

Australia-China Relations Institute 澳中关系研究院



The Australia-China Relations Institute (ACRI) is an independent, non-partisan research institute based at the University of Technology Sydney (UTS). UTS:ACRI's mission is to inform Australia's engagement with China through substantive dialogue, and research and analysis grounded in scholarly rigour.

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Preface

Jocelyn Chey (editor) | Adjunct Professor, Australia-China Relations Institute, University of Technology Sydney

It has never been more important to understand the People's Republic of China (PRC). Over the last couple of years Australia's relations with the powerful neighbour of Australasia have sunk to an all-time low. In consultation with John Menadue, I therefore invited some knowledgeable commentators to contribute essays on aspects of China that are relevant to the bilateral relationship, with the aim of demonstrating to the public the breadth of expertise and understanding of Chinese affairs that is available in Australia and New Zealand. These essays were published in December 2019 in Pearls and Irritations, the influential blog maintained by former senior Australian public servant and diplomat, John Menadue. Topics covered included: how China is finding its place in the world; how Chinese society is evolving; and what are China's enduring core values. The twelve essays have now been gathered together as a series to be republished by the Australia-China Relations Institute of the University of Technology Sydney (UTS:ACRI).

Over the past couple of years, we have seen undue influence on foreign policy-making by a few strident voices, exacerbated by uninformed comments in the media. Criticisms of the PRC government and of the Chinese Communist Party (CCP) have been many and varied. Some may be justified but too often they are based on flimsy evidence, supposition and innuendo. This is no basis for a serious relationship, which Australia certainly needs.

Key to the PRC's international rise is how its national identity has been formed and what meaning is given to 'nation' - clearly, this influences how the PRC sees its place in the world. This view is largely shaped by its history and culture. When the country has such a vast geographic spread and includes so many ethnic groups besides the dominant Han, the Party and government give priority to national unity. Over the centuries China has often been labelled an 'empire', but it was not committed to maritime expansion like some European empires and the question arises whether the

PRC has such ambitions or may have in the future as its economic power and influence increase.

Those countries and territories that border on the PRC feel its growing power and influence most intensely. The PRC government and Party certainly regard Hong Kong and Taiwan as integral parts of the nation and it is not clear how they intend to handle these territories in the future. The PRC and Japan at present have relatively cordial relations but there are historical differences. One major problem for PRC policy-makers is what to do about political developments in the Democratic People's Republic of Korea. Relations with Central Asian neighbours are evolving rapidly following the initiation of the Belt and Road Initiative. The PRC and Taiwan have fairly consistent historical geographic claims, including in the South China Sea. Australian observers have been suspicious of the PRC's interests in the Pacific and wonder what the complexities of regional relations will mean for Australasia in the future.

It is common and confusing to speak of 'Chinese' or 'Chinese people' without distinguishing those whose ancestors emigrated many generations ago, those resident on the mainland of China, Hong Kong or Taiwan, and those more recently settled in various corners of the globe. In fact, they have very different perspectives and political views. As outward people movement from the PRC increases, whether for business, study, tourism or other reasons, Chinese-Australians and Chinese-New Zealanders have complex identities in history. Many find it insulting that their loyalty is called into question. It is important to understand what major social and political issues are of concern to them.

Commentators on the soft power activities of the PRC frequently focus on the United Front of the CCP, without understanding its background history and current goals. The PRC does legitimately seek to win friends and increase international influence through the exercise of soft power but questions may legitimately be asked as to how successful it is, how it uses cultural diplomacy and what is the role of Confucius Institutes.

As the PRC experiences times of great change, the role of the CCP is evolving. We need to understand the relationship between the Party and the government and how its citizens regard the Party. As the private economy and civil society grow, their interaction with the central government is changing but this does not necessarily mean they present threats to the PRC's stability.

The PRC is giving priority to the development of new technologies as part of its 'Made in China 2025' campaign. Already we can see the nation has technological strengths in automation, space technology, genetic engineering and other fields. Australia could benefit from closer cooperation in these and other fields, but should also be aware of potential threats to our security.

The CCP is also critically concerned about domestic security and focused on national unity. This concern has roots in history and is supported by the general public, including CCP measures to maintain ideological correctness such as the 'social credit' system. The so-called 'Great Firewall' and censorship of the media and the internet are more problematic. Our businesses and our governments need to take these systems into account when developing policies.

The PRC is often accused of contributing unduly to global warming and few people outside the PRC know what actions the government is taking to address this, both domestically and through overseas aid and investment projects. The question arises as to what the implications of Chinese environmental policies and practices are for Australasia and the world and whether there is room for more cooperation in this area.

Turning to China's enduring core values, we look at religion and where it fits in Chinese history. Some scholars say that China has always been a materialist society, while others point to the influence of Confucianism and Buddhism on contemporary values and policies. Christianity and Islam are 'foreign' religions that have found a place in the PRC, but both are increasingly strictly controlled and the plight of the Uighurs in Xinjiang is currently of particular concern. Many ask how this complies with the PRC government's commitment to international

human rights conventions and have called on our governments to register concern.

China's long history has shaped the thinking of the PRC government and people. The study of history occupies an important place in education curricula but Chinese understanding of heritage and tradition may be subtly different from what applies in other parts of the world and they are often applied consciously by the Party to boost soft power. It is commonly said that the Party and government leaders always take a long-term view and plan well ahead. Certainly, the government still relies on Five Year Plans.

The growing economy of the PRC is changing the class structure. The government claims that the PRC is still a developing economy but this is sometimes challenged in international circles. After decades of a one-child policy, demographic trends are changing and this has marked implications for Australian trade including the education and tourism sectors and consumer goods such as wine and dairy products.

The PRC health system has been increasingly privatised since the introduction of market reforms in the 1980s. Unfortunately, this has led to many people losing confidence in it. There are now opportunities for Australia to cooperate with the PRC in medical and health fields and indeed this is essential if both countries aim to prevent global epidemics.

How Chinese national identity impacts relations with Australia

Yingjie Guo | Professor of Chinese Studies, University of Sydney

What is most striking about Chinese national identity is its stability in the pre-modern past and its fluidity in the modern era. Its dramatic transformation since the mid-19th century is part of China's tumultuous sociopolitical change under the impact of traumatic encounters with foreign powers.

This process continues unabated in Xi Jinping's New Era and has taken yet another turn in response to his 'Chinese Dream'. The redefinition of national identity by the Chinese Communist Party (CCP), and its repositioning in relation to the nation, have far-reaching consequences including for relations with Australia.

To China's early modernisers, the country was weak and backward largely because it lacked a strong national identity. The first President of the Republic of China, Sun Yat-sen (1866-1925), described the Chinese as a 'sheet of loose sand'. Historian and politician Liang Qichao (1873-1929) lamented the dominance of familism and the absence of nationalism in Chinese contemporary culture.

They were right to say that the nation was yet to develop a public spirit ready to be tapped in the project of political modernisation, which would transform the declining Chinese empire into a modern nation-state and its passive subjects into active citizens. They would have been aware though that the nation had a consolidated ethnic and cultural identity already clearly articulated in the 4th century BCE. For millennia, this identity and China's cultural-moral order survived while dynasties came and went.

Chinese identity was able to survive in part because it was rooted in an embedded set of ideas, beliefs and values and in part because the government of the day endorsed, promoted, tolerated or failed to eliminate these ideas and practices. China's cultural identity, together with its enduring value system, constituted a 'super-stable structure' sustaining notions of national unity over millennia and holding the nation together amidst recurrent political division and social chaos.

The Chinese nation's identity is shaped by Confucianism more than anything else. The Way of Man is believed to be modelled on the Way of Heaven. At its heart is the concept of benevolence or humaneness, which is not only a spiritual ideal but also impacts on everyday life as propriety, rightness, loyalty,





consideration, filial piety, brotherly affection, faithfulness, sincerity and reverence.

When 'all under Heaven' (i.e., the Chinese world) has the Way, Confucians believe, moral principles prevail and there is harmony between individuals, within the family, in society and between states. Confucius taught, 'Let the lord be a lord, the subject a subject; the father father; and the son son'.1 In other words, if society follows the Way and operates like a harmonious organism, its members will work in harmony for the common good.

In the 20th century, however, Confucianism was rejected and an anti-traditionalist ethos began to shape national identity, national selfconfidence and perceptions of foreign others. China's progressives and revolutionaries blamed China's weakness and backwardness on incompetent governments and also on Confucianism and Chinese systems of beliefs and values. They believed that Confucianism was too bookish, inward-looking and obsessed with personality cultivation to produce an enterprising, competitive or adventurous spirit that would enable the nation to survive in a social Darwinist world. China must get rid of its

Chineseness, they insisted, before it could join the modern world of nation-states. The CCP maintained this anti-traditionalism.

Anti-traditionalism later declined, in the wake of the Tiananmen Massacre in 1989. as the CCP launched a campaign to counter waning patriotism - identified as a root cause of discontent. Love of country was expanded to include love for cultural traditions. Traditionalism has gathered force since then right up to the Xi Jinping era and Confucius and Confucianism have come to the fore since 2013. Xi described Confucianism as a definitive marker of national identity and 'the national characteristics of the Chinese as well as the historical roots of the spiritual world of the present-day Chinese'.2

CCP leaders understand the usefulness of the Confucian code of conduct and notion of communal identity for nation-building and state-building. Marxism-Leninism cannot facilitate nation-building, as it is antitraditionalist and divisive, negating the nation's past and setting social groups against each other. In fact, the CCP has departed from Marxism-Leninism, although it continues to pay it lip service, and society is generally apathetic about ideology, especially Marxian theories of class struggle and insistence on abolition of private property.

