

# Modernization, Immigration and Conservation: Counselors Gain Perspective at High Level Conference

BY CREs KAREN G. DAVIDSON, DAVID S. KIRK, HUGH F. KELLY AND WAYNE W. SILZEL

*"The program—themed A Clash of Cultures: Understanding Life in the Global Village—was a highly stimulating and mind-stretching session," said High Level Conference Chair Marc Louargand, CRE. "We heard from world-class thinkers, writers and Counselors. It was a stellar group, full of energy and ideas."*

*The following summaries give Counselors who were unable to attend a glimpse into the stirring presentations and conversations that took place July 13 – 16 in Park City, Utah, and describe the three major themes that emerged: modernization, immigration and conservation.*

*More information about the program, presentations and how to obtain audio CDs of the sessions are on the CRE Web site at [www.cre.org/programs\\_and\\_events/high\\_level\\_conference.cfm](http://www.cre.org/programs_and_events/high_level_conference.cfm).*

*A downloadable PDF file summarizing the conference sessions is at [www.cre.org/publications/the\\_counselor.cfm](http://www.cre.org/publications/the_counselor.cfm)*

## Security, Work, Multicultural Populations and Values

Summary by Karen Davidson, CRE

Moderator: Terrence Wilmer, Ph.D., CRE, The Louis Berger Group Inc.

Panelists: Daniel Rose, CRE, Rose Associates Inc.

Margaret Nydell, Ph.D., professor of Arabic Languages at Georgetown University and author of *Understanding Arabs*

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THIS ABSORBING AND THOUGHT-PROVOKING SESSION pointed out the polarization of opinions and obstacles to finding solutions to the threats we face today. CRE Daniel Rose's discussion focused on the assimilation of Muslims in Western society and Margaret Nydell, Ph.D., discussed distinctions among the Arab culture, Islamic religion and radical Muslims.

Rose said divergent and sometimes opposing cultures is an issue that deserves attention. The problem will not go away if we ignore it and could become a growing threat. He cited former Sen. Daniel Patrick Moynihan, who said: "The central conservative truth is that it is culture—not politics—that determines the success of a society. The central liberal truth is that politics can change a culture, and save it from itself."

Rose expanded that concept. "The United States today faces three separate confrontations of culture," he said. "The first confrontation, between radical Islamists and the rest of our 'open society,' is a culture clash. The second, between different ethnic or religious groups in our society, and the third, involving new immigrants, are

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not culture clashes so much as sources of social and economic friction that must be resolved as painlessly and as civilly as possible.”

The United States today is facing two separate and distinct types of culture clash. The first is relatively minor and likely to be resolved over time. It involves those who basically accept Western culture. The second is clearly more urgent, and unlikely to be resolved. This threat involves those who seek separation rather than integration, and promote behaviors that Western society cannot tolerate, such as the martyrdom of children, domination, destruction, beheadings, suicide bombings and destruction of artifacts deemed unacceptable to their beliefs, but are revered by others. The criminalization of acts enjoyed by people around the world, such as the recent dictate in Somalia that watching the World Cup soccer games on television was a crime, further underscore cultural differences.

One of the most difficult factors to address is that the terrorists are not only from outside the borders of Western countries, but also from within. Native-born residents of the United Kingdom and Spain—not extremists from far-away totalitarian nations—carried out bombings in those countries. What causes this to happen?

In Western society, rights are tempered by the rights of others. The religious beliefs of radical Muslims are harder to assimilate because they do not accept others’ rights to have their own beliefs. Different groups identified largely by strict adherence to religion, such as the Amish and Orthodox Jews, are accepted because their religious practice does not threaten others’ rights to believe differently.

Radical Muslims believe everyone who doesn’t follow Islamic practices must be destroyed, and that doing so brings martyrdom and rewards. This sect is much more difficult to deal with, Rose said.

Some consider Singapore’s approach—that the nation comes before ethnic groups—an ideal solution. But can Western society embrace this ideal when tradition places utmost import on the rights of the individual?



