

9B

EAST ASIAN REGIONS



FIGURE 9B-1

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REGIONS

China's Coastal Core

China's Interior

China's Western Periphery

Mongolia

The Korean Peninsula

Japan

Taiwan

IN THIS CHAPTER

- ◆ North Korea's bluster
- ◆ The miracle of Shenzhen
- ◆ China's persistent regional disparities
 - ◆ One-child policy under fire
 - ◆ The smothering of Tibetan culture
 - ◆ Japan's energy dilemma
 - ◆ Taiwan's future

CONCEPTS, IDEAS, AND TERMS

Floating population	1
<i>Hukou</i> system	2
Special Economic Zone (SEZ)	3
Economic geography	4
Overseas Chinese	5
Foreign direct investment (FDI)	6
Buffer state	7
Regional complementarity	8
State capitalism	9
Conurbation	10
Demographic burden	11
Geothermal power	12
Technopole	13



In Chapter 9A we defined the boundaries of the East Asian geographic realm, using its politico-geographical layout as a frame of reference. But when it comes to the regions that constitute this physiographically and culturally diverse realm, things get rather more complicated. One problem is the speed with which East Asia is changing. In the introductory chapter we emphasized that regions are always subject to change, but East Asia over the past half-century has been a special case. The spectacular takeoff and subsequent faltering of Japan; the meteoric rise of eastern China; the transformation of South Korea from moribund dictatorship to burgeoning, high-income democracy—these are just some of the changes affecting East Asia. So what follows reflects the situation in 2013, and we can only imagine what the regional geography of this realm will look like a decade from now.

REGIONS OF THE REALM

Half a century ago, some geographers described East Asia as a realm with an “empty heart”—not because China, its once and future core area, was depopulated, but because China lay isolated, with very limited contact with the outside world and less influence over its Eurasian neighbors. Imagine this: after the Chinese communists quarreled with their Soviet advisors in the 1950s and threw them out, just a few *dozen* foreigners were left in all of China. What little contact there was with the world beyond its borders went via Hong Kong, then still a British crown colony. China’s cities were huge but showed little evidence of modernization. The old, colonial-era banks and other corporate buildings were still the newest structures (other than the gray, faceless tenements the Soviet advisors introduced) in their CBDs. Today, hundreds of thousands of foreigners transact business, teach, study, and live long-term in Chinese cities that now have skylines to match those of any city in the world, and more. And China is again—as it



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MAJOR CITIES OF THE REALM

City	Population* (in millions)
Tokyo, Japan	26.6
Shanghai (Shi), China	22.2
Beijing (Shi), China	17.4
Guangzhou, China	12.0
Shenzhen, China	11.8
Osaka, Japan	11.7
Chongqing (Shi), China	10.8
Wuhan, China	9.9
Seoul, South Korea	9.8
Tianjin (Shi), China	9.3
Chengdu, China	7.5
Hong Kong SAR, China	7.3
Nanjing, China	6.5
Harbin, China	6.3
Shenyang, China	5.9
Xian, China	5.4
Busan, South Korea	3.3
Taipei, Taiwan	2.7
Macau SAR, China	0.6

*Based on 2014 estimates

was during its dynastic period—the core of the East Asian realm. Indeed, this time around China is asserting itself as nothing less than a full-fledged global power.

The colonial powers employed the name China Proper to denote the “real” China, the China of those who call themselves the *people of Han*. They do so because the Han Dynasty (206 BC–AD 220) is seen as the time when China became the real China, when the state adopted Confucian principles, culture flourished as never before, cities burgeoned (present-day Xian served as the “Rome” of China), armies conquered distant lands, trading goods moved across the heart of Eurasia via the Silk Road to and from the Roman Empire, and population grew steadily. Ever since, the ethnic Chinese majority has referred to itself and the country as *Han China*. Later, in the eyes of colonial-era foreigners, Han China was China Proper.

Han China approximately corresponds to the extensive ethnolinguistic area mapped as Han Chinese in Figure 9A-7 and, as Figure 9B-1 shows, it consists of two major regions. The core of Han China (and of China overall) lies in the eastern coastal provinces, anchored by the great cities of Beijing, Shanghai, Hong Kong, and Guangzhou. Today, this Coastal Core is not only East Asia’s most influential region but also the most dynamic spatial component of the global economic system. The development success story that began here less than 40 years ago in a few designated port cities on the coast has steadily expanded to encompass a zone of rapid economic growth that now reaches as far west as Chengdu in

Sichuan Province. But still farther west, in that vast crescent of territory centered on Lanzhou, lies quite another China—the region we call the Interior. Here the Han are rural, poor, and far removed—geographically as well as functionally—from the booming Pacific seaboard. The contrasts between this increasingly affluent Coastal Core and the much poorer, still-rural Interior have now become a matter of grave concern to the rulers of China, and policies to counter this unevenness have risen to the top of their agenda. Will the Core fracture? Is there still time for central government to bridge the gap between Coast and Interior?

Beyond the Interior, as Figure 9B-1 shows, lies the Western Periphery that includes blue-colored Tibet (which the Chinese call Xizang) and Xinjiang (colored brown) under Chinese control, and independent Mongolia (mapped in green) outside of it. And in the east, seaward of the mainland coast, is a part of the realm that could not be more different from the landlocked Western Periphery: here lie North Korea, where China has significant influence; South Korea, now a strong trading partner of China; Japan, a long-time rival of China; and Taiwan, which is claimed by mainland China and viewed as a temporarily wayward province.

To summarize, we will discuss East Asia’s regions in the following sequence:

1. China’s Coastal Core
2. China’s Interior
3. China’s Western Periphery
4. Mongolia
5. The Korean Peninsula
6. Japan
7. Taiwan

But in order to set the stage, we need to begin with a general overview of China as well as a profile of its administrative structure, because the latter is critical to the way in which this huge country is governed.

THE PEOPLE’S REPUBLIC OF CHINA

Citizens of the People’s Republic of China (PRC) have no doubt: not only does their country still have the largest population of any state in the world (“still” because India is closing in), but theirs is the oldest continuous civilization on Earth. Yet China’s territorial size does not match its demography: even with its 1 billion, 364 million people, China is only slightly larger than the conterminous United States (Fig. 9B-2). Distances in China are comparable to those in the Lower-48. It is about the same distance from Beijing to Shanghai as it is from New York to Chicago. And as the map shows, east-west distances also are similar. Latitudinally, however, China extends farther north as well as south of the conterminous United States, creating a greater range of natural environments. In the far northeast, China comes close to Siberian cold. The extreme south exhibits Caribbean



FIGURE 9B-2

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warmth—with typhoons (as hurricanes are called in Pacific Asia) to match.

Political and Administrative Divisions

China and the United States may be about the same size, but they have very different governance structures: the United States is a federation whereas China is a very highly centralized unitary state. For administrative purposes, China is divided into the following units (Fig. 9B-3):

- 4 Central-government-controlled Municipalities (each is known as a *Shi*)
- 22 Provinces
- 2 Special Administrative Regions (SARs)
- 5 Autonomous Regions (ARs)

The four central-government-controlled *Municipalities* (or *Shi*'s) are the capital, Beijing; the nearby port



FIGURE 9B-3

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AMONG THE REALM'S GREAT CITIES . . .

BEIJING

BEIJING (population 17.4 million), capital of China, lies at the northern apex of the roughly triangular North China Plain, just over 160 kilometers (100 mi) from its port, Tianjin, on the Bohai Gulf. Urban sprawl has now reached the hills and mountains that bound the Plain on the north, a defensible natural barrier fortified by the builders of the Great Wall. Today you can drive to the Great Wall from central Beijing in about an hour.

Although settlement on the site of Beijing began thousands of years ago, the city's rise to national prominence began during the Mongol (Yuan) Dynasty, more than seven centuries ago. The Mongols, preferring a capital close to their historic heartland, endowed the city with walls and palaces. Following the Mongols, later rulers at times moved their capital southward, but the government always returned to Beijing (whose name means "northern capital"). From the third Ming emperor onward, Beijing was China's focus; it was ideally situated for the Manchus of the northeast when they took over in 1644. During the twentieth century, China's Nationalists again chose a southern capital, but when the communists prevailed in 1949 they immediately reestablished Beijing as their (and China's) headquarters.

Ruthless destruction of historic monuments, carried out from the time of the Mongols to the communists, has diminished but not totally destroyed Beijing's heritage. With fifteenth-century monuments such as the Forbidden City of the Qing emperors (left photo) and the Temple of Heaven, Beijing remains an outdoor museum and the cultural focus



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of China. Successive emperors and aristocrats, moreover, bequeathed the city numerous parks and additional recreational spaces that other cities lack. Over the past two decades, Beijing has been transformed by China's new economic policies. A forest of ultramodern high-rises now towers above the retreating traditional cityscape, avenues have been widened, and expressways have been built. Unmistakably, a new era has dawned in this time-honored capital (right photo).

Beijing, old and new: the Forbidden City and Chang'an Avenue.



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city of Tianjin; China's largest metropolis, Shanghai; and the Chang River port of Chongqing in the Sichuan Basin. These Shi's form the cores of China's most populous and important subregions, and direct control over them from the capital entrenches the central government's power.

We should keep in mind that the administrative map of China continues to change—and to pose problems for geographers. The city of Chongqing was made a Shi in 1996, and its municipal territory was enlarged to incorporate not only the central urban area but an enormous hin-

derland covering all of eastern Sichuan Province. As a result, the urban population of Chongqing is now officially 30 million, making this the world's "largest metropolis"—but in truth, the central urban area contains just under 11 million inhabitants. And because Chongqing's population is officially not part of the province that borders it to the west (Fig. 9B-3), the official population of Sichuan dropped by 30 million when the Chongqing Shi was created.

China's 22 *Provinces*, like U.S. States, tend to be smallest in the east and largest toward the west. The territorially

smallest are the three easternmost provinces on China's coastal bulge: Zhejiang, Jiangsu, and Fujian. The two largest are Qinghai, flanked by Xizang (Tibet), and Sichuan, China's Midwest. As with all large countries, some provinces are more important than others. Hebei Province nearly surrounds Beijing. Shaanxi Province is centered on the great ancient city of Xian. In the southeast, momentous economic development is occurring in Guangdong Province, whose urban focus is Guangzhou (now China's third-largest city). When, in the pages that follow, we refer to a particular province or other administrative unit, Figure 9B-3 is a useful locational guide.

In 1997, the British dependency of Hong Kong was taken over by China and became the country's inaugural **Special Administrative Region (SAR)**. In 1999, Portugal similarly transferred Macau to Chinese control, and this former colony, situated opposite Hong Kong on the Pearl River Estuary, became the second SAR under Beijing's administration.

The five **Autonomous Regions (ARs)** were created in order to recognize the non-Han ethnic minorities living there. Some laws that apply to the Han Chinese do not apply to certain minorities. As we saw in the case of the former Soviet Union, however, demographic changes and population movements affect such regions, and the policies of the 1940s may not work in the twenty-first century. Han Chinese immigrants now outnumber several minorities in their own ARs. The label "autonomous" should not be taken literally here, and more than anything else it is a political gesture because Beijing maintains firm control in every corner of China. The five Autonomous Regions are: (1) Nei Mongol AR (Inner Mongolia); (2) Ningxia Hui AR (adjacent to Inner Mongolia); (3) Xinjiang Uyghur AR (China's broad northwestern corner); (4) Guangxi Zhuang AR (far south, bordering Vietnam); and (5) Xizang AR (Tibet, anchoring the southwest).

China's "Capitalist" Turn

It was not hard to see why China needed to change course in the late 1970s: agriculture had rebounded from the disastrous effects of the "Great Leap Forward" two decades earlier, but meaningful industrial progress continued to elude Beijing's economic planners. China was now falling further behind in terms of technology, a liability made abundantly clear in any comparison to the miraculous ascent of postwar Japan. And even that "wayward province" of Taiwan was outperforming the mainland—and at a Tigerish pace to boot. Something had to change.

