

Geoeconomic Brief #3 — Geoeducation and the University Sector

- Major power rivalry and the rise of geoeconomics has led to a new era of 'geoeducation', which is a challenging time for the Australian higher education sector, compared to the previous few decades.
- US geoeducation strategy under the Trump administration is shifting from 'soft power' and 'positive influence' to a restrictive and security-focused approach that is sceptical of, and increasingly hostile to, the participation of and collaboration with foreign students and academics, especially those from China.
- As the world's largest exporter of international students, China's strategy combines elements of overt coercion and inducement, backed by (potential) leverage and significant government investments.
- As with many other policy domains, Australia's geoeducation strategy will face difficult tradeoffs in balancing the economic and innovation benefits of engaging with China, against national security and alliance management dynamics that orient the government towards the United States.

Since the 1980s, higher education has undergone rapid internationalisation, in both student flows and collaborations in research and innovation. Universities and governments across the globe now see internationalisation as central to the industry, driving rankings and competitiveness in attracting students and faculty and producing world class research. Hosting foreign students and attracting foreign researchers have also long been viewed as an important element of a state's soft power.

However, the now highly internationalised sector is grappling with a growing awareness that education and research are intricately connected to other national policy goals, relating to trade, innovation, productivity and competitiveness. Given increasing competitive tensions between the US and China, national security is now also a focal point.

As a result, in recent years the university sector has become a tricky balancing act for policymakers — maximising the benefits of economic and educational/research engagement while mitigating perceived threats to national security. The impact of geoeconomics on the university sector is unsurprising given that education represents a major export for countries like the United States and Australia, while research drives the innovation that underpins economic development and national power. But the open nature of universities and research — a cornerstone of Australia's successful model — now operates in tension with the more closed nature of many national security interests that are shaping the behaviour of major powers.

This Brief provides some context for understanding the rapidly changing landscape for the higher education sectors in Australia, China and the United States. It then applies the concepts and framework developed in Briefs #1 and #2 to what we call a 'geoeducation' analysis.

Australian Context

Australia has been a success story in the internationalisation of higher education and research over the last two decades. Australia ranks third in the world in terms of the number of international students and, on a per capita basis, has five times as many international students as the United States. This level of internationalisation has brought huge benefits to Australia, as described by University of Queensland Chancellor and former Secretary of the Department of Foreign Affairs and Trade, Peter Varghese:

*[B]eyond the economic benefits, international students deepen our regional links, reinforce our foreign policy objectives, strengthen Australia's soft power and broaden the horizons of Australian students. They also create a network of alumni in Asia who know Australia first hand, occupy significant positions and for the most part have a very positive attitude towards us.*¹

China is a major contributor to this success story. Australia's education and research links with China have grown rapidly in recent decades, with nearly 30 per cent of all international student enrolments in Australian universities coming from China in 2019 — close to double the share of India, in second place.² That percentage is even higher in some leading Australian universities (especially UNSW, University of Sydney, University of Melbourne and Monash).

In research and innovation, Australia produces only 2-3 per cent of the world's new knowledge each year, so its rankings and global impact rely strongly on international collaborations with research partners, including in innovation powerhouses in the United States, Europe and, increasingly, China. Research links have also been increasing rapidly to the point where China is now Australia's top international partner for research, overtaking the United States in 2019.³

In recent years, the potential costs and risks of Australia's high levels of global integration in research and teaching have become more prominent in public and policy for two reasons. The first relates to the vulnerability of the sector to a sudden reduction in international student numbers. As China's power has grown, its government has shown a willingness to disrupt economic relations in retaliation for bilateral disputes. For example, Taiwan experienced a drop in Chinese student enrolments in 2017, following a tightening of restrictions on mainland student permits because National Cheung Kung University (in Tainan) was "engaging in pro-Taiwan independence activities".

Given the heavy dependence of some Australian universities on Chinese students, along with the asymmetry in the economic importance of student flows, there have been rising concerns that China might take formal or informal measures to limit student flows to Australia. These fears appeared realised in 2020, with China's Ministry of Education warning Chinese students to reconsider studying in Australia, citing the rise in "racist incidents" during the COVID-19 pandemic. The ongoing chill in relations between the two countries will present continued risks for the higher education sector.