**CREs Daniel Rose, from left, and Terry Wilmer, and professor Margaret Nydell discuss global challenges, Islamic radicalism, Arab culture and related topics as part of the Clash of Cultures program.**

“In the United States today, a number of questions perplex us,” Rose said, including:

- What do Americans have in common that distinguishes us from other peoples? At one time, the so-called American Creed would have been the answer; today that identity is less ubiquitous.
- Can a cohesive open society be based only on a political and social contract among individuals? Today, some feel legal rights should be ascribed to groups as well as individuals.
- Individuals and groups can have multiple identities: “ascriptive, territorial, economic, cultural, political, social and national,” Rose said. To what extent, by law or practice, should we extend to all groups the recognition and approbation they want—and demand?
- In an age of stifling political correctness, to what extent can we discuss these issues openly, frankly and dispassionately without hurling charges of racism, ethnocentrism, sexism or classism?

Western societies are increasingly acknowledging group rights. Evidence of this trend in the U.S. includes recent demonstrations over immigration. To what extent, by law or practice, should governments extend rights and recognition to various groups? Group rights are by nature at odds with the Western tradition of individual rights. Complicating the matter is the fact that individuals and groups can have multiple identities. If every group demands equal treatment, how do we balance the demands of various groups? A nation’s single most unifying factor is a common language, yet we cannot demand a common language without offending groups.

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### **POLITICAL CORRECTNESS HINDERS DISCUSSION OF COMPLEX ISSUES**

Considering these questions and the environment in which they exist, the number of taboo subjects has reached an alarming level. We cannot discuss differences among groups or differences among segments of groups. Yet without discussion, we cannot find solutions.

“One can acknowledge the existence of a group known as Hispanics,” Rose said, “but it is unacceptable to point out the diverse attitudes and outcomes of pre-Castro Cubans in Miami, South Americans in the Midwest, Mexicans in the Southwest, and Puerto Ricans in New York. One can discuss American blacks, but it is taboo to examine the differing social and economic outcomes of Caribbean

*Fanatics represent less than 1 percent of Muslims and though that proportion is growing, most Muslims find the actions of fanatics horrifying. The vast majority of Muslims don't hate the United States, but they do understand the grievances that some Muslims express toward Western societies.*

immigrants, of recent immigrants from Africa and of native-born American blacks.”

Society is treating history and literature as therapy instead of fact. Compensatory history, morale-building and raising the esteem of groups has become paramount.

Terrorism does not reflect traditional Islamic culture, but the acts of extremists have caused many people to associate violence with Islam. Terrible acts in the name of religion, however, are not new. During the Albigensian Crusade in 13<sup>th</sup> century France, knights asked Arnaud-Amaury how they could tell the good Catholics from the heretics. His reply: “Kill them all. God will know his own.” Since then, the Irish Republican Army, Chechen soldiers and Basque separatists have all used violence to further their agendas.

Historically, such fervor has burned out over time. But modern technology fans the flames of radicalism. The Internet distributes propaganda worldwide in an instant, and allows it to continue circulating perpetually, inflaming potential followers around the world.

Groups that are prepared to live harmoniously in Western society will assimilate while retaining their identity. Each group will find its niche based on the way and degree to which they conform to societal norms. Previous immigrant groups did not assimilate immediately, but took several generations. This pattern likely will repeat.

### **MUSLIMS DON'T EMBRACE ISLAMIC RADICALISM**

Nydell said Muslims are not crazy or evil, and Rose's comments do not apply to most Muslims in the United States. Fanatics represent less than 1 percent of Muslims and though that proportion is growing, most Muslims find the actions of fanatics horrifying. The vast majority of Muslims don't hate the United States, but they do understand the grievances that some Muslims express toward Western societies.

Nobody knows how many Muslims live in the U.S. Estimates range from 3 to 7 million; Nydell estimates 5 million. Of U.S. Muslims, only about 15 percent are Arabs, with the balance

divided nearly equally among Southeast Asian, African-American, and individuals from other countries including Africa. Approximately 20 percent of the world's population is Muslim.

Islamic and Arab are not the same because religion and ethnicity are not a part of being Arab. Rather, Arabians are all people who speak Arab as a native language. About 70 percent of Arabs are Christian, Nydell said.

Muslim populations tend to be concentrated in areas such as New York, Cleveland, Detroit, Chicago and Washington, D.C. A tendency to cluster by nationality also exists. The majority of Muslims in Texas, for example, are from Southeast Asia; Iranians are the largest Muslim group in California. About two-thirds of Muslims in the U.S. are first-generation immigrants who came to the country after immigration laws were changed in 1965.