Taking their cues from the accelerated development of Japan and the four trailing Asian Tigers, the new leadership saw opportunities that could not even be mentioned during Mao's long reign (1949–1976). For example, the Lower Chang Basin—the subregion anchored by Shanghai and interconnected by the Yangzi and its tributary waterways—had retained some of its historic identity and energy. Drab, teeming, and decrepit though it had become,

Shanghai had not completely lost its intellectual vigor, artistic individuality, risk-taking entrepreneurs, or even its opponents of communist dogma. And Shanghai's geography still offered immense opportunities. From day one, the new regime in Beijing led by Deng Xiaoping and his pragmatists saw in Shanghai what they could not yet foresee in their own backyard. Here was a vibrant hub on the Pacific coast right at the mouth of the realm's greatest river, loaded with talent and accustomed to taking chances. And in its vast hinterland lay much more than a farmscape of flood-prone wheatfields: the Sichuan Basin alone had a population (at the time) of more than 100 million, growing everything from rice to tea and from fruits to spices.

If China's planners needed encouragement, all they had to do was look to the southernmost subregion of eastern China: the Pearl River Estuary, the primary outlet of the Xi River. There was Hong Kong, about as vivid a contrast between success and failure as China could present. When Deng took charge, Hong Kong was a thriving port city importing raw materials by the shipload and disgorging manufactured products that sold on markets all around the world. Hong Kong may have been a British crown colony, but it was Chinese managers and Chinese workers who propelled its economy. If you were a visitor to Hong Kong in the 1970s, they took you to a place on a nearby hillside from where you could peer across the fortified border into "Red China"—and observe some villages with duck ponds and rice-producing paddies as well as wooden fishing boats. The contrast was crystal clear.

China's newly formulated policies of the late 1970s, however, did not entail an official departure from communism. This is still the People's Republic of China: the Communist Party remains firmly in control, the Politburo still calls the shots, Mao is still officially revered like a deity, and freedom of speech remains anything but. Yet the Chinese leadership fundamentally reorganized the way the economy operates in China—at least in certain vital parts of it. China created the "perfect" conditions for foreign investors from around the globe with a docile, skilled, hard-working labor force; efficient facilities; a good infrastructure; fiscal advantages; and, not least, superb accessibility vis-à-vis the rest of East Asia, already the fastest-growing regional component in the world economy.

Population Issues

China has been the world's most populous state for many centuries, and during the population explosion of the twentieth century it was also one of the fastest-growing. Throughout Mao's rule, when China still was a dominantly agricultural society, families were encouraged to produce numerous children, and China grew at a rate approaching 3 percent per year. That was the policy inherited by Deng and his reformers, who immediately grasped that slowing down China's rate of growth was critical to its economic future. Accordingly, the new regime embarked on a vigorous population-control program that imposed on Han Chinese

POPULATION CONTROL IS KEY TO OUR FUTURE

"I was born here in Shanghai in 1963, the youngest in a family of five children. My father and mother worked very hard all their lives but there was very little they could give us. We lived in a small tenement, sharing sanitation facilities with everyone else on our block. My siblings and I all got a basic education and basic health care but food was scarce and luxury did not exist. Of course, in the countryside things were much worse and the stories about the terrible famines and grinding poverty there are well-known.

"There can be no doubt that, if our government had not enforced family planning, China would never have taken off as a great economic power. And, more importantly, it would have been impossible for the Chinese people to improve their lives as they have done. Why do you think we are so far ahead of India in terms of life expectancy, literacy, income, child mortality rates, and so on? Indeed, within ten years or something like that, they say that India will surpass China as the biggest country in the world in terms of population. My condolences to them!

"Our policy works with incentives meant to discourage couples from having more than one child. Taxes can go up for those having more than one, or their youngest children will not get certain benefits from the state such as a free education. Don't forget, our state provides lots of things to the people, so it seems to me that it is only reasonable that they prevent people from abusing the system.

"Now let's look to the future. I run a factory here on the outskirts of the city and we employ 600 people, but because of rising wages we get more and more into automation, using robots. I know there have been temporary shortages in past years but most likely we will need less labor in the future. Agriculture is more and more mechanized; our economy moves from labor-intensive manufacturing to high-tech, IT, and services; and China is increasingly producing things abroad. Will we really need all that labor in the future? I don't think so.

"And I have not even said anything about the huge environmental burden of such an enormous population: the air in Beijing and Shanghai is hard to breathe and there aren't enough parking spaces for all the cars. It is hard to imagine the environmental cost of every Chinese family driving a car, isn't it? We must stick with tight family planning, for the good of China and its prosperity."

THE ONE-CHILD POLICY IS WRONGHEADED AND A DISGRACE

"Rather than getting into these abstract debates about what is good for China's future—and nobody can tell the future anyway—let me tell you a real-life story that recently circulated on the Internet all over China. And I think you will understand that I would rather remain anonymous when expounding my views. There was a young couple in a small village in the north-central province of Shaanxi. They had one child and the woman was 7 months pregnant with their second. The local authorities found out and slapped them with a huge fine of 40,000 yuan (about U.S. \$5,500). If she paid the fine, she could keep the child and obtain *hukou* privileges. Well the husband earned just 4,000 yuan a month working at a local hydroelectric power station and so they did not have the money. On May 30, 2012, the husband set out for the coal mines of Inner Mongolia for a month or so to earn extra money. Then the local officials (thugs, better put) go to their home, basically abduct the woman, and force her to sign a consent form to abort the baby. They restrained her and gave her an injection in her belly. The next day she gave birth to a dead 7-month old baby.

"This is the daily reality of the one-child policy for lots of people, especially the poor. The reason that more and more Chinese are protesting the policy is that the stories get out on the Internet and people are now daring to raise their voices. It was the family of the woman who posted the story online. You see, this is about basic human rights! How can such practices ever be approved on the basis of abstract economic planning? The so-called 'incentives' are measures of force, that is what they are, and they deprive people of fundamental human choices.

"Moreover, this policy is now completely outdated. First, China's population will begin to shrink by 2026 and the working population is already declining as we speak. We need more, not fewer, people who can provide for the old and the young. When will our government understand that we actually have, as a result of this one-child policy, a shortage of working-age people as well as a shortage of women?

"Finally, most people in China are already deciding for themselves that they don't want a second child, let alone a third. The cost of living is too high and living quarters are too small. Today in China, people want to improve their material circumstances and quality of life. If a smaller number of couples, mostly living in rural areas, desire more than one child, let it be so because, overall, our population is not going to keep growing anyway.

"The one-child policy was immoral and unethical from the start. Today it has become a counterproductive approach as well. The sooner it is suspended, the better."

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families (but not minorities) a one-child limit. Enforced by sometimes draconian methods, this policy had the desired effect: by the mid-1980s China's annual population growth was down to 1.2 percent, and by 2012 the rate had dipped to just 0.47 percent (less than half the worldwide average of 1.2 percent).

The one-child policy had its desired economic impact, but its other results were less salutary. China's is a dominantly patriarchal society, where male children are much preferred; rates of female fetus abortion, infanticide, and abandonment skyrocketed, resulting in a gender imbalance that raises concern for the future. China's administration estimates that, if the policy is not modified, the society will be short some 30 million brides (the reported gender imbalance in births for 2012 was 117 boys for every 100 girls). This is already increasing the trafficking of women both within China and from neighboring countries, where widespread resentment of Chinese males pursuing (and sometimes abducting) local females is growing.

The one-child policy had other outcomes as well. An important one was that China's became an aging population as its proportion of youngsters shrank while the older age cohorts mushroomed. That raised the specter of a population implosion (discussed in the chapters on Europe

A crowd of Chinese passengers lined up at an entrance to Beijing Railway Station, one of the capital's two main terminals, to return home for the Spring Festival (Chinese New Year). For many migrants, this official week-long holiday is the only one long enough for such a visit; in recent years, this event has become internationally known as the biggest single movement of people on Earth. In 2013, for many this Festival (centered on the lunar-new-year date of February 10th) lasted as long as 40 days, and produced an astounding 3.4 billion trips, an increase of more than 8 percent from the year before. Of that trip total, 3.1 billion were by road, 225 million by rail, and some 35 million by air. In no small way, this army of annual migrants serves to maintain what is left of the ties between China's rapidly developing cities and the far-flung rural hinterlands.



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and Russia): would there be a sufficient number of workers in the younger age groups to support the ever-expanding older population? For China, this concern was magnified by the prospect that, unlike in European countries and Japan, China might grow old before it grew rich.

In 2009, a rare event occurred in the PRC: official toleration of public debate regarding Politburo policy. In the English-language newspaper *China Daily* as well as other media, brief articles mentioned that a national debate over the one-child policy was “tolerable,” signaling open discussion of it at high levels in the Communist Party. Should China abandon the policy, demographers will need to revise their projected world population totals for the twenty-first century.

China's Urban Transformation

As recently as 1980, barely one-fifth of the Chinese people were urban dwellers; today, just over half live in towns and cities, that milestone recorded at the beginning of 2012. China's urban transformation is without precedent and on a scale the world has never seen before. The urban population increased from 18 percent in 1978 to 26 percent in 1990 to 31 percent in 2000. Once into the twenty-first century, however, that rate has skyrocketed—surpassing the 50-percent mark only a dozen years later! Much of this growth has been planned and controlled by the government, and that by itself is an incredible feat. But it has brought profound changes to Chinese society, uprooting tens of millions, infusing awareness even in remote rural areas, creating inequality both within cities and between city and countryside, and spawning a huge **floating population [1]** that consists of temporary urban dwellers with restricted residency rights.

The so-called **hukou system [2]** is based on residency permits that indicate where individuals are from and where they may exercise particular rights that include education, health care, and housing. The *hukou* tradition dates back to ancient China and is not uncommon in Japan, Vietnam, and other parts of Asia. During Mao's rule, this residency-permit system became far more rigid and was used as a tool of central planning to restrict the movement of people. More recently, *hukou* has been employed to manage the needed migration to China's cities—supplying enough migrants to meet local demands for factory workers (but not too many), yet always with the possibility of a mandated return to their rural points of origin should the need for their services decline.

Shanghai, China's largest metropolis, is the prototype, having attracted millions of such migrants in recent decades. Over the past ten years, however, their numbers have tripled and now account for as many as 9 million

VOICE FROM THE

Region



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Zheng Yue, Beijing

**HUKOU AND LIFE
IN CHINA**

“*Hukou* is the term we use in China for a person’s residential status: it tells you where you have residency rights to access health care or housing or education and how many social benefits you can enjoy. In the past, during the time of the Planned Economy, *hukou* was very important because it basically determined your entire course of life, even your access to food. When I was a little kid, my family’s *hukou* entitled us to 250 grams of pork per month for all three of us—my parents usually let me eat most of it. It was the same with sugar, rice, and other things. Lots of people always want to move to the cities because everything is better there, but it was impossible for most people to get their *hukou* changed. Today, *hukou* no longer determines access to food but it still decides where you can go to school, if you are allowed to buy a car, a house, and other important things. It is still difficult to change your *hukou*. The government has made moving to selected cities easier because more workers are needed there. They will adjust your *hukou* so that you can get a house. Sometimes the government gives certain big state-owned companies the right to provide a local-city *hukou* to attract new talent from other parts of the country. I was born in Xian, and that’s where I had my first *hukou*. When I was 9 years old, my parents moved to Shenzhen to work, and so I had my second *hukou* from there. When I was 27, I settled in Beijing after getting my Masters degree in the USA. Beijing provides a *hukou* for those with degrees from good overseas universities, so I got my third *hukou* from there; otherwise, it would be very difficult to obtain a Beijing *hukou*. Now, because of my status, my son has a Beijing *hukou* as well. I won’t say *hukou* is a headache for everyone, but it still affects the lives of a lot of people—you’d better plan ahead if you can! And *hukou* changes from time to time. When my baby son grows up, I wonder how it will affect him and his generation.”

of the 22-plus million people who inhabit this burgeoning urban region. Among Shanghai’s 20–34 age cohort, nearly two-thirds are migrants. This is the life-cycle stage during which many couples start a family, and in 2013 the metropolis had an estimated 400,000 children below the age of six who were officially categorized as migrants without a Shanghai *hukou*. This is clearly a growing social

problem—elaborated in the *Voice From the Region* box—that the Chinese government will have to resolve sooner or later.

