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China Rising: Challenges and Opportunities

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THE UNIVERSITY OF
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‘Enhancing China-Australia Relations’



Contemporary China: A Land of Contrasts





The Chinese Century?

- China as the 'next big thing'
 - Challenges and opportunities
- Regional and International Implications
 - For Australia
 - For the region ('the great sucking sound')
 - For the world

The Chinese Industrial Revolution



■ Life in the fast lane:

- Rapid pace of industrialisation
- Rapid pace of urbanisation
- Rapid pace of social change
- Social change on fast forward



The ever
changing
streetscape

...

The Developmental State

- **Goal: 'A prosperous and strong nation' (富国强兵)**
 - The Four Modernisations
- **The Party still at the helm**
 - Charting the course
- **Rough weather ahead?**
 - Social inequality and unrest
- **Priority: Maintain social stability**
 - Combine authoritarian rule with market society
 - Continue to deliver economic growth

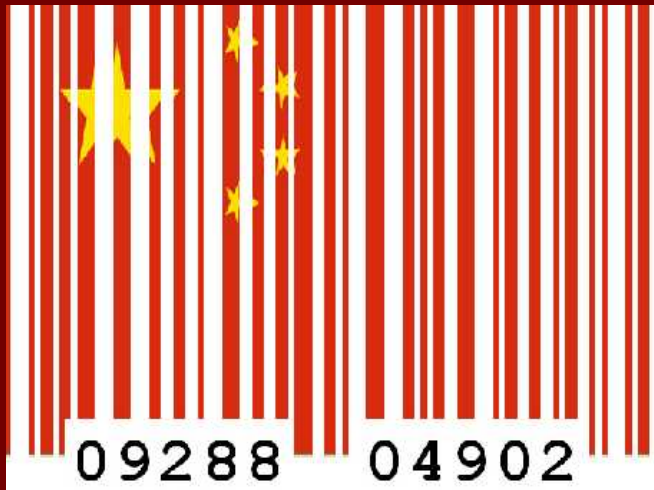


The Economic Achievement

- Economy has tripled in size over the last decade
- 1997 -2007 average growth rate of 8.6%
- Largest recipient of Foreign Direct Investment (FDI): US\$74 billion in 2007
- Over 100 million people lifted out of poverty



Made in China!



- China is largest producer of:
 - Wheat, corn, rice, coal, steel, washing machines, microwave ovens, phones, clocks, cigarettes, nail clippers and lighters
- China produces:
 - 20% of world's refridgerators
 - 30% of world's televisions
 - 50% of its cameras
- China consumes 40% of world's cement
 - Shanghai as the world's largest construction site

The Problem: Uneven Development



- A widening gap between rich and poor
 - Survival of the fittest mentality
- 16% of population in abject poverty (203 million on US\$1 per day)
- However, 47.3% (615 million) on less than US\$2 per day
- Per capita GDP only US\$2000 per year
 - Shanghai: US\$5625
 - Guizhou: US\$757

Challenges in Rural China

- Seventy percent of population live in rural areas
- Poverty
- Excessive burdens
 - Fees and taxes
 - Paid with IOUs
- Local corruption
 - Local fiefdoms
 - Commandism
 - Appealing to Higher Authorities



Rural to Urban Migration



- 120-140 million people on the move
 - 10% of total population
 - 200-300 million more to move to urban areas in next decade
- Why is the city so attractive?
 - Employment prospects
 - Education opportunities
 - General quality of life
- Second class citizens
 - The backward peasant in the cosmopolitan city
 - System of Household Registration



Life in Urban China

- Decline of the 'Iron Rice Bowl'
- Rise of consumerism
 - Leisure society
- Emergence of a 'Civil Society'?
 - Community development and NGOs
 - Communications revolution



Urban Social Stratification



■ Who are the 'new rich'?

- Private entrepreneurs
- The 'princelings'
- The 'rich abbot from a poor monastery'

■ The new 'middle class'

- Earn 100,000-150,000 RMB per year (US\$13,000)
- Three Ticket Items: Car, Apartment, Overseas Holiday

■ The urban poor

- Laid-off workers
- Rural migrants

The New Gated Communities



New Residential Communities: Utopia County, Fortune Plaza,
Home of Tycoons, Windsor Park ...

Other Challenges

■ Environmental pollution

- China has 16 cities in the ranked in the top 20 most polluted cities in the world
- Water crisis



■ Undeveloped social welfare system

- SARS crisis and failing health system (esp. in rural areas)
- Rapidly aging population

■ HIV/AIDS epidemic

- Government slow to respond
- Social stigma

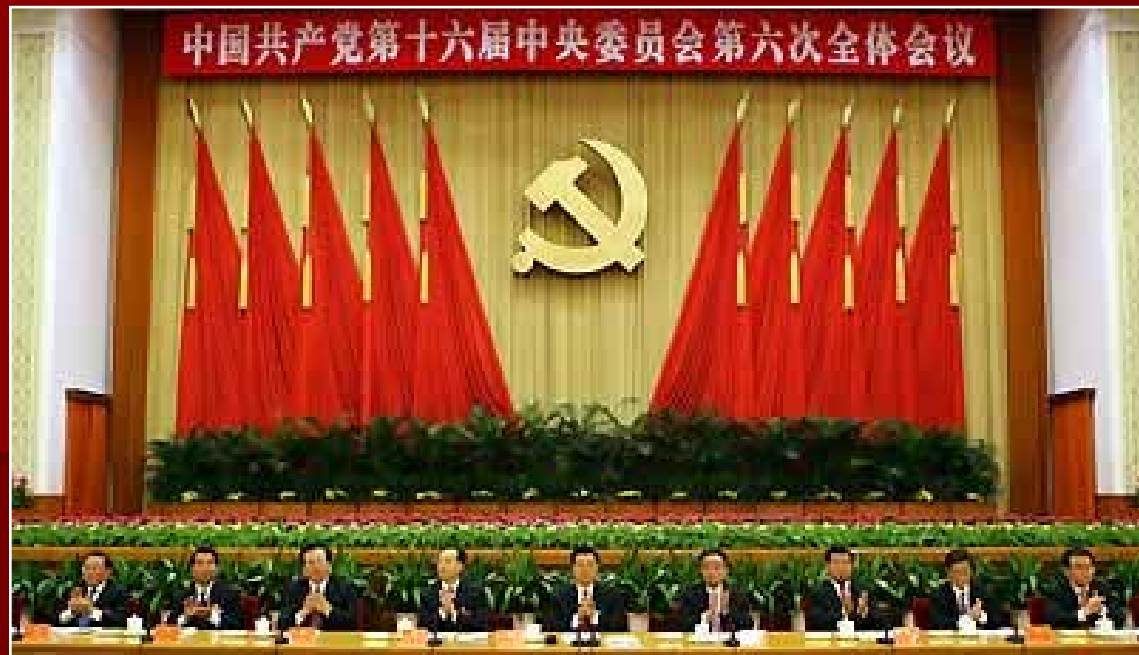
What is to be Done?



- Maintain 'social stability'
- Rely on fast pace of economic growth
- 'Go West' development strategy
- Ease farmer burdens
- Develop 'rule of law'
- Control the 'gun' and the 'pen'
- Utilise the media as watchdog (but keep tight hold of the leash)
- Develop civil society (but have boundaries)
- Reform existing system, but don't change it

The 17th Party Congress

- From a 'Revolutionary Party' to a 'Ruling Party'
- All eight members of the Standing Committee of the Politburo are Engineers!
- Hu Jintao's Speech: 2008 – 2012 Priorities
- Scientific Outlook on Development



Questions?



