



# **SOLUTIONS TO CHINA'S HEALTHCARE AND ENVIRONMENTAL PROBLEMS**

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Gregory Chow is Professor of Economics and Class of 1913 Professor of Political Economy, emeritus, at Princeton University. He received his BA from Cornell in 1951 and PhD from University of Chicago in 1955, both in economics. He had taught at MIT, Cornell, Harvard and Columbia University and served as manager of economics research at the Thomas J Watson Research Center of IBM before joining Princeton University in 1970 as Director of the Econometrics Research Program and Professor of Economics. At his retirement in 2001 the Program was renamed the Gregory C Chow Econometric Research Program in his honor.

Professor Chow has advised senior government officials in Taiwan on economic policy since the 1960s and senior government officials in the People's Republic of China on economic reform since the 1980s. He cooperated with the Chinese Ministry of Education to modernize economics education in the PRC, having been responsible for two important graduate economics teaching centers in Beijing and in Shanghai from 1985 to 1996 and from 1988 to 1993 respectively, and for a separate "Chow Program" to place Chinese students to study towards a PhD in economics at American and Canadian universities. Hundreds of these former students are now PhDs working in prominent places in the world. Some are well-known professors and academic leaders in China and in the US. He has published 14 books on economics and on China. On April 18-19 2008 he organized a workshop in Princeton on China's energy-environmental problems involving Chinese researchers and government officials and Princeton faculty members, marking the beginning of a long-term cooperation between leading Chinese institutions and Princeton on this important topic.

## **SYNOPSIS**

During China's rapid economic development the supply of healthcare services per capita did not increase from 1995 to 2003 while the price increased rapidly because of the policy to make local governments responsible for the provision of healthcare. A simple solution to increase supply and reduce the price is to encourage competition from private providers. For improving the regulation of China's air and water pollution Professor Chow suggests (1) the local office of the State Environmental Protection Ministry require all polluters to report the amount of pollution and pay for it by emission permits; (2) local residents through their publicly elected representatives be given a voice in determining the total quantity of permission permits while the price would be determined by demand given the quantity supplied. This proposal enables the local residents to help determine the optimum amount of pollution through rational calculations and to help enforce that amount.