

A new China narrative for Australia

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A new China Narrative for Australia is long overdue and an excellent initiative from China Matters. I hope the new narrative will help to reset Australia-China relations. I offer the following comments in order to support and strengthen the draft.

My perspectives have been shaped by recent study towards an Executive-MBA at Tsinghua University, and my experience establishing a China-Australia policy initiative, One Green Road 悠质生命 Pty Ltd.

1. Tone and positioning

Overall, the new China narrative has a defensive tone. Structuring the narrative around what 'we want,' assumes that China wants something different, or worse, is deliberately undermining Australia's interests. There are several interests (e.g. "clean and sustainable environment", "live in a prosperous society") which are likely to be mutual. Rather than asserting our interests, the narrative could explicitly seek to find common interests between Australia and China.

Described in the preamble as "written from a Prime Minister of Australia, setting out a basis for a national consensus...", it's not clear whether the Prime Minister is addressing Australian citizens, PRC officials, or both. The draft could be strengthened by focusing on the Australian public as the primary audience. This would enable the draft to answer questions more directly: What is the extent of Australia's economic relationship with China? How is China's economy changing and what are the implications for Australia? How is the balance of power shifting in the world, and in our region? How does China's political system differ and how does the CCP project influence directly (and covertly)? Finally, and most importantly, how does Australia protect what works (in our political system), and what can be improved?

2. Context of China and the Indian-Pacific region

Judged by any measure, China is already the region's most important economy. At present growth rates, this will continue beyond 2030. However, Australia's long-term economic and security interests are better served by casting a larger narrative. Over the 21st century, the Indo-Pacific region will *resume* – in economic and political terms – a position held in 1700 when the Qing Dynasty and Mughal India represented 60% of the world economy.

According to the recent PwC 'World in 2050' report, India's share of world GDP (PPPs) is expected to grow from 7% to 15% over the next thirty years; China from 18% to 20%. Over the same period, Australia is expected to drop from 19th to 28th in GDP rankings. Of course, in terms of GDP *per capita*, Australia should maintain a leading edge. Nonetheless, this highlights that the developing world is rising with China, and Australia's comparative position will diminish. As it should. Australia describes itself as a middle-power that 'punches above its weight'. Over the next generation, Australia will need to punch higher than ever before.

By emphasizing these long-term trends across the Indo-Pacific region, Australia can avoid being stunned by the headlights of a US-China rivalry. According to this narrative, China's return to great power status is historical, inevitable and to be welcomed. But likewise, the same is true for India, and other countries in the region, including Indonesia. In this way, Australia emphasizes the rise of the Indo-Pacific region overall, with China having special, but not exclusive significance. Australia's interests are best served by a balance of power (and interests) across the region.

3. Values and interests

The new China Narrative draws a distinction between *values* and economic *interests*. Australia's values include "a commitment to a free and open society, rule of law, universality of human rights..." The narrative describes Australia's *interests* in terms of what "we want". This formulation leaves little room for finding common values *and* interests.

An alternative formulation might begin by describing Australia's living standards in terms of the institutions which support them – parliamentary democracy, an independent judiciary, and relatively free press. Secondly, that our economic vitality depends on competition and private enterprise. Finally, that we are committed to fairness and wealth distribution. Crucially, Australia needs to recognize that our system is not perfect. It requires maintenance and reform.

Likewise, Australia must recognize that there are alternative systems for achieving economic development and higher living standards. China, under CCP leadership, has demonstrated this simple truth. As China's middle class grows and the economy achieves 'developed status,' further institutional reforms will be necessary. Australia may legitimately hope that these reforms will resemble Australian institutions and political values, but we cannot presume that they will.

In the Indo-Pacific region, Australia shares democratic DNA with India and Indonesia, amongst others. Australia can respect and learn from China's economic development model, while also strengthening its own democratic institutions and partnering with like-minded countries on other issues. Australia believes in diversity. The Indo-Pacific offers significant diversity.

A new China narrative in Australia must be based on mutual respect. The draft correctly highlights those areas of concern for Australia and the wider region; for example, the handling of maritime disputes in the South China Sea. However, Australia has also overreacted to methods of Chinese statecraft, including its relationship with Chinese overseas residents. The concerns are legitimate, but the response has been disproportionate and unproductive. Australia's interests are better served by strengthening its own democratic institutions, including competition within (and regulation of) the media industry; political donation reform and foreign-interests disclosure laws. These reforms should be pursued on their own merits, and not specifically aimed at China.

Finally, greater effort must be made to establish common interests and values. For example, Australians are deeply committed to social justice, including affordable health and aged-care. Chinese culture has a deep reverence for elders and living in harmony with the natural environment. As China develops and ages, medical research and healthcare could provide fertile ground for mutual cooperation. Over time, common interests can help to build common values; even if differences in our political and social systems suggest otherwise.

China Matters highlights the historical importance of the US-Australia security alliance. Australia shares a similar political system, common language and cultural exchange with the United States. For much of the 20th century, Australia's interests were also aligned with the liberal international system sustained by the US. In recent years, the US commitment to that multilateral framework has wavered. Also, the two countries have diverging approaches to political economy, especially the role of government in the economy and wealth redistribution.

Values and interests change over time. The United States continues to provide leadership in education, science and technology and will continue to positively shape the world economy for decades to come. However, Australia should avoid considering values and interests purely in historical or narrow cultural terms. Nor should Australia allow itself to be drawn into any great power rivalry between the US and China.

In summary, the formulation of values and economic interests in the new China narrative for Australia could be broader and more positive. Greater emphasis should be given to common or potential interests between Australia and China.

4. A new economic narrative

Despite the enormous contribution China's development has made to Australia's economic growth since the early 2000s, most Australians continue to lack awareness and engagement with China. This is partly because the economic relationship focused on resources and commodities has been too narrow and intangible for most Australian households.

Increasingly, the Chinese government is taking a central role in formulating and negotiating offshore investment projects. The Belt and Road Initiative represents a different form of political economy which emphasizes bilateral agreements between states rather than between private companies. Australia has been hesitant to join the Belt and Road Initiative. This is partly because of governance concerns, but also because Australia hasn't allowed itself to consider the opportunities.

A new economic narrative would require imagination and flexibility. I founded One Green Road 悠质生命 to draw attention to Australia's strengths in medical research and health services, its clean environment and potential to build world leading aged-care infrastructure. As a major power and largest developing economy in our region, China is an infrastructure partner, a research and development partner and major source for future trade in services.

One potential foundation for Australia-China collaboration could involve investment in highspeed transport that links our major capital cities. This would not only relieve congestion and support immigration, but also build new urban clusters focused on health, tourism and aged-care. Further information can be found at <https://www.onegreenroad.com.au/>

In summary, a new China narrative is a very welcome contribution to improving public debate in Australia about China. It is realistic, nuanced and sober in tone. However, I believe there remains scope for canvassing a more positive Australia-China narrative based on shared interests *and* values.

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