The Party's new conception of the nation is premised on the assumption that people are what they are due to ideas, values, norms and cultural resources inherited from their ancestors. Xi Jinping reiterates, 'We're Chinese first and foremost because of our distinct Chinese spirit and the values we practise every day without realising it'.3 Xi has in mind the broader pan-Chinese nation, including all the 'sons and daughters of the Yellow Emperor', not the class-nation that Mao Zedong created. Mao's nation excluded those who did not belong to 'the people', the industrial proletariat, peasantry, petit bourgeoisie and national bourgeoisie.

In identifying with the pan-Chinese nation instead of the class-nation, the current CCP leadership redefines the identities of the Party and the state. The Party is no longer just a class organisation, or the 'vanguard of the proletariat', but also a national party representing all Chinese. Accordingly, the People's Republic of China (PRC) becomes a nation-state instead of a class-state, or a 'people's dictatorship led by the proletariat and based on the alliance of the workers and peasants'.

In this context, the CCP must align the state with the nation and ensure the state's 'core values' are consistent with the nation's traditional value system. Hence, the Party is going back to Chinese cultural roots and has warmed to traditional statecraft. One consequence is the convergence of political and cultural streams of nationalism that had been at odds for over a century.

Cultural nationalists in the post-Mao era have claimed that 20th century anti-traditionalism and Marxism led China astray from its Heavenordained path and damaged national identity, unity and harmony. Their former opposition to the CCP has weakened as the Party has in effect abandoned Marxism and embraced Chinese traditions. Though radicals in the group refuse to be co-opted by the Party, most moderates see it as advantageous to work with the state and promote cultural Chineseness through it. What is more, the Xi leadership has tightened political control and tuned up pressure on scholars to toe the Party line and contribute to its project of nation-building. The two groups are thus working together to restore the cultural Chineseness of the PRC.

This Party-led campaign has had some effect on the identity consciousness of overseas Chinese. As Australia and the PRC engage ever more closely in commerce, diplomacy and cultural exchange, it is important to understand how Chinese people both here and in the PRC understand their identity and how diverse and complex these beliefs are.

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The PRC: developing its border relations

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The twin concerns in Australia about the People's Republic of China (PRC), relating to increased economic dependency and tensions over politico/security policy, are common throughout the Asia-Pacific region.

The fact that the PRC now rivals the United States as the leading power in the region raises two important questions: how does it conduct border relations with neighbouring countries in the Asia-Pacific? What are the implications for Australia? If we examine the PRC approach to border relations with the Democratic People's Republic of Korea (DPRK), Hong Kong, Taiwan and Japan and its policy in the Pacific, this will shed some light on these questions.

The PRC's relationship with the DPRK is laced with historical, cultural and ideological issues and political pragmatism. The relationship goes back over a thousand years of cooperation, struggle and resistance to Chinese domination and the infusion and inculcation of Chinese culture and language. The modern relationship between the PRC and the DPRK, which celebrated its 70th anniversary last October. is based on shared ideology and Cold War

history that includes the PRC propping up the DPRK economy. The DPRK has few allies and international friends and, due to a United Nations-led international trade blockade. is reliant on the PRC for aid, oil and food. A security agreement has been signed and the relationship has been described as 'lips (DPRK) and teeth (PRC)' of a mouth. The DPRK is vulnerable to pressure, but as per the historic relationship, has also been unpredictable and, at times, unwilling to conform to demands from Beijing. Failed attempts to halt recent DPRK nuclear testing and Kim Jong Un's sudden decision to improve relations with the Trump administration are the most recent examples. Pyongyang is aware of its strategic importance as a buffer to South Korea - a united Korea could potentially allow for US military bases on the PRC border, thereby weakening the PRC strategically - and is willing to play this card for leverage. This demonstrates that while the PRC has substantial clout, there is no guarantee of a desired outcome. Nonetheless, Kim's decision to travel by train to the Hanoi summit via Beijing to consult with President Xi before the summit with President Trump in February 2019, is indicative of closer alignment. It also highlights the PRC's position as a major player on the Korean peninsula and in the resolution of the North Korean imbroglio.

By contrast, the PRC's relationship with Hong Kong and Taiwan highlights a different set of issues. Both territories are viewed as part of



China and therefore are a domestic affair. Hong Kong was returned as a Special Administrative Region in the handover from Great Britain in 1997. Taiwan, where Chiang Kai-shek fled after losing the civil war in 1949, is viewed as a 'renegade province' that will eventually return to the motherland. Both territories have a majority Han Chinese population imbued with Han Chinese heritage and cultural values and in the case of Taiwan, a democratic political system. Until 1979 Taiwan was recognised by the United States as the legitimate China as a result of the Cold War and the desire to isolate and punish the PRC. Support for democracy by the people of Hong Kong and Taiwan is a particularly problematic issue for the PRC at this time of political protests in Hong Kong. Taiwanese pro-democracy supporters are watching Hong Kong with great interest and trepidation should the PRC army forcefully intervene. It is unlikely that this will happen however, as Beijing sees a stable, prosperous Hong Kong as a potential model for Taiwan's eventual reunification.

Japan, on the other hand, represents a complex relationship for Beijing. China has always loomed large in the Japanese imagination, but post-war bilateral relations have been tense due to the legacy of the Pacific War, Japan's strategic alliance with the United States, territorial disputes and competition over leadership in the region. The war legacy is the major impediment to normal relations. Despite a series of expressions of regret and sorrow by Japanese emperors and several prime ministers, the mainstream view in the PRC is that a genuine apology has not yet been delivered. One key reason for ongoing tension has been visits by Japanese prime ministers and cabinet ministers to Yasukuni Shrine in central Tokyo. This shrine, which honours war dead since the Meiji Restoration in 1868, has the enshrined spirits of 14 Class A war criminals responsible for the Japanese role in the Pacific War. Prime Minister Abe has avoided visiting in recent years and has a policy of not reflecting on historical animosities. His support for a revision of Article Nine of the constitution and for a strong independent Japan fans Japanese nationalism, which, alongside PRC rising nationalistic pride, has led to increased levels of animosity and uncertainty. Despite

these tensions, economic relations have been profitable and there is massive Japanese investment across the PRC eastern seaboard. This has been described as 'hot economics and cold politics' and importantly has been a lever to control hostilities as long as profits are being made. Since 2014 there has also been a thawing in political relations and a gradual improvement in diplomatic ties.

A noticeable feature in PRC regional diplomacy has been expansion into the Pacific region. Papua New Guinea particularly, plus Fiji, Vanuatu and Samoa, are all enjoying unprecedented attention from Beijing and offers of aid and support flood in from the PRC government. Notably, unlike Australian aid, PRC assistance is in infrastructure - roads, bridges and transport - which is part of the PRC's ambitious multi-billion dollar Belt and Road Initiative to link Asia and Europe through massive infrastructure projects.

So far, Australia has responded to PRC penetration into the Pacific with great alarm, which does not bode well for Australia's overall PRC policy already in disarray. After years of relative complacency, the Morrison government has commenced a flurry of activity and regular visits to the Pacific region by senior ministers. A recent Lowy Institute report notes that Australian aid and assistance to the region is worth US\$7.70 billion compared to US\$1.78 billion from the PRC and Australia's contribution is rising in response to PRC overtures.1 Nonetheless, the PRC physical presence in the region is increasing and strategic analysts have expressed concern that its long-term goals are to establish military bases in the Pacific. At this stage there is no evidence to support this, but the Morrison government's focus on the Pacific as a priority area after long-term neglect indicates that Canberra is taking these matters very seriously.

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The Chinese diaspora in **Australia**

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Chinese migration to Australia has always been an essential part of Australian multicultural history. Various diasporic Chinese communities in Australia have played important roles in Australia's political, social, cultural and economic maturations. Yet now their loyalty to Australia has been unfairly questioned.

The expression *Chinese diaspora* refers to Chinese who live outside the People's Republic of China (PRC), Hong Kong, Macau and Taiwan. This is a broad term but it is possible to be more specific in Mandarin Chinese. Huagiao 华侨 used to refer to Chinese migrants who did not intend to leave for good. The PRC government has adopted the term to refer to Chinese living abroad, while Chinese who have adopted citizenship of their country of residence are haiwai huaren 海外华人.

In the scholarship of diaspora studies, some scholars believe that diaspora refers to second, third or fourth generation migrants. Others argue that descendants who are integrated into their host societies should not be described as diasporic. Often, Chinese diaspora is loosely used to describe all migrants of Chinese heritage. Thus described, the size of the Chinese diaspora globally has been on the rise. A 2012 report put the total population of Chinese overseas at around 50 million, but this figure has probably increased greatly since, given that Australia's population of people of Chinese origin rose from around 749,000 in 2011 to some 1.2 million in the 2016 Census.1

Migration from China to Australia started during British colonial rule. Intake of significant numbers directly from the PRC resumed in the late 1980s, after economic reforms started, with the implementation of an opendoor policy in relation to study abroad. From the early 1980s, the PRC was caught up in a sustained 'fever of going abroad'. Australia quickly identified language education as a new market segment. Following the 1989 Tiananmen Incident, the Hawke government made a bold decision to allow 45,000 mainland Chinese students and nationals to settle permanently.