China now counts more than 160 cities containing at least one million people, three times as many as the United States. By 2025, there could be at least 60 more. But the future is uncertain. Will there continue to be enough jobs for all these rural-urban migrants? What will be the consequences of China’s accelerated program to expand its urban housing stock by millions of new units every year (see the box titled “A Chinese Real Estate Bubble?”)? Can cities that grow at such a hectic pace be managed in an environmentally sustainable way? Will the Communist Party be able to maintain control over the new agglomerations of urbanites with their changing lifestyles, identities, and expectations? For how long can the government justify the widening income inequalities within the major cities (this, after all, is communist China), and can they meet the steadily increasing demands of industrial workers? Could these enormous economic and social changes at some point force a political transformation—and would that be for the better? Clearly, there is no blueprint for China as it tries to chart its course into the next stage of its remarkable odyssey.

■ CHINA’S COASTAL CORE

China’s economic transformation was first introduced in 1980 at a few carefully chosen places. By establishing new economic rules that would initially apply only to certain urban areas on the Pacific coast, most of the rest of the country and the majority of the population would remain comparatively unaffected, at first. Figure 9B-4 shows how it was planned to work.

Special Economic Zones

The government introduced a three-tier system of **Special Economic Zones (SEZs)** [3], so-called **Open Cities**, and **Open Coastal Areas**, which would attract technologies and investments from abroad and reshape the economic geography of eastern China. In these economic zones, investors were offered numerous incentives that included low taxes, eased import-export regulations, and simplified land leases. The hiring of labor under contract was permitted. Products made in the economic zones could be sold on foreign markets and, under some restrictions, in China as well. Even Taiwanese enterprises could operate here. And profits earned were allowed to be sent back to the investors’ home countries.

When the government made the decisions that would reorient China’s economic geography, location was a leading consideration. Beijing wanted China to participate in the global market economy, but it also wanted to produce as little impact on interior China as possible—at least in the initial stages. The obvious answer was to position the Special Economic Zones along the coast. Initially, four SEZs were

AMONG THE REALM'S GREAT CITIES . . .

SAIL INTO THE mouth of the great Yangzi River, and you see little to prepare you for your encounter with China's largest city (population: 22.2 million). For that, you turn left into the narrow Huangpu River, and for the next several hours you will be spellbound. To starboard lies a fleet of Chinese warships. On the port side you pass oil refineries, factories, and crowded neighborhoods. Next you see an ultramodern container facility, white buildings, and rust-free cranes, built by Singapore. Soon rusty tankers and freighters line both sides of the stream. High-rise tenements tower behind the cluttered, chaotic waterfront where cranes, sheds, boatyards, piles of rusting scrap iron, mounds of coal, and stacks of cargo vie for space. In the river, your boat competes with ferries, barge trains, and cargo ships. Large vessels, anchored in midstream, are being offloaded by dozens of lighters tied up to them in rows. The air is acrid with pollution. The noise—bells, horns, whistles—is deafening.

What strikes you is the vastness and sameness of Shanghai's cityscape, until you pass beneath the first of two gigantic suspension bridges. Suddenly, everything changes. To the left, or east, lies *Pudong*, an ultramodern district with the space-age Oriental Pearl Television Tower rising like a rocket on its launchpad (see photo) above a forest of modern, glass-and-chrome skyscrapers that make the Huangpu look like Hong Kong's Victoria Harbor. To the right, along the waterfront Bund (Embankment), stand the remnants of Victorian buildings, monuments to the British colonialists who made Shanghai a treaty port and started the city on its way to greatness. Everywhere, construction cranes rise above the cityscape, and Shanghai now boasts more skyscrapers over 400 meters (1300 ft) than any other city except Chicago. The biggest of all opens in 2014—Shanghai Tower, at 824 meters (2703 ft) the world's second-tallest building after Dubai's Burj Khalifa.

The Chinese spent heavily to improve infrastructure in metropolitan Shanghai, including the new Pudong International Airport, connected to the city by the world's first maglev (magnetic levitation) train—the fastest anywhere with a top speed of 430 kph (267 mph). Pudong itself has become

SHANGHAI



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a magnet for foreign investment, attracting as much as 10 percent of the country's annual total. Shanghai's income is rising much faster than China's, and the Yangzi River Delta is becoming a counterweight to the massive Pearl River Estuary development in China's South. Among other things, Shanghai is becoming China's "motor city," complete with a Formula One racetrack seating 200,000 at the center of an automobile complex where all components of the industry, from manufacturing to sales, are being concentrated.

In 2010, Shanghai hosted World Expo on the banks of the Huangpu River (the maglev route was extended to the site), and the city's planners, who have already transformed the place into a quintessential symbol of the New China, took advantage of the opportunity to show the world what has been accomplished here in just a single generation.

established in 1980, all with particular geographical properties (Fig. 9B-4):

1. **Shenzhen**, adjacent to then-booming British Hong Kong on the Pearl River Estuary in Guangdong Province
2. **Zhuhai**, across from (then still Portuguese) Macau, also on Guangdong's Pearl Estuary
3. **Shantou**, opposite southern Taiwan, a colonial treaty port, also in Guangdong Province, source of many expatriate Chinese now residing in Thailand

4. **Xiamen**, on the Taiwan Strait, another colonial treaty port, in Fujian Province, source of many Chinese now based in Singapore, Indonesia, and Malaysia

In 1988 and 1990, respectively, two additional SEZs were proclaimed:

5. **Hainan Island**, declared an SEZ in its entirety, its potential success linked to its forward location vis-à-vis Southeast Asia
6. **Pudong**, on the east bank of the Huangpu River across from central Shanghai, China's largest city, different



From the Field Notes . . .



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“Shanghai shows no signs of economic slowdown, even if the environmental consequences are dire. From my vantage point on the top floor of the Jin Mao Tower in Pudong District, buildings beyond the Huangpu River disappeared in a dense smog on a hot spring day that locals described to me as ‘pretty clear.’ China’s prodigious economic growth has made the People’s Republic the world’s largest polluter of the atmosphere, surpassing the United States. Some projections suggest that, by 2020, China may be emitting twice as much pollution as America, but since China has more than four times the population, the U.S. would still lead in terms of pollutants per capita. That’s just one reason the United States shouldn’t invoke the ‘China excuse’ to weaken its own efforts to reduce pollution from motor vehicles, factories, and other sources. ‘Enjoy this view of the Oriental Pearl Television Tower,’ Li Sheng told me. ‘We’re building the Shanghai Tower [China’s tallest building as of 2014] right down there where you see the construction site, and it’ll be in the way. And it’ll be almost twice the height of your Empire State Building.’” [Well, let’s hope the view from the top will be clearer.]

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A Chinese Real Estate Bubble?

CONCERNS ARE GROWING that China’s construction and real estate sectors, which play an enormous role in the country’s overall economic growth, have overheated and perhaps escalated out of control. China’s megacities, most notably Shanghai, Beijing, and Shenzhen, have expanded at astonishing rates; at the same time, entirely new cities to house more than a million apiece have been planned and built from scratch. Governments at various levels are closely involved and the market is far from transparent. Since 2012, it has become clear that tens of millions of new high-rise apartment buildings—from the suburbs of Zhengzhou on the North China Plain to the brand new city of Ordos in Inner Mongolia—are sitting empty along with the huge shopping malls that

are part of the same developments. The price range of most apartments today is U.S. \$60,000–\$120,000, way out of reach for the average Chinese resident. A substantial number of these apartments have actually been sold—to affluent members of the new urban middle class who have no intention of ever living in those units! With limited private investment opportunities in the PRC, these owners of course are speculators who are betting that prices will continue to rise as they did over the past several years. Real estate bubbles are common to economies all over the world, and certainly the United States has experienced its share. In China, however, everything occurs at a bigger scale, so if this bubble does burst it is likely to produce the greatest real estate meltdown in history.



FIGURE 9B-4

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from other SEZs because it was a gigantic state-financed project designed to attract large multinational corporations

And the process continues, with the newest SEZ authorized in 2006:

- 7. Binhai New Area**, the coastal zone of the northern port city of Tianjin (just over 100 kilometers [70 mi] southeast of Beijing), a long-established Open City with considerable foreign investment, now elevated to SEZ status, projected to outperform even Shanghai–Pudong and Shenzhen itself. On the outskirts of Tianjin the Chinese are building what is planned to be the biggest financial district in the world, *Yujiapu* (see photo).

The grand design of China's economic planners, therefore, was to stimulate economic growth in the coastal provinces and to capitalize on the exchange opportunities created by location; the availability of funding; the proximity of foreign investors in Southeast Asia, Taiwan, Japan, and, importantly, still-British Hong Kong; the presence of

abundant cheap labor; and the promise of world markets eager for low-cost Chinese products.

To date, the poster-child by far of China's economic planners' grand design is Shenzhen. In the 1970s the name Shenzhen was hardly known, but during the following decade those rice paddies and duck ponds gave way to the fastest-growing city in the history of humanity—from 80,000 (mainly fishermen and farmers) in the late 1970s to nearly 12 million today (see photo). Virtually everyone who lives in Shenzhen comes from somewhere else, and because all are really outsiders they speak to each other in Standard ("Mandarin") Chinese rather than the Cantonese dialect that prevails all around them.

Meanwhile, the entire Pearl River Estuary was rapidly evolving into a world-class industrial powerhouse. What caused that to happen? When China opened the Shenzhen SEZ, hundreds of companies moved their factories here from neighboring Hong Kong, capitalizing on lower wages and taxes, less environmental regulation, and weaker official oversight (Fig. 9B-5). At the same time, the Chinese government also built business-friendly infrastructure; expanded seaport



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Have you ever seen a construction project of this size? China is studded with these big bets that the country's headlong economic growth will continue apace, but few are more grandiose than the *Yujiapu* financial district (shown here in the fall of 2012). Already nicknamed "China's new Manhattan," this massive complex aspires to be a world-class, highest-order activity hub. It encompasses more than 50 skyscrapers, and is being built within a tight bend of the Hai River on the coastal flats 50 kilometers (30 miles) from central Tianjin. Financed by huge loans from state-owned banks, this immense undertaking is a pet public works project closely associated not only with powerful regional politicians but also Hu Jintao, the PRC's president from 2003 to 2013. Even though Yujiapu is on track to be completed in 2019, it is not at all certain that it will be able to live up to expectations. In fact, recent reports have warned about substantial overcapacity and that many financial firms may well choose to stay in such established hubs as Hong Kong, Shanghai, or nearby Beijing.

facilities, roads, railroads, and airports; and constructed countless new apartment buildings to accommodate hundreds of thousands of workers. Soon Shenzhen was the shining example of Deng's Open China policy, to be emulated (in-



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much as possible) by the other SEZs from Zhuhai (next to Macau) to Pudong (Shanghai) to Binhai (Tianjin).

Think about it: Shenzhen, a city barely more than three decades old, now contains 45 percent more residents than New York City, and Guangdong Province has an industrial workforce larger than that of the entire United States. The Pearl River Estuary is the most productive regional economy of its size in the world, accounting for just about half of all of China's exports. If you have a car, television, computer, smartphone, or any similar device, it is certain to contain parts that came via the Pearl Estuary's massive manufacturing complex (see the box titled "A Corporate Giant in China").

Regional Engines of Growth

None of this would hurt Hong Kong's economy. In fact, it ushered in a new and even more prosperous era for the then-still crown colony. Hong Kong now engaged less in manufacturing and far more in banking, finance, fiscal management, and business services, taking advantage of the heightened skills already known to exist among its workforce during earlier economic transitions. Such matters are the concern of the field of **economic geography** [4], which focuses on raw-material distributions, historical-cultural factors (such as the lingering effects of colonialism), environmental issues, and particularly the role of spatial economic networks in regional development.

Chinese strategies were based on the understanding that rapid economic growth can be achieved and managed if it is spatially concentrated, because local conditions can be manipulated and controlled. Once growth takes off, it can have a stimulating effect on surrounding places, and the benefits can be spread around by a strong central government. China devised a truly remarkable strategy combining pure capitalist principles with powerful government involvement.

