

AUSTRALIA-CHINA AGENDA 2013

Where the Chinese Communist Party is Going – and what this means for Australia

ROWAN CALLICK

Rowan Callick is Asia-Pacific Editor of *The Australian* newspaper. Following some two decades in Papua New Guinea, he moved to Australia in 1987 after which he worked for *The Australian Financial Review* during which time he was that paper's Hong Kong-based China correspondent (1996 to 2000). In 2006, he joined *The Australian* as its China correspondent. In his recently published *Party Time: Who Runs China and How* (Black Inc, Australia, 2013; the international edition was published by Palgrave Macmillan under the title *The Party Forever: Inside China's Modern Communist Elite*) Callick offers an in-depth analysis of the Chinese Communist Party along with an insightful portrait of today's China.

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

中 華 全球研究中心

AUSTRALIAN CENTRE ON
CHINA IN THE WORLD



Australian
National
University

ANU College of Asia & the Pacific
Canberra, Australia

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

THE CHINESE Communist Party, perhaps inappropriately for an organisation with a Leninist present and a Marxist past, usually confronts the necessity of change with initial dyspepsia.

It would rather rule within a stable universe. Its preferred artworks are those of the past, its favoured architecture – with some exceptions – imperial kitsch.

Nevertheless, it keeps adapting to the changed circumstances in which it finds itself – usually at first with some reluctance, but eventually with a degree of internal consensus and even comfort.

The leadership team now in place is widely described as ‘new’, and this period as ‘transitional’. But the top leader, Party General Secretary Xi Jinping, and his number two, Premier Li Keqiang, were members of the previous Politburo Standing Committee for five years. They are anything but outsiders. And they have held the reins effectively for about ten months, since the Eighteenth Party Congress.

If radical change were on its way, we might have seen a few indicators by now. Instead, we are mostly seeing more of the same: incremental and largely welcome economic reforms, implemented following painstaking pilot programs in a few provinces or cities.

Instead of awaiting or speculating about big-picture changes, Australia needs to watch more modest events there with exceptional attention and intelligence. How China behaves, and to a lesser degree what it says, will affect all our other key relationships too.

This leadership team is being presented as more ‘political’ and less ‘technocratic’ than its predecessors led by Hu Jintao and Wen Jiabao.

But it makes most sense to focus on what persists rather than to project a few subtle adaptations into a future that is bound to be hugely contingent.

We know that Xi and Li will, barring some unlikely shift in power or events, remain in charge until 2022. We can pretty safely assume that they will not ‘do a Gorbachev’ and recreate their country’s polity in a radical way from within.

Instead of awaiting or speculating about big-picture changes, Australia needs – as a middle power in the Asian region, hugely dependent on China economically – to watch more modest events

there with exceptional attention and intelligence. How China behaves, and to a lesser degree what it says, will affect all our other key relationships too.

That degree of focus, on Australia's part, must be applied above all in a one-party, unified state, to what the ruling communist party and its government arm wish to do. We need to know what people are talking about and publishing at the Central Party School, and at the other national party schools. We need to know who is providing advice to the leadership, and what is framing those advisers' own thoughts.

We need to remain attentive to the next generation of leaders, and those emerging behind them, and to seek to ensure they understand Australia and its motivations too.

While China, uniquely among the world's large powers, is not a federation, its regions, provinces and municipalities retain important capacities for decision making, especially in the economic arena that is the key area of Australia's engagement. The return to the concept of free trade zones – spearheaded by Shanghai – may indicate a readiness for further economic decentralisation, though this appetite has fluctuated in the years during and after the global financial crisis. Thus Australian attention needs to envelope regional China as well as the core organs of the party-state in Beijing.

More broadly, the Party has re-committed itself, in the wake of the sidelined nationalistic opposition by Bo Xilai and others, to globalisation – from which China has been the greatest beneficiary. China's own private sector, long restrained by lack of access to credit and other handicaps, is starting to aspire again towards a bigger role, Chinese investment offshore continues to grow – with Australia still the top target, while international capital optimistically waits on the opening of fresh Chinese fields to foreign investment.

A degree of realism is naturally necessary. With the party-state persisting in untrammelled power, albeit in a slowly evolving manner, limits will remain to institutional engagement, however warm the personal relationships that frame it. Essentially, the Party insists on a pervasive capacity – even if not exercised – to control every aspect of Chinese life beyond the personal and family realms, making its governance internationally unique. In contrast, in Australia – at least theoretically – the citizen is sovereign, alongside an independently administered rule of law. There remains massive mutual ground for conversation, and for finding common cause in specific areas – but less for wholehearted consensus.

