers earning little more than a subsistence income. The reforms propelled the People’s Republic of China (PRC) to become the world’s second largest economy in 2010.\(^{222, 223}\) The International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD) recently predicted that by 2016, the PRC will displace the United States as the world’s biggest economic power.\(^ {224}\)


Property Development

Construction cranes dot the skyline of every Chinese city.\textsuperscript{225} Between 1990 and 2004, the commercial space developed in Shanghai equaled 334 Empire State buildings.\textsuperscript{226} By some calculations, real estate development is a bigger factor in Chinese economic growth than exports.\textsuperscript{227} About 37 million people are employed in the construction industry, many of them migrant males from the countryside.\textsuperscript{228} The magnitude of construction relies upon iron ore from Australia, copper from Chile, and timber from Canada.\textsuperscript{229} About 50\% of the world’s supply of steel and concrete is used in China, where “much of the world’s heavy construction equipment has relocated.”\textsuperscript{230}

Chinese see homeownership as offering the most attractive return on investment. Prices in Shanghai rose 150\% between 2003 and 2010.\textsuperscript{231} Though there is a general consensus that a real estate bubble has developed in China, the demand in cities with over 10 million residents remains strong—despite the imposition of higher down payment requirements by the central government and new restrictions on the number of properties that individuals can own in the same city.\textsuperscript{232, 233} The winning bid for land auctioned in Beijing in late 2012 was nearly five times the asking price.\textsuperscript{234} As a component of taxation, property development has gone from essentially none before the reforms to as much as 60\% of tax revenues in some municipalities.\textsuperscript{235}

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Agriculture

According to recent estimates, about 35% of the labor force in China work in agriculture, which contributes about 10% of the Gross Domestic Product (GDP).\(^{236}\) Given the low returns, many rural households split up and send some members to seek better paying work elsewhere.

Much of China is hilly or mountainous, and the best farmland lies in the comparatively small region of the Eastern Lowlands.\(^{237}\) Availability of this farmland has been rapidly decreasing because local officials, who are allowed to keep a percentage of revenues generated locally.\(^{238}\) The land conversion rate has been unprecedented in Chinese history.\(^{239}\) In response, the central government has imposed strict rules on conversion, which local officials frequently circumvent or ignore. In 2008, the Ministry of Land and Resources began using satellites to ensure that the availability of farmland does not fall below the 120 million hectares deemed necessary for grain self-sufficiency and adequate food supplies.\(^{240, 241}\)

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Industry

Employing about 30% of the labor force, the industrial sector contributes about 45% of GDP. Manufacturing is by far the dominant segment of China’s industrial sector. In 2009, China displaced the United States as the biggest market for auto sales, and most cars sold there are manufactured domestically through joint ventures with major automakers as well as under Chinese brand names. China began exporting cars in 2005. By 2012, its exports surpassed 1 million vehicles, mainly to secondary markets such as Iran, Iraq, and South America. But within China, Chinese brand-name cars have captured less than 30% of the market—in part because foreign brands are “perceived to be of much higher quality.”

In addition to automobiles, Chinese companies manufacture locomotives, ships, aircraft, commercial space launch vehicles, armaments, telecommunications equipment, and satellites. Other manufactured items include footwear, toys, and electronics. A world leader in gross value of industrial output, China also has a large mining industry that processes iron, steel, aluminum, and other metals.

State-Owned Enterprises

State-owned enterprises (SOE) were once hailed as the “commanding heights” of the planned economy. Under the economic reforms, many SOEs have been restructured to induce greater economic efficiency. They have not completely disappeared from the horizon. In 2012, 73 Chinese companies made the Fortune 500 list, and the majority of them were state-owned, such as China Petrochemical Corporation (Sinopec Group), Industrial and Commercial Bank of China (ICBC), and State Grid Corporation of China, the largest utility company in the world. State enterprises continue to occupy sectors that the government has not opened to foreign investors. Critics complain that the largest companies, especially in the telecommunications sector, crowd out innovative, smaller firms.

Although start-up companies are not state-owned, they can benefit from municipal or regional governments acting as venture capitalists in an effort to boost the local economy. According to an American-trained Chinese scientist who returned home after years in Silicon Valley, “The government takes the risks. And there are almost no strings attached.”

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Service Sector

Tourism

The services sector employs about 37% of the labor force in China and contributes about 45% of GDP.²⁵³ Tourism contributes the highest share of revenues and has created an estimated 62 million jobs.²⁵⁴

Though the number of inbound foreign tourists has fallen off from previous highs, the upsurge in domestic tourism has more than picked up the slack.²⁵⁵ Within China, the two peak periods for domestic tourism are government-sanctioned holidays: International Labor Day in May, and the week-long national holiday in the beginning of October, when road tolls are suspended.²⁵⁶ In 2012, an estimated 740 million Chinese took advantage of the October holiday (known as Golden Week) to travel and, in the process, pumped USD 35 billion into the domestic economy.²⁵⁷ It is unclear how long this national holiday will continue, given the logistical problems of mass travel. Staff at major sites for tourism complain that it takes week to recover from visitors, who may enter at the rate of 350 people per minute.²⁵⁸ Overseas travel has also become popular with China’s affluent middle class. In 2012, they spent USD 102 billion traveling abroad, up 40% from the previous year.²⁵⁹ According to the UN World Tourism Organization, PRC nationals now outspend tourists from any other country.²⁶⁰

Banking

The country’s banking system has been in transition since 1995, when the Commercial Bank Law chartered China’s “Big Four” state-owned commercial banks (Bank of China, China Construction Bank, Industrial and Commercial Bank of China, and Agricultural Bank of China). Also in 1995, the People’s Bank of China Law took effect and designated the People’s Bank of China as the country’s central bank, with mandates to manage monetary policy and to issue currency. Since 2003, the new China Banking Regulatory Commission (CBRC) has served as the regulatory agency for Chinese banking. 261 Since 1994, state spending and trade development have been the responsibility of the Agricultural Development Bank of China, the Export and Import Bank of China, and the China Development Bank. 262 Foreign banks have been allowed to offer a limited range of services since China’s entry into the World Trade Organization (WTO) in 2001. By 2004, there were more than 70 foreign banks with more than 150 branches operating in the country. 263

China’s currency is the renminbi (RMB), literally “the people’s money.” Salaries are typically distributed in envelopes of cash rather than directly deposited. 264

Foreign Reserves

China has accumulated the most foreign reserves: about USD 3.25 trillion. Such reserves comprise foreign currencies, bonds, and gold. Although the U.S. dollar is the China’s primary reserve currency, its reserves include euros, UK pounds, and Japanese yen.\(^{265}\) At the end of 2012, U.S. Treasury bonds accounted for about 35% of China’s foreign reserves. About 70% of China’s foreign reserves are held in U.S. dollars.\(^{266}\)

Although U.S. dollars have been the primary currency for foreign trade, the Chinese government has been encouraging trading partners to use RMB to invoice and/or settle transactions.\(^{267}\) In 2013, Australia announced that it would allow direct conversion of its currency into RMB.\(^{268}\) Prior to the new arrangement, only the U.S. dollar and the Japanese yen could be directly exchanged for RMB.\(^{269}\)


\(^{267}\) Kopin Tan, “Enter the Yuan,” *Barrons*, 14 November 2011, [http://online.barrons.com/article/SB50001424052748703893804577024122523328762.html#articleTabs_article%3D1](http://online.barrons.com/article/SB50001424052748703893804577024122523328762.html#articleTabs_article%3D1)


Trade and Foreign Investment

Initially, foreign investors in China were interested in using its cheap labor to assemble imported parts for export. As the Chinese became wealthier, foreign investors began to target Chinese as consumers. Within a decade, the country is expected to become the biggest market in the world for luxury goods. The PRC’s entry into the WTO required Beijing to rescind tariffs, making imported products more competitive in the Chinese marketplace. The government’s policy of artificially depressing the value of the RMB to promote exports also serves to reduce the purchasing power of Chinese consumers. With the communist-era safety net in tatters, Chinese often feel it is more prudent to save rather than spend. China has one of the highest personal savings rates in the world. This has been identified as a major impediment to the creation of a more consumption-driven economy.

Exports
The PRC has displaced the United States as the world’s trading partner. In 2012, 124 countries traded with China. Exports have been the main engine of economic growth, commonly acknowledged to contribute more than 50% of annual GNP since 2002. In 2010, China surpassed Germany to become the world’s largest exporter.

According to 2012 estimates, exports totaled USD 2.05 trillion, and the PRC’s biggest export partners were the United States (17.2%), Hong Kong (15.8%), Japan (7.4%), South Korea (4.3%), and Germany (3.4%). China’s major export commodities include data-processing equipment and other electronics and machinery, radio telephone handsets, integrated circuits, apparel, and textiles. China’s manipulation of the RMB has enabled it both to hold on to the market for low-end, labor-intensive goods that are competitive on price and to expand into higher value-added products. China’s currency manipulation also has contributed to the country’s favorable trade surpluses.

