Australia–China relations 1976: looking forward

by Professor John Fitzgerald

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In his inaugural RG Neale Lecture on the fall of Saigon, Dr Peter Edwards drew on the 1975 holdings of the National Archives of Australia to show how and why that year was a turning point for Australian foreign policy. The Foreign Affairs archives released this year show that 1976 was a turning point for China and a milestone in Australia's developing relationship with that country.

The year opened with a fantastic meteor shower over North China that was widely interpreted by peasant farmers as an augury of momentous changes in store. By mid-year, carp were leaping from their ornamental ponds and frogs were abandoning the marshes. These animal auguries prefigured the most damaging earthquake of modern times – the Tangshan earthquake – that struck North China in late July claiming between one-quarter and one-half million lives.

The auguries foreshadowed political changes in store for China as well. Early in the new year China's Premier Chou En-lai passed away, prompting the first spontaneous mass protest of the Communist era in Tiananmen Square. Rumours of Chairman Mao Tse-tung's ailing health prefigured an intense domestic power struggle that would follow his death in September, culminating in the fall of the Gang of Four in October. Taken together, these auguries spelled the end of the Cultural Revolution and the emergence of a new style of pragmatic leadership that would place modernisation and wealth creation above ideological purity. After 1976 China would never be the same again.

The recently released Department of Foreign Affairs archives for 1976 show Australian and Chinese officials busily searching for clues in newspaper editorials, in consultations with friendly powers and in casual meetings between their respective diplomatic representatives for signs of what lay in store for regional security, bilateral trade and the general health of the Australia–China relationship.

Dr Stephen FitzGerald and his able staff in the Peking embassy were eager to discover whether the new Government of Malcolm Fraser would take China seriously. To gain Fraser's attention, they composed a suite of diplomatic despatches that looked forward to the decades ahead, predicting with uncanny accuracy what lay in store for China to the year 2000.

In Canberra, Alan Renouf and his Department of Foreign Affairs searched for signs that China's fanatical opposition to the Soviet Union was anything more than a momentary consequence of domestic power struggles in Peking. For their part, Chinese officials pounced on signs that Prime Minister Fraser would adopt a more 'realistic' approach than the Whitlam Government toward the extension of Soviet naval power in the Western Pacific and Indian Oceans. And Fraser himself sought advice from his own quarter to prepare a State of the World statement that would frame a new strategic vision for Australia looking beyond the Vietnam debacle and establishing the foundations for a durable bilateral partnership with China.

Armed with his new strategic blueprint, Prime Minister Fraser visited China in June 1976 on arguably the most colourful and controversial official visit ever undertaken between the two countries. Looking forward, Fraser's strategic planning team, Renouf's Department and FitzGerald's embassy each offered compelling and sometimes competing visions of China's future and of the appropriate foundations for building a durable relationship between the two countries to the present day. The recently opened archives tell their story.
Turning to the archives, I should like to endorse Peter Edwards' appeal for historians to approach the archives not as an 'ammunition dump' in the history wars, but as a repository of material to be drawn upon in a never-ending conversation 'between the present and the past about the future.' My purpose today might be phrased a little differently, as the start of a conversation with an able group of people for whom the future, seen from 1976, was to become the past we know today. Some were country analysts trying to make sense of the scattered pieces of a Chinese jigsaw puzzle without the aid of the picture on the box. Others were political actors who had a part to play in shaping the picture on the box. Predicting the past is no great feat; historians have it easy. The armchair judgements we make today compel respect for the judgements of those who looked toward a future that was yet unknown and in which they had a part in making.

**Auguries**

The first signs that officials in China and Australia were on the watch for auguries came within days of the election of the Fraser coalition government on 13 December 1975. On 16 December, China's Foreign Minister Ch'iao Kuan-hua accepted a long-standing invitation to dine with Australian Ambassador Dr Stephen FitzGerald in Peking. FitzGerald immediately cabled Canberra requesting an urgent briefing from Foreign Minister Andrew Peacock on the new government's general foreign policy posture and its position on particular regional issues. FitzGerald was no less anxious to discover the answers to these questions than Foreign Minister Ch'iao Kuan-hua.

The response from Canberra on 18 December bore the unmistakeable signature of the new administration. 'The Government will maintain the momentum of Australia's relations with China, based on a realistic assessment of the value of those relations to Australia's national interests,' the reply began, before proceeding to note that the government regarded the US alliance as the bedrock of Australian foreign policy and that it would work to encourage a strong and continuing US presence in the region in the conviction that this was a condition for regional stability. 'And,' the message added, it 'believes that China shares this view.' The previous government's support for non-aligned positions was (here the word 'incompatible' is crossed out and replaced with 'unsuited' on the handwritten draft) 'unsuited [to] Australia's alliance with the United States.' The cable ended with a statement of intention: 'For your own information the Prime Minister's current thinking is that his first overseas visit should be to China and Japan.'

