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9 Reasons China Will Have Blue Skies





9 Reasons China Will Have Blue Skies (October 25, 2013)

Jeff McMahon **Forbes**

9:35 a.m. CDT, October 25, 2013

Chinese cities are poised for an environmental revolution like the one that transformed some rusting American industrial cities, like Pittsburgh, into "beautiful, blue skies" cities today, a leading urban economist said in Chicago Thursday.

China is home to 12 of the world's 20 most polluted cities, said Matthew Kahn, an economics professor at University of California Los Angeles. But in a forthcoming book, Kahn and Siqi Zheng, a professor of real estate studiesat Tsingua University, predict a green revolution for China driven less by policy, than by economics.

"I'm going to tell a story, not based on optimism but based on economics, for why China's major coastal cities are going to experience a transition similar to Pittsburgh," Kahn told about 100 people gathered at the University of Chicago's Harris School of Public Policy.

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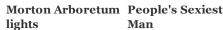




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Some of the reasons for China's green blossoming, according to Kahn:

1. Urban Redevelopment

In China's major cities, manufacturing plants occupy land that is becoming increasingly valuable for housing and commercial uses. Economics will push those factories to western China, Kahn predicts, and when that happens, 1970s-era factories will close and cleaner 21st Century factories will open.

"Take the dirty factory out of that multi-acre plot, remediate the pollution, and then erect 30-story towers," Kahn said.

"We have solved the problem of dirty industry in cities, not because the companies wake up one morning and say they want to be better people. The factories are profit-maximizing firms who can sell their land if they have property rights to the developers. They have opportunities now to shift to other areas. They're facing higher urban wages now. They can ditch regulation in the superstar coastal cities by moving west, and the net effect is going to be similar to Pittsburgh, this industrial transition."

2. Public Transit

As the factories move out of China's downtowns and people move in, increased population density will support public transit, off-setting China's car-buying trend.

"When people live and work downtown they use public transit," Kahn said.

3. Increased Mobility

China is relaxing its hukou system, which discourages people from relocating to other parts of the country. Although they can't vote with a ballot, mobility will allow the Chinese to vote with their feet, Kahn said. "If a city stays very dirty and you're free to move are you going to live there?"

Meanwhile, bullet trains have opened development in a new class of suburbs near China's large coastal cities."The introduction of bullet trains creates what we call sweet-spot cities: cities too far to drive, too close to fly," Kahn said.

For example, people who live and work in Beijing can feasibly live in nearby Tianjin and commute to Beijing via bullet train. Cities like Tianjin may attract not only more residents but also the firms that employ them.

"The rise of the bullet trains creates an integrated network of cities, giving people the choice to live where they want."

4. Local Politics

When people vote with their feet, their choice will reflect on urban mayors. And the central government is encouraging urban mayors to pay attention to pollution.

In the past, local officials were evaluated for promotion based on economic development and domestic security, Kahn said. Now China has introduced environmental factors into the promotion criteria. "Thirty percent of local officials' promotion score is based on some indicators of quality of life and environment."

5. Market Demand

Kahn and Zheng studied real estate prices in China's urban areas and found that apartments in areas with cleaner air command a higher price. "This is evidence that the people in China are saying they care about air quality," Kahn said. "The market is saying that people in China are valuing green attributes."

6. Risk Reduction

China's population is becoming wealthier, and "richer people demand less risk in their life." The implicit price that must be paid to Chinese people to risk their lives (in risky jobs or polluted cities) is rising faster than the gross national product.

7. Four-Two-One Demography

China's policy of one child per couple (which leads to families offour grandparents, two





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parents, one child) gives Chinese parents an added incentive to ensure the health of their children.

"If you have one child you have an undiversified portfolio," Kahn said. Children who are exposed to pollution and bad food get a slow start and don't catch up, and parents may depend upon their sole child for support. Meanwhile, China increasingly values and measures the educational performance of its school children.

"There's aesthetic reasons for blue skies, but just from a cold-hearted Chicago perspective there's investment in the next generation," said Kahn, who got his PhD in economics at the University of Chicago.

8. Energy Security

"China is killing itself by burning coal," Kahn said. "As China's statistical value of a life goes up, are they likely to continue a policy that kills their people?"

Kahn expects China to shift from coal to natural gas and then to renewables. China is flooding the world market with solar panels and windmills, driving down global prices for renewable energy technologies. When China adopts renewable energy itself, it will have to import less coal and natural gas.

9. Media Diversity

On Oct. 21, 2012, the Ministry of Environmental Protection reported the air quality in Beijing as "slightly polluted," but in its Twitter feed, the U.S. Embassy announced it was a hazardous day. The Chinese government protested, calling the U.S. tweet a provocation, Kahn said, but when more Chinese people believed the U.S. announcement, the ministry changed its position. Since then, it has adopted the U.S. system for measuring and rating air pollution.

And Chinese people have access to many more sources of information.

"In China right now there's much more information right now by the microblogs about the pollution people are being exposed to."