Imports
In 2012, the value of goods imported in China equaled USD 1.81 trillion, according to estimates. China’s top import partners are Japan (9.8%), South Korea (9.3%), the United States (7.3%), Germany (5.1%), and Australia (4.6%). The major commodities imported in China include electrical and other machinery, oil and mineral fuels, optical and medical equipment, metal ores, and motor vehicles. The PRC is the United States’ third-largest export market—receiving about 7% of all U.S. exports, including agricultural products, chemicals, machinery, and equipment.

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China has become Australia’s largest trading partner. In 2012, it bought one-quarter of Australia’s exports, of which iron ore accounted for 60%, up from less than 5% 20 years ago.\(^{286,287}\)

**Energy and Resources**

The PRC is the world’s second-largest producer and consumer of electricity, behind the United States. China has significant energy reserves, particularly coal, but those reserves have proved inadequate to supply the economy’s needs. In the 1980s, China was the largest oil exporter in East Asia.\(^{288}\) It is now the second-largest consumer and importer of oil in the world after the United States.\(^{289}\) In renewable energy, China has developed a competitive wind turbine industry that now accounts for 30% of global sales, mainly in the developing world.\(^{290}\)

**Coal**

Coal is China’s most abundant energy resource, accounting for most of the nation’s primary energy consumption. No other country produces or consumes as much coal; China burns as much coal as the rest of the world combined.\(^{291}\) Its coal reserves are the world’s third-largest, behind the United States and Russia.\(^{292}\) Because of limited natural gas and oil reserves, coal will continue to be the major source of energy for the industrial sector.\(^{293}\)

A major consequence of China’s reliance on coal is its environmental effect. Some of the most polluted cities in the world are located in Shanxi Province in northern China, the center of the nation’s coal industry. Sulfuric discharge from coal-burning power plants in Northern China has been observed by researchers in California, Oregon, and Washington.\(^{294}\)

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\(^{294}\) Keith Bradsher and David Barboza, “Pollution from Chinese Coal Casts a Global Shadow,” *New York Times*, 11 June 2006,
**Oil**

Domestic oil production in the PRC is heavily subsidized and mostly carried out by three state-owned companies: CNPC, Sinopec, and CNOOC. The largest oil fields are in northeastern China but have already been heavily tapped. Other major deposits are in the northern provinces of Shandong and Shaanxi and the western autonomous region of Xinjiang. Offshore exploration is expected to fuel China’s continuing growth. About half of China’s oil supply comes from the Middle East, and about one-third comes from Africa. To prevent potential disruptions, Beijing is developing a reserve system.

**Natural Gas**

Although China historically has not been a large consumer of natural gas, its consumption of this energy resource doubled between 2000 and 2004, and is expected to triple by 2030. China hopes to boost natural gas consumption partly to minimize pollution from coal.

The same three state-owned companies (CNPC, Sinopec, and CNOOC) dominate the natural gas industry in China. The Changqing Basin (Sichuan Province), Ordos Basin (Shaanxi Province), and three basins in Xinjiang Uighur Autonomous Region and Qinghai Province are China’s chief natural gas-producing areas. Together, they provide about 65% of the country’s natural gas. In addition to offshore natural gas fields in the South China Sea, new natural gas fields continue to be explored and developed, particularly in Xinjiang, which has China’s largest natural gas output.

http://www.nytimes.com/2006/06/11/business/worldbusiness/11chinacoal.html?ex=1307678400en=e9ac1f6255a24fd8ei=5088partner=rssnytmc=rss&pagewanted=all


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Hydroelectricity

China is the world’s leading producer of hydroelectric power.\(^{300}\) Since the Three Gorges Dam became fully functional in 2011, about 22% of China’s electricity production has been generated by hydroelectric plants.\(^{301}\) Located along the Yangtze River, the Three Gorges Dam is the world’s largest hydroelectric dam. Other hydroelectric dam projects are under construction or planned for upstream portions of the Yangtze River and its tributaries.\(^{302}\)

Nuclear Power

China has been promoting nuclear energy as a clean and efficient energy source since the beginning of its nuclear program in the 1970s. Since 1994, 11 reactors have been constructed in coastal regions. Nuclear power is especially needed in those areas because of their distance from coalfields and their rapidly expanding economies. China’s nuclear development is highly advanced, with technology drawn from the United States, France, Russia, and Canada. The PRC currently has 15 nuclear power plants, and another 26 are under construction.\(^{303}\) The Chinese National Academy of Sciences is working to develop a new generation of reactors that are cleaner and safer.\(^{304}\)

Mineral Resources

China is rich in mineral resources, with reserves of 158 different economically important minerals. In 2008, China led the world in the production of gold, iron, steel, coal, aluminum, tin, tungsten, zinc, lead, fluorspar, antimony, barite, graphite, phosphate, talc, and rare earth minerals.\(^{305}\)

Rare earth minerals are important for the production of electronics—from light bulbs and televisions to hybrid cars and advanced weapons systems. The PRC accounts for about 95% of the world’s supply. When China reduced its export quota by 40% in 2010, the


price of rare earth minerals surged, prompting the United States and other countries to expand their mining operations. Japanese firms also developed the ability to recycle these materials. As a consequence, prices have dropped. China remains the world’s largest supplier.  

Transportation

China has significantly expanded its transportation network, building thousands of miles of roads and high-speed railways. One of the major goals has been to better integrate the western areas with the coastal region to accelerate their development and facilitate exploitation of their natural resources. In 2006, a high-altitude railway linking Beijing with Lhasa, Tibet was completed.

In 1969, Beijing opened a subway system. No further systems were completed until the 1980s. Now, 12 Chinese cities have subways, and Beijing has expanded its original 2 lines to 14. In 2012, 23 cities received approval from the central government to build new subway systems or expand existing networks. In contrast to surrounding countries, which have comprehensive urban subway systems that are profitable, China’s subways are losing money from the combination of low fares, high construction costs, and spotty ridership.

The PRC has three national airlines, all government-owned: Air China (operating out of Beijing), which has code sharing agreements with United Airlines and Lufthansa; China Eastern Airlines (Shanghai); and China Southern Airlines (Guangzhou). In 2011, the PRC had 175 airports. By the end of 2015, the number is expected to reach 230; also, 100 existing airports are slated for expansion. But high-speed rail is now competing for


travelers and there are signs of excess capacity in the airline industry. Rail options are already making it difficult to fill passenger seats on some airline routes.  

**Standard of Living**

According to UN Human Development Indicators, which provide a composite measure of health, education, and income, China now enjoys a medium level of human development.  

GDP per capita (PPP) is USD 8,336—well below Singapore (USD 59,710), South Korea (USD 31,220), and Taiwan (USD 37,715). But China’s Asian neighbors are largely urbanized, middle-class countries where few citizens still farm.

Chinese urban and rural poverty rates both fell during the reforms, but the rural rate accounted for most of the overall drop. A large portion of that decline came in the early 1980s, when farmers obtained the right to work for themselves rather than the state. After Beijing phased out most subsidies, cash-strapped local governments began to levy hefty surcharges on essential goods such as education and healthcare, and these charges cause many rural families to have little leftover cash.

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CHAPTER 3 ASSESSMENT

1. Coastal China enjoys the county’s highest standard of living.
   
   **TRUE**
   Coastal China is far wealthier than the interior, a situation which has been called “a house divided.”

2. China is the world’s largest trading partner.
   
   **TRUE**
   China has displaced the United States as the country that has the most trading partners.

3. Since entering the World Trade Organization, China has privatized its remaining state-owned enterprises.
   
   **FALSE**
   State-owned enterprises continue to dominate strategic sectors such as telecommunications and hydrocarbons.

4. China relies on coal to meet most of its energy consumption needs.
   
   **TRUE**
   Coal accounts for 70% of China’s energy production.

5. Chinese subway systems are profitable because of low operating costs.
   
   **FALSE**
   The combination of high construction costs, low fares, and spotty ridership have caused Chinese metropolitan subway systems to fail to break even.
CHAPTER 4: SOCIETY

Introduction

Throughout much of its history, Zhongguo (China), which literally means “Middle Kingdom,” was the dominant power in East Asia. Surrounding countries paid tribute to the Chinese emperor, and sometimes copied China’s imperial form of government and the examination system for advancing within it. In this way, Chinese culture—such as the writing system—was widely disseminated in the region. Among other initiatives, in an effort to wield “soft power,” Beijing has opened Confucius Institutes at higher learning institutions worldwide to educate citizens of other countries about China.319, 320, 321

Domestically, the government maintains restrictions on the production of culture. But these limits are not uniform. For example, market competition between China’s 500-odd publishing houses creates incentives for acquisition editors to take risks to sign authors who might produce a best seller. And if one publishing house turns down a writer, the author can shop around. By contrast, all film scripts go through the State Film Bureau for approval. If it finds the script or end result objectionable, the film has no chance of being publicly screened in China. This creates the duality in which a film that has been banned may be based on a novel that is selling briskly.322

Population and Distribution

Now more than 1.3 billion people, China’s population has long been a significant social concern. Though the PRC had once encouraged large families, by the late 1970s it instituted a policy of one child per family (with limited exceptions) in order to stem growth. The result was that China’s fertility rate dropped from 5.4 children in 1971 to an estimated 1.3 in 2012.\(^{323,324}\)

The benefit of the policy peaked in 2010, when the proportion of dependents to workers was lowest.\(^{325}\) As life expectancy in China increases, the dependency ratio will rise.\(^{326}\) Today a youth faces the prospect of caring for two parents and four grandparents. In some developed coastal regions, couples who are themselves only children are now allowed to have a second child. But those who do not qualify for this exemption can be penalized for having more children.