The second dimension relates to concerns that the benefit of collaborations between Australian and Chinese researchers will serve purposes that are at odds with Australia's national interests. These

¹ Peter Varghese, Speech given to the 2018 National Conference on University Governance on 4 October 2018, online at: <http://www.uq.edu.au/about/australian-universities-and-china>

² See <https://internationaleducation.gov.au/research/DataVisualisations/Pages/Student-number.aspx> for details.

³ James Laurenceson and Michael Zhou, 2019, 'Partners in knowledge creation: Trends in Australia-China research collaboration', online at: <https://www.australiachinarelations.org/content/working-paper-partners-knowledge-creation-trends-australia-china-research-collaboration-and>

concerns are broad in scope, and include the development of technologies used by companies to enhance the repressive apparatus of the Chinese government. They also extend to collaborations — in both the teaching and research — with individuals and groups linked to the People’s Liberation Army, which may result in providing strategic or battlefield advantage to a foreign military with increasingly divergent interests from Australia.⁴ As China advances its “civil-military fusion”, the line between the military and civilian research is becoming more blurred. This makes it harder for universities to assess whether collaborations with Chinese researchers may ultimately be intended for military applications.

This results in several risks for the Australian higher education sector. First, universities may be required by the Australian government to restrict certain research and teaching activities. As a consequence (or simply because of ongoing political tensions), the Chinese government may also decide to impose its own restrictions on research collaborations. Both these factors highlight the possibility that research collaborations with Chinese scholars could become harder to secure in the future. In such circumstances, the sector will need to find a modified model of research and innovation if it is to keep its global standing and maintain contributions to the nation’s economic dynamism.

China and the United States

China and the United States are the two most consequential actors influencing the future of Australia’s higher education sector. From Beijing’s perspective, advances in education and technology are cornerstones of Chinese President Xi Jinping’s ambitions to “rejuvenate” the Chinese nation. Since the resumption of university teaching in 1978, China’s higher education sector has rapidly expanded, with approximately one university opening a week over the last 40 years.

The Chinese government’s “Double First Class” initiative has channelled additional funding to a select group of universities to enhance their global ranking and reputation. The government also provides funding and policy support through the “Thousand Talents Plan” to attract scholarly and scientific talent to China, as well as tens of thousands of scholarships to attract foreign students, particularly from countries signed up to the Belt and Road Initiative, China’s signature geoeconomic strategy. China now hosts over half a million foreign students every year, and is attracting increasing numbers of students from South-East Asia in particular. As Chinese universities rise in the rankings, the relative attractiveness of attending Australian universities will also decrease for a certain section of Chinese students.

These developments have coincided with the centralisation of power that has occurred during Xi’s tenure. This is manifest in the concerns about the strengthening links between Chinese research and the military, and in the application of new technologies used for surveillance of minority groups including the Uighurs in Xinjiang, but also more broadly across Chinese society.

China’s Confucius Institutes (CIs) — established to promote the teaching of Chinese language and culture internationally — are also coming under increased scrutiny due to concerns about them serving as focal points for influence activities, potentially threatening academic freedom and silencing debates.

Meanwhile, the United States has stepped up its focus on China as a “strategic competitor”, with the university sector becoming central to the government’s “whole-of-society” response to China’s rise.⁵ By the end of 2019, six bills had been introduced in US Congress proposing tighter screening of Chinese

⁴ See, e.g. Alex Joske, “Picking flowers, making honey: The Chinese military’s collaboration with foreign universities”, Australian Strategic Policy Institute, Policy Brief Report 10/2018, <https://www.aspi.org.au/report/picking-flowers-making-honey>

⁵ Speech by FBI Director Christopher Wray, “The Threat Posed by the Chinese Government and the Chinese Communist Party to the Economic and National Security of the United States”, delivered 7 July 2020.

student visas and stronger measures to address intellectual property theft and espionage in universities. This has coincided with calls for Australia and other Five Eyes countries to form a “Coalition of Caution” and respond in line with the US.⁶

