

AUSTRALIA-CHINA AGENDA 2013

What Do Chinese Leaders Want?

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THE AUSTRALIAN Centre on China in the World engages with the public and policy discussion of relations with the People's Republic of China and the Chinese world. Australia-China Agenda 2013 is our contribution to this important election year and the on-going consideration of the bilateral relationship.

This is a relationship that touches on virtually every aspect of our national life. A mature and beneficial engagement of such breadth and depth requires the leadership and support of government at all levels, as well as public stewardship, media understanding, educational enhancement and the strategic involvement of the business community.

Australia-China exchanges are also profoundly influenced by regional and bilateral relationships. Australia and China trade in goods as well as culture, politics and people, ideas and education, community and personalities.

Australia-China Agenda: 2013 brings to the attention of the public and the media, politicians and specialists some reflections and policy ideas authored by specialists with a professional interest and involvement in the relationship.

—Geremie R. Barmé
Founding Director, CIW

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Australian
National
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2013

JANUARY 一月

FEBRUARY 二月

MARCH 三月

APRIL 四月

MAY 五月

JUNE 六月

JULY 七月

AUGUST 八月

SEPTEMBER 九月

OCTOBER 十月

NOVEMBER 十一月

DECEMBER 十二月

二〇一四年

WHAT DO Chinese leaders want? There is one phrase that unites them, and which links them with leadership elites of previous modern regimes and dynasties back to the Qing that have ruled the territory of China: to create a rich, strong country. This is the most non-contentious general objective that any national or provincial leader across contemporary China's thirty-one provinces and autonomous regions wants to contribute to achieving. 'Creating a rich, strong country' is an expression with profound emotional, political and historic meaning, and a meme which runs through leadership and popular discourse across the decades, and the elite levels, uniting them.

But you can detect in the elite discourses two general strategies on how to achieve the final objective of a creating a 'rich, strong country'. The first of these is a purely functional one: a commitment to the economic development of China, one that was articulated from 1978 and which has been the standard statement of elite leaders even since. Deng Xiaoping, Hu Yaobang, Zhao Ziyang, Jiang Zemin, Hu Jintao and now Xi Jinping, as Party Secretaries (or, in Deng's case, paramount leader), along with all the leadership groups assembled around them, have not strayed from this commitment. The success has been measurable, and visible: Double digit economic growth from most years up to 2011, and a GDP that has quadrupled in size since 2001. The current leadership aim to double this again by 2020. The end point of this economic development, for this phase at least, is the achievement of middle-income status for Chinese people by 2020.

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Chinese fifth generation leaders, in their public discourse, reveal a far more sophisticated intellectual framework through which to see the process of economic development than leaders of previous generations. For Deng and Jiang, it was simply the need to lift people from relative poverty, to unleash the productive capacity of first the countryside, and then the state owned enterprises and industry generally. For Hu, we can see a move towards a more holistic policy – trying to balance the regional disparities of a country where most factors of productivity were now marketised and where the social costs of the side effect of this, inequality, were becoming destabilising.

Underlying this desire for balance is an issue the current premier and head of government Li Keqiang has written and spoken about most amongst the new leadership: the issue of how to achieve fast, sustainable growth. Edited transcripts of Li's

speeches about this issue – some dating back to 2009 – have been published in the Communist Party’s theoretical magazine, *Seeking Truth*. They set out a framework in which the aspiration of a ‘rich, strong country’ can be understood. The key elements of this are easy to set down. The 2008 economic crisis in the west proved, in the end, that reliance on growth through the markets there was unreliable; China needed to create sources of growth within itself that it can more easily control and shape; Chinese people’s greatest strength was the vast, undeveloped internal market, and the mission has to become how to stimulate this. Consumption in China is only forty percent of GDP. Li pointed out in 2010 that this was seventy percent in developed economies. He also pointed out that capital investment in China was still almost half GDP, compared to less than fifteen percent in the US or the EU. This economic structure gave the state too great a burden.

To create a country truly in control of its destiny, therefore, is to create a country in charge of how it produces wealth and growth. In this world view, every kind of public good, from healthcare to education, to civil society, has an economic function, and creates a society where those living in it are less anxious, and thus more willing to play their part in consumption rather than remorselessly saving. Li referred in 2011 to the ways in which housing policy would be a crucial issue in this – allowing people to use their property to be not only a living place, but a source of economic activity, an investment. The era of China being focused purely on feeding and clothing people as an overall aspiration is long over; now China has to deal with the consequences of being moderately wealthy, hugely productive and having policy that is always seeking new sectors for growth, from increased domestic consumption to increasing the proportion of high value added services in an era in which double digit GDP output is no longer sustainable. The main objective for the leaders in their macroeconomic policy is to ensure that as many sources of growth as possible are ones that China can control within itself.

The messages from China’s current leaders of a more diverse, service orientated, consumption driven economy in which people’s educational levels are rising, is a strong and unifying one. It is good domestic politics.

The only possible attack on it is one similar to that launched by leftists more supportive of greater central state control of the economy who wrote an open letter to then-Premier Wen Jiabao in 2012

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complaining about the *China 2030* report for development produced by the World Bank and the Chinese State Council's Development Reform Commission. The 2030 report had been closely sponsored by Li Keqiang and finally authorised by him as Vice Premier. The leftists' main complaint can be summarised as an argument that the *China 2030* report neglected to appreciate that the strong central state and its prescriptions on economic planning is the best means to maintain stability and uniform rule in China.