On Christmas Eve, FitzGerald cabled a brief report back on his meeting over dinner with the Chinese Foreign Minister. Peking did indeed share the Australian Government's view. 'China and United States were in agreement that main threat to South East Asia was from USSR,' he reported. But Peking begged to differ from Washington's policy of détente in Europe. Ch'iao offered his personal judgement that the new Australian Government appeared to hold a 'realistic' view of Soviet intentions. He approved the Australian Government's support for the development of a US base on Diego Garcia and 'was pleased to see Australia was going to take "a more hard-headed" approach to the USSR.' Fraser, he informed the Ambassador, was welcome to visit Peking any time.

**Looking forward**

By 1976 it was clear that China was on the move but not at all clear where the country was heading. That year, Sir John Crawford and Dr Saburo- O-kita presented a report to the Australian and Japanese Governments on the prospects for economic growth in the Western Pacific region. In regard to China they noted:

> Even if China achieves very remarkable rates of income growth & trade growth she is likely to remain a relatively small factor in commerce alongside the established economic relations of the larger economies for some decades.

Crawford's cautious judgement on China's future was shared by newspaper pundits and senior Treasury officials of the day.

With the benefit of hindsight we know that China went on to achieve unparalleled rates of growth over an unprecedented stretch of sustained development, which propelled it to the fourth largest economy in the world, by dollar value, and the second largest on purchasing price parity. In 1976 China was a poor country with a predominantly
rural peasant society; since then 400 million people have been lifted out of poverty and almost half of its people now live in cities. In 1976 China accounted for one-hundredth of world merchandise trade by value; today it accounts for one-twelfth of a vastly expanded global trading system and for one-eighth of total world output. In 2006 China overtook the United States as a merchandise exporter.

Australia, needless to say, has benefited from China's growth. Today the People's Republic is Australia's second-largest trading partner after Japan. When trade with Hong Kong is factored in – Australia recognises Hong Kong as part of China in all but trade statistics – China ranks first ahead of Japan among all Australian trading partners.

Very little of this could have been predicted based on the conventional wisdom of the day. One of the revelations of the 1976 archives is that not all contemporary observers were captives of conventional wisdom. In a prescient series of background papers completed between May and August 1976, Ambassador Stephen FitzGerald and the small staff at the Peking embassy attempted to draw the new government's attention to a radically different future for China and Australia. They envisaged China emerging within two or three decades as an economic dynamo that would transform Australia's relations with the country, the region and the world, more or less on the scale and pattern that we know today.

The first embassy despatch of the year covered Chinese domestic politics and prospects for Australia's relations with China to the year 2000. Its central conclusion was that 'the last quarter of this century will see the extension of dominant Chinese power and influence throughout the region.' The second despatch dealt with the emerging Chinese economy and its implications for Australian trade with China over the decades ahead. 'If it could be assumed that the Chinese economy and China's trade with Australia,' it began, 'were to expand in the last quarter of the 20th century in the way the Japanese economy and trade with Australia did in the third, by the year 2000 China would have a dominant role in the expansion of the Australian economy.' Putting a figure on its predictions, the paper anticipated that the Chinese economy could achieve 'annual growth in the vicinity of 10% over a period of 25 years,' leading to a ten-fold increase in GDP in real terms by the close of the century. This forecast was largely born out by events.

The despatch identified the assumptions underlying its economic forecasts, including the emergence of an efficient and development-oriented leadership in post-Mao China, capable of making significant ideological and institutional adjustments 'toward greater economic (and therefore political) flexibility' over the years ahead. It also anticipated the 'rediscovery' of the cultural roots and market dynamism that lay beneath the surface of the stagnant centrally planned economy. If these underlying assumptions were sound, it argued, 'there would be little question that the Chinese economy would be a major influence in the world economy and particularly in the region of Asia and the Pacific.'

Mindful of possible sceptics back in Canberra, FitzGerald inserted a rhetorical question into the despatch: 'Is this in any way a real prospect?' The embassy's faith was based on one-on-one conversations with officials on the ground in Peking 'who believe it quite possible' that China would take off. They were based as well on the experience of Embassy Minister Reg Little, whose recent experiences in the Tokyo embassy had alerted him to the potential for economic growth in China on an emerging East Asian – or as he put it 'Confucian' – model. This was not much to go on.

