

Impact case study (REF3b)

Institution: University of Oxford
Unit of Assessment: UOA30
Title of case study: Adapting to the economic rise of China
<p>1. Summary of the impact (indicative maximum 100 words)</p> <p>Karl Gerth's work on the role of Chinese consumers in the global economy, and on ways in which Chinese consumerism may create more environmental and policy problems than it solves, has had a significant influence on business leaders seeking to position themselves in the Chinese market, as well as on public discourse around the 'rise of China'. Gerth has extended the range and quality of the evidence on the interconnected and wide-ranging ramifications of the shift within China toward a market economy over the past thirty years, and has improved understanding of this phenomenon in ways which have enabled British business to compete more effectively in China.</p>
<p>2. Underpinning research (indicative maximum 500 words)</p> <p>Public discourse on 'the rise of China' since the turn of the millennium frequently falls into one of two extremes. Optimists predict that China will become another consumer society, with its hundreds of millions of emergent middle-class consumers fuelling the next round of global economic growth and forming the basis of an increasingly democratic and peaceful nation. Pessimists fear that China is an inherently unfair trading partner, which has become the world's largest emitter of carbon dioxide, a despoiler of the planet, a military threat, and an enemy of free trade and democracy everywhere. Gerth's research, carried out at Oxford while he was Fellow and Tutor in History (2007-13), shows how these interpretations are both part of a larger reality. As Chinese and global business and political leaders all push Chinese to consume more, they are unintentionally exacerbating global problems.</p> <p>Gerth's study of Chinese consumerism from Deng Xiaoping's economic reforms of 1978 to the present uncovers a number of parallel trajectories in the recent socio-economic history of China, including the country's advent as the world's largest manufacturer and consumer of automobiles, the destabilizing impacts on global markets and consumer confidence of Chinese counterfeit production, and the consequences of China increasing the carbon footprint of millions of its consumers. Gerth identified their underlying interconnections by focussing on the collective decisions of individual Chinese consumers. Among his many findings [see 3.1], his work reveals how the creation of the world's largest car market in China, achieved in 2009, was not simply a consequence of deregulating Chinese markets but rather a coordinated top-down approach to stimulate demand for cars to create the foundation for a domestically-controlled car market. Furthermore, his research suggests why the Chinese government will push its state-owned enterprises and quasi-private companies to rapidly move up the value-chain by building or acquiring globally-known brands [see 3.2]. In addition to identifying the motives behind the expanding Chinese car market, his findings help explain why China has redoubled the global commitment to cars and thereby undermined easy solutions to the challenges of reducing greenhouse gases. His investigations also suggest how Taiwan accelerated the expansion of consumerism through the investment of hundreds of billions in the Chinese consumer economy and why the economic reorientation of Taiwan has subsequently undermined separatist political aspirations, re-ordering the geopolitics of East Asia.</p>
<p>3. References to the research (indicative maximum of six references)</p> <p>The following are all published by major academic presses or peer-reviewed journals; 3.1 has been widely translated.</p> <p>3.1. <i>As China Goes, So Goes the World: How Chinese Consumers are Transforming Everything</i>. New York: Hill & Wang, November 2010. Translated and published in Chinese as 中国消费的崛起:</p>

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中国消费者如何改变世界 (*Zhongguo xiaofei de jueqi: Zhongguo xiaofeizhe ruhe gaibian shijie*). Beijing: CITIC Press, 2011. Other published editions: Russian and complex-character Chinese (Taiwan & Hong Kong). Arabic and Indonesian editions forthcoming. In REF2.

3.2 “A New ‘Brand’ of Economic Nationalism: From China Made to China Managed,” in Anthony P. D’Costa, ed., *Globalization and Economic Nationalism in Asia*. Oxford: Oxford University Press, 2012, pp. 202-224. In REF2.

3.3 “Variations on a Global Theme? A Comparative Perspective on Nationalism and Consumerism in Modern China,” in Oliver Kühschelm, ed., *Konsum und Nation. Zur Geschichte nationalisierender Inszenierungen in der Produktkommunikation* Bielefeld: Transcript, 2012, pp. 197-223. In REF2.

3.4 “Lifestyles of the Rich and Infamous: The Creation and Implication of China’s New Aristocracy” in a special issue of *Comparative Sociology* (Vol. 10, Number 4, 2011): 488-507. DOI: 10.1163/156913311X590592

3.5 “Consumption and Politics in Twentieth-Century China,” in Kate Soper and Frank Trentmann, eds., *Citizenship and Consumption*, Basingstoke: Palgrave Macmillan, 2008, pp. 34-50. Available on request.

Research Grants:

AHRC Fellowship for £86,410 (2010-11); Oxford: John Fell Fund Main Award for £13,954 (2008-11); British Academy Small Research Grant for £7,500 (2008-10).

4. Details of the impact (indicative maximum 750 words)

Gerth’s research on the history of how consumerism was developed in China has enabled both Western policy-makers and business leaders, and a wider international public, to understand Chinese consumerism and its consequences better; his ideas have, as a result, influenced policy and practice in the private sector, helped shape and inform policy discussion, and enrich public understanding.