As a result of greatly expanded intake since that time, Australia has seen a considerable increase in its Mandarin Chinese speaking population. With its reputation for clean environment and relaxed lifestyle, Australia became an attractive destination for China's middle class, who value our quality of life. The estimated number of ethnic Chinese in Australia was 343.523 in 1996 but over 555,500 in 2001 and continued to rise to around 866,200 in 2011, with three guarters being first generation immigrants. There are currently about 1.2 million people of Chinese origin in Australia, approximately half born in mainland China and speaking Mandarin in the home.² That is roughly five percent of the total population.

Despite this dramatic growth, this population is marked by considerable diversity in terms of place of origin, experience, cultural sensibility, and history and trajectory of migration, as well as by differences in politics, religion, ethnicity and ideological beliefs. Not only are there generational differences and degrees of connectedness between old and new migrant cohorts, there are also differences in identity politics between, for instance, mainlanders and Hong Kongers, between Han Chinese and Uighurs, and between Falun Gong supporters and PRC supporters. There is also much diversity in terms of their class backgrounds,



education levels and cosmopolitanism, as well as in their political distance from the PRC government - even within the Mandarinspeaking migrant cohort.

Like other diasporic communities, the global Chinese diasporas are practitioners of 'flexible citizenship', in that they take advantage of 'the cultural logics of capitalist accumulation, travel, and displacement', and 'respond fluidly and opportunistically to changing politicaleconomic conditions', while seeking to both circumvent and benefit from different nationstate regimes.3

Whereas the PRC government used to regard overseas Chinese with some suspicion and ambivalence, more recently, especially as part of the official agenda to 'go global', it has encouraged them to promote Chinese culture, relay the government's version of the 'China Story' to the world and generally promote PRC interests.

In contrast to the PRC engagement of migrants in its public diplomacy exercises, the Australian government has only recently turned its attention to ethnic communities in Australia as potential public diplomacy assets. According to the Public Diplomacy Strategy 2014-2016, Australia wants to be seen as a 'contemporary, creative, successful, diverse and tolerant nation; and an attractive place to study, work, visit, live and invest'.4 This strategy also proposes to 'employ soft power for trade, investment and economic prosperity promotion'. Special mention is made of the diaspora communities that 'not only play a key role in projecting contemporary Australia to the region, but also contribute to fostering a cohesive, harmonious and stable Australian society'. However, just how this will be accomplished is largely unexplored. So far there is little evidence that this public diplomacy agenda has translated into policy implementation.

In fact, Chinese-Australians have found it increasingly hard to practise flexible citizenship and dual allegiance (to motherland and host nation). Caught in the tug-of-war, the Chinese diaspora has been experiencing growing pressure to declare allegiance to Australia and their loyalty has been called into

question. Typically, mention of PRC students and migrants by the media conjures up the recently popular narrative alleging overriding patriotism towards the PRC and asserting their role as agents of Chinese influence.5 The Sydney Morning Herald journalist Peter Hartcher even suggests that Australia should 'consider changing the composition [of its migration intake] in favour of Chinese immigrants from places other than mainland China'.6

There is a widely shared view within the Chinese diaspora community in Australia that they are collateral damage in the escalating diplomatic tensions between the PRC and Australia. The media, public commentators and politicians imagine this community mostly in terms of transactional relationships – either as subjects to be managed for their potential connections with the PRC government or as ethnic voters to be wooed during election campaigns. In such imaginings, they are often reduced to individuals whose rights as citizens are less relevant than their pre-determined identity as ethnic Chinese, and they are called on to choose between Australia and the PRC – us or them – as if they were individuals without any cultural, emotional or cognitive ambivalence and tensions.

Chinese-Australians are now feeling the heat, regardless of whether they support the PRC or Australia. And it is becoming even harder for those who refuse to choose.

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The PRC: a country with soft and hard power

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Australians need to understand more about the People's Republic of China's hard and soft power, given the weight of its economy in world trade and its role in international organisations.

The PRC's defence spending has been increasing but is still much less than that of the real superpower, the US, either in absolute terms of dollars or in relative terms of percentage of the country's GDP, even taking into consideration the argument that the PRC's defence spending is much more than it claims.

In my recent book, Constructing China: Clashing Views of the People's Republic, I explore in some detail how our knowledge of the PRC is created. I argue that we must be wary of supposed objective statistics and should not assume a hard and fast division between Western liberal democracy and Chinese authoritarianism. Here I will focus on two issues concerning hard power, i.e. what is called 'debt diplomacy'

and the Belt and Road Initiative (BRI); and two issues in regard to soft power, the United Front (UF) and Confucius Institutes (CI). Both are very relevant to how the PRC is seen in Australia at present and in both cases I believe that we need a more nuanced understanding than generally prevails at present.

'Debt diplomacy' is the idea that the PRC dishes out loans to various developing countries so as to make them dependent on the PRC geopolitically when they cannot repay the loans. In my opinion this is a red herring, used as a geopolitical strategy to fend off potential PRC investment offshore. My understanding is that the PRC government does not have such a design and there is so far no evidence to suggest such, as pointed out, for instance, by Roland Rajah on October 21 2019 in a report for the Lowy Institute.1

Why does the PRC lend money offshore? Why did the PRC government initiate the Asian Infrastructure Investment Bank for investments? This has something to do with the BRI, which is claimed to be the initiative of the current leader Xi Jinping. But the BRI idea started well before Xi came to power when the PRC had industrial overcapacities





for some years. The original idea was to shift construction and investment to the underdeveloped west and northwest of the PRC. It was later called xi jin strategy or 'advance to the west' (punning the leader's name). The fast development of Chongqing in the central west is a good example. But then the planners realised that goods produced in the west were too costly to transport globally via seaways from the southeast coast.

A more efficient way to send goods produced in the PRC's west to the Far East. Middle East and Europe is by land transport of roads and railways. That was how the ancient idea and practice of the Silk Road came to the contemporary scenario. To complement the whole trading scheme the 'belt' of ocean transport was added to formulate the concept of One Belt and One Road. In this conceptualisation, PRC investments in infrastructure in all or any countries along this road and belt not only solves the problem of industrial over-capacities but also paves the way for further trade.

The recent fear of a rising PRC in Australia is often framed with reference to political interference by the PRC government. Particularly the PRC state organ of the UF is referred to by some as a sinister tentacle. While the conceptualisation of the UF might have a Russian communist origin, the practice started in China during the 1920s when the Chinese Communist Party (CCP) and Nationalist Party (KMT) agreed to come together to fight to get rid of warlords who were emerging after the downfall of the Qing Dynasty in 1911, so as to bring an end to violent civil wars and the chaotic division of China. This is referred to as the First UF in contemporary history. The Second UF was formed again between the Communists and Nationalists during the late 1930s to fight the Japanese invasion. After WWII, the CCP under Mao used the UF strategy to win over other non-Communist Chinese elites as well as dissenting KMT factions to fight the Nationalist Republic of China (ROC) government and its army under Chiang Kaishek who eventually took the ROC government to Taiwan in 1949.

The UF strategy was used again to win over the business elite in Hong Kong for a smooth handover in 1997. The relevance of the legacy of the UF now is that the PRC government uses the strategy to unite the business. intellectual and political elites not only in Taiwan and Hong Kong, but also the overseas elite of Chinese ethnic origin all over the world, mainly to push for peaceful unification with Taiwan. Hence some Australian citizens or residents of Chinese ethnic origin might have some connection with this effort. As recent developments in Taiwan and Hong Kong show, the CCP UF strategy has proved to be out-ofdate and a dismal failure. If the CCP were truly communist they should have tried to unite with the poor in Hong Kong instead of the rich. To the best of my knowledge, in Australia the UF is practically a non-event except that it is a source of recent media sensationalism. As an academic, my assessment of the situation cannot be based on speculations or unsubstantiated 'internal sources'.

This principle of crediting solid evidence applies equally to our assessment of Confucius Institutes. The PRC government probably conceives of the Cl as a soft power strategy in the hope that if and when more people learn the Mandarin Chinese language and get to know the PRC better they would be friendly or at least less hostile. From my knowledge (I was the Director of the Adelaide Confucius Institute for some years) the PRC state organ known as Hanban, under the administration of the PRC Ministry of Education, has no design to interfere with language teaching curricula or academic freedoms of any university or school that hosts a CI or the school version, the Confucian Classroom.2 In fact what a Cl does or should do is entirely up to the host institution.

For instance, the Gold Coast campus Cl of Griffith University focuses on tourism while the one at RMIT specialises in traditional Chinese medicine. Most of the CIs and Confucius Classrooms are totally engaged in the business of language teaching. If a CI advocated for Taiwan or Tibetan independence, would Beijing like that? No. But that does not mean that a CI cannot hold a scholarly discussion related to these issues. The Adelaide Cl under my direction held forums on the Tibetan issue. on the issue of human rights in the PRC and on democracy. The wide spread of opinions offered is evident from the range of speakers, including former Foreign Minister Alexander Downer: former Australian Ambassador to Beijing Geoff Raby; a Canadian academic who works in Qingdao, Daniel Bell; an American scholar at the Hong Kong University of Science

and Technology, Barry Sautman; the activist for Hong Kong democracy, Professor Joseph Cheng of Hong Kong City University; the internationally renowned professor from Tsinghua University, Wang Hui; and a well-known critic of the PRC, Ann-Marie Brady of the University of Canterbury, New Zealand.

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The Chinese Communist Party: does it stay or does it go?

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Contemporary China cannot be comprehended without understanding the role of the Chinese Communist Party (CCP). With 85 million members it represents a tiny share of the total population (1.4 billion) but is the world's largest political party.