Kahn's lecture was sponsored by the Energy Policy Institute at Chicago. Some in the audience questioned Kahn's optimistic outlook, and he acknowledged the challenge.

"It is the case that it is hard to be optimistic in the case of rising population and income," Kahn said, citing as a leading concern the Tragedy of the Commons-the tendency of a population to deplete shared resources.

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"With unbridled optimism, this is one of our weakest links," Kahn said.

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While U.S. Fills Potholes, China Plans **Transport Boom**





Jeff McMahon **Forbes**

While the U.S. struggles to maintain its transportation infrastructure, China is planning a massive expansion of highways, rail lines, and airports, according to transportation ministers who painted contrasting portraits Wednesday of their respective countries.

"Although we've already obtained lots of achievement in China's transport development, we see increasing demand for an even bigger transport system in China," Vice Minister Gao Hongfeng said at public lunch during the 6th U.S.-China Transportation Forum





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at Chicago's Westin Hotel.

"The existing system still cannot meet the demand for the movement of goods and the movement of people.

In the coming five years, Gao said through an interpreter, China plans to:

- Add 500,000 kilometers of highway (China currently has 4.2 million km, Gao said)
- Add 108,000 kilometers of motorway
- Invest 500-600 billion yuan (\$82-98 billion) annually in a new railway fund. The U.S. invests about \$2 billion annually in rail activity, according to The Transport Politic.
- Increase the number of civil-aviation airports from 170 to 230.

The U.S., meanwhile, is struggling to maintain the transportation infrastructure it already has developed.

"Where I think we're falling down on the job is the basic public funding to maintain the infrastructure that we have now," said U.S. Deputy Secretary of Transportation John D. Porcari.

National transportation policy will be driven by local innovation, Porcari predicted, which prioritizes goals like livability, and "that calls for a different transportation system than the one we've built in the past."

It also means a more diverse system.

"Instead of being overly reliant on a single mode of transportation, people and goods are much more likely to see a balance of transportation modes, and those modes may change at any given point in time," he said.

For example, the U.S. is seeing record ridership on Amtrak, which, if developed, could balance passenger reliance on highways and airlines. More balance would come from high-speed rail, which Porcari predicted will develop along two-city pairs, like Chicago-St. Louis.

The two ministers spoke at a public lunch hosted by the Chicago Council on Global Affairs. Their remarks highlighted stark differences between the two nations in terms of development and funding, but similarities in goals.

According to Gao, China also plans: to:

- improve transportation management with information technology,
- promote green transportation technologies that will save energy and reduce emissions. (Gao mentioned warm-mix asphalt as a technology that emits less carbon)
- convert urban public transport vehicles to natural gas and electric fuels
- standardize the dimensions of inland ships,
- · convert ships to natural-gas fuel
- convert the power supply for port equipment to cleaner sources and supply that cleaner shore power to docked ships

"All in all, our goal is to develop our transport system in a more efficient, healthy, and green way."

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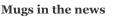
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Google Wants The Government's Data On You (November 3, 2013)

Jeff McMahon

Forbes

8:05 a.m. CST, November 3, 2013

Google's president for the Americas urged government officials Friday to open all municipal data so Google can use it to become everyone's perfect personal assistant-an invisible entity that knows what you want before you do.

"Think about all the information that the government has," Margo Georgiadis told 800 city planners, municipal officials and philanthropists gathered for the Metropolitan Planning Council's annual luncheon in Chicago Friday.

"It has a huge wealth of information that would be incredibly useful to what we're all doing every day."

The audience briefly interrupted Georgiadis's half-hour speech with a rumble of uncomfortable laughter and chatter when she explained how Google would use the data:

"You used to go to that search box, and you used to go look for something. And you just wanted an answer. And now, we don't think that's good enough," she said. "If you tell us a little about who you are, where you work, where you live, if we can look at your calendar to tell a little bit about what you're doing, we can actually become a personal assistant.

"You don't have to ask the question because we already know what you're looking for."

Local governments have shared transportation data (see your local bustracker app) but they can share much more, she said, mentioning data on neighborhoods, jobs, schools, events -"you name it."

"Cities are starting to make progress in this area. But think about how to be much more useful."

A Harvard Business School graduate, Georgiadis leads Google in North and Latin America. She worked as chief operating officer of Groupon for a few months in 2011. Prior to that, she was Google's vice president of global sales.

Technology will become seamless, she predicted, a simpler and easier part of life. For example, if Google can read your calendar and it knows traffic conditions between you and your upcoming destinations, it can guide you to them efficiently without being prompted. If it knows you'll be flying, it can call up your boarding pass when needed, check on departure times, get you from the airport to your hotel.

But these tasks are minor, Georgiadis said, compared to what more data could enable.

"A huge cornerstone of the ability to do this is access to information. And I would advocate that our city needs to think about defaulting to open, all of its data and its processes, so that people can tap into that anywhere they are," she said.

"We're only at one percent of the way tech can change our lives. So if you think it was a wild ride in the last five years, saddle up."

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