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Controlling pollution

The greening of China

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China is investigating whether its rigid system for assessing the performance of party leaders and civil servants can be used to tackle pollution

AN ELABORATE points system that determines the careers of officials is often blamed for many of China's problems. In their drive to meet targets for economic growth, local mandarins squander money, ride roughshod over citizens and ravish the environment. So now China is trying to devise and embed into its assessment of officials a way of calculating a "green GDP"—which allows for environmental costs in national accounts—to help mitigate some of these excesses.

President Hu Jintao first endorsed the idea in March 2004, in a speech about the need to foster a "scientific concept of development", a slogan intended to suggest that in pursuing growth China should pay more heed to such issues as the environment and the depletion of natural resources. Last February, the government said that ten regions, including Beijing, were carrying out a pilot project in green GDP assessment. Pan Yue, the deputy director of the State Environmental Protection Administration, said a "framework" for a green GDP accounting system could be unfolded within three to five years. This would make China the pioneer of a statistical approach that no other country has adopted—and which many economists around the world eschew as an

attempt to quantify the unquantifiable.

So why bother? Mr Pan, a media-friendly 45-year-old with a reputation for talking tough on polluters, has highlighted the problem of how China evaluates the performance of local leaders. This has evolved in the last two decades into a system of fiendish complexity. In the days of Mao Zedong, loyalty to the Communist Party was pretty well all that counted. Nowadays, adhering to the party line is only one important test. Points are awarded for an array of targets, and the promotion and bonus prospects of an official who scores below par will suffer.

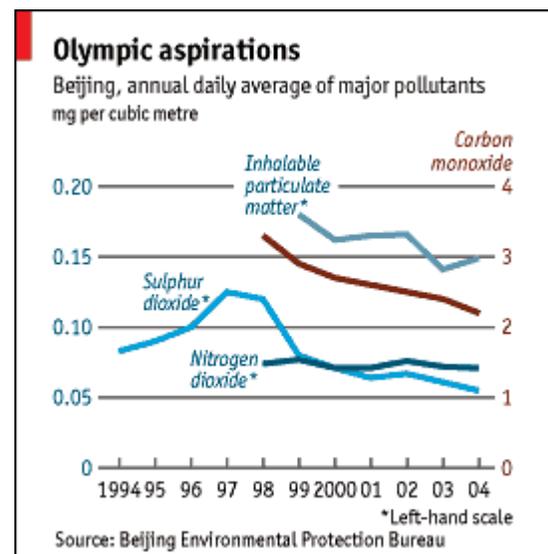
Targets are usually set by the next-highest level of the party (for party leaders) or government (for government officials). To minimise the need for subjective judgments, they are often very precise. A leader is told that his area must achieve a certain rate of GDP growth, attract a certain sum of inward investment and increase government revenues by a specified amount. Some of these are designated as "veto" targets: failing to meet them will ensure that the cadre is rated as underperforming, even if he scores well in other areas. GDP growth, population control and social order are often among the veto categories.

In an autocracy, officials often feel at liberty to pursue these targets at any cost. This is why, in order to limit births or prevent public protests, officialdom is guilty of widespread abuses of human rights. The same system causes colossal waste and environmental damage as officials doggedly pursue growth targets. China is littered with extravagant and often useless building projects with no purpose except to impress superiors. One egregious example is a vast \$40m airport completed in 1998 in the remote city of Fuyang in Anhui province. It has been closed for several months because it was hardly used. Of China's 660 or so cities, no fewer than 183 have vowed to turn themselves into "modern international metropolises".

Mr Pan says that devising a green GDP target would help to focus official minds on the price of reckless development. Such a figure would be calculated by subtracting the cost of the natural resources used and the pollution caused from regular GDP. If only it were that simple. From calculating the market value of the extinction of a species, to the cost of soil erosion resulting from the felling of trees, to the health damage from pollution, the exercise is riddled with complexity. China's normal GDP figures are often suspect enough, particularly those produced by local governments, without adding a whole new layer of numbers even more prone to manipulation and dispute.

The lack of an agreed method has not deterred some experts from coming up with green figures. Niu Wenyuan, a government adviser and professor at the Chinese Academy of Sciences, says that the country's annual average GDP growth from 1980 to 2000 of 9.6% should be really be 6.8% if reckoned greenly. This difference, he says, would not be out of line with other fast-growing countries. Academics in the northern province of Shanxi, a centre of coal production, have calculated that environmental costs and natural-resource losses amounted to 33.4% of its GDP in 2002.

However, the National Bureau of Statistics, which is running the pilot programmes jointly with the environmental-protection agency, is less enthusiastic about the project. In Anhui province, one of the pilot regions, the team responsible for devising a way to calculate green GDP consists mainly of environmentalists rather than economists. Some people say the scheme is



a ploy by the environment agency to draw political attention to China's pollution problem, but one that is unlikely to produce practical results.

Even without a green GDP system, there is nothing to stop governments introducing green criteria into the way they rate the performance of officials. A few have done so already. Beijing's leaders have promised stringent targets for pollution control for the 2008 Olympic Games. With huge central-government assistance—which other governments cannot count on—the city has succeeded in reducing its air pollution (see chart). But a recent upsurge of private car ownership is undermining these efforts; note the rise last year in inhalable particulate matter, average levels of which remain triple those of American and Chinese national standards.

China's top leaders themselves may be getting cold feet. A draft of the national economic-development plan for the next five years, published this week, stresses the need for an “a resources-saving and environment-friendly society”. But it makes no mention of a green GDP.

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