Its organisation, structure and internal discipline ensure it is the spinal cord of governance of the People's Republic of China (PRC), moving all the parts. Extraordinarily, it has remained one of the world's most opaque and enigmatic political organisations in the world. We often know more about the inner workings of mafia families than we do about the CCP.

Power from behind the screen

Richard McGregor in his indispensable book The Party describes the CCP as the 'power behind the screen'. It is everywhere, but largely unseen. The Party stands behind all formal bodies of state, as Dowager Empress Ci Xi sat behind the throne of the boy emperor, directing the powerful courtiers from deep within the shadows.

The PRC political system is structured as a diarchy, except that the Party is above the formal state positions. Like fractals, Party and state positions are replicated from the highestlevel down. Many are even vested in the same individual office holder. So General Secretary Xi Jinping is also President Xi, with the former more powerful than the later. Provincial Party Secretaries outrank provincial governors and so on down to towns, villages and rural hamlets.

Leninist/Stalinist roots

The CCP's roots are deeply anchored in the Soviet Communist Party. From before the CCP's formal creation in Shanghai in 1921, Soviet agents had been acting as advisers to various cells of political radicals. Chinese communists, like communist revolutionaries everywhere looked to Moscow and the Third International

formed under Stalin for leadership, financial support, and models for political and administrative organisation.

Today, this legacy is present in the quaint, European nomenclature used to describe various important bodies such as the Standing Committee of the Central Committee, the Central Committee, Politburo, and Party General Secretary.

Retention today of these seemingly anachronistic forms of political organisation is a powerful reminder of the debt PRC modern leaders owe towards the founders of International Communism, particularly Stalin.

For the CCP, the Soviet Union's biggest mistakes were for General Secretary Khrushchev to denounce Stalin's crimes and then for General Secretary Gorbachev to allow the Soviet empire to dissolve itself.

Deriving from Lenin, all power is to be held and exercised by the ruling centre, no matter how ruthless. Having gained power, as Stalin showed, it must never be relinquished no matter what the cost of continuing to hold onto

In 1989, the PRC leadership responded to months of demonstrations in the way Stalin would have done. Troops were used against Chinese people. Since its founding, the People's Liberation Army had always been the Party's army, not the People's, despite its name.

In 1992, the Soviet Union collapsed. This was a shock around the world, in democracies and autocracies alike, but perhaps nowhere more so than in the PRC. The impact of this for the leadership was to double down on its determination to stay in power, to eschew political reform and study the collapse of the Soviet Union in minute detail to ensure such a thing could never happen in the PRC. It was to revitalise the CCP.

Resilience

Soon to mark its centennial in 2021, the leadership is also looking forward to 2025 when the PRC will have the longest-standing ruling Communist Party government. As the

last remaining major communist state, the achievements in rebuilding the Party after 1989 and then strengthening its control over the country have been significant by any measure.

Party building, as it is known, is the major priority of the leadership. Intra-Party discipline is maintained through education in Party doctrine and lore from an early stage, the prestige attached by parents to children becoming 'Red Pioneers', Party representatives in workplaces, schools and universities, from time-to-time old-fashioned Party purges, and anti-corruption campaigns led by the Inspection and Discipline Committee.

Daily discipline and ensuring ideological conformity was once done mainly through study sessions of the Party's main media organs, principally the People's Daily. Today, in addition to these materials, Party members are required to fill in a daily online quiz to test their understanding of the 'correct line'.

An extremely important body in ensuring Party discipline and cultivating the next generation of leaders are the various Party Schools for midand senior-career cadres. These are something like a cross between Marxism-Leninism boot camp, France's Ecole Nationale, and Harvard's Kennedy School of Government.

Of course, the Party controls all the traditional media outlets to ensure it is always presented in the most favourable light and is active in the digital space including the PRC's Great Fire Wall of censorship and, among other things, employing an army of trolls and others spreading 'fake news' to its benefit.

Xi Jinping and destiny

For Xi Jinping, re-establishing the authority, respectability and legitimacy of the CCP has been his overwhelming policy objective. This is driven by a complex set of self-reinforcing beliefs. Of course, self-preservation and that of his family are paramount but it would be a mistake to see only venal motivations.

Many of his generation, despite the damage witnessed during periods of Party madness, such as the Great Leap Forward and Cultural Revolution, deeply believe that the Party is the





only thing that stands between order and chaos and that can ensure that the PRC realises its greatness in the world. Xi also carries the legacy of his father, one of the pantheon of Communist Party lore. So filial piety is an important element as well.

On coming to power in 2012, Xi inherited a party rife with corruption, riven by scandalous rivalries and greed by the scions of powerful Party figures; and an economy where the private sector dominated, and wealth was being created outside the Party's control. The population was cynical, and increasingly resentful of the Party and its privileges.

Xi set about righting the course of the Party. He has overseen perhaps the biggest anti-corruption campaign in 70 years. He promised to catch 'tigers as well as flies' and has surprised all by the extent to which he has done it in both civilian and military bureaucracies. Certainly, this has also been a political purge on a grand scale of potential challengers and opponents, but it has gone a long way to restore the Party's standing.

Continued economic growth and an increasingly muscular foreign policy have also helped restore the Party's standing. In all of this, Xi has been helped along the way by foreign reactions which seek to challenge the legitimacy of the CCP and by the trade war with the US.

These play to the Party's strengths of promoting patriotism and nationalism.

Expect the CCP to become the longest ruling Communist Party in history. Xi will be happy about that.

The PRC and the technology race

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The bright lights of the People's Republic of China's (PRC) metropolises connected by a state-of-the-art high-speed rail network featuring 30,000km of track (compared with 32km in the US) are just part of the story. Despite four decades of rapid growth, and even after adjusting for a generally lower cost of living, average incomes in the PRC are still only approaching one-third of those in the US.1

Against this backdrop, that the PRC government would have an industrial policy - titled 'Made in China 2025' - to promote technological progress and innovation is unremarkable, Indeed, back in 1993 the World Bank published a widely-read monograph documenting how 'targeting key industries for rapid development' was a hallmark of the Asian economies that rose to prominence well before the PRC did.² Germany, too, has its 'Industry 4.0'.

Just because an industrial policy exists, deploying subsidies and other measures, this does not mean it will be successful. The World Bank assessed that the track record for Asian economies was mixed and the latest academic studies on the PRC find that the impact of government policy incentives on a particular

industry's output has tended not to be longlasting.3

But rather than seeing 'Made in China 2025' as largely run-of-the-mill, in October 2018 US Vice President Mike Pence described it breathlessly as 'the Communist Party [setting] its sights on controlling 90 percent of the world's most advanced industries'.4 Pence claimed 'Beijing has directed its bureaucrats and businesses to obtain American intellectual property - the foundation of our economic leadership - by any means necessary'.

This recalls a view put in 2013 in conversation between US Vice President Joe Biden and Australian Foreign Minister Bob Carr: 'China does not innovate'.5 That the only way - or even the main way - China is able to gain ground on the US is through intellectual property (IP) theft is delusional.

To be clear, PRC entities have engaged in IP violations, and given the PRC's sheer scale, as well as close ties between government and industry, this is problematic. In July, Christopher Wray, Director of the Federal Bureau of Investigation, said his organisation currently has more than 1,000 active investigations into attempted theft of US IP 'with almost all leading back to China'.6

But this does not take away from the fact that the PRC spends nearly the same amount the US does on research and development,



closing in on US\$500 billion every year.7 A report by the US National Science Foundation estimated that in 2016 the PRC had 1.7 million active researchers.8 This was greater than the 1.4 million in the US and up from less than 1.2 million in 2009.

While stealing IP can fast-track a country approaching the technology frontier, it cannot generate new knowledge or new goods and services. Yet in 2018, according to the InCites database of scientific research, the number of articles that included an author affiliated with a PRC institution reached 443,291, up sharply from 194,000 a decade ago, and compared with 459,440 for the US. That said, quality is not the same as quantity, but even if the top one per cent of most-cited articles is considered, the PRC's total stood at an impressive 6,426, a dramatic increase from 1,643 in 2009, and not far behind 7,824 for the US.

Last year PRC entities filed 53,345 international patent applications under the World Intellectual Property Organization's Patents Cooperation Treaty, up from 7,900 a decade ago and just behind the US with 56,142.9,10 In one industrylevel example, PRC companies hold 34 per cent of world-wide patents that underpin next-generation 5G telecommunications technology.11 The US share is 14 per cent.

There remains ample room for improvement, but the PRC's innovation success can in part be attributed to stronger IP protection. In the 2018 edition of the US Chamber of Commerce's International IP index, the PRC increased its score for the sixth year in a row. 12 The Chamber concluded: 'The challenges rights holders face in China are enormous -not least with respect to market access, commercialisation of IP. physical counterfeiting and online piracy but unlike many of its peers, China is making concrete progress in building a 21st century national IP environment'. In February 2019, most members of the US Chamber of Commerce in China reported that IP enforcement had improved over the past five years. 13 Another survey by the US-China Business Council also found that China's IP protection had improved over the past year.¹⁴ No members reported it had deteriorated.

It is also the case that the PRC now pays US\$28 billion a year in IP charges to entities abroad. This is up from US\$20 billion four years ago.

What does all this mean for Australia?

Last year, the R&D budget of a single PRC technology company, Huawei, was greater than the combined R&D spend of all Australian businesses.