The problem with this leftist attack is, however, that their viewpoint has been discredited by the relatively poor economic outputs of a more statist model. In the rush to find more productivity in the economy in a time when GDP is likely to gradually slow down, therefore, to adapt Deng's phrase, it doesn't matter if the state is big or small in all this, as long as it creates growth. And the consensus in China now is largely that a small state is better suited to that.

What is more powerful in critiques of the current model, however, relates to the more emotional side of what Chinese leaders believe – the notion of a country with an historic mission, a lost cultural and moral greatness which it has had stolen from it and which it is now coming close to having the capacity, and the right, to reacquire.

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This is the second part of the strategy to produce a 'rich, strong country'. Here, the language of Xi Jinping is helpful. His dense attacks on corruption date back to his time as a Party leader in Fujian in the 1990s. That he uses language so similar now shows an allegiance to a vision of the Party having both a moral and a political right to rule – a right the Party loses through the poor conduct of its key officials. Of course, Xi's appeals hit against the deeper knowledge of malfeasance and vested interest running across almost every level of Chinese officialdom in social-media China now. The Party has become so obsessed with its function to forever seek sources of profit that this has been internalised by its officials, and hijacked for their own atomised networks and private interests. Getting rich in China is now embraced and almost fetishised. What the language of fighting corruption from Xi does is to push this back from privatised wealth obsession and creation to something for

society more broadly, and for the country – a reawakening of patriotic feelings, of belonging to a stronger, rising, revived China of the modern world which is dominant, truly in control of its destiny and culturally confident.

The ‘China Dream’ Xi also refers to now tries to allude rhetorically to the sorts of aspirations that, of course, cannot be easily tabulated in the way that Li Keqiang’s aspirations for a society with faster, balanced growth can. For almost every major Chinese political figure since Mao, the option of policy mobilisation through using more emotional or idealistic formulations has been a treacherous one. The epitome of this was former premier Hu Jintao, who talked in the most output-orientated, utilitarian, mechanical language in which any appeals to personal involvement or emotional attachment were highly militated against.

Xi’s formulation of the ‘China Dream’, even as a phrase, opens up space to reintroduce idealism, and to start addressing the vexed issue of how to gain traction over a society of such vast complexity and internal difference, where all of the main forces of change and development in the last three decades have been centripetal, not centrifugal. In this new context, in the poet W.B. Yeats’ phrase: ‘Things fall apart, the centre cannot hold’. The sole appeal a leader can make therefore is a message to the strengths of unity through the emotional power of being a rich, strong nation. That truly is a China dream; because of course, such dreams – while not real – shape newer realities. That’s their function.

For policy makers, there are two areas to look at hard in how the Chinese elite now view the world. First, conquering this internal domestic consumption market is a joint challenge. The government wants people to spend and become more dynamic and individual economic actors, and so do external corporate actors, and developed economies carrying vast deficits with China. Joint cause in finding imaginative ways in which to engage with this market is critical. It also gives anyone as an outsider a wholly new way of relating to Chinese people, and the complexity of the internal market – as buyers of goods, services, as people that engage in transactions, but also as people that we need to more deeply understand and see into, to see how their consumption tells us something about their own aspirations, visions and hopes. Very ironically, capitalism may well find its final great frontier in the markets of Chinese small towns and semi-rural areas. It is here where the most zealous practitioners of the old creed will almost certainly be found.

And in our own political discourses on China, we need to see the nuances and complexities of what drives Chinese national mission, and what this Chinese Dream actually is. Viscerally fearful responses, the creation of false and unnecessary dichotomies, the idea that China’s rise means our fall, these sort of comfortably stark polarities are

becoming an impediment to seeing the rich forms of mutual engagement that are now opening up. While therefore I have written about what the Chinese political elite have said in this piece, perhaps the most exciting, and the most encouraging, reality about China as we see it now is that the voices of these elites become less important and less dominating. In many ways, we will see them wither away. Our politics should prepare therefore for a world in which it matters less and less what Chinese leaders believe, and we are able to see, more and more clearly, what different groups, elites and clans in this vast, dynamic and self-renewing country, are directly saying not only to us – but much more importantly, to themselves.

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AUSTRALIAN CENTRE ON CHINA IN THE WORLD

The Australian Centre on China in the World (CIW), College of Asia & the Pacific (CAP), The Australian National University (ANU) is an initiative of the Commonwealth Government of Australia in collaboration with ANU, a university with the most significant concentration of dedicated Chinese Studies expertise and the publisher of the leading Chinese Studies journals in Australia. CIW is a national research centre that is jointly managed by a body of academics that includes scholars of China at universities in Adelaide, Brisbane, Hobart, Melbourne and Sydney.

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CIW sites

<http://ciw.anu.edu.au>

<http://www.thechinastory.org>

CIW publications (also available online)

China Story Yearbook 2013: Civilising China, October 2013

China Story Yearbook 2012: Red Rising, Red Eclipse, August 2012

Stephen Fitzgerald, *Australia and China at Forty—Stretch of the Imagination*, 澳大利亚与中国已届四十年—舒展的想象力, February 2013

Australia and China: A Joint Report on the Bilateral Relationship 中国和澳大利亚：关于双边关系的联合报告, with the China Institutes of Contemporary International Relations (CICIR), February 2012

CIW journals

China Heritage Quarterly

(<http://www.chinaheritagequarterly.org>)

East Asian History

(<http://www.eastasianhistory.org>)

The China Journal, co-published

(<http://ips.cap.anu.edu.au/chinajournal/>)

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