At the end of 2011, China’s urban population exceeded that of rural regions for the first time in the country’s history.\(^{327}\) According to official sources, there were 221 million migrants in 2010, most of them from rural areas, and that number is projected to rise to 350 million by 2050 if current policies continue.\(^{328}\) If it remains nearly impossible for farmers to obtain urban resident permits, then the “floating population” (liudong renkou) threatens to become a permanent underclass that is consigned to undesirable, dangerous, and low-wage work, and is barred from services available to urban resident permit holders.\(^{329}\)


Ethnic Groups

Within the PRC, Han Chinese constitute the dominant majority, accounting for almost 92% of the population. National minorities (shaoshu minzu) make up the remaining 8%. The government recognizes 56 ethnic groups within its borders. When the classification effort began in the 1950s, more than 400 separate groups were identified on the basis of distinct language, culture, or migratory heritage. This number was radically reduced by designating some as sub-groups, although the total number remains subject to adjustment. The groups may not agree with this classification scheme, in which the smallest one has 2,000 members. By contrast, the number of Manchus doubled between 1982 and 1990. This growth has been partly attributed to Manchus reaffirming their ethnicity after previously identifying themselves as Han Chinese.

Ethnic minorities are exempted from the state’s one-child-per-family policy, although running afoul of local authorities can result in this privilege being rescinded. Larger families are a common sight among Han Chinese in rural China, where a couple is allowed a second child if the first is girl, as well as among migrants. Additional children have probably not been registered (hukou) and therefore do not officially exist. Their parents have no means to enroll them in school, nor will they be able to receive identity cards. This is a relatively recent problem that appeared after the market reforms enabled people to seek work beyond where they live.

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Language

There is considerable linguistic diversity in China within the majority Han group and among the minority ethnicities. The Beijing dialect of Mandarin, known as “common language” (putonghua), is the official language of the PRC and of Taiwan, where it is referred to as the “national language” (guoyu). Putonghua is the national broadcasting language and the medium of instruction in schools. It uses four tones to distinguish between words with the same sound. Since Chinese dialects differ in the number of tones and pronunciation, they are often mutually unintelligible. But they share a writing system of stylized, pictographic characters—a cherished cultural aspect that unites all Chinese speakers.

Most characters contain two parts, and one of them, the “radical” (bu shou), is usually on the left and indicates something about the meaning of the character. For example, the radical for woman is 女 (nu). When combined with other characters, it indicates something feminine. So, 妈妈 (mama) is the colloquial word for mother, whereas 姐妹 (jiemei) means sisters (the character on the left refers to an older sister, while the one on the right indicates a younger sister). There are 214 radicals that one uses to look up unfamiliar characters in a dictionary. Although dictionaries can contain more than 56,000 different characters, a much smaller number is needed for daily life. A person with knowledge of 3,000 to 4,000 characters is considered literate.

In the 1950s, a simplified system of writing was introduced to ease the learning process. Thus, “salt” (yan) went from 鹽 to 盐, which requires significantly fewer strokes to master.

At the same time, a new romanization system known as pinyin was introduced. When the PRC normalized relations with the outside world, the government wanted Chinese names rendered according to pinyin. Hence, Peking became Beijing. Pinyin is used in public signage throughout the country. Even Taiwan, which still uses traditional Chinese

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characters, has adopted pinyin in a modified form, reflecting the importance of a unified spelling system in the internet era.\textsuperscript{343}

**Media**

According to official sources, there are more than 8,000 magazines, 2,000 newspapers, and nearly 400 televisions stations in the PRC.\textsuperscript{344} All media are managed and monitored by more than a dozen government agencies at different levels within the administrative hierarchy, which also scramble broadcasts originating outside China.\textsuperscript{345}

Access to the internet is similarly regulated.\textsuperscript{346} On Weibo (China’s Twitter, which gains an average of 12 million new users a month), an estimated 10 million messages are deleted every day.\textsuperscript{347} Users have become creative including the use of code words and posting text in the form of images that are not readable by automated censors.


Religion

Sanctioned Worship

In keeping with its Marxist origins, the CCP is an atheist organization and public officials are expected to dismiss traditional superstitions. Yet in recent years, as part of China’s cultural heritage, the party has promoted folk religion customs—particularly deities without a clerical establishment that might offer a competing dogma.348

With respect to formal religion, the PRC constitution provides citizens with “freedom of religious belief,” but worship is regulated. Only five religions are officially recognized: Buddhism, Taoism, Islam, Catholicism, and Protestantism. Formal worship can only be conducted by groups that register with one of the government’s five Patriotic Religious Associations (PRAs), which oversee the five state-recognized religions.349

Unsanctioned Worship

Underground Christian churches are typically non-denominational and meet in private homes to engage in pastor-led Bible study.350 Those with congregations large enough to require more space are often targeted for closure.351 In 2009, law enforcement closed the Golden Lamp Church, China’s first Christian mega-church that operated out of an eight-story building and claimed 50,000 parishioners, some of whom were injured in the crackdown.352 In regions perceived as vulnerable to separatist sentiments, such as Tibet and Xinjiang, all religious activities are heavily monitored. Beijing has banned the Tibetan practice of identifying young boys as reincarnated religious leaders, to complicate the Buddhist clerical establishment’s efforts to identify the aging Dalai Lama’s successor.353

Surveys suggest that religious faith has boomed in recent years.354 Estimates of Chinese Christians range from 40 million to 100 million.355 An estimated 200 million Chinese

practice Buddhism, Taoism, or some form of folk religion (described by state-run media as the worship of “legendary figures”). A 2007 survey revealed that half of county-level government officials believed in geomancy and the prophecies of fortune-tellers. A Beijing academic who conducted the study noted that such traditional beliefs offered potential answers to those in high pressure careers, where “promotions are earned through mastering the dark arts of factions and favors, rather than hard work.”

**Health: Traditional Chinese Medicine**

With a history of over 2,000 years, the practice of Traditional Chinese Medicine (TCM) remains widespread throughout the PRC. Good health requires a balance between opposite forces (yin and yang) and the appropriate channeling of qi, or body energy. Acupuncture involves the use of needles to manipulate and stimulate certain body organs in order to manage the flow of qi.

Traditional medicine practitioners focus on the skin, hair, and tongue to detect qi blockages and imbalances. They rely on thousands of herbs and hundreds of animal and mineral extracts, which are typically combined, to treat acute disorders and chronic illnesses. Proponents claim that herbal remedies are often more effective in addressing the basic cause of disorders, rather than the symptoms.

Both the World Health Organization (WHO) and the United Nations have formally acknowledged the effectiveness of TCM to treat certain conditions. The first Congress on Traditional Medicine, organized by the WHO, was held in China in 2008. Two main goals were to assess the role of traditional medicine and to help WHO member states integrate traditional medicine into their national healthcare systems.

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Cuisine

In the Shang Dynasty (1700–1046 B.C.E.), a scholar related the five primary body parts (heart, spleen, lungs, kidneys, and gall bladder) to the five flavors in Chinese cuisine: bitter, sweet, spicy, salty, and sour, each of which contributed to human well-being. Thus, a common principle underlying all Chinese cooking is balance—between flavors, textures, colors, consistencies, and temperatures. The practice of stir-frying ingredients that have been finely chopped is attributed to necessity. Food was often scarce and meals were cooked quickly to conserve fuel, and dishes were served in quick succession. Grains, notably rice and wheat, are staples with every meal. Chinese prefer pork to other meats. The PRC is the only country to maintain a strategic pork reserve.

Chinese take pride in their country’s extraordinarily diverse culinary heritage. Even halal food (qingzhen cai), prepared in accordance with Islamic dietary guidelines, is found in major cities (particularly Beijing), even though there are few Muslim residents. It first appeared in imperial times as part of the Silk Road trade. During the Mongol Yuan Dynasty (1279–1368), imperial chefs created a large number of dishes and many were introduced to the palace, where Persians and other practitioners of the Islamic faith had prominent roles. Qingzhen cai (清真菜), which literally means clear and clean food, was subsequently assimilated because of its popularity with Han Chinese.