Australia accounts for less than one-half of one per cent of the world's population, yet our share of global science and engineering research output - an indicator of knowledge being created in fields that will drive long-term prosperity – is more than six times that. 15 The trick is being globally connected, particularly with leaders like the US and, increasingly, the PRC. A report by the Australia-China Relations Institute in July found that this year the PRC was set to become Australia's leading international research partner in terms of the total number of scientific articles produced.¹⁶ This is not to say that the PRC is replacing the US. In fact, collaboration with the PRC and the US is complementary, oriented towards the computer and physical sciences, and the life sciences, respectively.

In June 2019, Dennis Richardson, former Australian Ambassador to the US and Secretary of Defence, observed that if the US were to pursue a technological decoupling from the PRC and Australia followed, it would risk 'for the first time, us not having access to the best technology'.17 In August, Peter Varghese, former Director-General of the Office of National Assessments and Secretary of the Department of Foreign Affairs and Trade, said that, even with some trepidation about a more powerful, authoritarian PRC, 'for Australia, there is no sensible alternative to engaging China.... And the notion that global technology supply chains can be divided into a China-led system and a US-led system is both economic and geopolitical folly'.18

If the PRC behaves more assertively abroad and repressively at home, Australia is able to recalibrate its risk management responses accordingly, perhaps drawing on tools like Defence Trade Controls to do so. There's also challenging diplomatic work ahead ensuring

that the PRC is at the table helping to establish agreed upon international rules around, for example, the responsible use of transformative technologies like artificial intelligence.

But Peter Varghese surely got it right. Not actively engaging with the PRC in the technology and innovation space is a recipe for sending Australia's own interests backwards.

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'Social credit': the PRC's automated social control and the question of choice

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The social credit system of the People's Republic of China (PRC) has attracted worldwide attention.

At a time when there is widespread suspicion and distrust of the PRC in the West and human rights in that country are of growing concern, this system is often interpreted in terms of state power, data-driven surveillance and unprecedented intrusion into personal lives with automated social control and computational propaganda.

PRC citizens do not necessarily share these views, and how the system operates at the local level is not as insidious and totalitarian as the West imagines.

The PRC's social credit system, announced in 2014, is a technocratic solution to socioeconomic governance and population management. It has been piloted in several dozen sites and reportedly will be implemented nationwide from 2020. It uses algorithms to allocate credit scores to individuals, business, government and non-government institutions and to encourage them to be more 'trustworthy' through a mix of technological, administrative and legal measures.

Most often through gamified obedience instead of coercion, it nudges people to be good citizens by rewarding 'civilised behaviour' and 'positive energy'. Those on the 'red list' enjoy such benefits as bond-free rental bike hire or low-interest loans. Those on the 'black list' face restrictions on investment and air or train travel. Its carrot and stick methods are part of a broader public opinion and social management regime that is socially acceptable to most people in the PRC.

Preliminary research has found that the population at large finds the system attractive because it promises to use quantifiable data

and algorithms to build a society based on trust and trustworthiness.1 Another study shows that the 'all carrots and no sticks' strategy, as implemented in Xiamen and Fuzhou in the PRC's southeast, is only being implemented gradually and is being refined through trials.2

Life in the PRC goes on as usual, despite increasingly sophisticated technologies being tested and incorporated in the localised social credit system. The lack of public discussion of the system and its social implications may be a deliberate strategy of the state and its technology partners: to let the game run its course until compliance and obedience become the new norm. In fact, it has been under way for a number of years in many urban centres.

Many PRC urbanites and academics argue that the system is not dissimilar to credit rating systems operating internationally and feel irritated by outsiders' simplified, digital dystopian narratives. They are also widely ambiguous about 'being naked' in the digital era and unable to exit the system.

The question is more about choice than about habit. 'Do you care about your privacy?' 'Yes'. 'Do you have the choice of noncompliance before the state or platform service providers?' 'No'. Compulsory disclosure of personal information (including biometrics) and permission to service providers to access it have become part of the game of being digital. The choice of being a hermit is a bygone memory.

This does not mean that people are completely under totalitarian control. The following account may shed some light on what people think of the system. A story collected in Beijing in July 2019 highlights some key themes: techno-utilitarian experiments with digital technologies (powered by artificial intelligence (AI), machine learning, automation, internet of things); the politics of data collection, processing and manipulation; the relationship between censorship/control and individual agency/resilience; and the flexibility of digital authoritarianism.

Imagine living in a residential compound in Beijing. You have a networked life via 5G



connection on multiple devices and enjoy the convenience brought by technologies in fintech, healthtech, virtual reality, etc. You sometimes scale the Great Fire Wall via a virtual private network to access blocked websites, but most of the time you live in a digital ecosystem constructed by domestic digital giants and digital unicorns and startups. You know your digital footprints are constantly monitored and data collected as you surf the Web.

Life is still good. You enjoy digital convenience and efficiency. Sure, privacy concerns have increased, like the new optic fibre and security cameras throughout the compound. You know that your socially responsible behaviour online and offline earns you a high score in the social credit system even though you have no idea how the algorithms work. All you know is that you are a model citizen on the red list with privileges and fast-track promotion at work. You occasionally make critical comments on politics on Weibo and WeChat; sometimes your comments get censored but this has not (yet) affected your score. The system is designed 'to allow the trustworthy (good people) to roam everywhere under heaven, while making it hard for the discredited (bad people) to take a single step', according to the key policy document

of 2014.3 You, like the majority of Chinese urbanites, support the social credit system and the logic behind it.

One day you are informed that a new rule will make the main gate to your compound entrance only and another gate exit only. New security cameras with facial recognition technologies will enforce this rule. You are told that this is a directive from a higher authority. You and other residents are strongly against this as it would take you much longer to get in and out of the compound. After failed negotiations with the compound management, you and your neighbours discuss things in your neighbourhood WeChat group and start a guerrilla petition through anonymous phone calls to the local government. One week later, the compound security manager meets residents and agrees that the one-way sign will be kept in place but the security cameras will be turned off so that residents can enter and exit via the main gate as before. Everybody is happy, for now at least, but is aware that the deal may be revoked. And you are prepared for the next fight.

This story highlights the people's agency and its limits in the face of a computational behaviour and social engineering project. It also reveals how many myths there are outside the PRC about the social credit system: which is a multi-stage, multi-stakeholder evolving project with uneven implementation and local variations. Furthermore, it shows the dynamics between the state and society, as a flexible and responsive authoritarian approach can be adapted by local authorities in response to grassroots discontent.

Legal scholar Xin Dai points out that the social credit system can be seen through a number of lenses, including developmental interests, bureaucratic interests, private business interests, and authoritarian interests.5 The social interests of individuals, families and communities are also one such lense. This calls for a human-centred approach in discussing technology and social control or management, and should be balanced against Western concerns about the essential human right to privacy, which is another issue altogether.

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The PRC's environmental problems, policies and prospects

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The economic transformation of the People's Republic of China (PRC) has come at a tremendous environmental cost. In the wake of increasing public concern, serious policies have been put forth to revitalise the environment and to introduce a more sustainable economy.

These ideas are being exported by PRC companies and through infrastructure projects like the Belt and Road Initiative (BRI), resonating in parts of the world, such as the South Pacific. that view climate change mitigation and adaptation as a key priority, but at the same time recreating many of the environmental problems that the PRC itself has witnessed. As both the world's largest carbon emitter, and a country that is investing heavily in sustainable development, the PRC will be pivotal to any long-term global action.

There has been a long decline of China's natural areas over the last 3000 years of economic and social development. In more recent decades, nature has retreated at an astonishing rate. High population density, limited arable land, rapid industrialisation and lax environmental regulation have left a legacy of environmental damage that will take decades to clean up. The environment has paid a terrible price for the PRC's impressive economic transition.

For everyday mainland Chinese, the signs are all around. The availability and quality of fresh water is low. Air pollution suffocates urban dwellers and has created major health issues. The loss of biodiversity and forestry reserves and the pollution of rivers and fields as urban areas expand have destroyed well-needed agricultural spaces for local communities. Public debate of these issues has grown steadily. Critical documentaries like River Elegy appeared from the 1980s. More recently, Up the Yangtze chronicled the environmental impact of the Three Gorges Dam and *Under* the Dome provided so effective a critique of

contemporary pollution issues that it was banned in less than a week.

Concerns about the environment have spurred a societal shift toward greater environmental protection, small-scale environmental protests. the growth of nature tourism, campaigns to clean up the cities and greater personal consideration of one's environmental impact. In Shanghai, for example, it is now a common refrain heard from security guards who yell at residents as they throw out their trash, 'What rubbish are you?', as mass recycling programs are instituted across the city.

Policymakers have responded with 'green' policies to try to deal with the growing environmental catastrophe, poor environmental living conditions and growing public sensitivity to the issue. Government hesitancy has turned to urgency and in parts of the PRC state resources have been mobilised to construct large-scale projects to restore nature and wean the economy off its reliance on coal and oil.

But like many large-scale state-directed projects in the PRC, there have been mixed results. The creation of eco-cities and environmental regulations has been patchy and the creation of sponge cities has run into many engineering and standards challenges. While the PRC has pledged to reduce its reliance on coal, consumption of coal and other carbon producing energy resources are yet to peak, leading to a massive spike in its carbon footprint since the turn of the century. Analysts forecast that coal imports will rise by ten percent this year. The PRC is already the largest national emitter of carbon into the atmosphere.