A number of cables to Canberra had already stretched the limits of credibility. One cable from January that looked forward to the end of the century chose to dwell at length on the significance of the recent re-publication of Mao Tse-tung's poem 'Chingkanshan revisited,' in particular interpreting the line 'We can clasp the moon in the ninth heaven and seize turtles deep down in the five seas' as 'showing China its path for the next twenty years, during which the Chinese people must "build our country into a modern and strong socialist country".' Other cables offered delicate ethical challenges. One drafted by Reg Little recommended that Australians should suspend preconceived judgements in their efforts to understand China, as the so-called 'objective standards' of morality thought to apply in the West were not objective at all. Little chose to underline 'the necessity for Australia to undertake the exploration of a system of moral and philosophical concepts which is unknown to and may even be hostile to common Australian conceptions of moral order.'

If the cable-reading community back home – or in Tokyo or Jakarta – raised its collective eyebrows over copies of
inward cablegrams from Peking, it was because the embassy was giving them little to go on, apart from summaries of casual conversations, poetry readings and occasional lectures in philosophy, in support of its case that China would develop at a pace ‘even more rapid … than that of Japan in the last quarter century.’

And yet the second despatch was both prescient and practical. It put forward a set of concrete recommendations that included the adoption of a more coordinated approach to China policy and strategy across the foreign affairs, trade and other portfolios; the creation of a regional multilateral institution to embrace China, Australia and other economies in the region; and a more direct government role in supporting private-sector trade with China. It ended with the observation that adjustments would be required on the Australian side to permit entry of Chinese manufactured exports on a scale to match Australian expectations of flexibility on the Chinese side.

In time each of these recommendations was implemented, including the merger of the Department of Foreign Affairs with the Department of Overseas Trade, the creation of APEC, the establishment and development of Austrade, and the gradual dismantling of import tariffs and other barriers to trade with China. The despatch anticipated a new bipartisan consensus that emerged over the decade that followed – a new conventional wisdom if you like – which held that Australia needed to make its own institutional adjustments and play a leading role in creating a new regional architecture if it were to take full advantage of China's growth to the year 2000.

Despite FitzGerald's efforts, the despatch received a resounding 'Hurrumph' back in the Department. Bold pencil lines can be seen scored into the copy held in the National Archives, particularly under statements challenging conventional wisdom, along with marginal comments capturing the impatience of senior Department officials. Alongside the claim that China could well show greater institutional flexibility over the years ahead, for example, one marginal comment reads: ‘a measure of wishful thinking here!’ For many months the Department failed to respond in writing to the despatch; it earned a reprimand on this account from Acting Secretary Peter Henderson following his tour of inspection of the post in November 1976. But Henderson himself was not persuaded by the style of argument outlined in the despatch. He pointedly advised the embassy to 'give more careful consideration to ensuring its own credibility with the Department and with the Embassy's readership generally. While they might think that China was the centre of the world, others did not necessarily share this view.' The general message conveyed from Peking, Henderson wrote, was that 'the Chinese steamroller was approaching and we must all prepare ourselves mentally to lie down in front of it.' Reading the despatch today, it is difficult to construe the implication that the Peking embassy was suggesting anyone should lie down in front of anything. FitzGerald was and remains a die-hard Australian nationalist. He was nevertheless suggesting that people at home should sit up and take notice of a very big roller, largely overlooked, that was working up a good head of steam not far from Australia's shores.

The third despatch focused on culture and education, urging a 'disproportionate effort' to promote closer cultural, scientific and educational links with China. It noted that efforts to date had been woeful – 'we send annually to China fewer students than Britain, Canada or, for god's sake, Italy' – and recommended a number of targeted educational initiatives in Chinese language and culture, on the Australian side, and the promotion of Australian culture, education, science and technology in China to ensure that Australian society was more widely understood and appreciated. The despatch concluded with a recommendation to establish a 'government-funded and directed foundation' charged with supporting cultural, educational and scientific exchanges between Australia and China on the precedent of the recently established Australia–Japan Foundation. This recommendation was the genesis of the Australia–China Council, which was established two years later. Next year, 2008, marks the thirtieth anniversary of the Australia–China Council.

The embassy's fourth despatch of 1976 dealt with China and the Soviet Union. This despatch was directed against another species of conventional wisdom in the Department, woven from two separate strands of intelligence analysis. First, the Department was of the view that in the post-Vietnam War order, the USSR was too powerful to antagonise and the United States too weak to rely on for Australia to do anything other than accommodate Soviet naval expansion in the Pacific and Indian Oceans. Second, the Department was generally of the view – strongly reinforced by briefings from the British Foreign Office – that China's much-touted split with the USSR was unlikely to endure beyond the jockeying for position associated with Mao Tse-tung's illness and possible death. In the post-Mao order, Australia could face a hostile China in league with an expanding Soviet Union. Hence the Department favoured an even-handed approach to China and Russia for fear that Australia would be left with little room to manoeuvre if it sided with China in...
its obsessive criticism of the Soviet Union.