Private Sector impact:

Gerth has provided expert advice to the private sector in the UK and internationally, thereby influencing policy and practice. His research has influenced and assisted business leaders and journalists, keen to understand the strategic implications of the advent of mass consumerism in contemporary China. In addition to numerous public and media discussions of China, since the publication of *As China Goes, So Goes the World* in late 2010 he has given a large number of invited business briefings on the historical context of Chinese consumerism in the City of London, where his work has formed part of the context of policy discussion for Royal Dutch Shell, Johnson Matthey Precious Metals Marketing, and other leading companies, including Aviva. A Vice President of Royal Dutch Shell has commented, “Karl’s knowledge of contemporary consumer issues, coupled with his insight based on a deep historical understanding of the PRC, brought into our discussions elements that – despite the fact that we have been present in China for many years as an operator – we were unfamiliar with. He challenged our thinking about the way markets are developing and – very important, given the brief – the changing expectations of individual consumers (and therefore employees!).”^[1] The General Manager of Marketing and Education at Johnson Matthey Precious Metals Marketing has confirmed, “What he told us enhanced our understanding of the social, economic and political development of modern China. This has been useful in informing our thinking about how we should negotiate the increasingly important Chinese market for precious metals. Since we are particularly interested in the demand for platinum jewellery in China, Karl’s theme of the Chinese switching inevitably from being producers for export to becoming consumers of imports was very relevant.”^[2]

Gerth’s work has also influenced the content of business education in China itself, having formed

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the basis for a presentation entitled, 'When China Goes so Goes the World', delivered at Zhejiang Finance University on May 29 2011 by Dr Robert Guang Tian, Senior Editor, *International Journal of China Marketing* and Vice-President of the North American Business Press.^[i] By communicating his awareness of the growing difficulties facing China in the next stage of growth (e.g., corruption and environmental pollution), Gerth is able to help business leaders formulate strategies in real time which take these challenges into account.

Impact on Policy Discussion:

Karl Gerth is an invited member and China Co-Investigator of Ceres21, an Oslo-based, Nobel Institute funded program exploring the adaptation of renewable energy technologies in the automotive and power-generation industries across three continents.^[3, iii] This project has included public conferences directed at business as well as academic audiences held in Oslo (Norway), Accra (Ghana), and Dubrovnik (Croatia); a multivolume series is in the final stages of preparation. Gerth has also helped organise several networks or events to widen access to his research. He was co-organiser of "The Chinese Renaissance in Europe", a one day conference sponsored by the British Academy and attended by over one hundred diplomats, businesspeople, journalists and academics, in London, on March 9, 2012.^[4] He was Principal Investigator for "The Past, Present, and Future of Chinese Consumerism", a research consortium with East China Normal University, from 2011 to 2013. By bringing together businesspeople, journalists, Chinese and western academics, Gerth has helped to shape the discussion of the policy implications of China's turn towards domestic demand-led economic growth.

Impact on Public Understanding:

Gerth's work on Chinese consumerism has been translated into Chinese (PRC, simplified characters), Chinese (Taiwan, traditional characters), Russian and Arabic; in all of these contexts, it has informed journalistic and policy debate. In China and Russia, his book has been the subject of editorials by leading newspapers. Under the title, "Consumerism will not be China's mainstream ideology," the nationalistic *Global Times* published an angry refutation (and misrepresentation) of Gerth's argument.^[iii] And Gerth was favourably discussed in *Pravda* in English and Russian.^[iv] But while attacked by some Chinese, he has also been an invited commentator for the *China Daily*, China's leading international English-language newspaper.^[v] Gerth has made a key contribution to the public understanding of one major issue faced by individuals and society, namely the growth of Chinese consumerism and its effects within the UK, in China, and around the world. Most recently, he has contributed to BBC print, radio, and TV stories related to China, including attempts to contextualize rapidly escalating Chinese consumer and investment activity in the UK; he has also presented China-related research on the implications of mass consumption in China to business audiences.^[vi]

5. Sources to corroborate the impact (indicative maximum of 10 references)*Testimony*

[1] Email statement from VP HR Functional Excellence, Shell International B.V.

[2] Email statement from General Manager, Marketing & Publications, Johnson Matthey Precious Metals Marketing

[3] Corroboration of participation with Ceres21 from Co-director of The Centre for Energy and Director of The Centre for Corporate Responsibility, Department of Innovation and Economic Organisation, Norway

[4] Corroboration of involvement with 'The Chinese Renaissance in Europe' conference from Head of International, The British Academy

Other evidence sources

[i] The PowerPoint slides from the presentation remain available digitally. <http://www.docin.com/p-401228344.html>

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[ii] Ceres21 Project website <http://www.ceres21.org/about-us/Default.aspx>

[iii] <http://opinion.globaltimes.cn/observer/2011-01/616299.html>

[iv] <http://www.eutimes.net/2012/04/china-may-sink-into-oblivion-trying-to-outrun-america/>
(English); <http://imperiya.by/news.html?id=92118> (Russian)

[v] http://www.chinadaily.com.cn/business/2012-08/13/content_15672106.htm.

[vi] <http://www.bbc.co.uk/news/business-15428999>; <http://www.bbc.co.uk/news/business-13911755>;
http://money.cnn.com/2010/11/12/news/international/china_future_consumer_market.fortune/index.htm