Today I really want to talk about the rise of China. As Catherine pointed out, I am Director of Griffith University’s Asia Institute which focuses essentially on Asia as a regional entity, but also how Australia engages with Asia across the political, economic and security spectrums. And there is no more important country in terms of how Australia engages with Asia, how Asia is evolving as a regional entity, than China. So it stands to reason, in a sense, that you know, this is a country that demands people’s attention in terms of academic inquiry in addition to the attention of policy makers, when you think that the prime focus of Australia’s foreign policy is Asia, and in Asia, China is the leading regional actor along with United States.

It’s significant, when we think about China, how far China has come in the last three decades. In 1978 the then paramount leader Deng Xiaoping made a decision supported by the rest of the Central Committee and the Chinese Communist Party to open up China to international trade and investment, the so-called ‘open door policy’, the ‘open door strategy’. And over the past 30 years there’s been a significant shift in terms of China’s engagement with the outside world, but also in terms of China’s development as a state. And in a way, the figures speak for themselves in terms of China’s dramatic rise. Between 1978 and 2009 China’s annual economic growth averaged around 10%. To put that in perspective, Japan, which for many years has been, and still is, Asia’s largest economy, its annual growth averaged over the same period between 1978 and 2009 1.2%. So China’s growth has been astronomical. Not just in absolute terms, but in relative terms. It’s estimated by the World Bank that China’s economic growth over this 30-year period has lifted over 400 million people out of poverty. China, in addition to the numbers, has a significant global presence today. China’s meteoric rise over 30 years has arguably been the single most striking trend in the international relations in the contemporary context. But economic might, China’s economic rise is only part of the picture. China is a significant strategic and political actor. China is a nuclear weapons state, it’s one of nine countries in the international system, nine countries out of 193 countries that has a nuclear weapons arsenal. It is a significant actor militarily in North East Asia, and increasingly in South East Asia. It’s increasing its ability to project military power well beyond the literal waters surrounding China.

Politically we’ve witnessed recently China’s growing clout in international forum. When we think about the result of the Copenhagen International Climate Change Conference, China essentially didn’t want the outcome the United States wanted. China was able to scuttle agreements at the Copenhagen Climate Change Conference. China is a significant actor. Most people now, today, recognise that climate change cannot be seriously addressed without China and the United States essentially agreeing on a way forward. This is a significant shift when we think of China in the late 1970s. China was an actor with limited global clout, essentially very inward looking, a post-Mao Tse Tung period,
recovering from the Cultural Revolution, recovering from the series of internal shocks. In a space, again, of 30 years China has risen to be a significant international actor. But one of the most significant ingredients of China’s contemporary power is the expectation that China will continue to rise. The expectation that over the next 30 years China will continue to rise even more significantly than it has over the last 30. And China has Chinese leaders, Chinese elites effectively leverage this expectation in the way they engage other countries, particularly in their region. Other countries in the region, like Australia, in Asia, very much focused on how China’s power, on how it’s material capabilities as well as its political influence is going to increase in the future. This gives China significant political and moral clout.