Again, the Peking embassy begged to differ. The fourth despatch mounted a case for the 'durability of Sino–Soviet enmity' beyond the present regime crisis in China. All sides jockeying for power in Peking, it maintained, were likely to retain China's present strategic posture toward the Soviet Union because the two countries differed on the key issue of China's national sovereignty and equality. China was not prepared to submit to a doctrine of limited sovereignty. Hence where an 'even-handed' policy may once have been feasible, the durability of Sino–Soviet rivalry confronted Australia with difficult choices. Under these circumstances, the most appropriate Australian foreign policy response was the one the Fraser Government had already adopted on coming to office, namely its 'stated opposition to the expansionist policies of the Soviet Union.' The Fraser Government's position 'seems to put us on the Chinese side of the fence,' FitzGerald concluded, 'and that is where I think we ought to be.'

The State of the World

This fourth despatch extended a hook to a current policy debate then under way in Canberra surrounding the drafting of Prime Minister Fraser's State of the World speech. The first three despatches sat on the East Asia desk for some months before eliciting replies. The fourth was right on target. The State of the World paper generated an intense debate in defence and foreign policy circles over the months leading up to Fraser's presentation of the speech to the House of Representatives on 1 June. The fourth despatch spoke directly to this debate.

Fraser was sceptical of the foreign policy advice he was receiving from the Department of Foreign Affairs that remained, in his view, encumbered by the personnel appointments and the policy legacies of the Whitlam era, particularly in relation to détente in Europe and the accommodation of Soviet aspirations in the region. He turned instead for advice to Sir Arthur Tange, Permanent Secretary of Defence, and to a small team of hand-picked advisers from within the Prime Minister's Office (including Dr David Kemp) and the Department of the Prime Minister and Cabinet (notably Alan Griffiths), with occasional reference to Ian Symington, who operated at the margins of the two offices. Fraser's team of advisers drew doctrinal support in turn from the work of Professor Owen Harries, who had published an article in Orbis in 1975 setting out the underlying principles of what was to become the Fraser foreign policy doctrine. He coined a term for his approach – 'enlightened realism' – which became a talisman of foreign and security policy under Fraser and of Andrew Peacock's international diplomacy.

By encouraging and directing this debate during his first months in office, Fraser took effective ownership of Australian foreign and security policy over his term as Prime Minister. In stamping his distinctive authority on Australian foreign policy he reserved a particular place for China. His 1 June speech supplied the context, rationale and strategic framework for the visit to China, which was scheduled to take place later in the month. In many respects China remained an enigma in international affairs, he told Parliament. It was incumbent on countries such as Australia to develop closer links with the country – 'despite ideological differences' – by focusing on areas 'where our interests overlap.' Fraser's insistence that enduring bilateral relations should be based on a realistic assessment of common interests established durable foundations for conservative government relations with China for decades to come.

The implications of Fraser's remarks before the House were spelled out more clearly on his official visit to China. At this point, the China relationship lacked an enduring foundation for the pragmatic development he envisaged as leading to a substantial bilateral relationship. As Fraser told a press conference at the Minzu Hotel in Peking, such a foundation had long under lain relations with Japan where there was 'tangible' complementarity of trade with Australia. In regard to China, however, 'there was [no] such tangible stepping stone we could work from in the development of our relations.' From the briefing papers prepared in advance of departure, Fraser was led to believe that there was little likelihood of similar complementarity of trade developing between China and Australia. The brief on bilateral trade, for example, advised that China was unlikely to follow Japan in developing major industries dependent on imported raw materials, since China advocated self-reliance in contrast to Japan and was determined not to become dependent on large-scale resource imports.

In light of this advice, Fraser had little option but to base the foundation for a realistic relationship on a common
approach to strategic issues in the region rather than on apparently unrealistic prospects for trade and investment. ‘Our immediate task this week,’ he explained on arrival in Peking, ‘[is] to lay a foundation from which our future relations with China could develop in a practical and beneficial way.’ From the start of the tour, the foundation for a practical and beneficial relationship was a convergence of national interests in relation to the expansion of Soviet power and the maintenance of US engagement in the Western Pacific. 