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365 Foreign Policy, “China’s Love Affair with Pork,” 1 April 2013, http://www.foreignpolicy.com/articles/2013/04/01/china_love_affair_pork_pigs
Arts

Painting and Calligraphy: The Art of the Brushstroke

Painting and calligraphy have been conjoined throughout Chinese history. They utilize the same four instruments (known as the Four Treasures of the Study): a brush, ink, paper, and a rubbing stone that would have been on the desk of any scholar or imperial official. Over the centuries, calligraphic artists developed a number of forms, from formal and classic to expressive and stylized. In the words of an art scholar, superior calligraphy exhibits “the beauty of plastic movement, not of designed and motionless shapes.”

Traditional Chinese painting does not employ the realism and perspective common to Western painting. Instead, the flatness of the surface helps to emphasize the emotional and thematic effect. The landscape style is referred to as mountain and water paintings (shanshuihua). The placement of small human figures suggests humanity’s tiny and fleeting presence in the natural world. Both artists and owners would adorn art with their personal “chop,” which is a carved seal dipped in an oil-based red paste.

During Mao Zedong’s era, propaganda posters emerged as a new Chinese art form. Such posters depicted triumphant images featuring “heroic, cartoonlike figures with political slogans” and were regularly used to rally the masses. They are now collector’s items. To merge old with new, one recent artist has created works in the traditional shanshuihua style adorned with pollution, to reflect present-day society.

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Literacy was traditionally a source of elite power in China because only the scholar-gentry class had the ability to create, transmit, and receive the knowledge of texts written in classical Chinese (wenyan). The first works written in vernacular language (baihua) did not appear until the 20th century. Such authors found favor with the underground Communist movement for their ability to satirize and expose social problems. They were later uniformly persecuted for their inability to produce work that glorified socialism.

In the 1980s, writers were given greater latitude under the economic reforms. Red Sorghum (1986), one of many novels written by Mo Yan, received the most votes in a 1996 Chinese contest for favorite novel. The book broke a number of morality taboos. When Mo Yan won the Nobel Prize for Literature in 2012, controversy arose because he is not a dissident writer. The Chinese government praised his selection in contrast to an earlier PRC winner, Liu Xiaobo, an imprisoned dissident who won the Nobel Peace Prize in 2010.

As the economic reforms deepened, they provided opportunities for non-mainstream authors to sell their work. Wang Shuo, who lacks a university degree and is not a member of the government-affiliated Chinese Writers’ Association where Mo Yan has held leadership posts, has written a series of best-sellers depicting the underbelly of urban society, leaving readers to ponder how high up that world extends. He is credited with giving rise to a new genre: hoodlum literature (pizi wenxue).
Film

After several decades of propaganda movies that were seldom shown internationally, Zhang Yimou’s film version of Red Sorghum (1987) became the PRC’s breakout film achievement when it won the 1988 Berlin Film Festival’s top prize.³⁸⁵ Farewell My Concubine (1993), a 20th-century epic directed by Chen Kaige, shared the top award at the Cannes Film Festival. Overseas acclaim enabled a growing cohort of Chinese filmmakers to secure international financial backing to work outside the Chinese film studio system. Historical dramas featuring oppressed women figured prominently. For Western viewers, it represented a metaphor for life under the Communist regime.³⁸⁶ Eventually a backlash within China developed against such films because they were perceived as catering to Western stereotypes of the exotic East.³⁸⁷ Some of these filmmakers, like Zhang Yimou, went mainstream and produced big-budget martial arts pictures, such as Hero (2002) and House of the Flying Daggers (2004), and other types of entertainment films that did well at the domestic box office and secured overseas distribution. More recently, Zhang has been a pioneer in purchasing the rights to remake foreign films. In 2010, he directed A Woman, A Gun and a Noodle Shop, a remake of the Coen brothers’ Blood Simple (1984).³⁸⁸

At the same time, international filmmakers have sought to tell China-related stories through co-productions.³⁸⁹ Daniel Hsia, director of Shanghai Calling (2012), noted that “American heroes go out of their way to search for trouble,” but a Chinese protagonist “does what he does because it’s his duty, it’s his job—not because he wants to do it.”³⁹⁰ Getting approval to film in Shanghai required numerous script rewrites so that Hsia’s leading man, a non-Mandarin speaking Chinese-American lawyer, conformed to Chinese narrative conventions while still connecting with American audiences.³⁹¹

Co-productions are exempt from the PRC’s annual foreign film screening quota, which stands at 34 in 2013. In order to secure a coveted slot, Hollywood filmmakers incorporate positive references to Chinese culture and people in their films. For example, in the 2011 remake of the 1984 cult classic Red Dawn, the invaders were digitally altered so they are no longer mainland Chinese but North Koreans. Commenting on the trend, a Hollywood insider observed, “It’s a clear-cut case—maybe the first I can think of in the history of Hollywood—where a foreign country’s censorship board deeply affects what we produce.”

**Sports and Recreation**

China’s popular sports and recreational activities consist of traditional practices and international sports. Dating back over 2,000 years, Chinese martial arts (wushu) grew out of the need for individuals (often monks) to defend themselves while living in a volatile and fractious environment of war and political tumult. Apprentices learned lethal fighting skills from masters. Today, martial arts have become a recreational activity practiced in urban public parks for purposes of physical fitness as well as spiritual and mental well-being.

Over the past 30 years, the PRC has become a dominant force in international competitions. At the Seoul Summer Olympics in 1988, the Chinese transformed women’s diving into an adolescent sport with its team of prepubescent girls. Although much of the Communist system has been dismantled, the state-sponsored training of athletes remains firmly in place. Those with promise are identified at the local level and then sent to live at specialized sports schools (which offer every sport including table tennis), where they rigorously train on a daily basis. Education is sacrificed in the process and nothing is allowed to interfere with the preparation.
Thus, information such as a death or serious illness in the family may be kept from young athletes by school authorities, to whom parents typically defer. In the eyes of many Chinese, winning medals is an important reflection of the country’s place in the world. A Chinese journalist explained, “The gold medal is very important to China. It makes us feel strong.” Athletes are required to turn over a hefty portion of any money earned from commercial endorsements to the government-run sports federations that underwrote their training.

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CHAPTER 4 ASSESSMENT

1. Mandarin is the common language in China.

   **TRUE**
   Mandarin is the medium of instruction in schools and is the national broadcasting language.

2. China’s entire population must comply with the one-child policy.

   **FALSE**
   Ethnic minorities are exempted and rural couples are allowed to have a second child if the first one is a girl.

3. Most written Chinese characters contain two parts.

   **TRUE**
   One part is called the “radical” and indicates something about the meaning of the character. The radical can be combined with other parts to form unique words.

4. The Chinese government recognizes five religions.

   **TRUE**
   Islam, Catholicism, Protestantism, Buddhism, and Taoism are the five recognized religions.

5. Mo Yan’s selection for the Nobel Peace Prize for Literature angered Beijing because he is a dissident writer.

   **FALSE**
   Mo Yan is an establishment writer and the Chinese government was delighted by his selection.
CHAPTER 5: SECURITY

Introduction

The People’s Republic of China (PRC) has emerged as the dominant economic and military power in Asia. Most Chinese believe that international relations are dominated by competition between great powers for advantage. Thus, they consider the United States to be primarily concerned with maintaining its dominance, which requires Washington to thwart China’s global rise. Beijing views international organizations as a means to restrain U.S. power. In particular, China promotes the view that the UN Security Council, of which the PRC is a permanent member, should be the final arbiter in the use of force internationally. But when its size and power is an advantage, China eschews multilateral involvement in favor of bilateral dealings on issues such as sovereignty over the Spratly Islands.

China shares land borders with 14 nations: Afghanistan, Bhutan, Burma, India, Kazakhstan, Kyrgyzstan, Laos, Mongolia, Nepal, North Korea, Pakistan, Russia, Tajikistan, and Vietnam. During the first 30 years of Communist rule, the PRC clashed with India, the Soviet Union, and Vietnam. In the 1980s, Deng Xiaoping put the country on a course to “hide its capacities, focus on national strength building and bide its time.” There appears to be a consensus within China that its time has come. In some neighboring capitals, China’s assertive behavior is reminiscent of its imperial role as regional hegemon.