More positively, economies of scale are developing in the renewable energy sector, solar and wind power in particular. The PRC leads the world in generation of renewable energy and is investing heavily in research and design. Massive reforestation projects have turned around centuries of deforestation and are starting to have a positive impact on air quality and biodiversity. Policymakers have incentivised the purchasing of electric vehicles, moved towards putting a price on carbon, banned the import of foreign rubbish and introduced disaster adaptation plans for vulnerable urban areas.



The government has also committed to nationally determined contributions in the Paris Agreement and to measurable environmental targets in the National Plan on Climate Change (2014-2020), such as increasing the share of non-fossil fuels in primary energy consumption to 15 percent by 2020. Work on the 14th Five Year Plan (2021-25) suggests there will be a commitment to peak carbon emissions and to realising a low-carbon transition.

Many policies, such as sponge cities, eco-cities and the overarching 'ecological civilisation' concept, are now being exported as PRC companies 'go abroad' through state-directed projects like the BRI. In our own backyard, South Pacific countries have implored China, as well as Australia and New Zealand, to make greater efforts to combat climate change. At the 3rd China-Pacific Island Countries Economic Development and Cooperation Forum in October this year, Secretary General Dame Meg Taylor stated.

'[T]he highest priority for our region is climate change mitigation and adaptation', signalling this as a central area of engagement with the PRC.1

PRC companies have worked on seawall projects, hydropower stations, energy-saving LEDs and the provision of disaster relief material to aid adaptation to climate change in the South Pacific. PRC politicians have utilised their continued involvement in international agreements and agencies like the United Nations Development Program and United Nations Environment Programme as well as the large investment in renewable energy to present the PRC as part of the solution for the Pacific's climate change concerns.

At the same time, concerns around the environmental impact of overseas PRC infrastructure projects have been raised. In response, PRC politicians committed to 'greening' the BRI at this year's BRI Forum as well as avoiding unsustainable debt levels. This will remain a key area of concern as PRC stateowned enterprises and companies develop more infrastructure and connectivity across the world.

As the world's largest carbon emitter and a signatory to the Paris Agreement, engaging the PRC in its efforts to implement sustainable development (at home and abroad) and to limit carbon emissions is central to realising global ambitions to mitigate and adapt to climate change as well as to avoiding the worst environmental damage that the PRC and the advanced economies experienced during their own development.

New Zealand and the PRC already hold highlevel dialogues on environmental issues and this year they co-led the 'Nature-Based Solutions' action area at the Climate Action Summit in New York. Much more can and will need to be done, however. After all, the PRC, by its sheer size and population alone, will be key to our success or failure to improve global environmental outcomes and address the issue of climate change.

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Religion in the PRC: what price freedom?

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Religious believers in the People's Republic of China (PRC) practise their faith freely and openly, provided the government does not see any threat to state power or security.

However, pressures towards Sinicisation and integration with the general PRC society have grown considerably over the last few years, affecting especially Islam and Christianity. The new strictures alarm international supporters of human rights. The Australian government faces a dilemma about how and when to raise concerns.

China has never placed a high priority on religion, certainly not if compared with Indian or European societies, so it is significant that, other than Daoism, the most important formal religions in the PRC today are of foreign origin, including Buddhism, Islam and Christianity.

The Chinese Communist Party is officially atheist. Lenin stated (in The Attitude of the Workers Party to Religion): 'Religion is the opium of the people—this dictum by Marx is the corner-stone of the whole Marxist outlook on religion'. Article 36 of the 1982 PRC Constitution stipulates freedom of normal religious activities, which definitely do not include those posing a threat to the state. The state recognises five formal religious associations, for Buddhism, Daoism, Islam, Catholicism and Protestantism. There are some observances that are not recognised as religions, including numerous folk religions, widely practised, especially in the countryside. The authorities generally leave these, and Daoism, alone or even patronise them as part of traditional culture. There are also some faiths/religions that are formally banned, of which by far the most famous is Falun Gong, its leader living in the United States. Falun Gong started in the 1990s only, being based on a meditative yogalike exercise routine and claiming supernatural health cures.1

Among surveys of religious followers in the PRC, the Pew-Templeton Global Religious Futures Project is reasonably reliable.² The largest





group is followers of folk religions who, together with Daoists, make up over 300 million people. Buddhists number over 250 million, while there are over 70 million Christians, among whom Catholics are 10-12 million and Protestants 60 million. There are some 28 million Muslims.

In 2015, President Xi Jinping introduced a policy of 'Sinicising religion', and it has been pushed in Party and government meetings since then.3 Its impact on religions with persistent foreign connections is particularly notable and means, for example, that mosques built in Chinese style to resemble Buddhist temples gain favour as against those in Arabic style that typically feature large domes.

Although Buddhism is of foreign origin, over many centuries it has become assimilated into Chinese culture. Buddhist sutras have been translated and are an accepted part of Chinese literature, Chinese culture and Buddhism have influenced each other to the extent that Buddhism as a religion is no longer 'foreign' and its practice is generally non-controversial. This does not exempt it from all problems, and the Buddhism of the Tibetans is considered later.

Although Christianity has existed in China since at least the seventh century, its main strength is due to more recent Western missionary effort. Although missionaries were sincere and well-intentioned people, their de haut en bas attitude has given Christianity to this day the whiff of a foreign implant, giving rise to problems in adapting to Chinese society. The Catholic Church faces particular difficulties, because of the requirement by the Holy See that it appoint bishops, and the similar demand by PRC authorities who, historically, have never been comfortable with appointments from outside. In 1958, Pope Pius XII broke with the Chinese Church on these grounds. Despite efforts to heal the breach, especially under Pope Francis I, this remains the basic situation, although progressive Catholics have not given up on a breakthrough.

Christian churches are numerous. My personal impression gained from PRC Christian friends is that Christianity is more highly regarded for its social doctrines of equality and kindness than for its mysteries. What matters about Christ is more his Sermon on the Mount than his Resurrection or the claim that he was God incarnate.

In general, the societies of PRC minority ethnic groups give higher priority to religion than the majority Han (whom the 2010 census put at 91.5 percent of China's total). The Tibetans adhere to an esoteric form of Tantric Mahayana Buddhism. The spiritual head is the Dalai Lama, who currently lives in Dharamsala in India and enjoys a very good reputation outside the PRC itself but is reviled as a separatist by PRC authorities (and, in my impression, the great majority of mainland Chinese people). Although Tibetan Buddhism has often suffered persecution for its association with separatism, to this day almost all Tibetans follow the religion, with a proportion of the male population in the monastic order very high by world standards.

The Mongolian population of the PRC also follows Tibetan Buddhism but show nothing like the fervour of the Tibetans. Few Mongolians practise their religion, and the proportion in the monastic order is very small and probably declining.

One very special religion is Islam. In the PRC, the state classifies Muslims as ethnic minorities. Some 10.5 million who are ethnically Han but Muslim by religion are classified as Hui. There are also several Turkic ethnic groups, of whom the most populous is the Uighurs (some 10 million in the 2010 census). These groups live mostly in Xinjiang, the most north-western province-level unit of the PRC.

Since an easily suppressed uprising in 1990, there have been numerous violent incidents that the authorities have associated with the Uighurs, the worst being in the Xinjiang capital Ürümgi in 2009. Authorities have increasingly linked Islam with terrorism and extremism. Since 2017 reports have emerged of camps, which Western reports have likened to concentration camps. PRC spokespeople have countered that they are aimed at eliminating radicalism and terrorism and educating people to live productively. In general, advanced industrial democracies, including Australia, have condemned the PRC for human rights abuse and religious and cultural suppression in Xinjiang. However, in October 2019, the United Nations General Assembly saw 54 representatives, including some Muslimmajority countries, issue a statement of

support for the PRC's so-called deradicalisation measures in Xinjiang.4 Certainly, the PRC is unlikely to close down these camps soon, and the whole situation remains extremely troubling.

It is ironic that the treatment of religion in the world's largest professedly atheist nation has emerged to be one of the most prickly issues in its bilateral and international relations. The Australian government has so far tackled this in a half-hearted and inconsistent manner.

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Immutable China?

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The People's Republic of China (PRC) is often described as a nation with unchanging values and an alien culture, inscrutable and radically different from our own. Chinese culture is said to be characterised by unquestioning loyalty to the state, emphasis on the group to the prejudice of the individual, networks of personal and business connections (the term guanxi has entered the business lexicon) and high regard for 'face'.

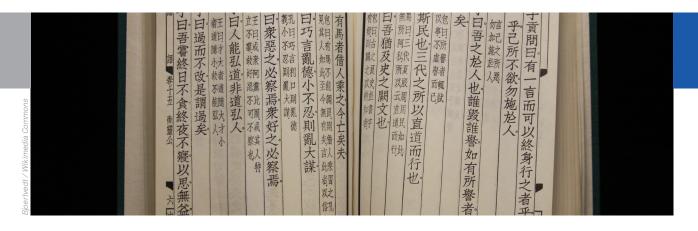
In these essays, leading scholars of Chinese studies have however shown that China has a much more complex culture. We must avoid 'East is East and West is West' thinking if we are truly to understand and engage with the contemporary PRC. To do this, we need to identify China's core values and their historical roots.

Cultural inheritance and continuity were declared core values by President Xi Jinping, who endorsed Confucian philosophy in an important speech in 2014.1 Since then, Confucian teaching has been used and promoted to advantage state affairs, particularly concepts such as loyalty (zhong 忠) and harmony (he 和). Confucius (551-479 BCE) preached the importance of moral standards and sincerity, and of maintaining the correct 'five relationships' (wulun 五倫) – between ruler and people, father and son, husband and wife, elder and younger brother, and friend and friend. Elaborated and adapted by his disciples and later scholars, this teaching

became state orthodoxy and the basis of the education system and selection processes for civil servants over many centuries. Over the centuries, the relationship of the ruler and the people came to be prioritised and loyalty to the state prevailed over filial piety (*xiao* 孝).