Approximately 3,000 mosques and Islamic centers exist in the U.S. The fact that about 80 percent receive funding from Saudi Arabia has contributed to public unease because Saudi Arabia practices an extreme form of Islam known as Wahabi. The sect, named for founder Muhammad ibn Abd-al-Wahab (1703–1792), regards all

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other sects as heretical. By the early 20th century, Wahabi had spread through the Arabian peninsula and remains the official ideology of the Saudi Arabian kingdom. U.S. politicians do not address this concern because we need Saudi oil, Nydell said.

Yet Islamic radicalism is not a religious issue. In true Islam, advocating hatred and martyrdom of children is against the law. And though most Muslims believe their image has been hijacked by fanatics, they typically don't protest because they are afraid. They have family members living under regimes that could harm them.

Hope lies with the younger generations in college who understand U.S. culture, Nydell said. Most Muslims come to the U.S. with two to three times the education of other immigrants. If they are not professionals, their children will be. They are coming with a stake in the U.S., and plan to stay. They have no problems or issues with democratic society.

Mainstream Muslims, not Western political policy, is the best counter-measure to Islamic radicalism because only they can effectively gain control of the governments that impose rule. Still, democracy is not the solution to terrorism because a functioning democracy must trust the opposition, and that scenario is unlikely in the Middle East.

### **TECHNOLOGY, OIL AND POWER ARE AMONG THE CAUSES OF FANATICISM**

Terry Wilmer, Ph.D., CRE, summarized the discussion by saying the panelists agree that there is not a monolithic group of Muslims out to make Western society miserable. He cited author and professor Francis Fukuyama, who said the source of radicalism is a lack of identity, and this problem is what drives fanaticism around the world. One of the reasons for Adolf Hitler's success was the lack of identity in Germany after World War I. He provided an identity and the rules for society to follow.

In a world where communication is instantaneous, a terrorist can perform a single act and have it replayed around the world. It heightens the sense of fear, and when people feel weak and vulnerable, they like to form constructs. On the other hand, communication can expose restricted societies to outside experience. The Cold War did not end with a clash of arms between the West and the Soviet Union; it ended because of communication. People in the Eastern Bloc were asking why those in the West lived so much better.

Other global issues contribute to the establishment of fanaticism, too—especially energy dependence. If there were no oil in the Middle East, Wilmer asked, would the U.S. be as involved in the region as it is? U.S. policies don't sufficiently address increasing environmental issues, either. As wealth in India and China grows, so does the impact their enormous populations have on the environment.

There are terrorists, and Western nations will be attacked. That is a given. The question is: What should we do about the issues that cause the problem?

Individuals are responsible for assimilating, but elements that unify the U.S. population are disappearing. Common language is the strongest unifying factor, and bilingualism is increasing across the country. Subtle changes in U.S. society are leading to increasingly isolated groups, Wilmer warned.

Oil and power are linked, and are a large part of the collective problem. Terrorism will not recede until the larger issues are resolved, but this era of extreme political correctness has made many important subjects taboo and hampers the ability to discuss solutions.

## How Other Cultures Have Adapted to American Life

*Summary by David S. Kirk, CRE*

*Speaker: Peter Skerry, Ph.D., professor of political science at Boston College and Brookings Institution senior fellow*

PETER SKERRY, PH.D., WELCOMED THE OPPORTUNITY to communicate clearly and candidly about domestic multiculturalism. Acknowledging that assimilation is a loaded word and has been for some time, he said that U.S. immigrants are indeed assimilating. Further, assimilation is part of the immigrant success story and the success of U.S. society.

Skerry defined assimilation as something between a coercive, painful and undignified shedding of individual identity and a benign, positive, nurturing embrace of freedom-seeking masses. It is a complicated and extended process that takes many forms. U.S. society, more open than any other, allows for groups and pluralism, Skerry said. Though immigration groups certainly change, assimilation has been a two-way street—a multidimensional

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evolution with cultural, social, political and economic aspects. The history of U.S. immigration includes conflicts and competition, rambunctiousness and outspoken opposition.

### ASSIMILATION BY THE NUMBERS

When considering separatist elements in the U.S., it is interesting to compare Hispanic and Muslim immigrant groups. Hispanics typically assimilate quickly, but many Muslims reject the basic tenets of U.S. society. A large segment of the U.S. Muslim population is uneasy with some aspects of Western culture and society, but appreciate religious liberties guaranteed by the U.S. Constitution. Many Muslims in the U.S. aren't experiencing a clash of civilizations, but do retain different cultures and values.

