

Behold the Asian age

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When I was at school, the world map in my atlas had Europe and Africa in the middle, the Atlantic and Americas on the left and Asia to the right. Australia was way down in the far bottom right corner.

For much of our history this was how the rest of the world saw us -- and it was pretty much how we saw ourselves.

Australians fretted about how far they were from Europe and America. That was why we were so keen on our British Empire ties, and later our alliance with the US.

We knew that to get the best education and stay up with the cutting-edge in entertainment, fashion, technology and the arts, we had to fly to Europe and America. Our artists only really made it when they became big over there.

We knew that as long as Europe and America were stable and booming, we were safe and prosperous; when they started to fight or went into recession, we were in trouble.

The historian Geoffrey Blainey called it our "tyranny of distance" -- an anxiety about being so far away from Europe and America that shaped how Australia developed.

But distance had its advantages too. All of the big wars, the grand clashes with fascism and communism, the dirty industrialisation, the spectacular economic busts, happened a long way from us. We had the luxury of deciding when we wanted to be involved and when we wanted to sit on the sidelines. From time to time we were allowed to duck the international rules because no one in Europe or America thought about us much.

SHIFTING SANDS

Over the past 10 years, our luxury of distance has vanished. Europe and America are no longer the places where major conflicts are likely to happen. They are no longer the most dynamic world economies.

The cutting edge in entertainment, fashion, technology and the arts is not only in Europe and America. Europe and America have been in deep economic trouble for the past three years, but our economy continues to grow steadily.

The center of gravity has moved much closer to us in the past ten years.

Not only are Asian countries the fastest growing in the world, they are increasing their rates of consumption, innovation and infrastructure building faster than anywhere else.

Their increase in weapons spending dwarfs any other region's. If you want to build a state of the art power station these days, you go shopping in China, not Europe or the US.

One calculation by our Treasury illustrates how our world has changed.

In 1970, only 16 per cent of world economic production was within 10,000km of Sydney -- 94 per cent was within 10,000km of London.

By the end of the 1990s, 28 per cent of world economic production lay within 10,000km of Sydney.

The most dynamic trade, investment and infrastructure linkages are now in Asia. China is Saudi Arabia's largest trading partner. New Delhi's gleaming new metro system is being built by Japan. South Korean investment is pouring into Vietnam and Indonesia.

We may not think of ourselves as Asia, but we are in economic terms.

The steel that's building Asia's cities, railways, factories and power stations is mostly made of Australian iron ore and coal. Our schools and universities have been training the engineers, officials and business people behind the rise of Asia for more than 50 years. Australian agricultural exports are feeding the dietary changes of Asia's middle classes.

THE NEW BOOM

For Australia, the tyranny of distance has turned into opportunities of proximity. We're prospering because booming Asia needs what we already do really well.

But there's a challenge here for us too. Asian societies aren't going to be building new cities, factories, bridges and power stations for ever. Asian schools and universities are well funded and soon will be the first choice for their best and brightest.

The challenge for Australia is to think about how we're going to fit into the Asian economic picture in 50 years.

There are real opportunities for us to invest in the things we do really well, and that Asian societies will need later this century. Health services come to mind. The populations of Asian societies are ageing, and there will be big demand for quality health care.

Already "health tourism" is a fast growing industry. Education is another area.

If we continue our traditions of excellence in research and training, while maintaining the practical edge that's always been part of our schools and colleges, we'll be able to continue to capture a premium segment of the Asian market.

Governance is another area we're good at -- the regulation of our banks, our ability to keep an eye on corruption, our ability to administer large programs -- make us unique in this region. And demand for these skills will only increase as Asian societies get more complex.

There are probably quite a few other things that we do well that Asian societies will need in 40 or 50 years. But we need to start identifying them and investing in them now.

Everyone talks about this being the Asian century. If we're smart, we can make sure it's an Australian century too.

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