Today, when Xi couches his official statements in the language of the Confucian classics, this establishes his credentials as a valid successor to a long line of emperors and presidents before him. He speaks of building a harmonious society (hexie shehui 和諧社會) and enforcing good government and social stability. Chinese people have always believed that these win favour with Heaven, while unjust and cruel government will forfeit the heavenly mandate. For Confucius, harmony was achieved through the practice of ritual and music and through the virtuous conduct of leaders. To the leaders of the PRC, harmonious society most likely means economic development and social stability, but many PRC citizens regard it as a euphemism for 'stability at all costs'.

Sometimes loyalty to family may be stronger than the ruler/citizen bond. In the early years of the PRC, Mao Zedong took drastic action to break this relationship, for instance by forbidding ancestor worship, but the clans have fought back and reclaimed much of their former authority. Today there are also new groups in which the individual is merged into a corporate identity, such as schools, universities, religious associations and business corporations. Loyalty to family is often transformed to loyalty to these and, above all, to the government and the state. The watchword of government is 'unity above all'. Bearing in mind that the PRC is larger and at least as diverse as the whole of



Europe, the task of holding the nation together is extraordinarily demanding.

Although Confucius defined the individual in terms of relationships and membership of groups, a person was still free to choose his path in life (women were not mentioned). A peasant might become an emperor, through application to study, through joining a righteous rebel, or simply by a fortunate encounter. Belief in fate (yuanfen 缘分) became common after Buddhism reached China. Luck could be increased by creating a favourable environment (eg fengshui 風水), by word and by deed. Philanthropy would be rewarded, in this life or the next. Association with righteous leaders and prosperous people might allow their luck to rub off.

Still today, relationships must be nourished and cultivated, by sharing meals and the exchange of gifts and favours. Relationships are (of course) two-way, so the act of giving implies that something will happen in return. This cultural expectation can conflict dangerously with international business ethics, so it is important for those engaged commercially with the PRC and other centres of Chinese culture to understand this expectation. Since the PRC economic reforms in the 1980s, many privately-owned businesses have sprung up and there is often an overlap between personal and business connections. Australians should take care to distinguish between these and maintain absolute transparency in the giving and receiving of gifts.

When meritorious conduct and righteous behaviour are recognised by others, the individual is said to have gained a good reputation by virtuous conduct or in other words to have gained face (*mianzi* 面子). This is something like social credit, as the term is usually used in the West (but differs from social credit in the PRC in an earlier essay). Conversely, face is damaged by anti-social behaviour and loss of reputation. Face is particularly important in the light of the 'five relationships' mentioned above, which determine the status of an individual.

Confucian and Daoist teachings emphasise that humankind should live in harmony with the dao 道 (sometimes translated as the 'Way'), the source and pattern of the universe. Natural disasters such as earthquakes, droughts and floods disturb ecological and societal balance, very much as Shakespeare wrote, 'The heavens themselves blaze forth the death of princes'. Traditional Chinese philosophy elaborated this: when events reach an extreme and a tipping point, there will be a reversal. The wheel of fortune will turn. Rulers and people aim therefore for the Middle Way (zhongyong 中庸), but will also be resilient in the face of disasters, knowing that they are not final. The PRC adherence to Five Year Plans for national development can be understood in terms of the influence of Middle Way thinking.

I have been working on comparative humour studies for more than a decade, with particular application to Chinese humour. In this field, it has been demonstrated that humour and other emotions are common to every person on this earth and basic to our shared humanity. Where there are differences, these are determined by varying historical experiences and by the political and cultural make-up of various social groups. The enduring values of Chinese culture are not dissimilar to our own. The differences derive from the historical and political environment. In the case of the PRC, how cultural inheritance and historical continuity could be used to justify and legitimise state authority is and will remain a challenge for generations to come.

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The PRC and public health care

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The health care system in the People's Republic of China (PRC) was once a grave social concern and a major reason behind public disapproval of the government, but recent policy change that emphasises fairness, efficiency and strong government involvement has significantly elevated public confidence in the system and support of the government.

Australia's health care system is a good model in which the PRC health authority has shown strong interest. The PRC is also a major market for Australian pharmaceutical and health products.1 Cooperation between Australia and the PRC will benefit both countries and their people.

In the three decades following the launch of economic reforms, the PRC government undertook health reform that featured withdrawal of the state. Public hospitals were given less funding but more freedom to commercialise services and charge markups on drug sales to compensate the loss of government funding. Hospitals became

increasingly profit-driven. Medical staff were encouraged or pressured to carry out fraudulent and corrupt activities that significantly drove up health care costs.

To make things worse, the state also retreated from another front - health insurance.

At the end of the 1970s when the economic reforms had just started, 90 percent of the population in both rural and urban areas were covered by publicly funded health insurance schemes. By the end of the 1980s, less than five percent of the rural population was covered with some form of health insurance. In the urban areas, the collapse came later but was nonetheless phenomenal. In 2003, only 43 percent of urban residents were covered by some type of publicly funded health insurance, a sharp drop from seventy percent in 1993.

By the early 2000s, the corrupt, inefficient and exploitative health care system was one of the policy areas that the public was most dissatisfied with. Complaints over accessibility and affordability of medical services were loud and widespread. The Communist Party's governing capacity was widely questioned. Its failure to meet its ideological commitment to 'serve the people' was fiercely criticised.



The outbreak of SARS in 2003 testified the inefficiency of the system and raised alarms for the authorities. In 2005, the health reform was declared a failure.

The year 2009 marked a watershed for health care reform. The government, after years of vacillation and trials, finally made up its mind to face public anger and place greater emphasis on solving livelihood issues. A new round of health reform was launched which aimed at constructing a system that placed the people's interest at the centre.² Following global consensus on directions for health care systems, the PRC government promised to expand and strengthen its primary care system and to provide efficient, accessible and affordable medical services to all citizens by 2020. New co-funded public health insurance schemes that had been experimented locally were promoted across the country, including the New Rural Cooperative Medicine, the Basic Medical Insurance for Urban Residents and Urban Employee Basic Medical Insurance.

The reform gathered momentum under Xi Jinping's government. A notable achievement in recent years is the increasing coverage of

health insurance and increasingly favourable benefits targeting equality in health care. A major move in this space is the combination of the Basic Health Insurance for Urban Residents and the New Rural Cooperative Medicine, which aims to remove the dual system covering the urban and the rural sectors and to improve social justice and equality.3 By the end of 2018, over 95 percent of citizens were covered by a public health insurance scheme.

In line with the targets set in the 13th Five-Year Plan of Medical and Health Reform, this year the government has initiated a new type of 'state retreat'.4 Spelt out in an important policy document jointly endorsed by ten ministries or ministerial agencies is the government's promise to strictly control the number and size of public hospitals in order to make room for the development of the private health sector.⁵ The policy also encourages local governments to purchase health and social services from both public and private providers and promises fairness in the process. This is a ground breaking move, indicating that the health reform has truly broken away from unmanaged commercialisation as well as from the residue of planning economy.



Another breakthrough in this round of reform is the unprecedented emphasis on healthy lifestyle over curative medicine and its promise of largescale investment of resources and administrative efforts in health promotion and education programs. These policies are being implemented systematically. Their outcomes may not be clear at this stage but they are on the right track.

The PRC health care system still has many problems. The quality of medical services needs to improve, and corruption is still not completely stamped out. But people in general have more confidence in and feel more satisfied with the system. And this confidence and satisfaction have fed into their confidence in government.

The improved PRC health care system means not only improved equality and life expectations for its citizens, but also a better business environment and more opportunities for Australia. Australia not only offers the PRC an excellent example of a mature national health system, but can also benefit greatly from bilateral cooperation. In the process of designing rules guiding and regulating government purchase, Australia's health care system was widely studied by PRC policy advisors as a good model. General practitioner (GP) training is another area of potential. The PRC's primary health care system will need about 700,000 GPs by 2030, but it now has only about 310,000, many of whom are not adequately trained. Australia could play an important role in this regard due to its established GP system.⁶ Nurse education and age care systems are other promising areas. The Australia-China Memorandum of Understanding and Plan of Action on Health Cooperation signed in 2015 also set out other areas of cooperation, such as health systems innovation, communicable disease prevention, tobacco control and medicines policy.7 Given the PRC's increasing participation in global health governance and its huge and increasingly open market, the potential for cooperation between Australia and the PRC in health care and commercial opportunities for Australian health industries are enormous.8

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The PRC: social changes that impact relations with Australia

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The economic takeoff that pushed the People's Republic of China (PRC) up to become a middleincome country has brought about significant social changes. Economic development has lifted hundreds of millions of people out of absolute poverty, but one marked social change is increasing disparity as a result of sharp stratification of social classes.

This stratification concerns the issues of whether the PRC is a developing country, the issue of social mobility in terms of career choice and internal promotion, and even demographic trends. All these are relevant to current Australian exports of education, tourism and agricultural produce such as wine and dairy products.