The tour

The Prime Minister’s China tour was forward looking in more ways than one. Fraser took advantage of his fiercely anti-Soviet reputation to request permission to visit sites linked to China’s strategic weapons program. The embassy pressed on his behalf for access to militarily sensitive sites along China’s border with the Soviet Union. In the end, the touring party was invited to visit Urumqi and surrounding areas in Xinjiang which, although not strategic weapons sites, were located in a border region rarely open to foreign visitors. The touring party also visited Taiyuan, where it was greeted by 500,000 workers and school children waving flags and flowers along the route of the cavalcade, before making a brief stopover in Canton and returning home through Hong Kong. The scenic highlight of the tour was a visit to the Tianshan Mountains and Tianchi Lake, 100 kilometres from Urumqi. The political highlight was China’s public acknowledgment, for the first time, that it would give priority to state-to-state relations over party-to-party ones, in effect disowning armed liberation movements in South-East Asia.

One highlight that did not eventuate, so to speak, was a proposed meeting with Party Chairman Mao Tse-tung, which was eventually ruled out on account of Mao’s ill health. Documents surrounding the proposed Mao meeting nevertheless present several pertinent issues for historians. The archives include a remarkable and never before revealed account of New Zealand Prime Minister Robert Muldoon’s conversation with Chairman Mao just weeks before Fraser’s arrival, which was shared with the Australians as a matter of courtesy and for their consideration in the likelihood of Fraser’s meeting with Mao. At the time, Ambassador FitzGerald described the transcript of Muldoon’s meeting as ‘of immense importance’ for estimating ‘Mao’s present capacity to perform; it raises serious questions about his real involvement in recent and current Chinese politics and suggests that the end may be near.’ Today the document is of equal importance for historians of modern China who, I would predict, will form long ether-queues to log on and read the extraordinary transcript, available on the web pages of the National Archives. According to the transcript Muldoon’s meeting with Mao lasted just 20 minutes and consisted of a dozen sentences on each side. Mao was ‘not “gaga” but ‘near death’ all the same, it reported. The Chairman’s words were more or less extracted from his throat by a nurse, who interpreted them into Mandarin, whereupon they were translated into reasonably fluent English. To observers in the New Zealand party, Mao’s actual utterances seemed to consist of little more than grunts and groans.

A second historical highlight of the Mao omission, for historians, is the sequence of grunts and groans cabled between Canberra and Peking over who should be permitted to accompany the Prime Minister if a meeting with Mao were to be arranged. The fight for armchair space in the Chairman's book-lined study aggravated long-simmering grievances associated with Gough Whitlam’s initial appointment of FitzGerald as Ambassador to China, three years earlier, over the heads of more senior and experienced career diplomats. When Whitlam visited China as Prime Minister in 1973, he had invited the Ambassador alone to accompany him to a meeting with Mao Tse-tung. Not even a note-taker was present at the meeting, which lasted over an hour, with the result that to this day the only record of the 1973 meeting between Whitlam and Mao is the account that Ambassador FitzGerald himself drafted and cabled after the event.

Department Secretary Alan Renouf was determined that in 1976 there should be no recurrence of the earlier breech of protocol. On 2 May he cabled FitzGerald in Peking: ‘There should not in my view be any repetition of the occurrence during the Whitlam visit that only you accompanied the Prime Minister.’ FitzGerald cabled an immediate reply explaining that in 1973 Premier Chou En-lai had drawn Whitlam aside in the hope of restricting the number of people present at the meeting with Mao. ‘There was, of course, no time to consult and Mr Whitlam made his own decision without any prior advice on a list of priority … ’ Renouf and the Department were neither persuaded nor mollified that the earlier breech of protocol was Whitlam’s rather than FitzGerald’s. The Ambassador’s old political connections and continuing political acuity were part of the problem.
Another forward-looking innovation of the tour was the embassy's attempt to introduce Australian cuisine to the Chinese hosts. The draft menu for the Prime Minister's banquet included kangaroo tail soup, rock oysters, crayfish tails, fresh fruit from home and Australian cheeses, in addition to Australian wine and beer. After the Razor Gang had done its work, only the request for Australian wine and beer appeared on the actual menu. Even so, acquiring sufficient quantities of Australian wine presented a problem. The embassy reported to Canberra that the entire stock of Australian wine in China and Hong Kong was insufficient to meet the anticipated demands of the touring party. The embassy showed particular concern for the journalists accompanying the tour, and in correspondence with Fraser's Press Secretary, David Barnett, noted that it would not be in a position to monitor the beer fridge on tour. Journalists were advised to bring their own supplies.

After consulting with the embassy in Tokyo, and once again with Hong Kong, the Peking embassy compiled a list of selected wines available in the region before submitting an order for 20 dozen each of Hardy's Nottage Hill Claret (Vintage 1974), Chateau Tahbilk Chablis (or Hardy's Old Castle Riesling), and Great Western Imperial Brut, along with 40 cartons of Victoria Bitter. For the Prime Minister crates of whisky were listed on the cargo manifest for the Air Force flight that transported the official party. From the cable traffic between Peking and Canberra, lamenting the low stocks of Australian wine and spirits in the embassy cellar, we can reasonably conclude that the embassy had spotted an opportunity to build up its own stocks of Australian wine, beer and spirits for the long Peking winter that lay ahead.