The Hispanic immigrant population numbers 35 million people mainly from Mexico, Cuba and Puerto Rico. Because of the language barrier and general lack of education among Mexican immigrant households, the second generation often assumes authority over the first in matters such as health, medicine, shopping and securing family services. As an indication of Hispanic assimilation, 50 percent of third-generation immigrants marry outside the immigrant group and many become Protestant—evangelical Protestant.

The Muslim population in the U.S. numbers at least 2 to 3 million, and the bottom line is they assimilate. Most Muslims in the U.S. are not Arabs, and most Arabs in the U.S. are not Muslims. The larger if not dominant group of Muslim post-1965 immigrants is middle class with professional heads of household. Muslim parents are successful in slowing their children's assimilation—particularly with regard to social behavior such as sexual activity and alcohol consumption—and they retain parental authority, which often is lost in Mexican households.

The Muslim community experiences greater cultural gaps than the Hispanic community, Skerry said. Muslims appreciate religious freedoms in the U.S., but many feel



**Assimilation is a loaded word, Peter Skerry says.**

targeted, and some are rejectionists. Their general response to the Sept. 11 terrorist attacks has been to open up mosques and become politically active. They are sensitive to surveillance and suspicion.

Skerry's knowledge of immigration data and the stories behind the data is derived from his extensive research. He said that U.S. schools and health systems are overburdened by immigration, both legal and illegal. The issues are complex, and vary from place to place and group to group. Assimilation for second and third generations can be more challenging than the first generation, he said, because first-generation immigrants know they're better off. But later generations who are driven to compete can be under-equipped and undereducated when compared with others in their age groups.

U.S. society tolerates group identity, which leads to a form of multicultural integration. Still, expectations for immigrants' success may be too high. To better support assimilation, communities could offer language and outreach programs that help immigrants achieve their financial, educational and societal objectives. The issue of immigration should be a high priority and needs greater order and accountability at all levels of government, Skerry said.

## Adapting American Business Practices to a Multicultural Future

*Summary by Hugh F. Kelly, CRE*

*Speaker: David K.Y. Tang, Esq., partner at Preston Gates & Ellis LLP, chairman of the Federal Reserve Bank of San Francisco board of directors and past president of the American College of Real Estate Lawyers*

DAVID TANG, ESQ., OUTLINED FOUR CRITICAL ASPECTS on the international scene: the movement of capital, ideas, cargo and people. To elaborate:

Capital is available as never before. The volume and velocity of capital flows have increased, forcing asset values higher than ever—with the consequence that returns are lower than ever. Barriers to capital flows have decreased substantially in recent decades. The only time capital flows were comparable was 1910–1914, a brief period that ended suddenly when World War I broke out.

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Modern technologies transfer ideas with remarkable speed. CNN is ubiquitous, and the Internet gives everyone with a connection access to information worldwide. Wireless phones enable communication capability that is not tethered to location. Many governments see these breakthroughs as threatening. The so-called “color” revolutions—the Green revolution, the Orange revolution and so on—are facilitated by information access that governments can no longer control.



**David Tang asserts that to date, China is the biggest winner in globalization.**

Cargo movement between nations links them economically. The explosion of world trade in goods is a tangible measure of this linkage. Tariff barriers are low, and this situation is emblematic of open borders. Containerization has allowed this movement to increase exponentially.

People take advantage of easier, cheaper travel—especially with international fares that are low compared with domestic transportation. Even putting immigration aside, the movement of people for personal and business travel has exposed millions to first-hand experience of other countries and cultures.

All these trends suggest that national borders are losing their relevance—a frightening prospect for those concerned about immigration flows. These are globalizing forces. Tang cited Thomas Friedman’s book *The World Is Flat: A Brief History of the Twenty-First Century* (Farrar, Straus and Giroux, 2005), which recognizes that there are winners and losers, but globalization is a fact and is not going to go away. It also raises the question: What happens when a homogenous society encounters other cultures?

China is the biggest winner in globalization to date, Tang said. The country has net inward investment annually of \$700 billion per year, its gross domestic product growth has been 9 percent per year for more than a decade, and it has a 40 percent savings rate. By all measures, growth is continuing and broadening. On the information front, Internet and cell phone use is soaring, and Microsoft and Google have set up research centers to take advantage of

China’s technical talent. The nation already has a 21 percent share of world semiconductor use and has become known as the factory to the world.