Specific examples include the US government’s tightening of the student visa regime, including (now halted) attempts to force foreign students undertaking exclusively online learning due to Covid-19 to leave the country. The Trump administration has also reduced visas for Chinese graduate students working in select fields of science and technology (robotics, advanced manufacturing and aviation) from 5 years to 1 year. US funding agencies and government departments have issued new guidelines on reporting international collaboration and funding; issued bans on researchers participating in foreign talent recruitment programs such as China’s “Thousand Talents Plan”, and stipulated new funding rules, including that funding for foreign language education cannot be provided to universities that house a Confucius Institute (CI). Many US universities have announced the closure of their CIs as a result.

The *Safeguarding American Innovation Act*, bipartisan legislation introduced in June 2020, is designed to “stop foreign governments, particularly China, from stealing American taxpayer-funded research and intellectual property developed at U.S. colleges and universities”.⁷ It proposes to criminalise the failure to provide information on foreign relationships in federal research grants and provides new grounds to deny visas to certain applicants. This *Act* provides a clear sign of how far the US has shifted from its three-decade long approach of actively engaging Chinese students and researchers.

While there is much uncertainty surrounding the trajectory of US-China relations in a post-COVID world, there seems little doubt that geoeconomic — rather than purely economic — considerations will dominate decision making by both major powers, including in the higher education sphere.

Applying the Geoeconomics Framework

The context above fits well into the broader context and concepts introduced in Briefs #1 and #2. Returning to the five global trends introduced in Brief #1, it is clear that:

1. *Growing strategic rivalry between the US and China* for both economic and technological power stems in part from China’s rapid rise in global university rankings and R&D capabilities.
2. *The trajectory of the PRC government’s domestic policies, and its international engagement and influence strategies* relate directly to the university sector, ranging from its heavy investment in universities and R&D, to the tight link between the research community and the government/military, to concerns about IP theft and academic freedom, both within and outside China.
3. *The expansion of national security concerns to cover more and more policy domains* has reached well and truly into higher education and research.
4. *The weakening of the rules-based order* is visible in both the Chinese government’s use of coercive tools to target foreign university sector in foreign states, including Australia, for non-compliance with its foreign policy objectives, as well as the Trump administration’s discriminatory targeting of foreign nationals from certain countries, most notably China, in its visa, education and research-related policies.

⁶ See Jane Golley, Paul Harris and James Laurenceson, 2020, ‘Campus Conundrums: Clashes and Collaborations’, for further details, online at <https://www.thechinastory.org/yearbooks/yearbook-2019-china-dreams/chapter-9-campus-conundrums-clashes-and-collaborations/>

⁷ See <https://www.portman.senate.gov/newsroom/press-releases/portman-carper-rubio-senate-colleagues-introduce-bipartisan-legislation>

5. *Unprecedented levels of global interdependence, including flows of people and knowledge*, relates directly to international student flows, dominated by Chinese students, and international collaborations in research and innovation, which until recently were both high and rising.

It is also clear that a growing number of policy makers view policies relating to education and research as instruments of both strategic advantage and potential vulnerability. This makes education and research relevant to a suite of geopolitical objectives, including strengthening alliances (evident in the Five Eyes “Coalition of Caution”), changing the capabilities or behaviour of other states (US responses to reduce China’s IP theft or prevent its technological rise), and promoting one’s own ideology or values (for example, by challenging authoritarian practices in the academic realm).

In other words, just as we find ourselves in a new era of geoeconomics, we find ourselves in a new era of “geoeducation”.

Techniques and Tools

Governments can intervene in the higher education market to (attempt to) achieve a range of strategic objectives. As seen in Brief #2, intervention techniques can be classified as carrots and sticks:

Technique 1: Sticks

Some recent examples of geoeducation sticks include:

1. China: barring/discouraging students from travelling overseas to study, a form of economic coercion prosecuted to achieve a political concession (as in Taiwan/Australia)
2. China: financial (and political, diplomatic) pressure to shape research agenda/curricula outside China to constrain freedom of speech/academic inquiry.
3. US: restricting visas for Chinese students and researchers in security-sensitive fields, to prevent knowledge transfer to a strategic competitor state.
4. US: placing Huawei, Hikvision, and other high-tech Chinese companies on an “entity list”, which means they are barred from dealing with US universities unless a license is granted.