This strategy includes competition among these regional growth poles and cities using tax breaks and other incentives that lure domestic and foreign investors. Thus

All of us who witnessed the incredible conversion of a fishing village with duck ponds and paddies into a metropolis of millions in a few years of frenzied economic and demographic growth wondered, inevitably, what kind of city Shenzhen would become. After all, shouldn't cities grow slowly, have histories etched in their architecture, develop traditional neighborhoods, and negotiate by consensus the pitfalls of planning and zoning? But look at Shenzhen only a third of a century later, and it seems far more orderly, established, and accommodating than could have been imagined. Certainly Shenzhen has its richer and poorer neighborhoods—not everyone can afford to live in the CBD shown here. And when China was buffeted by the global economic downturn, Shenzhen was among the SEZs in which factories closed and workers had to leave. But this full-fledged megacity is here to stay, a prominent icon of the new China.



FIGURE 9B-5

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A Corporate Giant in China

IF THE UNITED States has long represented “big” to the rest of the world—whether in terms of houses, automobiles, skyscrapers, or the size of soft drinks—China today increasingly stands for “huge.” **Foxconn**, also known as *Hon Hai*, is a giant electronics contract manufacturer. Think of Foxconn as a huge manufacturing subcontractor for corporations such as Apple, Dell, Hewlett-Packard, and PlayStation. This company was established in 1978 in Taiwan and opened its first gigantic factory on the mainland ten years later in the Longhua Subdistrict of Shenzhen. In 2013, Foxconn was operating 28 plants across the PRC. At Longhua by then, the company employed 240,000 workers on a sprawling “campus” complete with dormitories, stores, banks, and sport facilities as well as a food court that daily dispenses three tons of meat. You are quite likely to own something made by Foxconn, the leading maker of iPhones, iPads, Kindles, myriad video games, and so much more. Worldwide, Foxconn now employs about 1.5 million workers (ten times as many as a decade ago) and, beyond China, operates factories in Mexico, India, Brazil, the Czech Republic, Hungary, and Malaysia. The company also has a contentious record of labor relations, and protests, demonstrations, and even worker suicides

are not unknown. Foxconn’s leadership says it is addressing labor issues and working conditions, and is also planning to vigorously invest in the company’s growth through the foreseeable future, perhaps even expanding into the United States.

Employees on the assembly line at Hon Hai Group’s massive Foxconn plant in Shenzhen.



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urban municipalities are allowed important freedoms to stimulate local economic growth. At the same time, the central government encouraged millions of **Overseas Chinese** [5] (most of whom had left China from those very coastal provinces to settle—and often thrive—in other countries) to invest their money in their ancestral homeland—as well as attracting ever more substantial **foreign direct investment** [6] from Japan, the United States, and other key countries.

The Expanding Core

China's economic miracle began with the Special Economic Zones, and the government continues to use this strategy to launch new regional engines of growth through massive, concentrated investment plans. But economic development has also spilled over into adjacent areas and diffused to other provinces, so an increasing number and variety of localities now carry a “special” designation of one sort or another.

We should not get too fixated on the SEZs: some have received much less attention and investment than others. Hainan, for instance, has only experienced modest increases

in manufacturing, which for the most part involves the processing of agricultural products. Furthermore, it does not necessarily require the official status of SEZ to obtain inflows of investment (particularly from domestic sources) and to achieve economic growth. Thus the entire corridor of seaboard provinces from Guangdong Province in the south to Liaoning in the north now forms the centerpiece of a highly productive, Pacific Rim-based economy, and in recent years the Core region itself has expanded as far west as Chengdu in the Sichuan Basin (see Fig. 9B-1).

Export industries continue to be clustered along the coast, as Figure 9B-6 shows, but much economic growth has decidedly been channeled toward the interior around mushrooming manufacturing centers near such major cities as Zhengzhou, Xian, Shenyang, Wuhan, Chongqing, and Chengdu (Fig. 9B-7). And then there are places like the Inner Mongolia AR that have seen rapid economic growth (mainly through mining) but their exporting activity is minimal because most of the commodities they produce are consumed by industries elsewhere in China.

In all, the Chinese government has made substantial efforts to spread economic growth from the Special Economic Zones to other parts of the country, mainly along

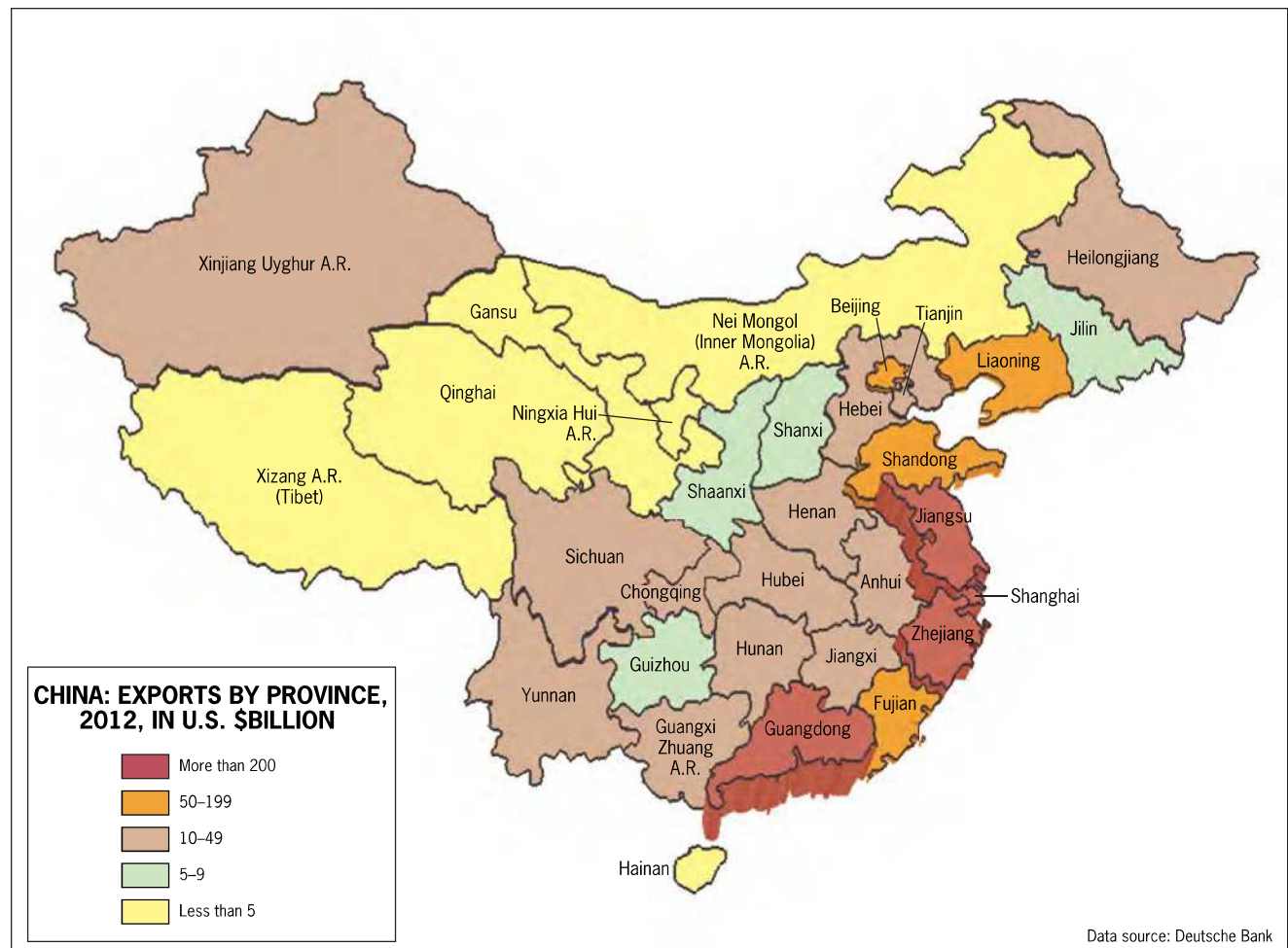


FIGURE 9B-6

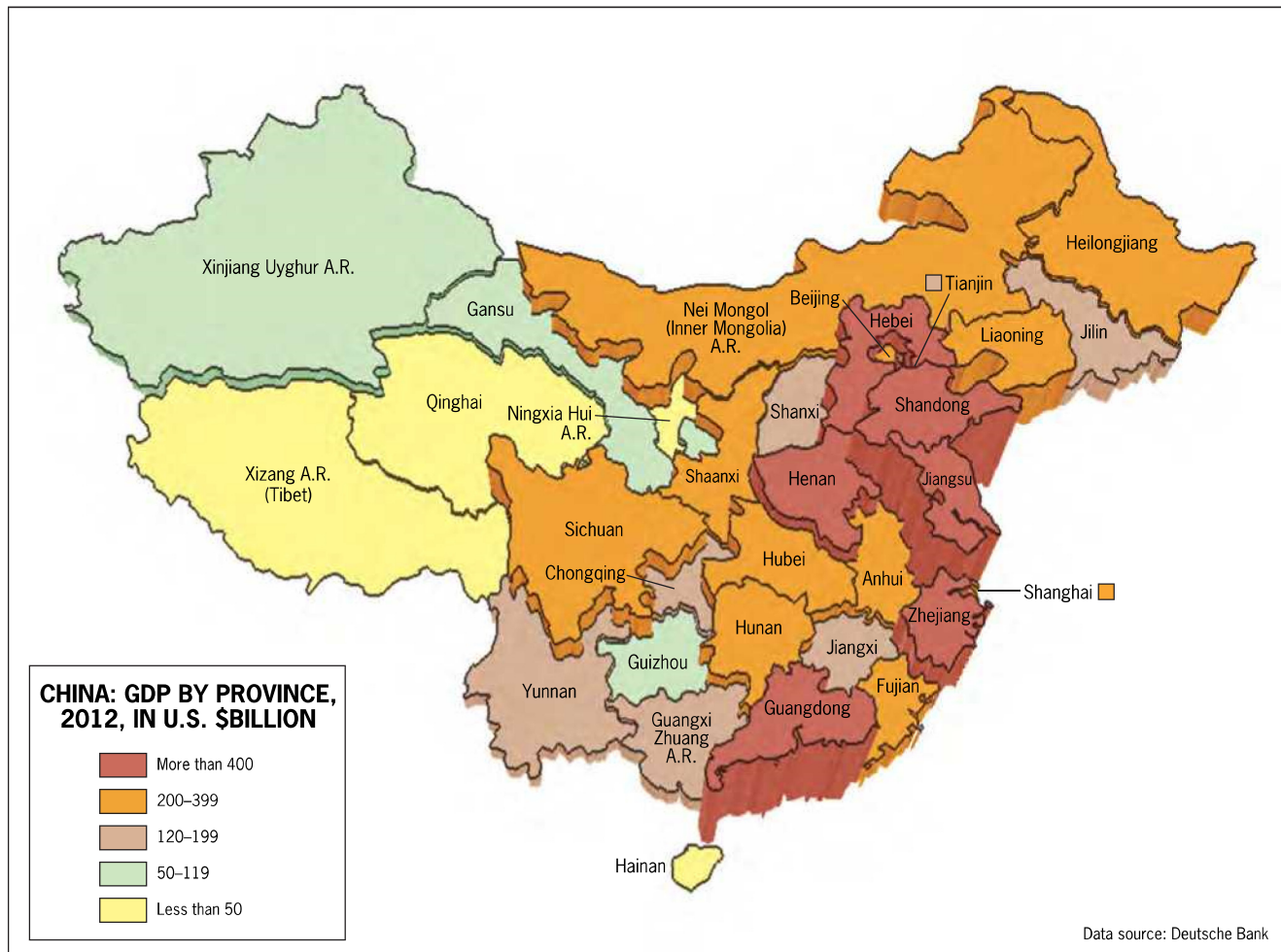


FIGURE 9B-7

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the coast and into the Interior. Nonetheless, there remains an enormous chasm in the level of prosperity between the booming cities and the rural areas, and at a larger scale between the expanding Coastal Core and much of the rest of the country, especially the farther west one goes (Fig. 9B-7).

■ CHINA'S INTERIOR

China's Interior region offers a stark contrast to the burgeoning environs of Shenzhen, Shanghai, or Beijing. Situated between the Coastal Core and Western Periphery, it stretches in a vast arc from the Russian border in the far northeast to the city of Yumen (gateway to China's far west) in the northwest to the Vietnamese border in the farthest reaches of the south (Fig. 9B-1). The Interior can be divided into three subregions: the Northeast, Central China, and the South.