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The Shanghai Cooperation Organization (SCO), which comprises China, Russia, and several Central Asian nations, is not a collective security structure but a regional grouping of states that share common interests in combating non-state actors such as international terrorist groups and drug traffickers.411, 412

Military

People’s Liberation Army

The People’s Liberation Army (PLA) includes all of China’s armed forces: ground (PLA), navy (PLA Navy), and air force (PLA Air Force), as well as an independent strategic missile force known as the Second Artillery Corps. Reserve and militia forces supplement the active-duty PLA.413 China’s armed forces fall under the authority of the CCP Central Military Commission, the Central Military Commission, and the Ministry of National Defense.414 In 2009 plans were announced to shed 700,000 soldiers out of a force of nearly 2.2 million, of which 1.6 million were army. The PLA also is revising requirements for non-commissioned officers, to attract college students and raise the educational level of recruits.415 As part of the transition from a land-based force to a mobile, high-tech fighting force, the Maoist-era emphasis on the army has been re-directed to the air force and navy in order to project military power into the Pacific.416 The acquisition of foreign-made advanced weaponry and operation systems, as well as their domestic development, have been central to this process. Upgraded or fully modern elements of the defense network (besides nuclear weapons) include a range of fighter aircraft, an anti-satellite weapon (successfully tested in 2007), a

variety of ballistic and cruise missiles (tested in 2010), and nuclear-powered attack submarines.\footnote{417, 418, 419, 420}

Development of a global navy is a high priority for the PRC, which has close to half a million sailors and nearly 1,000 vessels.\footnote{421} China has developed the capacity to mass produce diesel-electric submarines and surface warships.\footnote{422} Substantial and consistent increases in the Chinese military budget demonstrate the country’s commitment to modernization. China’s 2012 defense budget was USD 106 billion, representing a four-fold increase over the past decade.\footnote{423} Despite the PLA’s enhanced professionalization and modernization programs, its loyalty remains greater toward the Chinese Communist Party (CCP) than toward the state.\footnote{424}

In early 2013, Washington raised allegations of PLA cyber-warfare against U.S. corporations, organizations, and government agencies. Beijing countered that it was the victim of U.S. cyber warfare. But the U.S. substantiated its claims. Cyber security professionals pinpointed an office building in suburban Shanghai that allegedly houses a hacking unit of China’s military.\footnote{425} The presumed purpose of such attacks on digital infrastructure is to collect strategic intelligence.\footnote{426}

\footnotesize
\begin{itemize}
\item \footnote{419}{David Axe, “China’s Overhyped Sub Threat,” \textit{Diplomat (Japan)}, 20 October 2011, \texttt{http://thediplomat.com/2011/10/20/china%e2%80%99s-overhyped-submarine-threat/}}
\item \footnote{420}{Sino Defence (UK), “Type 093 (Shang Class) Nuclear-Powered Attack Submarines,” 4 April 2009, \texttt{http://www.sinodefence.com/navy/sub/type093shang.asp}}
\item \footnote{421}{Richard Parker (opinion), “Pilotless Planes, Pacific Tensions,” 12 May 2013, \texttt{http://www.nytimes.com/2013/05/13/opinion/drones-and-the-rivalry-between-the-us-and-china.html?_r=0}}
\item \footnote{422}{Gabe Collins and Andrew Erickson, “U.S. Navy Take Notice: China is Becoming a World-Class Military Shipbuilder,” \textit{Diplomat (Japan)}, 1 November 2012, \texttt{http://thediplomat.com/2012/11/01/u-s-navy-take-notice-china-is-becoming-a-world-class-military-shipbuilder/}}
\item \footnote{423}{Trefor Moss, “Five Things the Pentagon Isn’t Telling Us about the Chinese Military,” \textit{Foreign Policy}, 23 May 2012, \texttt{http://www.foreignpolicy.com/articles/2012/05/23/5_things_the_pentagon_isn_t_telling_us_about_the_chinese_military}}
\item \footnote{424}{M. Taylor-Fravel and Dannis Blasko, “Xi Jinping and the PLA,” \textit{Diplomat (Japan)}, 19 March 2013, \texttt{http://thediplomat.com/china-power/xi-jinping-and-the-pla/}}
\item \footnote{425}{Russia Today (Russia), “U.S. and China Accuse Each Other of Cyber Warfare,” 19 February 2013, \texttt{http://rt.com/usa/cyber-china-war-unit-604/}}
\end{itemize}
People’s Armed Police

Domestic security is provided by two agencies in China. Routine criminal matters fall under the authority of the Central Political and Legislative Affairs Committee (zhengfa), which has authority over the Ministry of Public Security. Other aspects of domestic security are handled by the People’s Armed Police (PAP), a paramilitary force responsible for maintaining order during peacetime and assisting the PLA during times of war. Today the PAP has about 660,000 active personnel. The organization was created in 1983, although it was not deployed to put down the Tiananmen Square protests in 1989. The government subsequently decided the PLA should not be involved in internal security matters, given the bloody results that were broadcast internationally. Instead the PAP was made responsible for maintaining social control. In 2009, it gained the authority to “take necessary measures to dispel large assemblies of people that compromise social order.” At the same time, local officials were stripped of the authority to order PAP intervention, to prevent its use as a personal militia force.


U.S.–China Relations

After the PRC was founded in 1949, relations between Beijing and Washington were adversarial. The United States maintained diplomatic ties to the government of Chiang Kai-shek, which had fled to Taiwan. Almost immediately thereafter, the U.S. and the PRC fought on opposing sides after the outburst of hostilities on the Korean peninsula. In 1979, the United States and China officially normalized relations, and Washington shifted diplomatic recognition from Taipei to Beijing.432

Since establishing relations, there have been three major dimensions in U.S. policy toward the PRC.433 The first concerns economic growth. The United States has strongly advocated China’s integration into the world economy, and the two countries are major trading partners, although the balance of trade has favored China. Persistent trade deficits have prompted accusations from Washington that Beijing unfairly manipulates its currency to its advantage.434 Expanded U.S. exports to China have done little to reduce the trade deficit.435

The second dimension reflects the limits of diplomatic cooperation. In issues requiring international cooperation, the PRC often opposes the United States, either within the UN Security Council or in dealing with rogue regimes or repressive dictatorships that control energy resources. From Washington’s point of view, this is evidence of a zero-sum mentality in Beijing.436

The third dimension concerns the implications of the PRC’s military modernization.437 Some analysts think the First Gulf War in 1991 showed the Chinese how quickly an inferior army could be beaten by one with cutting-edge technology and weaponry.438

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2012 announcement by the Obama administration of an “Asia Pivot,” which is intended to strengthen the U.S. naval presence in the Western Pacific, was an unwelcome development in Beijing, where it is viewed as an effort to encircle and contain the PRC in order to thwart its expanding influence in Southeast Asia.439, 440

Relations with Neighboring Countries

Afghanistan

To the west, China shares a 76 km (47 mi) border with Afghanistan.441 Though China has historically had limited relations with Afghanistan, its stability is important to Chinese security because extremist organizations that threaten China, such as the East Turkistan Islamic Movement (ETIM), maintain ties with terrorist networks operating in Afghanistan. From Beijing’s point of view, the NATO presence has been desirable because regional terrorist networks focused on the foreign presence rather than fomenting unrest in neighboring countries.442 Nonetheless, in 2005, the Shanghai Cooperation Organization (SCO) established an Afghanistan Contact Group in order to enhance its members’ relations with the unstable country. In 2012, members agreed that the organization should play a bigger role in stabilizing Afghanistan after NATO combat forces leave in 2014.443

In 2006, the two governments signed a Treaty of Friendship, Cooperation and Good Neighborly Relations. In 2007, the PRC was awarded a 30-year lease to develop Afghanistan’s Aynak copper field, which is believed to be the largest undeveloped copper field in the world.444 Because Beijing has been accused of unfairly benefiting from NATO’s efforts, it touts the multibillion-dollar project as evidence of its contribution to Afghanistan’s reconstruction.445 Although some believe the project could pump USD 300 million annually into government coffers and create employment for Afghans, a scholar pointed out another possible outcome: “[T]he money will be lost to


442 Raffaello Pantucci, “China’s Afghanistan Challenge,” Diplomat (Japan), 5 April 2013, http://thediplomat.com/2013/04/05/chinas-afghanistan-challenge/

corruption in the Afghan ministries and [the] jobs at the mine will go to Chinese immigrants.”

**Bhutan**

To the southwest, China shares a 470-km (292-mi) border with Bhutan. The landlocked state between China and India is strategically important because it controls several Himalayan passes. The border between China and Bhutan has remained closed since 1960, when many Tibetans fled from China. In early 2013, Bhutan was said to be on the verge of establishing diplomatic relations with the PRC, but the two countries remain involved in discussions to define their border.

There have been increased calls in Bhutan to settle the boundary dispute because Chinese activities along the border have expanded. Such activities include the construction of numerous roads along the frontier and alleged incursions into Bhutanese territory near the Indian border. These events have aggravated longstanding concerns in Bhutan regarding the interests of its powerful neighbor.