Leaks

Two days into the tour, Fraser's easy evening sessions with the Australian press entourage over whisky and cigars were thrown into confusion by the publication of two sensational stories. In the first case, the transcript of the opening day of talks between Prime Minister Fraser and Chinese Premier Hua Kuo-feng found their way into the hands of a resident foreign journalist. Two documents were prepared after the first day's talks: one a press release, the other a confidential transcript of the talks between the two leaders. Two sets of envelopes were prepared for the documents, one marked 'Press Secretary' for the confidential documents, the other marked 'Press' for the press release. When the Prime Minister's party opened the confidential envelope it found copies of the public press release. What was contained in the public 'Press' envelope? By then it was too late.

According to press reports (records of the Department's own internal inquiry do not appear to be listed among the released documents), the two sets of papers had been placed into the wrong envelopes. A junior member of the embassy staff had been entrusted with copies of the confidential transcripts wrongly labelled for distribution to the press, which was duly delivered to a pigeon hole in the Minzu Hotel where the press entourage was staying. There the envelope was collected and opened by Peter Harvey, of Channel 9, who on spotting the confidential stamp on the masthead honourably passed the document back to David Barnett's assistant without extracting a copy for himself. When Barnett's assistant put the envelope down to answer a telephone call an alert resident British journalist, Nigel Wade of the Daily Telegraph, extracted a copy before the assistant could retrieve it. 'And then he was off,' Alan Ramsey reported from Peking, 'and with him the best story of the entire tour.' In Australia the story was broken by the resident Fairfax correspondent in Peking, Yvonne Preston. Two resident journalists – Nigel Wade and Yvonne Preston – had stolen a march on the 30-strong travelling press corps.

This may not have mattered but for Fraser's indiscretions in his meeting with Premier Hua. According to the leaked transcripts, he had undiplomatically highlighted problems affecting friendly third countries, including India, Indonesia and Malaysia. On Indonesia, for example, he remarked that there was 'a question mark' over the country 'because of the nature of the present regime.' For his part, Premier Hua offered the telling remark that one of his favourite figures on the world stage was British Opposition Leader Margaret Thatcher – an admission that signalled to observant analysts where socialist China was likely to be heading under its new leadership.

Recently released Department files refer to the leaking of the transcript as an act of 'gross carelessness' that 'led to some embarrassment in our relations with Indonesia.' As far as the Department was concerned, the person responsible for this act of gross carelessness was the local head of mission. Department Secretary Alan Renouf
pointed the finger directly at Ambassador FitzGerald. 'The Embassy was responsible for what happened,' he later recorded in his memoirs. 'Such an error had never been made before by an Australian Embassy abroad. It was simply unthinkable.' Renouf neglected to mention his own responsibility in turning down the Ambassador's repeated requests in advance of the visit to assign additional staff to Peking to ensure security during the Prime Minister's visit.

A second hare was set running by the Melbourne Herald on 22 June when Peter Costigan reported that Fraser had mooted a Four Power Pact in his confidential talks with Premier Hua. Technically speaking, the report was not a leak at all as it appears to have been without foundation – certainly the transcript of the talks leaked the same day makes no reference to a Four Power Pact.

Nevertheless, the Prime Minister’s punitive response to Costigan's article suggests that there was something to it. The accompanying press party reported home that Fraser suspected that a senior Foreign Affairs official was responsible for the story. The hapless Alan Renouf noted in his memoirs that 'members of the Australian press party confirmed to me that I was blamed for Costigan's story.' In August, shortly after the touring party returned to Canberra, Renouf was demoted from his position as Department Secretary. He later claimed that the blame should have been sheeted home to Fraser himself for raising the prospect of a Four Power Pact in an off-the-record briefing with Peter Costigan before the tour got under way.

The Costigan story was a blessing in disguise for FitzGerald, who met and spoke freely with the press in defence of his Prime Minister's record and his position on the so-called Four Power Pact. The Ambassador's public intervention, Peter Bowers noted in the Sydney Morning Herald, was 'unusual for a serving diplomat.' The Ambassador was moved to speak out to help Fraser 'kill the controversy.' Alan Ramsey hinted obliquely at another plausible motive. 'One final point of some interest,' he wrote, 'Fraser arrived in Peking relying heavily on Peacock, Renouf and Menadue. By the time he left he was taking advice almost exclusively from Gough Whitlam's appointee, ambassador FitzGerald.' If the Ambassador was responsible for the 'gross act of negligence' in leaking the transcript, Fraser was uncharacteristically forgiving.