Let us look first at the straightforward issue of demographic change in the PRC. The onechild policy that applied from 1980 to 2015 was in fact one of the most egalitarian policies in the history of the Chinese Communist Party (CCP), in that it applied to all sectors of the society regardless of people's social position. For instance, most CCP party officials of the

age group affected by the policy, including the current leader Xi Jinping, have only one child. One consequence is that the PRC seems to get old before it gets rich. The relevance of this is that Australia can expect many opportunities to export its aged care service industry.

Another social change is the commercialisation of health care and education. A consequence of this development of neoliberalism in the PRC is the increasing inequality of access to education. Though the PRC has implemented a policy of compulsory nine-year education, most rural children have difficulty in accessing tertiary education. These and other social changes are discussed in my recent book Gao Village Revisited: Life of Rural People in Contemporary China. Urbanites have more chance of being tertiary educated because they have better resources, and the young of the urban sector do not need to work like robots on assembly lines, as young rural migrant workers do. Even the urbanites encounter fierce competition for tertiary education. That is why there are relatively such large numbers of PRC students enrolling in Australian universities: they come to study in Australia either because they have quit or failed the rat race in the PRC. For this reason, many PRC students who are enrolled in overseas education institutions are not necessarily the most talented. Because the base number of





the PRC population is so huge (residents in Shanghai alone exceed the total number of people in Australia), a small number in relative terms can mean a large absolute number for Australia.

The rural/urban divide in the PRC means that there are pockets of areas that are well developed. Shanghai, for instance, where socio-economic indexes such as infant mortality, housing, life expectancy and average personal wealth (if property assets are included) are better than some developed countries, can be said to be a developed region. But if you examine the income and lifestyle of the majority of the 1.4 billion population, the PRC is a developing country. According to one report, more than 1.2 billion people do not have a passport.1 The income levels, working conditions and lifestyles of hundreds of millions of migrant workers are not something PRC urbanites want. This is hardly comparable to lifestyles enjoyed in other developed countries - Singapore, the United Arab Emirates, Qatar and Hong Kong are all 'developing' countries and registered as such with the World Trade Organization (WTO).

The fact that the PRC is the largest source of international students and tourists in Australia

can lead to the misperception that PRC citizens are affluent and live in a developed country. In fact, those who can afford to come to Australia as students or tourists belong to the absolute minority in the PRC and are a tiny percentage of the total population. I have written elsewhere about 'Why China is so unequal'.2

What is relevant to this discussion is the current US-PRC trade war, in which the argument is being put that the rest of the world must have a level playing field with the PRC. The assumption is that, according to WTO rules and conventions, concessions are allowed for developing countries in terms of state subsidies, trade tariffs and import protection. The argument is that the PRC has enjoyed these protections as a developing country and now it is time to put a stop to this regime of protections. Legal scholars Henry Gao and Weihuan Zhou have pointed out what very few realise, that is, after more than 13 years negotiation with the US government, when the PRC entered the WTO it agreed to forego many developing country concessions and benefits.3 In any case, it does Australia no good to get involved in this issue since Australia already has a trade agreement with the PRC that serves both sides well.

Whether the PRC is elsewhere accorded the status of a developing country will have no impact on Australia's trade with the PRC or on exports of education, dairy products or wine, not only because all these industries have high quality products that readily find acceptance overseas but also because even if only a small proportion of the population of the PRC can afford these luxury goods and services, this is already a big market for Australia. This also means that if the PRC for whatever reason decided to cease all trade with Australia, very few PRC consumers would find this inconvenient. On the other hand, it would be devastating for Australia. Australia can and should diversify its trade partners and this is what is being done by many industries, such as Australian universities; but there are economic logics and intrinsic human conduct that cannot be reversed simply by trying to find alternatives to our trading links with the PRC.

It is likely that the economic growth of the PRC will slow down further, and I think the PRC's internal problems resulting from recent decades of enormous social changes will get worse before they get better. This means that both tourism and education exports to the PRC may suffer. But for Australia, whatever happens in the PRC, the market always provides more opportunities than risks because the simple logic is that even a niche market in the PRC means that a small quantity of goods and services for the PRC in terms of the country's total demand is a large number for Australia.

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Conclusion

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This series of essays has highlighted aspects of the People's Republic of China (PRC) that are often overlooked in discussion of our bilateral relationships. We have to get used to living with the Chinese elephant in our neighbourhood. A close encounter may be uncomfortable but if we understand the beast better we will be able to find a way of getting along with it. This series has focussed on both the positive and the negative sides of the relationship, and on some aspects of China that seem alien and therefore impact on our overall conception of the PRC.

The first four essays in this series dealt with the emergence of the PRC into the modern world, starting with some reflections by Yingjie Guo on the forces that have shaped China's national identity. Xi Jinping defined 'Chinese-ness' in terms of values and, probably deliberately, obscured distinctions between citizenship of the PRC and ethnic overseas Chinese. The 'tug-of-war' between flexible citizenship and

dual allegiance affecting Chinese-Australians was described in some detail by Wanning Sun who also pointed out that they feel unfairly treated by the media. As the ethnic Chinese-Australian community grows larger and larger, this view may well impact on bilateral relations. David Walton discussed PRC relations with its neighbours and how these illustrated the same tensions between economic dependency and politico/security policy that characterise Australia's concerns. Mobo Gao took four cases to illustrate the hard and soft power of the PRC: 'debt diplomacy' and the Belt and Road Initiative, and the PRC United Front and Confucius Institutes - all topics arousing a variety of opinions in the press and in scholarly debates.

The next four essays covered topics relevant to internal developments in the PRC. Geoff Raby outlined the history and development of its ruling Party, the Chinese Communist Party, described how it promoted patriotism and nationalism and predicted that it had a secure future. James Laurenceson discussed PRC determination to become a world leader in science and technical innovation, where the R&D budget of a single company, Huawei,



is larger than Australia's entire spend. Active engagement with the PRC was essential, he concluded. The 'social credit' system being rolled out currently in the PRC derives from PRC advanced digital systems. Haiging Yu argued that it was more widely accepted by the PRC public than foreign commentators believed and that people were prepared to trade lack of lifestyle choice for higher technical standards. China being key to global progress towards improvement of the environment and response to climate change, Jason Young outlined the PRC range of environmental policies and practices and their very mixed results. These impact not only on PRC citizens but on the international community.

The PRC today is very much shaped by the unique history of the Chinese empire. The final four essays related to China's enduring core values and looked at whether these were being modified in times of social change. Colin Mackerras discussed Chinese materialism and the practice of religion, tolerated insofar as it did not threaten state power. I myself identified social values largely derived from Confucianism that still influence business, government and everyday behaviour, and posited some explanation for Chinese preference for longterm forward planning. Mobo Gao contributed a second essay outlining rapid economic and social development in the PRC and commented on the trade and investment options that this opened for Australian business. As an example of this economic development and of the business potential for Australian service industry companies, Jingqing Yang described reforms of the PRC health care system and concluded that there were many opportunities for cooperation in this field.

Naturally this series of essays has not been able to cover all topics of relevance to the bilateral relationship. It was an editorial decision to limit the series to 12 essays only. It was also never the aim of the editors to enforce a uniform view from contributors but to allow each author to speak for him or herself. Even with these considerations in mind, it should be clear to the reader that Australia and New Zealand have many experts in various fields of China Studies. Some extra references have been included at the end of each essay that will

point the interested reader to further works for follow-up reading.

In the past year, official relations between the PRC and Australia have sunk to record low, but in this conclusion to the essay series, I would like to contribute a small reflection sparked by my recent visit to Beijing for the launch of the Chinese translation of my autobiography. During the week I spent there I had the chance to meet a number of Chinese scholars who work in the field of Australian Studies and who are frequent visitors down under. I also chatted to all sorts of people that I met on the street, in parks and on public transport. When they discovered that they could converse with me in Chinese and found out that I came from Australia, each and every one observed that they had either visited or had friends or relatives who had studied, travelled or done business in Australia. 'Hao difang' - it's a good place, they added. In the 45 years since the establishment of diplomatic relations in December 1972, these people-to-people connections have so greatly expanded that I believe they have become the glue that binds both countries together.

About the authors



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Professor Jocelyn Chey AM is an Adjunct Professor at the Australia-China Relations Institute, University of Technology Sydney.

Professor Chey is also a Visiting Professor at the University of Sydney and an Adjunct Professor at the Australia-China Institute for Arts and Culture at Western Sydney University. She is a former senior diplomat specialising in Australia-China relations. Professor Chey moved from the University of Sydney to Canberra in 1973 when Australia first established diplomatic relations with China and worked in the Departments of Trade and Foreign Affairs for more than twenty years. She was posted three times in China and Hong Kong, concluding with an appointment as Consul-General in Hong Kong (1992-1995). She was the key administrative officer in the Australia-China Council at the time that it was founded in 1979. Professor Chey is a frequent speaker and lecturer on Chinese affairs. She was awarded an Australia-China Council Medal for contributions to the development of relations between Australia and China in November 2008. She is a Fellow of the Institute of International Affairs and was awarded the Order of Australia (AM) in 2009 for her community service and contribution to the development of relations with China.



Mobo Gao

Professor Mobo Gao at the University of Adelaide, born and brought up in a remote Chinese village, did his undergraduate studies at Xiamen and doctorate at Essex. Gao's publications include several books and numerous book chapters and articles. One book Gao Village (1999), is a case study of the village that he came from, a sequel to which titled Gao Village Revisited appeared in 2018. Other publications include the Battle of China's Past: Mao and the Cultural Revolution (2008), Remembering Socialist China, 1949-1976, with Han Dongping and Hao Qi (2015), and Constructing China: Clashing Views of the People's Republic (2018).



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