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Burma (Myanmar)

To the south, China and Burma share a border of 2,185 km (1,358 mi). When Burma was an international pariah, the two governments developed close relations. China provided discounted loans to the isolated military regime and secured access to its natural resources, which include natural gas, timber, and gems. In May 2013, a Chinese-constructed network of oil and natural-gas pipelines opened, extending from the Bay of Bengal across Burma to China’s southwest Yunnan Province—bypassing the congested, narrow Malacca Strait that 82% of China’s oil imports had traveled through until then. A less welcome import has been narcotics. Border security has been threatened by drug trafficking and ongoing fighting between the Burmese government and Kachin rebels. Democratization has enabled Burma to re-engage with Western countries, particularly the United States, and this dilutes Beijing’s influence. Burmese citizens now enjoy rights that PRC nationals do not. The reappearance of private newspapers in Burma was met with envy and frustration among Chinese. China’s cozy relationship with the former Burmese military junta is a particular sore point for Burmese, who routinely protest the impact of Chinese development projects on their communities.

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To the southwest, China maintains a large military presence in areas along its 3,380-km (2,100-mi) border with India, particularly in Bumla, where the two countries dispute the historical territory of Tibet—“the biggest tinderbox in relations between the world’s two most populous nations.” Also, China claims a large portion of the Indian state of Arunachal Pradesh (located east of Bhutan and south of the Tibetan Plateau). In recent years, the PRC has increased its military presence along the unofficial border in this rugged Himalayan region. The improved roads on the Chinese side of the border would facilitate movement by PLA forces in the event of conflict. India has also boosted its border forces. Territorial disputes have been ongoing since the two countries clashed in a 1962 border war. At issue have been China’s claims to the Aksai Chin territory and a small, northern portion of Kashmir that Pakistan ceded to China in 1964.

Despite tensions, trade between the two Asian giants is booming and may reach USD 100 billion by 2015, up from USD 3 billion in 2000. Over the past decade, China jumped from India’s seventh-largest source of imports to its largest. The PRC is now India’s largest trading partner. But the exchange is lopsided because India does not produce much that the Chinese want to buy. To rectify the imbalance, New Delhi has urged...
Beijing to open Chinese IT and pharmaceutical industries to Indian investment—with little result.471

Japan

Japan lies east of China in the East China Sea. Although the two countries do not share land borders, they have a history of conflict, including recent clashes over eight uninhabited islands in the East China Sea (called the Diaoyu Islands by China and the Senkaku Islands by Japan).472 Tokyo claimed sovereignty in 1895, the same year it took possession of Taiwan from the ailing Qing Dynasty. After World War II, the islands were placed under American trusteeship and eventually returned to Japan. Beijing insists the islands have been part of China since ancient times, but Chiang Kai-shek did not raise the matter after the war because he needed U.S. support to stay in power. The Japanese date Beijing’s claims to the 1969 discovery of significant oil and natural gas deposits around the strategically situated islands.473

The dispute escalated after the Japanese government concluded a deal to buy three of the islands from their private owner in 2012. Although Tokyo claims to have acted to prevent a Japanese nationalist from building on the islands, the move upset the status quo during China’s leadership transition. PRC retaliatory measures, referred to as “combination punches” by the state media, are intended to demonstrate an aggressive posture.474 But Beijing’s acknowledgment that a Chinese naval ship had locked its fire-control radar on a Japanese warship without first obtaining approval through the chain of command raises questions about the PRC’s ability to handle escalation.475


Kazakhstan

China shares a 1,533-km (953-mi) border with Kazakhstan.\(^{476}\) The Central Asian state is an important source of and transit country for China’s energy imports. In 2005, the China National Petroleum Corporation purchased a large Kazakhstani oil corporation, and then constructed a pipeline to deliver the product to the Chinese border.\(^{477}\) By 2009, the two countries extended the pipeline to the Caspian Sea, which is the site of considerable proven oil and natural gas reserves.\(^{478}\) The 3,000-km (1,864-mi) pipeline has an annual capacity of 10 million tons but is expected to double capacity later.\(^{479}\) Also, the 1,833-km (1,139-mi) Central Asia-China natural gas pipeline passes through Kazakhstan, Uzbekistan, and Turkmenistan. Inaugurated in 2009, it is expected to reach full capacity of 40 billion cubic meters annually by 2014.\(^{480}\)

Kazakhstan accounts for 70% of China’s trade with Central Asia.\(^{481}\) The PRC’s economic presence is particularly strong in the Aktobe region, the center of Kazak oil country. Chinese revenues account for 30%–50% of the regional budget. According to some sources, in 2010 China controlled 40% of Kazakhstan’s oil.\(^{482}\)

Kryrgyzstan

To the northwest, China borders Kyrgyzstan for 850 km (528 mi).\(^{483}\) Kyrgyzstan has become an entry point for the re-export of Chinese goods to its wealthier Central Asian neighbors, and this has provoked Kyrgyz economic nationalism. The Kyrgyz parliament voted to ban Chinese trucks from entering the country because they generate road wear.

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and monopolize trade routes. Beijing has paid to pave many of these roads.\(^484\) China is also providing the funds to build Kyrgyzstan’s first major oil refinery, which will break Russia’s monopoly on supplying Kyrgyzstan’s fuel.\(^485\) Chinese mining firms have been attacked by Kyrgyz nomads on horseback in defense of their traditional way of life.\(^486\)

Laos

To the south, China borders Laos for 423 km (263 mi).\(^487\) Landlocked between Vietnam, Cambodia, Thailand, and China, Laos is integral to the development of a transportation network connecting China to other ASEAN countries.\(^488\) A proposed rail link would cross Laos and connect Kunming, China to Bangkok, Thailand and the Bay of Bengal in Myanmar. Although China is expected to benefit the most from the project and Chinese laborers will build the line, Laos will bear the cost of construction—borrowing USD 7 billion from China—nearly equal to the annual value of Laos’ economy.\(^489\)

In terms of regional security, the Laotian military worked with their Chinese counterparts to capture a Burmese drug lord presumed responsible for the gruesome murders of 13 Chinese sailors on the Mekong River in October 2011. After his apprehension was announced, a scholar noted, “The capture of Naw Kham sends a message that no group or state is going to be allowed to mess around with China on the Mekong River.”\(^490\) Naw Khan was executed after a televised trial in Kunming in March 2013.


Mongolia

To the north, China’s longest land border—4,667 km (2,900 mi)—is with Mongolia. Mongolians are wary of the Chinese, who are presumed to want to reclaim lost territory and acquire new land to accommodate their growing population. Today, Han Chinese outnumber ethnic Mongols 5 to 1 in China’s Inner Mongolia Autonomous Region.

China is Mongolia’s largest trading partner by far, accounting for 85.7% of exports in 2011. But Mongolia has become leery of China’s role in its economy. In 2012, a law was passed requiring special approval for foreign ownership of mining operations and other strategic sectors. A new railway to haul coal to the Chinese border will be built using the gauge the Mongolians inherited from the Soviets, ensuring that cargo cannot directly connect to Chinese rails.

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Nepal

North Korea

To the east, China and North Korea share a border of 1,416 km (880 mi). History, geopolitics, and ideology have made China a close partner of the Democratic People’s Republic of Korea (DPRK). Mao Zedong once described the relationship with a Chinese idiom meaning: “If the lips are gone, the teeth will be cold.” Though the Cold War is over and China has established diplomatic relations with South Korea, Korean unification would create the unwelcome prospect of South Korean and U.S. troops on China’s border. Moreover, a collapse of authority in the DPRK would likely create a destabilizing refugee influx. The PRC currently classifies North Korean refugees as “economic migrants” who are subject to deportation, despite protests from South Korea and the international community. But the policy was put on hold to signal Beijing’s displeasure with Pyongyang over a rocket launch in 2012. Although China’s record of enforcing UN sanctions against North Korea has been described as “lackluster,” it supported sanctions after Pyongyang’s third nuclear test in February 2013.

The PRC supplies 90% of the DPRK’s oil, 45% of its food, and 80% of its consumer goods. Despite this essential support for the regime, the Chinese appear to have limited leverage over North Korea. If Beijing were to decide that Pyongyang’s provocations

508 Agence France-Presse (AFP), “China Stops N. Korean Deportations over Rocket: Report,” Google News, 17 April 2012, http://www.google.com/hostednews/afp/article/ALeqM5jJITPOH0kU5F5f0tK3EgikhNrbmA?docId=CNG.a8e1c3e2edf92a30c1b3c9bd5ed11c1.1f
are more threatening to regional stability than the collapse of the regime, it may reevaluate its support for the Kim dynastic government.

**Pakistan**

To the west, China shares a 523-km (325-mi) border with Pakistan, which was one of the first countries to recognize the PRC. Bilateral relations have been strengthened by their separate conflicts with India. The PRC has been a major supplier of weapons and defense technology to Pakistan. From 2003 to 2007, Pakistan was China’s leading customer for conventional arms sales. New Delhi presumes that Chinese military assistance to Pakistan is part of Beijing’s effort to “encircle” its continental competitor and impede India’s ability to challenge PRC influence in the region.