Looking backward

The Department's published Annual Report for 1976 began its chapter on China with the unexceptionable observation that 'the visit of the Prime Minister, Mr Fraser, to China from 20 to 27 June took Sino/Australian relations a stage further and was a development of major importance in Australia's foreign relations in 1976. More caustic reports depicted Fraser as a naive waif who had unwittingly stumbled into an ambush laid for him by the wily leadership in Peking and which was likely to spark a war unless he toned down his rhetoric. On 4 June, the Financial Review led with an editorial 'Come back home PM before you start a war.' Writing in the Melbourne Age, Michael Barnard remarked that Fraser's China trip 'has been downright embarrassing, in some ways disastrous.'

The most dyspeptic comments on the tour were probably those of the Jesuit priest, Father La Dany, who edited the pre-eminent China-watching journal of the day, China News Analysis. 'Fraser,' commented Father La Dany, '... talked to Hua Kuo-feng with Australian frankness' but without regard to the finer sensitivities of Australia's South-East Asian neighbours. As for the leaking of those remarks about third countries, La Dany wrote, 'it would have been difficult to make a greater blunder.' On the Prime Minister's enthusiasm for his hosts, La Dany concluded that 'there is something in the air in Peking that only men of great determination can resist ... Peking has unique charm. The thoughtfulness and the apparent sincerity of receptions are disarming. Not till some time after he has left the country does the visitor regain his common sense.'

The most balanced contemporary retrospective on the visit was offered by Andrew Peacock in a speech to the Deepdene Branch of the Liberal Party on 9 August 1976:

In my view it is wrong and misleading to think of what has occurred as a 'break-through' or as a revolution in Australia’s diplomatic relationships. What has happened is that a significant step – a second step – has been taken in Australia’s relationship with a major power in our region. The first step was taken by the previous government in 1972 and it deserves credit for it. In our judgment the time was
overdue for a further step and we intend to continue in this deliberate step-by-step fashion.\textsuperscript{36}

Peacock promised to expand Ministerial-level and diplomatic discussions with China. He was true to this word. From June 1976 to the end of the year, Australian embassies and high commissions from Belgium, Burma, Canada, France, Germany, The Hague, Japan, Laos, Malaysia, New Zealand, the Philippines, Thailand, Turkey, United Kingdom and Yugoslavia all cabled Canberra to report on their meetings with local Chinese counterparts at every post. The scale and intensity of Australian bilateral consultations with Chinese officials around the world, catalysed by Fraser’s visit to China, were quite possibly without parallel or precedent in the history of China’s diplomatic relations with other countries.

The Australia–China relationship, as Peacock predicted, developed in step-by-step fashion through the bipartisan approach of successive Australian prime ministers. Gough Whitlam, as Peacock conceded, broke the ice. Fraser established a foundation for sustainable ties based on common interests in regional security. Bob Hawke recognised the emerging potential for complementarity between China’s expanding demand for steel and energy and Australia’s resource endowments. Paul Keating enhanced the bilateral relationship while introducing China to broader institution-building initiatives in the Asia-Pacific, particularly encouraging China’s multilateral engagement through APEC. And John Howard has since highlighted a broad spectrum of shared national interests ranging from a common commitment to the ‘war on terror,’ to ensuring reliable supplies and markets for minerals and energy, to recognising a shared interest in the normalisation of China’s position in the world trading system through entry into the World Trade Organization.

\textbf{Issues}

Before concluding I would like to touch on three issues that emerge, incidentally as it were, from the 1976 Foreign Affairs papers. One bears on Chinese Australians, another on the US alliance, and the third on public access to information.

\textbf{Chinese Australians}

Among the embassy’s 1976 despatches looking forward to the end of the twentieth century there is little indication of the profound transformation that Australia itself would undergo within two or three decades, driven for the most part not by governments but by flows of people and investment. The despatches were caught in a conventional wisdom of their own in assuming that Australia’s engagement with China would involve an encounter between an established community of Australians on the one side – basically white Australians – in safari suits and frocks, and Chinese on the other, in Mao suits and slacks, with each side needing to learn about the other through government-initiated trade negotiations or cultural and educational exchanges in order to proceed with politics and business.