Technique 2: Carrots

Some recent examples of geoeducation carrots include:

1. Australia’s Pacific Step-Up: offering scholarships for students in the region to study in Australia.
2. China: offering scholarships for students in BRI participant countries to study in China.
3. US: research funding opportunities offered to allies who join in “Coalition of Caution”.
4. Confucius Institutes: As the US National Association of Scholars has described them, CIs can function as an inducement, “turn[ing] universities themselves into agents whose interests lies in enforcing the Chinese government’s implicit speech codes”.⁸

Effectiveness: Towards a geoeducation strategy for Australia

The potential impacts for Australia from rising geoeconomic competition between China and the United States could be enormous. For example, if Chinese students are no longer as willing or able to study in the United States as previously, some of those students might turn to other states, such as Australia.

⁸ Rachele Peterson, “Outsourced to China: Confucius Institutes and Soft Power in American Higher Education”, National Association of Scholars, April 7, 2017.

This could present opportunities for some Australian universities seeking to expand their (low) Chinese student intakes, while for others it could raise the risks of being overly dependent on Chinese students. By contrast, if Australia is seen as welcoming of a more confrontational policy approach by Washington, Chinese students might also rethink Australia as an attractive educational destination — or be directed by their government to go elsewhere. While this may mitigate some of the concerns about over-dependence, it could also be problematic for universities that rely heavily on this source of revenue.

The US government has recently reached out to the Australian Government, keen to support stronger collaboration between faculty and students in both countries in key strategic areas of science and technology (such as space, cybersecurity, AI and quantum science). Many universities are already seeking to strengthen US collaboration and access to US funding, but increased support from the US government would almost certainly be conditional on Australian researchers complying with US stricter funding rules, including those protecting against the transfer of certain research to Chinese students, researchers and institutions.

For the Australian government, the economic benefits of Chinese students and research collaborations will need to be weighed carefully against the risks posed by national security concerns. This will require deep analysis of the scope and magnitude of the risks, such that a hierarchy of security-sensitive restrictions can be established and justified.

Scenario building could be useful for assessing the costs and benefits of alternative futures. For example, policy-makers could assess what the costs — in terms of university revenue and jobs — would be if the Chinese government were to prevent the flow of Chinese students to Australia in the years ahead. One key question that remains unanswered in this scenario is *whether* Beijing has the capacity to do so, and through what channels — that is, does it actually have the *leverage* to influence the behaviour of Chinese students and their parents. Another question is what kind of realistic diversification options are available to Australian universities, and what other options exist for funding the sector in the absence of large international student flows?

Another scenario could be that the Australian government chooses to align tightly with the US, shifting from the soft power strategy that comes with internationalisation to one that more closely resembles the *Safeguarding American Innovation Act*. Given our smaller population and greater reliance by Australian universities on Chinese students at present compared to US universities, the calculus of costs and benefits will likely differ.

In either of these scenarios, a geoeducation strategy is likely to be more effective when backed up by market power. In higher education, Australia is a strong performer in this regard, with few competitors for Chinese students seeking high-quality English-language education overseas. Given that our major competitors are also our allies (US, UK and Canada), there is scope to explore how we can work together — for example, in upholding academic freedom for all students and researchers engaged in our institutions, and building resilience in our institutions to reduce the impact of coercive measures that may be directed our way. But there will also be a need to recognise that our interests may not always align with our allies: like all our geoeconomic strategies, in the realm of education and research, Australia's national interests must remain paramount.

This brief was prepared by Prof Jane Golley (ANU Australian Centre for China in the World — CIW), Ms Yun Jiang (CIW), Dr Darren Lim (ANU School of Politics and International Relations) and Prof Anthea Roberts (ANU School of Regulation and Global Governance). We thank the ANU Public Policy and Societal Impact Hub for funding our ongoing work on geoeconomics with the Australian Government, and workshop participants for providing further insights and testing ideas.