### **DISPELLING MYTHS: ECONOMIC ASPIRATION DRIVES BUSINESS PRACTICE**

Some myths about China need to be dispelled, Tang said. Some still think of it as the “mysterious East” where familiar Western concepts do not apply. But Chinese acceptance of the profit motive is clear and, thus, businesses have adopted Western principles and instincts. It is getting faster to complete deals and, at least for business, the legal system is reflecting an “imperialism of the American legal system.” Chinese business practice incorporates contract terms, financial terminology and measurements common in the West.

“The caravan is moving,” according to Friedman, and as it does, many nations in the Middle East are watching. But China is on the caravan. Though democratization is lagging, Tang expressed interest in Francis Fukuyama’s observation that a \$6,000 per capita GDP threshold could be a trigger point where economic prosperity lays the condition for democratic politics. He noted that U.S. Treasury Secretary John Snow’s comment that “China should be more like us—use more consumer debt” is unlikely. It is a mistake to believe China will become like the U.S., Tang says.

He also discussed problems that the government has swept under the carpet, including:

- Social order and stability for 1.3 billion people outweighs individual liberties.
- Income and urban vs. rural disparities spurred 70,000 riots last year.
- Corruption is widespread.
- 70 percent of rivers are polluted, and industrialization is exacerbating air and water contamination.
- Citizens lack a common belief system—not only in religion, but also in the legitimacy of political order.
- All land belongs to the state; there is no private property.
- Entrepreneurs cannot incorporate a business and own shares; the Chinese language doesn’t even have a word for “stakeholder.”

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- “Rule of law” means something different than in Western societies. In actuality, a more accurate phrase would be “rule *by* law,” meaning law is the instrument by which power is exercised.
- Because Chinese culture regards competition differently, a friend-or-foe mentality exists with regard to trade balance, resource scarcity, commodities, and energy, which affects world prices.
- The Chinese government’s oil partners are countries such as Sudan and Kazakhstan, which have poor or nonexistent relations with Western countries.

### Our Post-Ethnic Future

Summary by Wayne W. Silzel, CRE

Speaker: Joel Kotkin, author and Irvine Senior Fellow at the New America Foundation

THIS SESSION PROVIDED INSIGHT into the effect of immigrant groups on the shape and characteristics of U.S. cities and suburbs. Joel Kotkin has studied the multi-generational patterns of ethnic groups and immigrants in U.S., Canadian and European cities, and has developed a vision of a post-ethnic future.

Kotkin is the author of two books, *The City: a Global History* (Modern Library, 2006) and *The New Geography: How the Digital Revolution Is Reshaping the American Landscape* (Random House, 2000), which outline in detail his position and thoughts. He considers the term “future”



**With immigration fueling 50 percent of U.S. population growth, Joel Kotkin says the issue should receive a great deal of attention from national policymakers.**

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to mean 30 years hence, and said that what occurs in the post-ethnic future will not be a racial or ethnic problem.

He perceives U.S. culture as most similar to that of Canada and Australia, and most closely aligned with Australia. These countries have focused successfully on the integration of immigrants into a common culture. European countries do not follow the same pattern; instead, they isolate immigrants. Racial, ethnic and nationality distinctions are much greater in Europe than the U.S., Canada or Australia. Europeans don’t embrace the legal and social structure of the U.S. or the alignment of immigrants with U.S. national identity—meaning that Americans are Americans regardless of origin. Europe is composed of ethnic states, and Europeans don’t perceive the unique aspect of U.S. culture, which crosses state and local lines to form a national identity.

#### IMMIGRATION FUELS NATIONAL GROWTH AND DIVERSITY

Even the first wave of immigration to the U.S., from 1640 to 1840, was diverse; non-English citizens accounted for one-third of the signers of the Declaration of Independence. The second wave, from 1840 to 1880, was key to settling major eastern cities and sparked the industrial revolution, providing labor and expertise. The third wave, from 1880 to 1920, brought the highest percentage of non-Anglos: Italians, Yiddish, Balkans and others.

Henry Goddard tested the immigrants moving through Ellis Island in 1912 and determined that 87 percent of Russians, 80 percent of Hungarians, 79 percent of Italians and 83 percent of Jews coming to the U.S. were “feeble-minded” because of language barriers. The current wave of immigration, which began around 1970, reflects an ethnic diversity that is wider and deeper than any previous waves of immigration.

Now, 50 percent of U.S. population growth is fueled by immigration, either newcomers or their first-generation birth rates. However, birth rates of second- and third-generation immigrants decline and are in line with national statistics.