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The Philippines are located a few hundred miles southeast of China’s Hainan Island Province. The Philippine government’s 1991 decision not to renew the U.S. lease on the Subic Bay Naval Base opened the door for closer security cooperation between the Asian neighbors. This cooperation has included military technology transfers and maritime safety exercises. Bilateral trade reached USD 30 billion in 2012.

Yet disputes fester over the Spratly Islands and the Scarborough Shoal. The Philippines claims that some of these South China Sea islands are well within its “exclusive economic zone” defined by the UN Convention on the Law of the Sea (within 370 km/230 mi of shore), although China asserts sovereignty over “practically the entire sea based on a centuries-old map.” Vietnam, Malaysia, Brunei, and Taiwan have territorial claims as well, and all claimants except Brunei have stationed troops on these disputed islands and reefs. In April 2012, the Chinese erected a barrier to the Scarborough Shoal, preventing access by non PRC-ships. The Philippines is now hosting a rotating deployment of U.S. military personnel at Subic Bay on a semi-permanent basis.

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Russia

China shares two borders with Russia—3,605 km (2,240 mi) in the northeast and 40 km (25 mi) in the northwest.\(^{523}\) China and the Soviet Union had a strained and often adversarial relationship during the Cold War, despite their shared ideology. Since the 1991 dissolution of the Soviet Union, relations between Beijing and Moscow have improved. When the United States and Europe would not sell China arms after its 1989 crackdown in Tiananmen Square, Russia sold China weapons, oil, and natural gas. But purchases from Russia in recent years have declined. China has established alternative sources for energy, principally in Central Asia, and developed its own arms industry by reverse engineering Russian weapons—thus becoming a market competitor.\(^{524,525}\)

Through the Shanghai Cooperation Organization (SCO), China and Russia have performed joint military exercises to demonstrate regional military power and cooperation.\(^{526}\) At the same time, Russia has moved to limit the SCO’s role in Central Asia, to reduce China’s influence there. Specifically, Moscow has proposed the creation of a Eurasian Union, composed of former members of the Soviet Union, that would raise the cost of trade between Central Asian SCO members, including China.\(^{527}\)


Tajikistan

To the west, China shares 414 km (257 mi) of border with Tajikistan, the poorest of the five former Soviet republics in Central Asia.\(^{528}\) China has become the biggest holder of Tajik debt.\(^{529}\) In early 2011, Tajikistan ceded 1% of its territory to China in a border demarcation deal.\(^{530}\) The Tajik government also signed an agreement in 2011 to lease 6,000 ha of land to the PRC, which has pledged USD 2 million to restore the land’s agriculture potential. But the deal raised concerns that China might station troops there.\(^{531, 532}\)

Chinese firms have invested not only in agriculture but in the development of energy resources, including exploration for oil and gas, and in transportation infrastructure.\(^{533}\) Presently, three international highways transit Tajikistan. The longest highway, AH-66, connects Tajikistan to China via the Kulma Pass.\(^{534, 535}\) From Beijing’s perspective, the proximity of China’s Xinjiang Uighur Autonomous Region to Tajikistan raises concerns about terrorism or extremist activity as well as drug trafficking. In 2012, Tajikistan hosted a SCO counter-terrorism exercise led by China that involved the militaries of all member countries.\(^{536}\)

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\(^{529}\) Alexander Sodiqov, “Tajikistan Attracts More Chinese Funds,” *Asia Times*, 19 June 2012, [http://www.atimes.com/atimes/Central_Asia/NF19Ag01.html](http://www.atimes.com/atimes/Central_Asia/NF19Ag01.html)

\(^{530}\) Akbar Borisov, Agence France-Presse, “One Percent of Tajikistan Ceded to China: Official,” Google News, 14 January 2011, [http://www.google.com/hostednews/afp/article/ALeqM5i7eA7wtkp7YrSKP4wXKzRotROToBQ?docId=CN G.eae397daff87cc1e47b63c5af72d5b9ae.8e1](http://www.google.com/hostednews/afp/article/ALeqM5i7eA7wtkp7YrSKP4wXKzRotROToBQ?docId=CN G.eae397daff87cc1e47b63c5af72d5b9ae.8e1)

\(^{531}\) Mark Vinson, “Tajikistan to Lease 6,000 Hectares of Land to China,” *Eurasia Daily Monitor* (Jamestown Foundation) 9, no. 30 (13 February 2012), [http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=39006](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=39006)


Vietnam

To the south, China shares a 1,281-km (796-mi) border with Vietnam. Vietnam has historically viewed China as an adversary because of its periodic incursions, the most recent of which occurred in 1979. Since normalization of relations in 1991, China and Vietnam have become substantial trading partners, with their trade reaching USD 36 billion in 2011. Crude oil, coal, natural rubber, and textiles dominate Vietnamese exports to China. Chinese exports to Vietnam include cars, machinery, and pharmaceuticals. Although the balance of trade favors China, Vietnam has little room to negotiate better terms because it depends upon the exchange.

Despite the burgeoning trade ties, a long-standing territorial dispute over maritime claims in the South China Sea has kept bilateral relations testy. China and Vietnam claim sovereignty over the Paracel and Spratly Islands. In recent years, the dispute has led to small-scale armed confrontations that resulted in fatalities. The conflict centers on control of fishing grounds in the South China Sea, as well as potential reserves of oil and natural gas. The dispute has prompted Hanoi to seek closer relations with Washington.

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Sovereignty Issues

Taiwan (Chinese Taipei)

After Chiang Kai-shek and his Republic of China government retreated to Taiwan in 1949, they made “recovering the mainland” a priority, despite the daunting logistics. Native Taiwanese, who formed the island’s Han Chinese majority and had deep roots in Taiwan, never shared his enthusiasm. But under martial law, they could not freely voice opinions contrary to official policy. Taiwan’s democratization, which started in the late 1980s, created tension across the Taiwan Strait because it gave voice to sentiments of independence.\(^{542}\) Cross-strait relations improved in 2008, after the Nationalist Party candidate Ma Ying-jeou was elected president to succeed Chen Shui-bian, who led the Taiwanese Democratic Progressive Party (DDP) and had promoted an explicit Taiwanese identity during his two terms.

Since the 1950s, China has positioned military units and weapons across the Taiwan Strait. Taiwan has a modern military force, with weapons and defense technology supplied primarily by the United States, which until 1979 defended the island from potential PLA invasion.\(^{543}\) Since then, periodic U.S. arms sales to Taiwan elicit strong denunciations from Beijing, which regards them as an affront to its territorial sovereignty and national dignity.\(^{544}\) The current relationship across the Taiwan Strait can be described as a delicate “status quo” in which the Taiwanese shun an actual move toward independence while the Chinese refrain from excessive rhetoric to retake the island by force.\(^{545}\)

Today, China is Taiwan’s biggest export partner. After Japan, China is Taiwan’s second-ranked source of imports.\(^{546}\) Taiwan now welcomes Chinese tourists, and PRC nationals can buy property there, although applications must go through the government and mainland buyers can only remain on the island for a specified period each year.\(^{547}\)

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\(^{547}\) Sarah Miskin, “Taiwan’s High Hopes,” *Financial Times*, 9 November 2012, [http://www.ft.com/intl/cms/s/2/6db1a654-2415-11e2-94d0-00144feabdc0.html#axzz2PzvYxPiP](http://www.ft.com/intl/cms/s/2/6db1a654-2415-11e2-94d0-00144feabdc0.html#axzz2PzvYxPiP)
**Tibet**

The PRC formally took control of Tibet in 1951 and suppressed an uprising in 1959 that caused the Dalai Lama, the Buddhist spiritual leader of a theocratic government, to flee to India, where he was joined by approximately 80,000 Tibetans seeking to escape Chinese repression.\(^{548}\) The refugees established a government-in-exile that asserts that Tibet had the status of a sovereign state when PLA troops entered the territory in 1949–1950.\(^{549}\) The PRC claims that the region belonged to the Chinese empire for over 700 years, and was only separated from China proper when Britain invaded Tibet in 1904 and forced the sitting Dalai Lama to establish relations. From the Chinese perspective, “This issue touches on sovereignty, it touches on the unity of Chinese territory, and especially it touches on the issue of the West as predator, the violator of Chinese sovereignty.”\(^{550}\) Mao Zedong and the PLA believed that the absorption of Tibet could be resolved without much international fanfare, because no government had recognized Tibet as an independent state after the fall of the Qing Dynasty in 1911.\(^{551}\)

Instead, Tibet has remained a persistent irritant.\(^{552}\) Unrest in 2008 captured worldwide attention, while Beijing seemed indifferent to criticism of its crackdown and blamed the Dalai Lama for inciting the violence.\(^{553}\) The PRC asserts that substantial state investment in the mountainous region has delivered improved services, modern infrastructure, and a higher standard of living to the area. Tibetans, for whom mountains are sacred places, complain of environmental degradation as well as the forcible resettlement of nomads, whose traditional way of life has been destroyed.\(^{554}\)