The Northeast

Most of this subregion, formerly known as Manchuria, consists of Liaoning, Jilin, and Heilongjiang provinces as well as the northern prong of the Inner Mongolia Autono-

mous Region (Fig. 9B-3). It is relatively well endowed with coal and metallic mineral reserves (Fig. 9B-8), and the early communist regime made the industrial redevelopment of the Northeast a priority. But even though this subregion in the late 1950s produced more than one-quarter of China's manufacturing output, its state-run factories were inefficient, workers' perks proved unaffordable in the long run, and the costs of its products were uncompetitive. There was no way the Northeast would be an asset in an economically open China. The late 1970s and 1980s, therefore, witnessed factory closures and widespread layoffs.

Nevertheless, parts of this former 'rustbelt' are now rapidly changing (Fig. 9B-9). Liaoning Province has undergone significant development and is now fully integrated into the Coastal Core region—linking Core and Northeast as never before. Indeed, since the late 2000s, the Northeast has grown faster than any other regional economy in China (with the exception of the rest of Inner Mongolia, part of Central China to be discussed next), much of it due to accelerating investment in electronics and the auto parts industry from nearby South Korea and Japan. Undoubtedly, proximity to Beijing and superior coastal access were

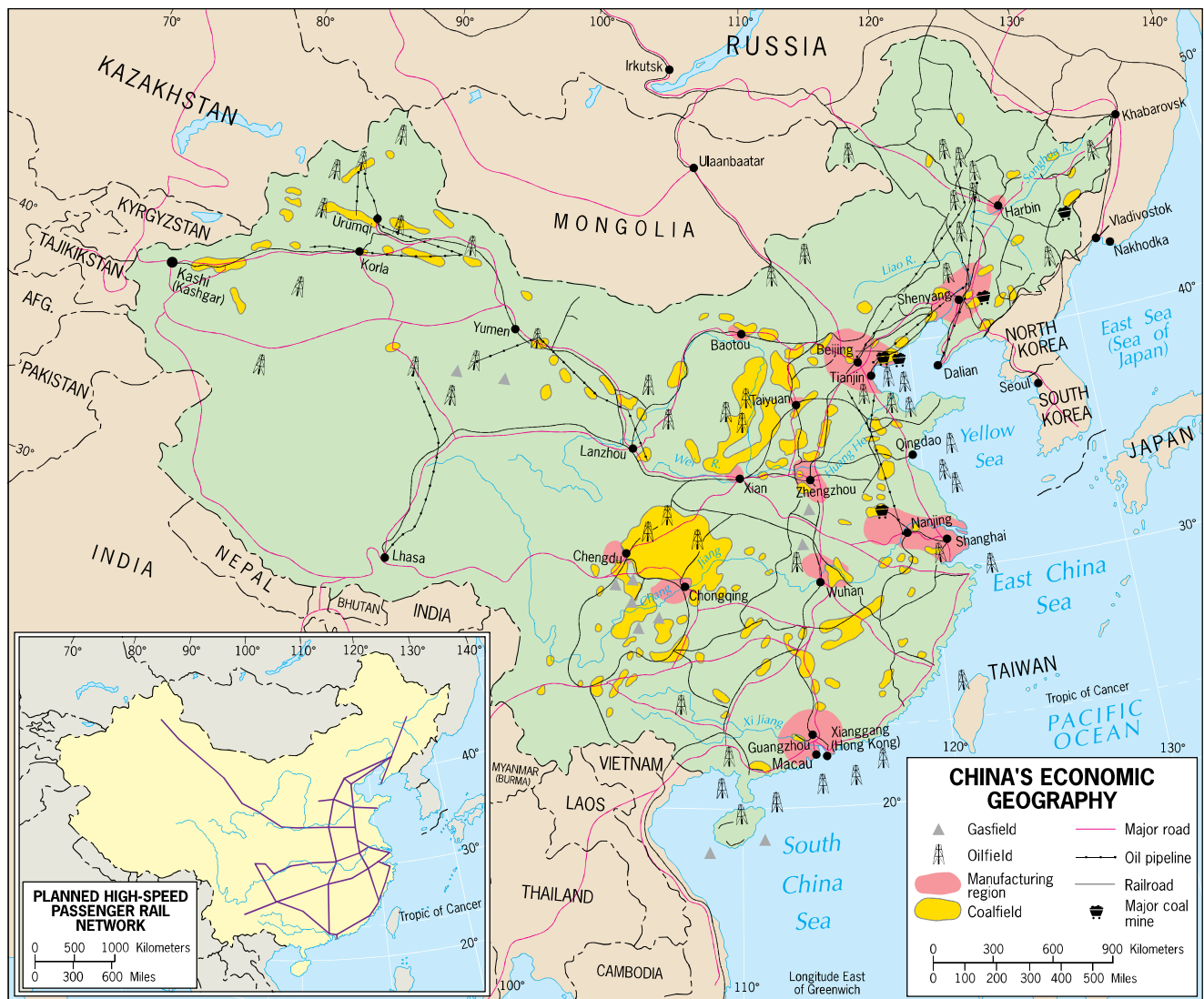


FIGURE 9B-8

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The city of Chengdu, capital of Sichuan Province, has grown and modernized at a dizzying pace since 2000, part of China's unbelievably rapid urbanization. Not long ago, this was part of the Interior; now the city has not only been drawn into China's westward-advancing Core region but also forms its spearhead. Traditionally known as one of the country's most laid-back and liveable cities, Chengdu has quickly acquired a new reputation as a pacesetter economic center that specializes in information technology, finance, and biopharmaceutical industries.

major factors in this transformation. Liaoning's leading city, Shenyang (population: 5.9 million), now showcases a diversified economy that, besides heavy industry, includes aerospace, electronics, and banking. The Northeast's primary outlet port—the city of Dalian, located where the Bohai Gulf meets the Yellow Sea—has become a leading export focus for trade with Japan and the Koreans.



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Central China

The Central subregion of the Interior borders Mongolia in the north, Xinjiang and Tibet in the west, and the spearheading westward protrusion of the Coastal Core around Chengdu in the south (Fig. 9B-1). The sparsely populated western margins of this subregion are dominated by Tibetan pastoralists. Lanzhou, centrally located in the upper basin of the Huang He, is the subregion's leading urban center. With a population of 2.8 million, this key crossroads city is best known for its oil refineries and petrochemical industries. Much of the

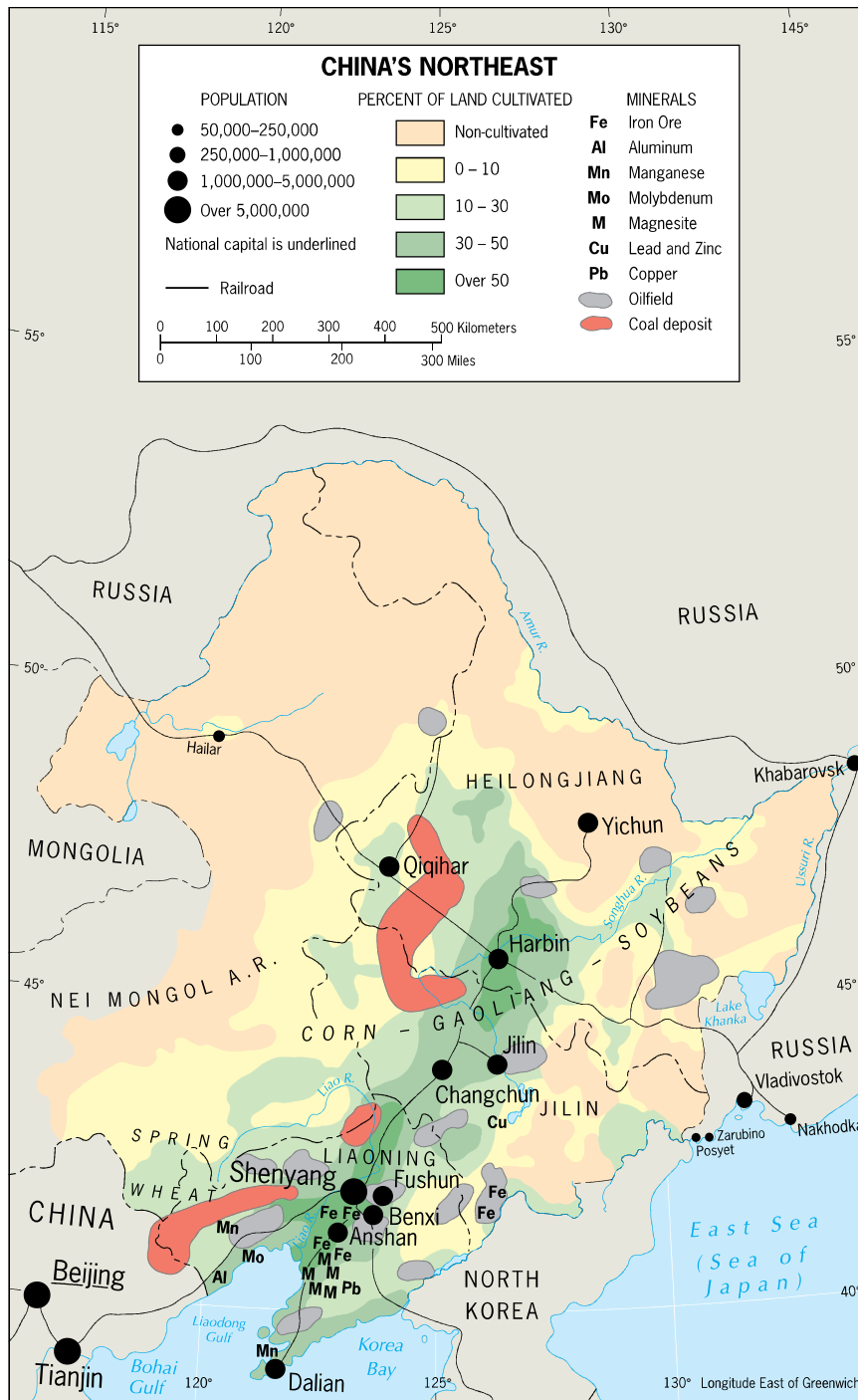


FIGURE 9B-9

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central Interior is arid country that includes parts of the Gobi and Ordos deserts and, farther west, the salt lakes of the Qaidam Basin (Fig. 9A-5). But this subregion also includes the middle course of the Huang with its agriculturally productive Loess Plateau (loess consists of thick, fertile, windblown deposits of rock pulverized by glaciers). Add the water of this great river together with an adequate growing season, and a sizeable population has materialized here.

To the south, Central China includes the northern half of the Sichuan Basin, another highly fertile area, crossed by China's other great waterway, the mighty Chang Jiang. Despite its vulnerability to serious earthquakes (most recently in 2013), this huge natural amphitheater has supported human communities for millennia, and you can readily discern its population cluster in Figure 9A-4. The Sichuan Basin, encircled as it is by mountains, is also one of the world's most sharply delineated physiographic regions,



From the Field Notes . . .



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"It is about eight in the morning when, after a long hike through the cloud forest, we reach the first major monastery on Mount Emei in Sichuan Province. The Shaolin temple appears magically from the mist as we get closer. A UNESCO World Heritage Site, Mount Emei is the highest (elevation 3099 meters/10,168 ft) of China's Four Sacred Buddhist Mountains. This is where the oldest Buddhist temple in China was built during the first century AD and where Shaolin martial arts originated in the sixteenth century. Most of China's famous old temples are located well away from the coast and major cities, undisturbed by the atheist ideologies of the communist state. Mount Emei is a major destination for Buddhist pilgrims from all over China. It is hard to imagine a more serene venue, a more perfect place for spiritual dedication."

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and the concentration of its roughly 125 million inhabitants reflects that configuration.

