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## **World Geography 2**

### **Chapters 26-27 Response**

East Asia is a region that has been in the news a lot lately, and for good reason - there is a lot going on. The rise of China as a regional, aiming to be world, superpower is a major development built off of impressive economic and population growth. However that house-of-cards appears to be crumbling for three main reasons: declining economic growth, an aging population, and a real-estate bubble of monstrous proportions. All of these, when taken together, spell the end of the "Chinese Century" before it even really began.

The decline in economic growth, while not obvious when looking at the official state figures, is evident by the mark-one eyeball test. Simply put, the Chinese economy has not progressed significantly beyond being a strong, enthusiastic, and authoritarian copy-cat of the West in matters of technology, innovation, and economic development. The Chinese government, by the sheer expedient of being an authoritarian state that can use compulsion and its 2 million strong army to enforce its will, has been able to keep its economy growing to a certain degree, but that is beginning to slip. In addition, the economic growth that was the envy of the world came from a starting point that few would envy--the Cultural Revolution, and its collectivization efforts, set the economy back so far that any capitalist reforms would have produced dramatic growth. The degree of copy-catism is evident just by looking at the Chinese military, whose equipment is either a descendant of Soviet designs or a direct copy of American ones(J-31 and F-35, J-20 and F-22). In more strictly economic terms, the lack of a significant domestic tech-sector that creates original products--specifically in advanced fields like semiconductors, robotics, AI, and biotech--means that China is dependent on stealing or mimicking foreign technology or products. This is not a recipe for long-term success, and the Chinese government knows it.

The time-window of peak-Chinese power, in this century at least, is rapidly approaching due to China's massively aging population. From a time when

the average family had too many children, so the one-child policy was instituted (leading to wide-spread infanticide and forced abortions due to a preference for male children, leading to a gender-gap), to having too few children to maintain its current population, China is facing a demographic crisis. This is not a demography class, but the simplistic explanation is that demographic shifts take a long time to work themselves out, and China is going to have to sit around and wait save for drastic action. The Chinese government has already begun to take steps to address this, but it is too little, too late. The Chinese government has been trying to encourage families to have more children, but the economic and social pressures are too great. The standard counter to this is immigration, but Chinese culture is not particularly welcome to those considered "outsiders", and the Chinese government isn't particularly interested in allowing a large number of people who didn't grow up with its propaganda to live in its borders. To return to the gender-gap, this is a *big* problem, one that substantively contributes to the final reason why China's rise is going to be short-lived: the real-estate bubble.

The real-estate bubble in China is a monster, and it is going to be the thing that brings the Chinese economy to its knees: it has already begun. In China, second, third, or fourth apartments/houses are not merely investments, they are status symbols critical to helping a man--overrepresented in the demographics of the nation--find a wife/convince a woman's family that his is suitable. It is very much the modern equivalent of a dowry as proof of a families' wealth, social status, and connections to secure the sometimes artificially scarce housing. This has led to a situation where the entire pooled wealth of families is going to purchase a third house that they don't need at artificially high prices, with the encouragement of local governments who get the majority of their funding through land sales to developers. The excess wealth, that which in America is used for investment in the stock market--mostly retirement funds, and the like--which funds further economic growth and greater innovation, is in China highly illiquid. This bubble has already started to burst, and when it does the Chinese economy will take a staggering hit--if not a killing blow. The Chinese government is aware of this, and has been trying to deflate the bubble without causing a panic, but I think it unlikely that a smooth landing is possible in this scenario.

In conclusion, the rise of China from artificially low levels of economic development to a regional superpower has been a remarkable achievement that has taken a billion people out of poverty. However, the Chinese economy, demography, and real-estate bubble are conspiring to

make the rise of China to global superpower status a mere--if impressive--flash in the pan in the early years of this century. They may yet pull out of this, the belt-and-road initiative is certainly the first of many steps in this direction but it will be a long, hard road. This is the inevitable consequence of economic planning by a small group of people who are not subject to the whims of the market, and who are not particularly interested in the welfare of the people they rule: sustainable economic growth and innovation can't be forced in the same way that pouring concrete can.