As increasing numbers of Han Chinese migrate to the region for business opportunities, Tibetans feel more marginalized. Their alienation may be accelerated by the Chinese

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\(^{552}\) Huang Jing, “The Tibet Issue: An Impasse or Entrapment?” East Asia Policy (National University of Singapore), [http://www.eai.nus.edu.sg/Vol1No3_HuangJing.pdf](http://www.eai.nus.edu.sg/Vol1No3_HuangJing.pdf)


government’s plans to build a USD 4.7 billion Tibetan culture theme park outside Lhasa that will cater primarily to domestic tourists.\(^{555}\) Since 2009, over 100 Tibetans have committed self-immolation, a form of protest that draconian law enforcement cannot prevent.\(^{556,557}\)

**Separatist and Terrorist Groups**

*Tibetan People’s Uprising Movement*

The Tibetan People’s Uprising Movement (TPUM) comprises at least five exile organizations that support Tibetan independence: the Tibetan Youth Congress (TYC), the Tibetan Women’s Association, the Gu-Chu-Sum Movement of Tibet, the National Democratic Party of Tibet, and Students for a Free Tibet, India.\(^{558}\) (The TYC broke from the TPUM to form the Tibetan People’s Mass Movement.)\(^{559}\) Chinese media also describe these and similar groups as the “Dalai clique,” implying that the aging Tibetan spiritual leader is behind the protests and acts of civil disobedience associated with these organizations.\(^{560}\) Some scholars think that these groups are positioning themselves to claim power if China were to break apart like the Soviet Union.\(^{561}\)

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The East Turkistan Islamic Movement (ETIM) is a Muslim extremist group that operates from Pakistan. The ETIM is one of several Uighur separatist groups that support the creation of an independent state known as East Turkistan, which would comprise the Xinjiang region of China and a number of Central Asian countries. Other separatist organizations designated by the PRC as terrorist groups include the World Uighur Youth Congress and the East Turkistan Information Center. Their activity has generally been less pronounced than that of the ETIM.

Although Beijing typically blames outside agitators and terrorists when unrest occurs, the scale of the July 2009 Urumqi riots showed that discontent is widespread among China’s Uighur population. Like Tibetans, they see themselves as victims of internal colonization, which includes measures such as the installation of 40,000 security cameras across the city of Urumqi.

Human Trafficking

China is on the State Department’s Trafficking Victims Protection Act’s Tier 2 Watch List. Females from neighboring countries are promised good-paying jobs. Instead they are sold to impoverished men as brides. As a result of the one-child policy, there are an estimated 32 million more Chinese boys than girls under the age of 24, an imbalance that is expected to widen. The dearth of potential partners for poorer males has created a market for trafficked females, most of whom are PRC citizens.

In addition, Beijing has acknowledged that 10,000 children are abducted each year. Outside agencies place the number closer to 70,000. The unattended offspring of migrant workers are at particular risk. Few disappearances are reported to law enforcement because police give them low priority. Pictures of missing children are routinely removed from public places because they create a bad image for the community. Instead, parents post their pictures on the internet, which has resulted in the reuniting of a few families.

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Rights to international river water usage have proved contentious between the PRC and its neighbors. The biggest dispute involves the Mekong River, which originates in the Himalayas before traveling through Tibet, China’s Yunnan Province (where the Chinese are building multiple dams), and five other countries. This resource pits national energy needs against food security for those downstream, who depend on the river for their livelihood. The PRC has not negotiated a single water sharing agreement with any of its downstream neighbors.\footnote{Radio Free Asia, “China Threat to Water Security,” 25 January 2013, \url{http://www.rfa.org/english/news/china/water-01252013184148.html}}

China has abundant water resources, but they are concentrated in the south and far west. Scarcity has always been a problem for the north. To sustain economic growth, the government has embarked on a massive scheme of long-distance canals to reroute water from the southern flood plains and the western snowy mountains to the parched capital Beijing and nearby Tianjin. A journalist compared this undertaking to “channeling water from the Mississippi River to meet the drinking needs of Boston, New York and Washington.”\footnote{Edward Wong, “Plan for China’s Water Crisis Spurs Concern,” \textit{New York Times}, 2 June 2011, \url{http://www.nytimes.com/2011/06/02/world/asia/02water.html?_r=1&ref=world}} The South to North Water Transfer Project has involuntarily relocated hundreds of thousands of people to make way for three canal routes.\footnote{Scott Moore, “China’s Massive Water Problem,” \textit{New York Times}, 28 March 2013, \url{http://www.nytimes.com/2013/03/29/opinion/global/chinas-massive-water-problem.html}}
Outlook

China generally maintains cordial relations with its land border neighbors. Yet its growing appetite for raw materials risks igniting economic nationalism in its backyard. A commentator noted, “Beijing has to do something about its image of China Inc on a shopping spree.” Most Chinese firms operating in neighboring countries are state-owned, not private, so they are readily considered the arms of a giant octopus.

Nationalism was introduced as part of the government’s patriotic education campaign in the wake of the 1989 Tiananmen Square protests. As China’s economy grew by double digits and the PRC bought over USD 1 trillion of U.S. Treasury bonds (in essence financing Washington’s budget deficits), pride has sometimes slipped into arrogance. A scholar cautioned, “National pride of this kind … is likely to put China’s economic and political development on a risky track and lead to assertive behavior in the international arena instead of peaceful coexistence within the status quo.”

Washington is shifting U.S. foreign policy toward the Pacific to promote security in the South China Sea and vicinity, if serious hostilities were to occur. Maritime clashes between the PRC and its neighbors reflect Beijing’s determination to use force if necessary to back up its sovereignty claims.


CHAPTER 5 ASSESSMENT

1. The People’s Republic of China is a permanent member of the UN Security Council.
   TRUE
   China is a permanent member of the UN Security Council and promotes it as the final arbiter on the use of force internationally.

2. China has welcomed the United States’ “Asia Pivot” because it reduces reliance on the Chinese Navy to patrol the South China Sea.
   FALSE
   Beijing views this U.S. policy as an effort to constrain the PRC.

3. China has maintained consistently good relations with Pakistan.
   TRUE
   Bilateral relations have been strengthened by China and Pakistan’s separate conflicts with India.

4. China’s maritime dispute with Japan concerns sovereignty over the Spratly Islands.
   FALSE
   China’s maritime dispute with Japan concerns a different set of islands that the Chinese refer to as Diaoyu and the Japanese call Senkaku.

5. China shares land borders with 16 countries.
   FALSE
   China shares borders with 14 countries: Afghanistan, Bhutan, Burma, India, Kazakhstan Kyrgyzstan, Laos, Mongolia, Nepal, North Korea, Pakistan, Russia, Tajikistan, and Vietnam.

Final Assessment

6. Most of China is covered by mountains.  
   True or False?
7. China’s transition from a planned economy to a market-based system began with an experiment in Shenzhen.  
   True or False?
8. Today Manchuria is an autonomous region of the People’s Republic of China.  
   True or False?
9. In terms of total area, China is the largest country in the world.  
   True or False?
10. The Three Gorges Dam was built on the Yellow River.  
    True or False?
11. Mao Zedong was the first leader of the Republic of China (ROC).  
    True or False?
12. The Great Leap Forward is the Chinese name for the economic reforms.  
    True or False?
13. Many of today’s top Chinese Communist Party leaders are the children of former leaders.  
    True or False?
14. Chiang Kai-shek established the Nationalist government in Nanjing.  
    True or False?
15. Mass campaigns were launched under Premier Wen Jiabao.  
    True or False?
16. China is an oil exporter  
    True or False?
17. Chinese economic growth has depended heavily on investment in physical capital.  
    True or False?
18. China is the largest market for automobile sales.  
    True or False?
19. Domestic tourism has limited potential because most Chinese prefer to travel abroad.  
    True or False?
20. China has moved to become a cashless society because banks now offer more electronic services.  
    True or False?
    True or False?
22. Weibo is a popular Chinese newspaper.  
    True or False?
23. Underground churches represent faiths not recognized by the Chinese government.  
    True or False?
24. Chinese Traditional Medicine remains widely practiced in China despite access to Western medicine.  
    True or False?
25. Halal food is available all over China.
   True or False?
26. The Shanghai Cooperation Organization was founded to promote trade between North Asian nations
   True or False?
27. The People’s Liberation Army is an internal and external defense force
   True or False?
28. China is building long-distance water canals to maintain an adequate supply of water for Beijing from sources thousands of miles away.
   True or False?
29. In 2011 Tajikistan ceded 1% of its territory to settle a longstanding border dispute with China.
   True or False?
30. China has signed water usage treaties with all of its Mekong River neighbors.
   True or False?
Further Reading