This growing population is fueling construction. Researchers estimate that by 2050, 50 percent of all real estate development in the U.S. will have been built after 2000.

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## How the Emergence of the Chinese Economy Will Change the World

Summary by Wayne Silzel, CRE

Speakers: Patrick Cheung, executive director of QED Global Ltd.

Rick Schulberg, Executive Director of the China-U.S. Center for Sustainable Development

THIS SESSION EXAMINED THE NEAR- AND LONG-TERM prospects for the Chinese economy and how its evolution will impact the U.S. and the rest of the world economically, politically and socially. Speakers addressed the workings of the Chinese economy and transaction market, and the emerging role of the Chinese middle class.

Patrick Cheung—a U.S. citizen living in San Marino, Calif., who leads a Hong Kong-based advisory firm specializing in Chinese real estate matters—said several key questions are looming. Is China the next superpower? How will its economic emergence affect the world? Though China is not a superpower today, Cheung said it has the potential to be in as little as 25 years. But can China sustain its development? And how will it interact with other nations?

Statistically, China's gross national product has tripled in recent years to approximately \$1,700 per capita, creating a \$2.2 trillion economy compared with the U.S. economy of approximately \$30 trillion. Experts project that China's economy will grow to \$16 to \$21 trillion in the next 20 to 25 years.

China is undergoing globalization and experiencing a growing demand for oil, importing about 3 million barrels of oil a day compared with 8 to 9 million in the U.S. The U.S. economy has benefited in recent years from lower-priced products imported from China, perhaps providing a check on inflation in the U.S. However, these low prices are coming to an end as costs for labor and materials rise in China.

China faces some unique situations:

- The country comprises 3.7 million square miles, about 200,000 square miles larger than the U.S., and is home to 1.3 billion people, up from 1.1 billion in 1991.
- About 50 percent of China's area is occupied by only 3 percent of its population. The vast majority of people live near the coastline in densely packed cities.

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- The challenges facing China are rural vs. urban interests, and the disparity between the very rich and the very poor. The country can be viewed as a glass half-full or half-empty depending upon one's focus on its assets or liabilities.
- 23 percent of China's population is 14 or younger, 69 percent is between 15 and 64 years old, and 8 percent is 65 and older. Thus, 92 percent of the nation is younger than 65. By 2030, the age grouping will invert.
- Since China's economic emergence began, 10 percent of the population has moved from agriculture to service industries. China has 800 million farmers, many more than in the U.S., and only 10 percent of the land in China is tillable, which is much smaller than U.S. agricultural areas.
- China imports as much in resources and products—half of its oil, copper, etc.—as it exports, whereas the U.S. has a \$185 billion trade deficit.
- China has \$800 billion in reserves, and concentrates on using those reserves opportunistically. Combined reserves of China, Korea and Hong Kong total \$1.2 trillion.
- Economic reform and growth is a priority, but is hampered by a weak legal system.
- Air and water pollution are acute and a source of significant economic loss.
- China is exhausting its own resources at a rapid rate. Other countries are not draining their resources as critically. For example, Japan is 11 percent more efficient in its use of resources than China.

### CENTURIES OF STRIFE CREATE DESIRE FOR POLITICAL STABILITY

The primary goal and motivating factor for the Chinese government and its people is political stability and the need for order. The population is cautious about change of any kind, fearing that change may lead to instability. The Chinese are basically hard-working people full of aspirations but willing to accept the status quo.



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**Patrick Cheung, left, and Rick Schulberg talked with Counselors about the rapid changes occurring in China and the impact they have on citizens and people around the world.**

What drives China's development?

- People have suffered for centuries because of instability, so political stability and control is extremely important.
- An engineering mentality keeps science and technology at the forefront of Chinese culture.
- Regions and individuals place a high priority on and compete for economic growth.
- The Chinese diaspora comprises more than 50 million people living around the world.
- Hong Kong serves as a conduit for attracting capital and trade.
- Exports lead the economy, and the Pearl River Delta area leads the nation in the development of export markets.
- Political and economic focus is on regional not national growth.

China has a one-party socialist government that must exert total control to maintain stability. In recent decades, China's government has achieved two changes of authority without violence—a significant step. This concern with domestic tranquility causes the government to focus inward; 90 percent of the government's decisions are rooted in how each decision affects China, without regard for how it affects other countries.