What does China want? What are China’s aims? Well, if we could answer this question, I think there would be a lot of happy people around, certainly in the policy world, but also in the academic world. Part of what we do at Griffith Asia Institute is to address this question. What does China want? What do Chinese policy makers actually want? How do they seek to convert China’s rising power, it’s rising presence in the international system, into outcomes for China? What sort of outcomes does China want? Well, there’s disagreement in the academic literature, among the policy makers. Some argue that China is aspiring to hegemonic status in Asia. Hegemonic status is essentially having control over how, a great power control over how relationships evolve in the political, economic and security spheres. In a similar way to the role that the United States has played in Asia since 1945 as the hegemonic state, the state that can essentially, the indispensable state that can influence outcomes more than any other country, a great power hegemon. Many people in the United States argue, not just conservatives but many liberals as well, argue that China is aspiring to the role of the dominant power in Asia, that it will essentially seek to shape Asia in its own image over time. That Asia will evolve from being a region that is essentially led by a liberal-democratic power in the United States to one that’s led by an authoritarian state. And think about the implications of that in terms of China’s preferences for how individual countries in the region evolve. So the argument is that China will seek to remake Asia in its own image. Others disagree. Others maintain that China is pursuing an inherently defensive strategy in Asia. It doesn’t have any grand designs, it doesn’t have any designs to conquer other countries, it doesn’t have any great power ambitions. Essentially, China is concerned with defending its own sovereignty. So there is a significant disagreement, not just in the academic world, but also among policy makers in many Western states. But I think the key point here is to emphasize that Chinese elite, Chinese policy makers, people in business, but particularly in the policy world are preoccupied with massive internal challenges within China. I think travelling to China, talking to people, looking around the country, it only becomes clear the extent to which China is facing massive domestic challenges. China, for example, only has, when we think of quantitative measures of Chinese power, economic growth is important, the increasing size of the Chinese economy is important, the fact that China has the largest foreign exchange reserves of any country in the world in terms of owning the world’s currency, that’s really impressive. But it’s also important to keep in mind that China’s per capita GDP, that is the share of wealth at an individual level, is only around $3,500 per individual across the country averaged out, compared to Australia which is $45,000, that’s per capita income a year.
The Chinese government has to create 20 million new jobs per year just to keep the economy moving along at the same rate. Internal migration is a major challenge to China.

Secondary powers like Australia face a series of challenges. There’s increasing economic dependence on trade with China, China is clearly our most important trading partner, but policy makers are still wary of Beijing’s longer term motives. Countries in Asia don’t quite trust China’s motives in a long term. There’s a saying that it’s better to go with the Devil you know, and most countries in the region know how the United States behaves, they know how the United States acts and performs in the role of the dominant state, they don’t know how China will perform in a similar role. So there is some uncertainty about China’s motives in the long term. What is Australia’s approach? I think it’s fair to say that Australia bandwagons with China for profit, but it balances against China for security. That’s why in a sense Australia maintains its strong alliance with the United States, because it’s uncertain of China’s longer term intentions in Asia despite its close economic relationship with China.

And I just want to very quickly wrap up with some information on what we are doing in Griffith Asia Institute in this space, in the China space. China is a large part of what we do as a research institute. We have a number of researchers who are researching areas in relation to China. As I’ve mentioned earlier in the presentation, one of my concerns is looking at how middle powers, democratic middle powers such as Australia, Canada, South Korea and Thailand, how these countries are responding to China’s rise. The challenge of dealing with a country that has, for example, a very different conception of what human rights is. That poses significant challenges politically for Australia. The tensions between the trading interests we have and the close relationship with China, and some of the tensions between Australia and China over human rights, for example, you know, that’s a big challenge for policy makers to manage. Another area that we are increasingly focusing on at the Griffith Asia Institute, and this is an area that the university is investing in here at Griffith, it’s an area of strategic investment, the role of great powers, the role of Asian politics, development and security, focusing on preparing for the rise of China and India. India is another power that’s rising, albeit not as quickly as China, its rise is not as meteoric as China’s rise, but again how will the region adapt to an India that is focused on playing a much more active and engaging role in shaping Asia’s future strategic and economic development. And indeed, the relationship between India and China, it’s a significant relationship. These two countries fought a war in 1962. There are many people who believe in a sense that they are on a collision course in terms of great power rivalry in Asia. You know, how inevitable is that? Can these two countries strike a modus vivendi that essentially overcomes the prospect for great power confrontation? Very, very important questions in terms of Asia’s future, indeed the world’s future.

Domestic factors shaping China’s international engagement strategy. There’s a lot of shallow commentary out there on China, mainly written by people who don’t really understand China’s domestic system. One of the themes that runs through our research at Griffith Asia Institute is that if we are to understand China’s future international
engagement strategy, we really have to understand how China is evolving at a domestic level. Generational change in senior leadership, for example. What’s the next generation of senior Chinese leaders, you know, what are they thinking? What are their world views? Are they more cosmopolitan in outlook than the current leader, Hu Jintao, Wen Jiabao, you know, these are key questions, absolutely key questions. What are the role of key institutions like the military, the People’s Liberation Army, the Supreme People’s Court? These are critical questions in terms, these are critical levels of analysis in terms of helping us understand and explain how China is likely to seek to engage in the international community in the future.

End of recording