Although there are minorities in the Interior, the great majority of the people are Han Chinese. Understandably, they feel entitled to participate in China's remarkable achievements, but hundreds of millions of them still continue to subsist on less than 5 U.S. dollars a day. China's Pacific Rim transformation drew many millions more to the east-coast factories as well as urban and regional construction sites in what came to be the largest internal national migration in human history. Nonetheless, those who stayed behind found themselves remote from the opportunities introduced by globalization—and often exploited by local mayors, party bosses, and others when it came to land, property, or produce markets. It does not make the international news, but China's inner periphery is rife with public protests in the streets and villages. It is an unstable, even dangerous situation, and the Chinese communist regime is showing an increasing awareness of the need for mitigation.

One way Beijing's planners are responding to this uneven development is by spreading the privileges enjoyed by the coastal SEZs into the urban centers of the Interior. With workers' hourly salaries rising in the seaboard provinces, some corporations are finding it profitable to move their production facilities into this transitional periphery. To encourage them to do so, new economic zones have been established in Lanzhou, Kunming, and other inland cities. Another incentive is the construction of massive public works in the central Interior, such as the ongoing diversion of waters from the Chang to the increasingly thirsty northern cities of the Core. Moreover, to improve linkages

between the Coastal Core and Interior, China is constructing tens of thousands of kilometers of four-lane highways; a far-flung, high-speed passenger rail network (Fig. 9B-8, inset map); and dozens of new or expanded airports.

The South

The Southern subregion of the Interior, like its two counterparts, is dominated by Han Chinese, but also includes large clusters of minorities, especially near the borders with Myanmar, Laos, and Cambodia (see Fig. 9A-7). Indeed, adjoining Vietnam in the southeast we find the Guangxi Zhuang Autonomous Region, which was specially created with these minorities in mind (Fig. 9B-3).

The South is mainly covered by the Yunnan Plateau, source of the streams that feed the Xi Basin and its Pearl Estuary outlet. Much of southeastern China has comparatively high relief; it is hilly and in places even mountainous. Among other things, this challenging terrain has inhibited overland contact between China and Southeast Asia. Yunnan Province itself, in addition to its geopolitical significance, possesses important mineral deposits. And thanks to long-established terrace systems, farming fares quite well here despite those steep slopes.

■ CHINA'S WESTERN PERIPHERY

Historically, empires have expanded and contracted, acquiring and losing territory as well as subjects, and leaving their imprints where they once ruled. Russians in Central Asia, British in East Africa, French in Indochina, Japanese



FIGURE 9B-10

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in Taiwan all came and went, leaving behind languages, religions, infrastructures, and traditions.

And so it was with China. Figure 9A-8 reminds us just how vast China's Qing Dynasty empire was and how much it lost—but Figure 9B-1 reveals that China is still an empire today. Its beyond-the-Han domain includes a pair of large Autonomous Regions and a third one rapidly being integrated into Han China itself. Two other, smaller Autonomous Regions located in the inner periphery are similarly misnamed (see Fig. 9B-3). There is nothing “autonomous” about China's far western minority entities: just ask the Tibetans of Xizang or the Uyghurs of Xinjiang.

Xizang (Tibet)

Tibet (called *Xizang* by the Han) is the icebound heartland of Tibetan-Buddhist culture that extends northeastward into Qinghai Province and, importantly, into a corner of far northeastern India in the Indian State of Arunachal Pradesh. Tibet shook off Chinese domination at the end of the nineteenth century, but in 1950, almost immediately after the communist regime took control in Beijing, it ordered the Red Army into Xizang to recapture the territory. Tibetan society had been organized around the fortress-like monasteries of Buddhist monks who paid allegiance



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Tibetan Buddhist pilgrims at Jokhang Temple, Lhasa.

to their supreme leader, the Dalai Lama (see chapter-opening photos).

The Chinese wanted to modernize this feudal system, but the resistant Tibetans clung to their traditions, and in 1959 the army had to crush an uprising. With the Dalai Lama now exiled and the people powerless, the Chinese destroyed much of Tibet's cultural heritage, looting its religious treasures and works of art.

Under Deng's administration part of this heritage was returned to Xizang, but Beijing also encouraged Han Chinese to move to Tibet and built "the world's highest railroad" (reaching an altitude of 5072 meters/16,640 feet) across the Tibetan Plateau to the capital of Lhasa (Fig. 9B-8). While the Dalai Lama travels the world making the 3-million-plus Tibetans' case and asking not for independence but for genuine autonomy, Hanification continues. Most Tibetans alive today were born after the Chinese seized control; they have gone through Chinese-mandated schools and, for the young especially, the Chinese presence has become a fact of life. A leading casualty is Tibetan culture, which is steadily being extinguished.

Tibet is now fiercely controlled by the Chinese, not only for geopolitical reasons (e.g., the border with India) but also because many critical parts of China depend on the water provided by the great rivers that rise in this soaring highland. In fact, the Chinese government refers to the Tibetan Plateau as "China's water tower" and has launched canal projects to divert some of Tibet's river waters to the populated areas of the Western Periphery's arid northern interior.

Economic growth in Tibet is strong and incomes are climbing. But popular resistance continues, accompanied by violence and drama. Between 2010 and mid-2013, over 100 self-immolation suicides took place, mainly by Buddhist monks to protest the Chinese occupation, the marginalization of Tibetan culture in schools, and the destruction



From the Field Notes . . .



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"Tibet is one of the most colorful and spiritual places on Earth, high in the Himalaya with its steely blue skies and dry, crisp air. Since 1950, Tibet has been controlled by the People's Republic of China. The Chinese military seem omnipresent, and it is hard to escape a sense of forceful occupation, especially in the capital city, Lhasa. I explored the busy streets around the famous Jokhang Temple, a major pilgrimage destination for Tibetan Buddhists. There, too, the Chinese were conspicuously present, with observation posts perched atop buildings as if to remind ordinary Tibetans of the political order of the day."

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of the Tibetan landscape through mining. A landslide not far from Lhasa in the spring of 2013 near a major copper and gold mine claimed at least 80 lives and morbidly underscored many Tibetan grievances, despite the economic development that comes from the exploitation of local natural resources. In China's Periphery, therefore, rising prosperity neither guarantees stability nor compensates for the lack of political freedom.

Xinjiang

Xinjiang constitutes the westernmost margin of China's modern empire and is even larger than Xizang (Fig. 9B-10). With just over 22 million people, about 40 percent of them Han Chinese, the Xinjiang-Uyghur AR is even more important than its Buddhist, Tibetan neighbor. Here China meets the peoples of Turkestan and the faith of Islam; here China has significant energy reserves; and here, in the remote, cloudless, desert-dominated far west, China built its original space program. Moreover, only a single country lies between this inner Asian outpost and the much larger oil and gas reserves of the Caspian Sea Basin: Kazakhstan. As noted in Chapter 7B, connecting pipelines are already in place and more are under construction.

The modern, highly controlled, and urbanized component of Xinjiang is focused on the revitalized capital of Ürümqi and the nearby model city of Shihezi, located in the northern Junggar Basin. The traditional, religious, and rural component is anchored by the historic town of Kashgar (Kashi on Chinese maps) in the extreme western corner of the southern Tarim Basin (Fig. 9B-10).

Xinjiang's Autonomous Region (AR) is no more autonomous than Tibet. During the Qing Dynasty, the Muslim peoples here—including Uyghurs, Kazakhs, Tajiks, Kyrgyz, and others—fell under Chinese control, a numerical dominance that persisted for half a century after the communist regime came to power in Beijing. But in the twenty-first century, Hanification has shifted into high gear: today at least 40 percent of the population are Han, and Xinjiang has become a two-tiered society. Led by the Uyghurs, who still constitute 46 percent of the AR's population, the peoples of the lower, Islamic tier disdain "Xinjiang," preferring the appellation "East Turkestan" to signify their inter-realm connection to the Turkic nations of neighboring Turkestan.

Where the Uyghurs meet the Han, as occurs in the factories of Ürümqi and the streets of Kashgar, the results are sometimes tragic. In 2009, a skirmish between Uyghur workers and Han managers at a plant outside Ürümqi spun out of control and led to rioting in which some 200 Han Chinese citizens were killed and hundreds more wounded. Despite the growing risk of government retaliation, Uyghur militants continue to pursue an intermittent—and fruitless—campaign of violence against Han domination.

In the meantime, Beijing is tightening its grip on the Western Periphery for economic as well as geopolitical reasons. In 2010, the city of Kashgar was designated an

"economic development zone," the first in this subregion. Consider the geographic significance of Kashgar: it has a long history as an important waystation on the ancient Silk Road; it is close to the borders with Pakistan, Afghanistan, Kyrgyzstan, Uzbekistan, and Tajikistan; and it is already the home of Central Asia's largest marketplace. The city is by far the most effective link between China and this sector of Central Asia, and is to be swiftly developed into a major trading and logistical bridge. Clearly, China today is also looking closely at its far west as it continues to focus on its westward-expanding Core region.

Both Xizang and Xinjiang exhibit the properties of peripheries: local cultures and traditional economies are overpowered by national interests and global systems, widening disparities not only between core and periphery but also between and among societies within the periphery itself. When, as in China's case, the political system affords inadequate opportunity for the expression of grievances and the representation of local interests, the symptoms of marginalization become entrenched.

Even though China has made enormous strides and now holds a position of considerable power on the global stage, it faces some formidable internal challenges. First, rising (regional) inequality will be very difficult to legitimize by a regime that still pays homage—at least on paper—to socialist principles. "Let some people get rich first," were the famous words of the great reformer Deng Xiaoping more than 3 decades ago. But now it seems that getting rich has become an obsession for many yet is attainable for relatively few. China's Gini coefficient in 2012 measured a comparatively high 0.47—behind South Africa and Brazil but ahead of the United States. Second, there has been a major shift in the constituencies of the Communist Party: peasants and workers, the traditional pillars of support for the regime, have grown increasingly critical as they feel ever more left behind. With the Party today most strongly supported by the urban middle class and the *nouveau riche*, how much longer can it maintain the ideological foundation of its policies? Third, as noted earlier, rapid urbanization and migration are testing the longevity of government control through the *hukou* system while dissent steadily rises. And fourth, the proliferation of the Internet and social media is providing an ever more powerful outlet for government critics. More generally, we have to wonder for how long a country as massive as China can experiment with capitalism while maintaining a centrally-planned system and suppressing demands for democracy. As the new regime led by Xi Jinping entered office in 2013, the world was watching intently for signs of new approaches to confronting China's challenges.

■ MONGOLIA

We now turn to the East Asian regions beyond China and first we look to the north, to Mongolia, where the effects of the realm's economic transformation have only recently arrived. This immense, landlocked, isolated country wedged

between China and Russia, with an area larger than Alaska but a sparse population of just 3 million, suggests a steppe-and-desert-dominated vacuum between two of the world's most powerful countries (Fig. 9B-1).

This used to be the domain of a powerful people who, centuries ago, swept westward to challenge the Russians and southeastward to rule China. But in more modern times, Mongolia became a weak and vulnerable country whose 800,000 herders and their millions of sheep today follow nomadic tracks along the fenceless fringes of the immense Gobi Desert, where Siberian cold periodically causes severe human and livestock losses. During the Soviet era, the location of the capital of Ulaanbaatar symbolized the country's security against Chinese encroachment, and Mongolia functioned as a typical **buffer state** [7].

In the 2010s, Chinese involvement and investment are growing, and much of this revolves around Mongolia's enormous storehouse of raw materials. Major deposits of gold, copper, and coal have been found, and exploration by large foreign companies has begun. Mongolia was the fastest growing economy in the world in 2011 (at a rate of almost 18 percent), and the International Monetary Fund is predicting double-digit annual growth for years to come. But the country has now become overly dependent on a small number of large foreign mining companies, and negotiations concerning taxes and regulations have proven to be a cause of economic volatility. The main buyer of Mongolia's commodities is China, and Chinese investments have been pouring in, mainly for infrastructural projects. It is not clear whether ordinary Mongolians, among the poorest people in Asia, will benefit from this bonanza anytime soon, but some economists speculate that Mongolia may soon become another Qatar—where a small population grew rich from its enormous natural endowments.

■ THE KOREAN PENINSULA

Take another look at the map of East Asian regions and you will see one prominent peninsula that seems to reach out from the East Asian mainland toward the islands of Japan. As Koreans will tell you, this isn't just another peninsula. This is a place where human geography took momentous turns as a corridor of migration, an incubator of culture, a cauldron of warfare, a cradle of economic miracles. Today this Idaho-sized tongue of land has a population of 75 million (Idaho: 1.6 million) that is divided between two states so unbelievably different that north and south seem to belong to different worlds. Unbelievable, because the Koreans are a single nation. It is ideology that divides them.