Australian attention
needs to envelope
regional China as
well as the core
organs of the party-
state in Beijing.

What will be the key areas of engagement as this relationship starts its second stanza of 40 years, and as the newly elected Australian government prepares for its term of three, possibly six, years?

Economic advantage has been the core driver since the days of the mid-nineteenth century gold rushes that first drew thousands of Chinese adventurers to Australia. Politicians on both sides have been reluctant to expend the political capital necessary to push the long-negotiated comprehensive free trade agreement to completion. This is

Until Australia's services, agriculture and resources sectors are able to build substantial businesses within China, they will lack the crucial resulting market intelligence.

costing opportunities beyond China; Taiwan and Hong Kong, for instance, are eager to strike economic deals with Australia, as they have already done with New Zealand. Unless there is unlikely change on that front, it may be best to draw a line under that attempt, and instead to talk about doing deals sector by sector.

Investment and labour are obvious candidates. The countries' economic priorities are naturally shifting in tandem, as Australia responds to shifting opportunities and priorities for China and more broadly Asia. Both wish to diversify and extend their investment in each other. China's investors wish to bring more of their own labour force down to do construction and other work. And un-

til Australia's services, agriculture and resources sectors are able to build substantial businesses within China, they will lack the crucial resulting market intelligence. Again, this will test politicians' willingness and capacity to provide leadership for change within their own countries by reducing or removing barriers.

Australia has already granted preferential deals on investment and labour fronts to a number of other countries, such as New Zealand and Australia. For China to reciprocate may prove more of a challenge – though not if Beijing is persuaded, and can convince its own domestic interest groups, that Australia can provide a more persuasive testing ground for new economic enmeshments than, say, its Free Trade Agreement with New Zealand. All such interest groups are familiar by now with the concept of domestic pilots; why not extend it to China's international economic ambitions, on a reciprocal basis?

While economic links will remain at the heart of the bilateral relationship, the countries can also learn more about each other by working together in third countries, or on projects bigger than both.

Joint aid projects, for instance in the Pacific, might form one productive arm. And military conversations might be strengthened through progression from joint exercises towards the occasional joint deployment on UN assignments.

Cultural links remain inadequate for a relationship of these economic dimensions. But there remain subtle barriers towards greater intimacy, with even individual or independent artists in China requiring bureaucratic validation if they are to engage in cultural exchange programs. Cultural enmeshment is growing nevertheless, but often in autonomous, discreet ways beyond official programs.

The same might be said for moves to establish broad-based ‘dialogue’ programs between the countries. While official exchanges are slowly thawing out and developing into potential platforms for more frank exchange, low-key ‘below the radar’ initiatives such as the Australia China Youth Dialogue are already proving hugely valuable.

Naturally, as the smaller partner, the greater burden falls on Australia to make more of an effort to claim attention. This requires more consulates, more frequent visits by top leaders of all walks of life led by prime ministers, and many more students taking courses in China – the latter perhaps being made possible through the New Colombo Plan proposed by the Liberal-National Party Coalition. And Australian education authorities need to find ways to re-engineer the teaching of Chinese in schools and universities, so that more Australians study the language who do not speak it in their homes. This means a greater focus on oral skills, and less – initially, at least – on the traditional core of Chinese teaching within China itself, which naturally comprises writing and reading characters.

The welcome flow of Chinese migrants to Australia, of students and tourists to the country, are naturally making a mark. The personal links they create are likely in the long run to create a bond that is more valuable than official programs and visits, important though these remain. Such links will counterbalance the distance, the reserve, that will remain at the formal level however hard both sides try to conceal or even remove it – because of the countries’ deeply contrasting political structures.

The resulting personal intimacy, and readiness to work together to tackle problems and to gain economic benefits, within both countries and further afield, should – with its emphasis on opportunity rather than threat – provide a model that carries universal currency.

Naturally, as the smaller partner, the greater burden falls on Australia to make more of an effort to claim attention.

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.

The Centre is a humanities-led research institution that is engaged with the broad range of social sciences to produce academic work that, while relevant to the full spectrum of demands of international scholarship, also relates meaningfully to those in the public policy community, and to the broader interested public, both in Australia and overseas. It values a New Sinology, that is an intellectual, cultural and personal involvement with the Chinese world (be it in the People's Republic, Hong Kong, Macau, Taiwan or globally) that is underpinned by traditions of academic independence, local fluency and disciplinary relevance.

EDITOR: Geremie R. Barmé · PROJECT COORDINATOR: Ryan Manuel · LAYOUT: Markuz Wernli

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/>)

Danwei, affiliated

(<http://www.danwei.com>)