Because the Chinese consider science and technology to be crucial to success, political leaders are trained as engineers. Provincial and city officials are appointed, not elected, and

compete fiercely for foreign investment. And because each province operates as a separate entity without national oversight, duplication of services reduces overall efficiency.

China's most vital economic region is the Pearl River Delta area. It comprises less than 1 percent of the country's total land mass and is home to 3 percent of the population, but is responsible for one-third of all Chinese exports. The economy in the Pearl River Delta is built almost entirely on private enterprise. Shanghai is less privately driven and is home to publicly-owned businesses. Hong Kong is the largest investor in China's economy; Taiwan is another important investor.

The regions that drive the Chinese economy—including the Pearl and Yangtze River Deltas, and the rich coastal areas—are adjacent to very poor areas where the residents are one-third as much as their neighbors, or even less. However, a growing middle-class in China is spurring consumerism. Auto factories are producing over capacity and banks are being privatized. Government officials have expressed concern, however, about whether they can build the banks up again if they fail as private endeavors.

Cheung summarized by saying that China will not become a superpower but will become a player in the world market. He does not foresee China becoming a democracy partly because one of the most pressing issues in China is political vs. economic freedom, and the government is likely to place precedence on the latter.

In the meantime, an aging populace questions whether it will grow old before it grows rich. The 50- to 60-year-old age group has lost its values, and China as a national entity has no inherent value system to replace it. This reality may be why the fastest growing values-based group is the Catholic Church.

Cheung projects that China will become more nationalistic as it absorbs Taiwan. And though U.S. culture is popular in China now, he expects Chinese culture will grow in popularity as young people form a national identity where one does not currently exist. Many Chinese companies and businesses are becoming international in scope, which is altering the nation's inward focus. The U.S. cannot afford a failed China and has the greatest influence on China's foreign policy, trade and other global

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practices. It is this U.S. influence that will guide China to a stable position as a world market player.

### RESOURCE CONSUMPTION AND POLLUTION LEVELS SOAR

Rick Schulberg followed with a slide presentation of demographic, economic and sociological statistics about China. (Download Schulberg's slides at [www.cre.org/programs\\_and\\_events/hl\\_06\\_presentations.cfm](http://www.cre.org/programs_and_events/hl_06_presentations.cfm).) He outlined the role of the China-U.S. Center for Sustainable Development, which was created to build cooperation with the Chinese government, and explained that the only choices in dealing with an emerging China are to clash, compete or cooperate. The center is working to ensure that the economy, community and nature thrive in harmony.

To build a middle class, incomes must triple compared with traditional averages. In addition, China has a "floating population"—people who are always in transit and not rooted in a given location or occupation—of about 150 million. Rural residents have not benefited from China's growth because government hasn't provided services to improve the peasant class.

China is home to one-fifth of the world's population, and the country is undergoing astonishing change. More and more Chinese are moving to urban areas, which has led to massive construction efforts. Last year, 5 billion square feet of new housing was constructed, and another 9 billion square feet will be completed in the next year. Personal incomes have risen 250 percent in the past 15 years and—except for oil—China is a larger consumer

of products and services than the U.S. By 2010, experts project that China will be the largest personal computer market in the world and by 2030, the largest economy.

China's biggest challenge lies in controlling pollution as its population and economy grow. Schulberg referenced a book titled *The River Runs Black: The Environmental Challenge to China's Future*, by Elizabeth Economy (Cornell University Press, 2005), which discusses that the country has only one-fourth of the world's water supply per capita and is experiencing water shortages of 70 percent in most cities. The loss in GDP because of air pollution is acute; pervasive haze inhibits photosynthesis and causes the loss of 15 percent of agricultural crops. These limited resources, coupled with high population, make it impossible for the Chinese to reach the per capita consumption levels of the U.S., where only 3 percent of the world's population consumes 25 percent of its resources.

The center ([www.chinauscenter.org](http://www.chinauscenter.org)), which receives support from the James E. Gibbons Educational Development Trust Fund of The Counselors of Real Estate, provides training to the Chinese, using urban new-town models for development in cities and demonstration villages in rural areas. These concepts involve the use of straw bales, Styrofoam construction and other inexpensive, energy-efficient materials, offering an alternative to fossil fuels. The program involves U.S. and Chinese investors, and is education oriented rather than philanthropic. Through the past eight years, more than 450 participants have visited 21 of 23 provinces in China. ■