Given its shape and situation, it is no surprise that Korea has been a turbulent stage. Thousands of years ago, even before there was a China, lower sea levels made the crossing from Korea to Japan possible and migrants from the mainland began to challenge the even earlier inhabitants of the islands. Later, long-stable states, always influenced by rising China, forged a durable cultural geography with distinctly Korean attributes including ethnicity, language, and cus-

toms. Then, more than a century ago, disaster struck as Japan embarked on a campaign of colonial conquest that eventually overran not only Korea, but also large parts of neighboring China. Later, in the aftermath of Japan's World War II defeat, the Korean Peninsula became the scene of a terrible great-power conflict between China-supported communist armies and American-led anticommunist forces. For more than three years (1950–1953) this devastating conflict swept back and forth across the peninsula, claiming more than 3 million lives and ending in an armistice whose cease-fire line can be seen in Figure 9B-11. Ever since, that line has separated—almost hermetically sealed—a ruthless communist dictatorship in North Korea from a South Korea that started as a brutal capitalist dictatorship but transformed itself into one of the world's most free-wheeling democracies and most successful economies. This partition remains as the centerpiece of what has been called the world's saddest political-geographical tragedy. Outsiders, not the Koreans themselves, caused it.

North Korea

As the map shows, North Korea is territorially larger than South Korea, but its population of 25 million is half the size of South Korea's. Seven decades of the harshest variety of communist rule have turned North Korea into one of the poorest, hungriest, and most regimented countries on Earth, but with one of the largest standing armies as well as advanced nuclear weapons and missile technologies. A regime that imprisons its citizens for the slightest offenses operates a gulag of prison camps reputedly worse than that of the Stalin-era Soviets, starves its people as punishment, and isolates its subjects from the rest of the world—yet invests heavily in weaponry with which to blackmail its neighbors and infect the world. Refugees' and escapees' stories tell of the most extreme forms of poverty and misery, but China, North Korea's ideological ally, supports the regime based in the capital of Pyongyang in the interest of regional "stability" rather than pressuring it to ameliorate its policies.

North Korean dictators rule with powers unimaginable even by the Arab rulers overthrown in the "Arab Spring," and the North Korean people have become a nation of informers—on each other. Any sign of disaffection risks imprisonment or worse, and mass displays of regimented solidarity reminiscent of Soviet times attend dynastic transfers of power. So it was when the ostensibly "affable" Kim Jong-un, son of the previous dictator Kim Jong-il, took control of the state in 2011. Shortly thereafter he threatened to resume nuclear testing, he and his ruling elite kept comfortably in power by China's provision of food and energy.

South Korea

The tragedy of the Korean Peninsula is especially painful when put in geographic context. As environmental maps reveal, North Korea and South Korea actually need each



FIGURE 9B-11

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other. The North has raw materials wanted by South Korean industries. The South produces food the North could use. This is a condition referred to as **regional complementarity** [8], but in Korea it is destroyed by political segregation. This makes the narrow demilitarized zone (DMZ) that separates the two Koreas an ultimate expression of core-periphery demarcation, because even as the North stagnated, the South became one of the Asia Pacific's famed **economic tigers**.

As we just noted, South Korea (49.4 million) emerged from the Korean War as an unstable, dictatorial, politically and economically corrupt nation where, as in the North, you could pay with your life for dissent. But South Korea's rulers also encouraged industrial growth, propelled by powerful industrial conglomerates in cahoots with the politicians. Such **state capitalism** [9] generated rapid development, and the politicians, corrupt as they were, knew that the workers would demand better treatment and that the economic and

AMONG THE REALM'S GREAT CITIES . . .

SEOUL

SEOUL (population: 9.8 million), located on the Han River, is ideally situated to be the capital of all of Korea, North and South (its name means “capital” in the Korean language). Indeed, it served as such from the late fourteenth century until the early twentieth, but events in that century changed its role. Today the city lies in the northwest corner of South Korea, for which it serves as its capital; not far to the north lies the tense DMZ (demilitarized zone) that contains the cease-fire line with North Korea. That line cuts across the mouth of the Han River, thereby depriving Seoul of its inland waterborne traffic. Its bustling ocean port, Incheon, has emerged as a result (Fig. 9B-11).

Seoul's undisciplined growth, attended by a series of major accidents including the failure of a key bridge over the Han and the collapse of a six-story department store, reflects the unbridled expansion of the South Korean economy as a whole, as well as the political struggles that carried the country from autocracy to democracy. Central Seoul lies in a basin surrounded by hills to an elevation of about 300 meters (1000 ft), and this near-megacity has sprawled outward in all directions, even toward the DMZ. An urban plan designed in the 1960s was subsequently overwhelmed by the steady inflow of immigrants.

During the era of Japanese colonial control, Seoul's surface links to other parts of the Korean Peninsula were improved, and this infrastructure played a role in the city's



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postwar success. Seoul is not only the capital but also the leading industrial center of South Korea, exporting sizeable quantities of textiles, clothing, footwear, and (increasingly) electronic goods. South Korea continues to thrive as an Asian-Pacific economic tiger, and Seoul is its heart.

political landscape would have to change. And so it was: dictatorial rule ended, representative government took hold, corruption was confronted if not altogether tamed, and the economy, once described by early postwar observers as never-to-be-developed, took off like a rocket. South Korea in short order became a boisterous democracy, an economic giant, a nation in universal pursuit of education, the world's leading shipbuilder, a manufacturer of iron and steel as well as chemicals and electronics plus countless other industrial products in addition to producing ample food supplies. South Korean social institutions became ever stronger, the media are as free as any on Earth, freedom of religion prevails, Korean art and culture find a global market, and Korean athletes excel in the Olympic Games and other international sports venues. As a key member of the international community, South Korea participates in peacekeeping and security operations worldwide.

The map of South Korea (Fig. 9B-11) reveals several of these achievements, most notably the metropolitan agglomeration formed by Seoul (the capital) and neighboring Incheon, which today constitutes one of Asia's greatest urban complexes and contains about one-quarter of the country's population. Even before democracy took hold, South Korea's rulers decided to further enhance the country's infra-

structure by introducing a high-speed, bullet-train network to link Seoul to the traditionally separated subregions of Geyongsang and Jeolla. For a long time, workers in parts of the country not favored by politicians and manufacturers had trouble finding employment in fast-growing industrial areas, an economic-geographic pattern still not completely erased. As regional integration progressed, the southeastern subregion of Geyongsang, centered on the city of Busan, was always ahead of the southwest, where Jeolla was historically marginalized by the powers in Seoul. Today Geyongsang remains in the lead: here 300,000-ton tankers are built along with smaller freighters and warships; here are the famous Hyundai and Kia automobile plants; and here is the home base of POSCO, headquartered in Pohang, one of the world's largest steelmaking corporations.

Given all this success, it is surprising to learn that while the world is quite pleased with these achievements, the South Koreans themselves are not especially happy as a society. In recent surveys, only 9 percent of them declared themselves to be happy—a lower percentage than in China, Indonesia, Russia, and the great majority of the approximately 100 surveyed countries. Why should this be so? Interpretations of these data tend to focus on the danger from the North with which South Koreans live daily, frequently reminded of the



S.J. Kim/Getty Images, Inc.

Songdo New City, South Korea's answer to China's Pacific Rim hub cities. Songdo is the centerpiece of the ultramodern urban complex springing up around the country's second-largest port of Incheon at the southwestern corner of the Seoul-centered conurbation. Modeled after Singapore, Songdo is not only designed to be "the world's gateway to Northeast Asia" (more than 25 percent of the world's population lives within four hour's flying time) but also to be a prototype "Smart City". The gateway function is based on the global accessibility enabled by adjacent, state-of-the-art Incheon International Airport—making Songdo an international magnet or "aerotropolis" serving globalized businesses as well as offering a Las Vegas-style "pleasure carnival" featuring mega-casino/resorts, theme parks, and a Jack Nicklaus-built golf course. At the same time, still-building Songdo's smart-city technology is regarded as a cutting-edge example of sustainable urbanization, one that so highly impressed the UN's Green Climate Fund that it located its headquarters here in 2012.

risk when North Korea inflicts lethal attacks and launches ballistic missiles. But there is another dimension not reflected by the North-South contrasts displayed in Appendix B. In states that achieve great economic success, women tend to participate in the action even if they are not paid as well as men. But South Korea's success story is almost entirely male. The percentage of women gainfully employed in South Korea is not representative of a developed economy. The number of women in senior positions is far lower. Late in 2012, the South Koreans elected as their president Park Geun-hye, the daughter of one of the modern country's early dictators. Korean women hope that one of her priorities is to start correcting a gender deficit that contradicts South Korea's success story.

■ JAPAN

Japan consists of four main islands—Honshu, the largest; Hokkaido to the north; and Shikoku and Kyushu to the south—in addition to numerous small islands and islets (Fig. 9B-12). Most of the country is mountainous and steep-sloped, geologically young, earthquake-prone, and studded with volcanoes. A mere 18 percent of the country is considered to be habitable. Japan's high-relief topography has constrained its economic development. Except for the ancient capital of Kyoto, all of Japan's major cities are perched along the coast, and virtually all lie partly on artificial land reclaimed from the sea.



From the Field Notes . . .

"The city of Kyoto, chronologically Japan's second capital (after Nara; before Tokyo), is the country's principal center



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of culture and religion, education, and the arts. Tree-lined streets lead past hundreds of Buddhist temples; tranquil gardens provide solace from the bustle of the city. I rode the bullet train from Tokyo and spent my first day following a walking route recommended by a colleague, but got only part of the way because I felt compelled to enter so many of the temple grounds and gardens. And not only Buddhism, but also Shinto makes its mark on the cultural landscape. I passed under a *torii*—a gateway usually formed by two wooden posts topped by two horizontal beams turned up at their ends—which signals that you have left the secular and entered the sacred, and found this beautiful Shinto shrine with its orange trim and olive-green glazed tiles."

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Sailing into Kobe harbor near Osaka (the country's second-largest city), one passes artificial islands designed for high-volume shipping and connected to the mainland by automatic, space-age trains. Enter Tokyo Bay, and the refineries and factories to the east and west stand on huge expanses of landfill that have pushed the bay's shoreline outward.

With just over 127 million people, seven-eighths of whom reside in towns and cities, Japan uses its habitable living space very intensively—and expands it wherever possible. As Figure 9B-12 shows, farmland in Japan is both limited and quite regionally fragmented. Urban sprawl has invaded much of the cultivable land. In the hinterland of Tokyo, around Osaka, and surrounding Nagoya, major farming zones are under relentless urban pressure. All three of these lowlands lie within Japan's fragmented but well-defined core area (delimited by the red line on the map), the heart of Japan's prodigious manufacturing complex.

Coastal Development

Figure 9B-12 also tells us a great deal about the nature of Japan's external orientation and its dependence on foreign trade. All of the country's primary and secondary regions are found on the coast. Dominant among these regions is the **Kanto Plain**, the heart of Japan's core area, which is focused on metropolitan Tokyo and contains about one-third of the country's population. Among its advantages are an unusually extensive area of low relief, a fine natural harbor at Yokohama, a relatively mild and moist climate, and a central location with respect to the country as a whole. (Its principal disadvantage lies in its vulnerability to major earthquakes [see Fig. 9A-2].)

The second-ranking primary economic region within Japan is named the **Kansai District** (Fig. 9B-12); it contains the Osaka-Kobe-Kyoto triangle and is located at the eastern end of the Seto Inland Sea between Honshu and Shikoku. Osaka and Kobe are leading industrial centers and busy ports, but the Kansai District also yields large harvests of rice, Japan's staple food. Between the Kanto Plain and the Kansai District lies the **Nobi Plain** (Fig. 9B-12), centered on the city of Nagoya. And, as the map shows, the Japanese core area is anchored in the west by the **conurbation [10]** centered on **Kitakyushu**, situated not on Honshu Island but in the northwestern corner of Kyushu, Japan's southernmost major island. This still-expanding edge of the core area is particularly favored by its location relative to South Korea and China.

