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# Dreaming of a Sustainable China

## An Interview with Peggy Liu

*China has the unprecedented capacity to implement large-scale innovation in sustainability if it chooses. Allen White, Senior Fellow at Tellus Institute, talks with social entrepreneur Peggy Liu, chairperson and co-founder of the Joint US-China Collaboration on Clean Energy, about the sociopolitical forces behind such potentially transformative change and its implications for China's long-term development trajectory.*

### **What inspired you to create the Joint US-China Collaboration on Clean Energy?**

JUCCCE grew out of a conference I organized back in 2007. The MIT Forum on the Future of Energy in China was the first public dialogue between the US and Chinese governments on clean energy. Because it was so successful, the government participants called for the creation of an NGO to foster and improve programmatic collaboration.

I worked with local sustainability experts and consultants from McKinsey & Company to map out the biggest opportunities for systemic change. Very early on, it was clear that the main battlefield for a livable planet was in China. We needed to focus JUCCCE on finding solutions for how China produces and uses energy in order to mitigate climate change and steer China's rapid development in a sustainable direction.

Our initial work centered on smart grid technology, clean coal solutions, green buildings, and renewable energy. However, we soon realized that we could not solve China's energy challenges by focusing on supply alone. Supply and demand innovations must work hand in hand. So we created demand-side, lifestyle-oriented programs like the China Dream and New Way to Eat initiatives. We now work with countries around the world to find solutions that will work for China.

**Over the past two decades, China has witnessed a breathtaking pace of change. What lies at the root of this rapid change, and what advantages does China offer for pioneering sustainable solutions?**

Two conditions in China enable this rapid, far-reaching change in sustainability innovation.

The first is the small number of decision-makers, especially on matters of infrastructure development. Such concentrated authority enables quick, decisive action. We introduced the concept of “smart grid” to China within three years, a time frame seemingly impossible in Europe or North America. When we launched the initiative in 2007, we were able to identify two key influencers at the State Grid, the largest electric utility in China, who looked at new grid technologies and were authorized to talk to foreigners. By bringing the expertise of the world’s top Smart Grid experts to those two people, we influenced a whole nation. China is now the leading country in building out a smart grid.

The second condition is the incentive structure built into the Chinese bureaucracy. Chinese officials are promoted, not elected. Their promotion is based on performance against China’s long-term development plans, which now include environmental and social goals. In other words, if an official seeks to advance in the bureaucracy, he or she needs to show progress on sustainability issues. Softer indicators such as naming and shaming the top ten and bottom ten most polluted cities help mobilize public opinion and reward progress.

China is the only country in the world that is building whole new cities, and this offers significant room for experimentation and rapid learning at a scale not seen in any other country. When you commit to building cities from scratch, you can create city-scale solutions that can lead to more efficiencies. Smart cities, electric vehicles, district heating and cooling, and mass transit all require deployment beyond the building level. China’s central government will select a group of cities and say, “You figure out your own local model. If your model succeeds, we will apply it across China, and you’ll be famous.” For example, seven regions were recently chosen to pilot different cap-and-trade schemes for carbon emissions, and one of those will be chosen as the nationwide trading scheme for the next five-year plan.

**How exportable is the Chinese model, and what lessons can it provide for other large emerging countries?**

JUCCCE runs a government leadership training program for the government training academies organized by the Central Organization Department, the central human resources agency in China. Every mayor must take twelve days of mandatory training each year—and every five years a total of three months. Since 2008, we have trained more than 800 mayors and central government bureau heads on how to build sustainable cities. These leadership academies are now creating tailored courses for government leaders in other countries. This government training system is credited with China’s continual growth and reform in the last three decades, and it can be replicated in other countries.

China is the only large emerging country that stress tests a long-term development plan (2030) against a resource-constrained economy. This process resulted in an undeniable conclusion: China needs to go green and become more self-reliant and efficient through a low-carbon pathway.

### **China's burgeoning middle class brings with it vast increases in material consumption. How do you reconcile your environmental optimism with this increased impact?**

The Chinese mindset is completely different from the American one. From the Chinese perspective, the world began to change dramatically after 1979. People are starting from a blank slate and see boundless opportunity. I don't think Americans really understand what this means. I'll give you two examples.

I recently spoke with a 65-year-old woman who noted that when she was young, she was sent away from Shanghai and her family to plant vegetables in rural China for about seven years. Each of those seven years, the government gave her household one block of frozen raw eggs to make egg dumplings for Chinese New Year's. That was their "luxury." Likewise, when a government official once treated me to a banquet in his hometown, one of the dishes was fried locusts. They were the only source of protein he had growing up.

I asked both of these individuals, "Well, what was your China Dream when you were growing up?" They responded, "You know, we didn't dare to dream at that time. We didn't think we had a future, much less a China Dream."

So what's remarkable about this very narrow window of China's history is that there is an emerging middle class projected to reach 800 million by 2025, 900 million by 2030, all of whom are thinking every year will be better year than the last. This is an extraordinary attitudinal shift in such little time.

I believe we can shape Chinese aspirations as they emerge to reimagine prosperity sustainably. JUCCCE is doing this by shifting the conversation from climate to personal prosperity, which is a better way to engage the broader populace.

