

# AUSTRALIA-CHINA AGENDA 2013

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

## Getting It: Predicting the Chinese Future

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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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IN A recent SBS interview, Ken Henry, former Treasury Secretary and special Advisor to the Prime Minister on the *Australia in the Asian Century White Paper*, commented upon Australia's preparedness for the Asian Century. He made the point that when it came to the dramatic economic impact flowing from China's rise many people in Australia still did not 'get it'. The phrase carries more than a hint of exasperation and impatience at how slowly the penny drops. The term also repeats in colloquial terms the call for Asia literacy or, as some prefer, Asia competence. When questioned about what it was that Australians did not 'get', Henry cited the rapid rise and considerable size of China's middle class, over sixty million already and set to rise dramatically over the next fifteen years. There are more nuanced messages in the White Paper, but perhaps Henry has been surprised at how difficult it is to get the story out.

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Henry went on to explain that these numbers translated into buying power and markets. On the face of it, this would seem an unremarkable discovery and not far removed from the familiar historical understanding that one day China's millions would create vast new markets from which clever people could profit. The new version of this old story provides a shift in focus from the Chinese masses to the Chinese middle class who, we are now told, are rather like us only more so. We learn that the über middle-class Chinese, while sharing many characteristics we may recognise, are particularly focused on 'brand' and quality. They are 'high-end' consumers.

Henry clearly travelled widely in Australia and internationally while preparing the government White Paper. He has spoken to many people, including many within the business community. If he is right in concluding that significant segments of the Australian population don't 'get it', that prompts a question that neither Ken Henry nor the White Paper has shown much interest in asking: what prior understandings and misconceptions do Australians have that almost guarantee that they/we get Asia wrong? I will return to this question in a moment.

In Ken Henry's formulation 'Asia' and 'China' figure as tests for the nation, a form of national IQ test. He poses the following question: 'There is something we all need to know about China. Hands up those who know what it is?' I suspect that part of the purpose of using such a formulation is to rephrase and update what is a long-standing trope

common among those who do believe they ‘get Asia’, that the Australian population is uniquely muddle-headed and more than a bit dim about the region they inhabit. In the absence of comparative data it is hard to know if there is any truth in this allegation. Even if it could be shown that Australians were no worse informed than others, those running the Asia-literacy IQ test would insist that given their geo-political location Australians need to know appreciably more about Asia than other nations. They may well be right.

At the (considerable) risk of sounding like a former US Defence Secretary, there is also the vexing question of what it might mean to ‘know’ China. How can we be sure that we know what we claim to know? Ken Henry knows that the Chinese middle class is already three times the size of Australia’s population and will grow dramatically. As I sit in my fourth floor apartment in Beijing, it seems a little reductionist to bring knowing China down to a question of what we in Australia can sell to wealthy Chinese. As a nation and a people, is it morally defensible and politically wise in the twenty-first century to focus so much on the new rich and ignore the millions of Chinese who are not yet ready or able to buy our high-end brands? In making this point, we need to bear in mind that the Henry strategy may well be to find the Asian Century sound bite that cuts through where more complex messages have failed to penetrate.

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Even so, the linear projection of a growing middle class as the most important thing to know about China may close our minds to other things we need to know or be receptive to. If history has any lesson for the present, it is that the clarifying certitudes of the past date very quickly to become the distortions we now feel impelled to correct. Of course the rise of the Chinese consumer might be thought of as a safe bet. The American advertising man and journalist, Carl Crow, set the scene for this discovery in his witty and elegant account of doing business in China in the 1930s, *400 Million Customers*, published in 1937.

There is no doubt a number of things we need to know about China, but among them is the question we should ask ourselves: how as a nation should we determine what we need to know? If we are convinced that the Chinese middle class is the key to both Australia’s and China’s future how should we understand the cultural pressures and multiple consumer behaviours that make them want these high-end brands? What kinds of culturally determined affirmation are they seeking? In 2028, when there are so many

more millions exhibiting this behavior, how and in what ways will their cultural position and tastes have changed? While it is helpful to know the size and buying power of the Chinese middle class, it is even more important to understand the cultural logic of their purchasing practices. To do this we will have to get closer to them as people, not just consumers.