A Trading Nation

Japan is a remarkable country that despite its poor natural endowments (except for its advantageous location) has done extremely well. As noted in Chapter 9A, it became the dominant power of East and Southeast Asia

through military force prior to World War II, and its postwar economic miracle astounded the world. In the 1970s and 1980s, people referred to this corner of the world as the “Yen Bloc,” one that was dominated by the Japanese economy.

The country defeated the odds by calling on old Japanese virtues: organizational efficiency, massive productivity, dedication to quality, and tight adherence to common goals. Note that this has always been an exceptionally homogeneous, collectively oriented, and consensus-minded nation with a strong work ethic and a deep-seated conviction that common interests override those of the individual. It is hard to overestimate this cultural context in Japan's outstanding achievements even if it can turn into a liability, as when collective rigidity impedes adaptation to new circumstances.

More concretely, Japan dealt with its own limited geographic opportunities by engaging the alternatives. Look at Figures 9A-6 as well as 9B-12 and note Japan's substantial reliance on nuclear energy—a strategy not without major risks in this earthquake-prone region, as became so painfully clear in the aftermath of the massive Tohoku quake/tsunami of 2011 (see Fig. 9A-2). Most important of all, Japan had no choice but to engage other countries, near and far, in order to compensate for what it does not have itself. Japan, therefore, became wealthy through trade, imported raw materials, the accomplished production and processing of high-value-added goods, and the ability to turn the last into lucrative exports.

↓ Tokyo, at the center of one of the largest metropolises in the world, continues to change. Land filling and bridge building in Tokyo Bay continue; skyscrapers sprout amid low-rise neighborhoods in this earthquake-prone area; traffic congestion steadily worsens. The red-painted Tokyo Tower, a beacon in this section of the city, was modeled after the Eiffel Tower in Paris but, as a billboard at its base announces, is an improvement over the original: lighter steel, greater strength, and less weight.



Yann Arthus-Bertrand/Science Source



FIGURE 9B-12

AMONG THE REALM'S GREAT CITIES . . .

TOKYO

MANY URBAN AGGLOMERATIONS are named after the city that lies at their heart, and so it is with the second-largest of all: Tokyo (26.6 million). Even its longer name—the Tokyo–Yokohama–Kawasaki conurbation—does not begin to describe the congregation of cities and towns that form this massive, crowded metropolis that encircles the head of Tokyo Bay and continues to grow, outward and upward.

Near the waterfront, some of Tokyo's neighborhoods are laid out in a grid pattern. But the urban area has sprawled over hills and valleys, and much of it is a maze of narrow winding streets and alleys. Circulation is slow, and traffic jams are legendary. The train and subway systems, however, are models of efficiency—although during rush hours you must get used to the *shirioshi* pushing you into the cars to get the doors closed.

At the heart of Tokyo lies the Imperial Palace with its moats and private parks. Across the street, buildings retain a respectful low profile, but farther away Tokyo's skyscrapers seem to ignore the peril of earthquakes. Nearby lies one of the world's most famous avenues, the Ginza, lined by department stores and luxury shops. In the distance you can see an edifice that looks like the Eiffel Tower, only taller: this is the Tokyo Tower (see photo), a multipurpose structure designed to test lighter Japanese steel, transmit television and cell-phone signals, detect Earth tremors, monitor air pollution, and attract tourists.

Tokyo is the epitome of modernization, but Buddhist temples, Shinto shrines, historic bridges, and serene gardens



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still grace this burgeoning urban behemoth, a cultural landscape that reflects Japan's successful marriage of the modern and the traditional.

Japan's Two Lost Decades

At the end of the 1980s, it seemed that Japan's meteoric rise had been so prodigious that it would only be a matter of time before it would surpass even the United States' economy. But everything came to a rather sudden halt during the early 1990s, and Japan has unexpectedly been stuck in a rut ever since. This now more than 20-year-long economic slowdown had many causes, ranging from government mismanagement and inefficiency to intensifying international competition (such as from South Korean cars and Taiwanese electronic products).

One of the main problems was that Japan is deficient in adaptability, so its culturally embedded economic system could not cope with rapidly changing circumstances. When the economy turned sour, there was no vigorous response as one might expect in a true free market. With bankruptcy a near-taboo, too many weak firms were kept alive, and this kind of economic sclerosis greatly inhibits the creation of new companies (the United States in any given year has three times the number of start-ups as Japan and twice the number of bankruptcies).

Japan's conservative culture became a liability. Whereas women constitute an ever greater share of Japan's highly

educated workforce, only 7 percent of all senior management executives are female (compared to 20 percent in the U.S. and 31 percent in China). For the first time in decades, Japan suffered a crisis of confidence and, more tangibly, something unfamiliar to the burgeoning Japan of the late twentieth century—rising unemployment. Faced with much leaner economic times, men especially seemed to seek refuge in the past as growing numbers preferred to stay with the same dormant big companies instead of starting their own businesses.

Japan is a rapidly aging society as well, projected to decline from 127.3 million today to barely 95 million in 2050 and less than 65 million by the end of this century. It faces an enormous and increasing **demographic burden [11]**: by 2025, it is projected there will be only two workers for every retiree. Ethnically homogeneous Japan has historically resisted immigration, so when the government tried to recruit ethnic Japanese living in Brazil (and elsewhere) to return home, the experiment was not very successful. Thus a shrinking base of qualified workers threatens the government's capacity to sustain social programs for all.

Still another set of problems has to do with Japan's international relations. Japan never signed a peace treaty with the (then) Soviet Union after World War II because

the Russians had occupied and refused to return four small island groups in the Kurile chain northeast of Hokkaido (Fig. 9B-12). Failed negotiations for the return of these “Northern Territories,” as the Japanese call them, have cost Japan the opportunity to play a key role in the economic development of the Russian Far East, where crucial energy as well as mineral resources abound. Furthermore, relations with both South and North Korea are troubled—with the South over ownership of a small island group in the East Sea (Sea of Japan) and over memories of Japanese misconduct during World War II, and with the North over the kidnapping of Japanese citizens by North Korean agents and, most of all, the threat posed by North Korea’s nuclear weapons development. And add to all this a number of lingering issues with China over Japanese actions during the colonial and wartime periods as well as the Senkaku Islands dispute outlined in Chapter 9A.

Japan’s Challenges

The catastrophic 2011 Tohoku earthquake shook Japan, literally and figuratively: about 21,000 people died, entire communities in Honshu’s northeastern prefectures were destroyed, and the total economic damage is estimated to be as high as U.S. \$300 billion. Besides the immediate human suffering, the disaster added a huge burden to a country already straining to return its economy to a healthier state. Before the quake, Japan had already amassed a debt exceeding twice its GDP, bigger than that of any other high-income country (the U.S., in comparison, has a national debt that about equals its GDP and many consider that hugely problematic). The staggering costs of recovery are certain to push that deficit even deeper into financial distress.

Interestingly, now that the country’s long-term plans for reliance on nuclear power have been called into question, some Japanese power companies in 2013 were turning their attention to **geothermal power [12]**. The potential is excellent because the latter is derived from underground heat sources, generated here by the incessant tectonic activity that dominates Japan’s geology. Cutting-edge geothermal technologies do offer promising future opportunities, but the country’s needs are far more immediate: energy demand today is rising steadily and, for years to come, will be impossible to satisfy without nuclear power.

Japan has fared poorly since 1990 in adjusting to new economic realities, and the situation today has become even more acute. Quite apart from marshaling the resources to complete its earthquake recovery, to get its house back in order Japan also has to deal with: (1) its demographic burden, by increasing births as well as immigration; (2) its moribund economy, by allowing inadequately performing companies to fail and letting the creative destruction of capitalism do its work; (3) the issue of fostering business start-ups, by rewarding both creativity and risk; (4) abandoning its self-defeating attitudes in the sphere of gender equality; and (5) the resolution of major geopolitical disputes that serve to impede potentially fruit-

ful rewarding new economic relationships, most importantly with Russia and China (see Chapter 9A).

■ TAIWAN

When we see where Taiwan is located, it would seem to be inextricably bound up with China because it lies a mere 200 kilometers (125 mi) from the mainland. Not surprisingly, Taiwan has a history of immigration from coastal Chinese provinces. As discussed in Chapter 9A, China’s rulers view Taiwan as a “wayward province” that must one day return to the People’s Republic. Taiwan lost its seat in the United Nations in 1971 and was replaced by the PRC. The United States at the time also rescinded its official recognition of Taiwan in favor of improved relations with mainland China.

Taiwan’s Island Geography

Taiwan, as Figure 9B-13 shows, is not a large island. It is smaller than Switzerland but has a much larger population (23.4 million), most of it concentrated in a crescent lining the western and northern coasts. The Chungyang Mountains, an area of high elevations (some more than 3000 meters [10,000 ft]), steep slopes, and dense forests dominate the eastern half of the island. Westward, these mountains yield to a zone of hilly topography and, facing the Taiwan Strait, a wide, substantial coastal plain. Streams from the mountains irrigate the paddyfields, and farm production has more than doubled since 1950 even though hundreds of thousands of farmers left the land for employment in Taiwan’s expanding industries.

Today the lowland urban-industrial corridor lining western Taiwan is anchored by the capital, Taipei, at the island’s northern end and rapidly growing Kaohsiung in the far south. The Japanese developed Chilung, Taipei’s outpost, to export nearby coal, but now the raw materials flow the other way. Taiwan imports raw cotton for its textile industry, bauxite (for aluminum) from Indonesia, oil from Brunei, and iron ore from Africa. Taiwan has a developing iron and steel industry, nuclear power plants, shipyards, a substantial chemical industry, and modern transport networks. Increasingly, however, it has been exporting high-technology products, especially personal computers, telecommunications equipment, and precision electronic instruments. Taiwan offers enormous brainpower resources, and many foreign firms join in the research and development carried on in such places as Hsinchu in the north, where the government helped to establish a **technopole [13]** centered on the microelectronics and personal computer industries. In the south, the “science city” of Tainan specializes in microsystems and information technology.

The establishment of China’s Special Economic Zones went a long way toward mitigating longstanding problems between Beijing and Taipei. China needed investment capital and Taiwan had it, and in the almost-anything-goes environment of the SEZs, Taiwanese entrepreneurs could buy or build factories just as “real” foreigners were able to do.



FIGURE 9B-13

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Importantly, as we noted earlier, the Xiamen SEZ was laid out directly across from Taiwan for this purpose (people there will tell you that 80 percent of locals have relatives across the Taiwan Strait). As a result, thousands of Taiwanese-owned factories began operating in China, their owners and investors having a strong interest in avoiding violent confrontation over political issues.

Taiwan's Future

Taiwan's unresolved status entails risks, but there are signs that both parties want to find a solution (in 2012 the Taiwanese reelected President Ma Ying-jeou, effectively voting for another four years of rapprochement with the PRC). Given that the PRC will never allow Taiwan to attain independence, and the growing prospect that the United States, Taiwan's chief guarantor, could not secure Taiwan against Chinese military intervention, many Taiwanese as well as their allies and adversaries are seeking a long-range, negotiated solution. Among the options is one that appears to be working in Hong Kong, where the principle of *One Nation, Two Systems* has functioned more successfully than many observers anticipated (even though Hong Kong occasionally experienced political protests and demonstrations against Chinese rule). As a Special Administrative Region

(SAR), Hong Kong's economy has thrived, and freedoms not available in the Shi's, provinces, or Autonomous Regions continue to prevail. In time, the Taiwanese may negotiate a comparable status, internationally as well as domestically, that would benefit all concerned.

POINTS TO PONDER

- In 2013, the world's three biggest construction companies, in terms of revenues generated, were Chinese (a decade earlier none was in the top 10).
- The urban complex focused on China's Pearl River Estuary has a manufacturing workforce larger than that of the entire United States.
- Increasing social inequalities resulting from China's rapid economic growth are becoming ever more difficult to justify by China's self-proclaimed communist government.
- After nearly 70 years of dictatorship, malnutrition, and famine, North Koreans at the age of 21 are an average 6 centimeters (2.4 in) shorter than their South Korean neighbors.