### **What does a "better" future mean to people in China?**

"Better" is not just material consumption. I asked this question, for example, of the 65-year-old woman, and she responded with a story. When she was pregnant with her only child, very few means of transportation existed other than bikes. She would try to take a bus to go to work, but there were very few buses serving her route. When she succeeded, people would cram into the bus like sardines. For her, the biggest improvement in quality of life is the availability of mass transit. Based on my global travels, I would say that Shanghai has probably one of the best mass-transit systems in the world, an assessment unimaginable not long ago.

In China, prosperity is about pride in your lifestyle and life's prospects, with an underlying sense of dignity. It also means taking pride in your culture and in a growing, stronger China.

**You've alluded to JUCCEE's China Dream initiative. How did this project start, and what is your goal for it?**

In the early years of JUCCEE, we did a lot of the traditional campaigns associated with environmental organizations. However, it struck me that whereas many initiatives from environmental groups create awareness, they don't necessarily change habits, especially outside of the ten percent of the population that is already environmentally conscious. To change habits, we need to change social norms. We realized that, to do this, we needed something aspirational, a new narrative to communicate to people.

In 2010, we organized a number of ideation workshops of twenty-five people each across the country. We conducted visualization exercises, asking people to envision the "China Dream" and to explain the intersection of that dream with sustainability. Three main points of intersection became clear: survivability, livability, and thriving.

First is survivability: a clean environment. We asked people to imagine a future in 2030 of 900 million people living in very crowded, competitive, and unhealthy environments, much like Shanghai today. People are already stressed today, and it is going to get worse. So how can we ensure that everybody in China has access to safe food, air, and water, which are the top concerns of Chinese citizens today?

Second is livability: people-centered development. We are in an era where, for the past twenty-four years, we have been rapidly—and randomly—urbanizing. We need to build cohesive, eco-livable communities that are compact and walkable and surrounded by convenient mass transit. Integrating nature into city design makes people happier and healthier. Developments should connect residents rather than isolate them. All of this is especially important as urbanization changes the traditional social fabric of China.

The third is thriving: vibrant living with mental, social, and physical health. One shocking statistic is that since the introduction of KFC, McDonald's, Starbucks, and other fast food outlets, 50 percent of the population is now pre-diabetic, and 12 percent is already diabetic. If we eat in a more healthful way, we also help lessen our planetary impact.

**In other words, the China Dream seeks to explore the human dimension of sustainability.**

Exactly. This also informs our New Way to Eat program, which we launched last year. We can teach people about climate change issues through their stomachs. The New Way to Eat program grew out of one of our ideation workshops when we realized that people weren't making the connection between planetary health and human health.

The current incarnation of the program is aimed at primary school children and focuses on three behavioral changes. First is eating fresh instead of prepared food, which is a huge problem with the growth of the fast-food industry imported from the West. Second is understanding how food fuels your mind and body because, right now, the Chinese are eating a lot of empty calories. Last is understanding how your personal eating decisions affect the planet. We invite kids to ask, "What can I do to reverse the bad things that are happening to the planet?" We say to the kids: "Well, your personal eating habits are affecting your parents, your friends, and the environment in which you live every day. All these are connected, and you can do something about them."

### **What is your vision for the China Dream initiative five to ten years from now?**

As I noted, for new norms to spread, people need to be able to envision the better future they entail. We need to show a picture or video of what well-being means. What does a blue sky look like? What does it mean when you have safe food or safe water? How does a livable community function?

The media has great power to establish cultural norms and aspirations. China used to have little mass media, but in a very short time, MTV, Louis Vuitton ads, and shows like *Gossip Girl*, *Entourage*, and *Keeping Up with the Kardashians* have become available throughout the country. These shows present a caricature of conspicuous consumption, but many Chinese don't understand that because they have never visited the US. The latest generation of thirty-somethings have been modeling their behavior on such examples because they have been led to believe that that is what prosperity means.

Our goal would be to introduce antidotes to such harmful role models in the form of television shows that embed desirable social norms into everyday mass media. They would be like any other sitcom except they would promote a vision of sustainable prosperity. Instead of having a steak and red wine, you would go to a fancy vegetarian restaurant. Or instead of having a beer, everybody is visiting a hip juice bar. Or instead of living in huge mansions where you can't find your family, you live in a cozy apartment complex on top of a subway station.

China is experiencing sweeping changes in social norms. If these are channeled in the direction of sustainable production and consumption, the impact will be immense. Indeed, anything less would represent a monumental failure with severe consequences not only for China, but the larger world in which it is increasingly playing a leadership role.

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## About the Interviewee



Peggy Liu chairs the Joint US-China Collaboration on Clean Energy (JUCCCE), a nonprofit organization dedicated to accelerating the greening of China. She is a World Economic Forum Young Global Leader and was a *TIME Magazine* “Hero for the Environment” in 2008. In 2012, the Hillary Institute named Liu the Hillary Step for Climate Change Leadership. Prior to co-founding JUCCCE, Liu worked as a venture capitalist in Shanghai, an Internet entrepreneur in Silicon Valley, and a management consultant at McKinsey & Company.

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## About the Publication

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