With the rise of China, Western prestige and self-regard will decline at every level, triggering a myriad of questions about how best to manage what might become a quite precipitate decline in cultural authority.

A larger question sits behind the rise of the Chinese middle class. As the wealth and power of all those millions grow, so too will formative intellectual trends and cultural influences shift to China. There may not be an exact one to one relationship between economic power and cultural capital, but there is certainly a powerful connection between them. In the future the Chinese middle class will increasingly determine what constitutes best value. As the cultural authority of the Chinese increases, ours will decline. Our voices still carry the authority of the historically significant but relatively short-lived European dominance of the last two centuries. The West has formed a very high opinion of itself racially, culturally and politically. It alone claimed to understand how best to govern others trapped within what were commonly dismissed as irretrievably bankrupt or defeated cultures. With the rise of China, Western prestige and self-regard will decline at every level,

triggering a myriad of questions about how best to manage what might become a quite precipitate decline in cultural authority. It may be that relatively unimportant nations like Australia handle this rather better than the United States which has more cultural capital to lose and more sensitivity about its threatened global ranking.

Assuming we may be facing some decline in prestige, there are implications for how Australia markets its expertise, not least in research, higher education and in high-skilled industries where we seem to be faring well such as architecture. The Beijing skyline, when it can be seen, makes a powerful statement about the symbolic importance of big, innovative architectural statements in the capital of the world's newest and largest rising power. As cultural prestige shifts from West to East, a key question for Australian architects practising in China is: why is our work valued? The answer will be considerably more complex than any identity as a high-end brand; it must relate to capacity and expertise in particular building types, but also to how our expertise will respond to and be shaped by changing Chinese sensibilities and cultural expectations. Firms, such as

Hayball, that work in China, must continue to develop their understanding of this society based on something more than the growing numbers of middle-class Chinese. They will need to form sophisticated understandings of developing trends in contemporary Chinese architecture, and how this relates to the complex forces determining how China wants to present itself to the world. That said, there is not now and will never be one China. In turn, whether the Chinese are interested in our expertise will depend a great deal on how we value and invest in research and innovation. Our record of being a 'clever country' is not overwhelmingly strong. Why the Chinese should value something in us that we ourselves don't value is far more mysterious than the fabled mysterious orient.

Against a 'getting it' paradigm for knowing China, I would suggest something more modest and less didactic (while also conceding the point that this might prove difficult to sell). We should encourage (and admittedly the White Paper often does this) a range of ways of knowing China and a range of possible Chinese futures. What might happen to our projections (and specific projects) in the face of any of the following developments taken singly or in combination: political turbulence in China, a sharp end to the economic boom, regional conflict, a dramatic increase in nationalist sentiment, catastrophic climate change, epidemic disease and crippling shortages of food, energy or water? And what responsibilities might we incur as a wealthy nation seeking to benefit from China's rise for poor and dispossessed Chinese? If there were to be large numbers of such people reaching our shores in boats, should we greet them quite as enthusiastically as those wealthy Chinese wolfing down another Penfolds Grange Hermitage?

Returning to my earlier question: if we have a problem about Australians not 'getting Asia' shouldn't we direct more attention to the process of how we form our views about other societies? If Australians have trouble comprehending the high-end Chinese consumer snapping up expensive brands and labels, it may have something to do with those historically formed 'truths' about China and the East passed down from a previous era. For at least a century, Australians were presented with a poorly differentiated representation of the Chinese as poor, frugal, diseased, drug-addicted and predominantly male beasts of burden who threatened the Australian standard of living. This was the often-repeated central 'truth' about China from another not so remote era. The first step to knowing Asia better is to know how Asia has been represented in Australia over the

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last century or so and what that past now means to us. Perhaps we should spend less time gazing anxiously into the unknowable future and more time examining the more knowable past. That might teach us something about the problematic nature of 'knowing' and something about ourselves as well.

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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.

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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>)