This is not quite how things turned out. In 1976 perhaps 30,000 to 40,000 Australians could plausibly claim Chinese descent. Today, according to the 2006 census, there are 670,000 Chinese Australians. Over the same period, government initiatives to promote the study of Chinese language and culture of the kind recommended by Stephen FitzGerald and his embassy staff – and led in no small measure by FitzGerald on his return to Australia – have drawn to a halt, particularly over the past decade. Nevertheless, the most recent census data indicates that Chinese is the most widely spoken language after English in Australian households. In the middle of the nineteenth century, Chinese made up the third largest immigrant community (the second largest in Victoria), and Chinese was the second most widely spoken immigrant language. Through its dealings with China in the 1970s, Australia began a journey to recover part of its own history long ruptured by White Australia on the one side and Red China on the other.\textsuperscript{37}

At this point it is worth noting one document from 1976 that never found its way into embassy despatches or into the Prime Minister’s speeches – a short briefing document prepared by the Immigration Department for inclusion in Fraser’s speech notes for China. Australia is a young nation, the paper began, largely populated by immigrants. In the late nineteenth century, migrants from China made up the third largest national group in Australia, it continued, and they had made significant contributions to the country since that time. In so far as there was still a need to expand the Australian population, immigration would remain a key to Australia’s future and would be encouraged on a ‘selective
but non-discriminatory’ model.  

Alongside this overlooked briefing paper we could usefully place the welcome speech for Fraser’s party offered by Chinese Premier Hua Kuo-feng at the opening banquet in June 1976. It began on a lyrical note: ‘Over one hundred years ago many Chinese working people crossed the vast ocean and settled on the beautiful and richly-endowed land of Australia, where they worked and lived together with the industrious and talented Australian people and sowed the seed of Sino–Australian friendship.’ With its Immigration Department brief, the Australian party was equipped to respond in kind. In fact Premier Hua’s gesture was not reciprocated by the Australian Prime Minister in his speech in reply, nor in the formal address delivered at the farewell banquet toward the end of the tour, nor to the best of my knowledge by any Australian Prime Minister on tour since 1976. The invitation to acknowledge Australia’s Chinese heritage has been extended in one form or another by every Chinese Premier since Chou En-lai first welcomed Prime Minister Gough Whitlam in 1973. To this day, the gesture has yet to be returned with graceful recognition and grateful acknowledgment of the part played in Australian history and in contemporary Australian life by Australians of Chinese descent.

As a general rule Australian prime ministers do not shy away from offering nostalgic reflections on the homelands of Australia’s immigrant communities in Britain, Greece, Italy or Ireland when they visit those countries. Bob Hawke in 1987, Paul Keating in 1993, and most recently John Howard in 2006, each made pointed and at times extended references to Australia’s glorious Irish heritage while on official visits to Ireland, in the last two cases referring to their own Irish ancestry.

Australian prime ministers have made gestures toward Chinese Australians on Australian soil. In the Bicentenary addresses delivered throughout the country in 1988, Hawke formally acknowledged the contributions made by Australians of Chinese descent to Australian culture, society and national prosperity. And in a number of speeches delivered in Australia in 1997 and 2001 Prime Minister Howard recognised the ‘enormous contribution’ made by recent immigrants of Chinese descent to Australia’s continuing prosperity.

None has yet reciprocated the Chinese premiers’ standing invitation to recognise on Chinese soil the contribution of Chinese Australians of an earlier era – those of White Australia.

US alliance

A second issue that surfaces in the 1976 papers is the difficulty of managing effective communications with Washington. The obligation felt by Australian governments of the time to consult with the Americans was not matched in the United States. One week before Fraser’s planned visit to China, Ambassador FitzGerald cabled Canberra seeking advice on document-sharing with allied countries. The New Zealand Government had provided verbatim records of Prime Minister Robert Muldoon’s talks with Mao Tse-tung. The British had recently passed on the records of Foreign Secretary Anthony Crosland’s talks with the Chinese leadership. But the US Liaison Office had ‘never given us records of any talks, although we have given them ours … We suggest, therefore, that British and New Zealanders only be given full verbatim records of talks … Could we say to Americans … that we are prepared to give or show them records only on the understanding that they will do the same for us. Grateful your advice.’

To date I have not located a copy of Canberra’s cabled advice but it appears from other cables that senior officials in the Department shared FitzGerald’s concerns. When the embassy cabled a summary of talks between Thomas Gates of the US Liaison Office in Peking and Premier Hua Kuo-feng, it noted that Gates explicitly excluded sharing that part of the record touching on bilateral issues, and that he swore embassy staff to exclude from their report ‘everything said by Gates himself.’ A frustrated official in Canberra pencilled a pointed question in the margin of the cable: ‘Why should we give the Americans more than this?’ Another cable from Peking in 1976, reporting on meetings between the US Congressional Armed Services Committee and Vice Premier Chang Chun-ch’iao and Foreign Minister Ch’iao Kuan-hua, noted more positively that the US official who briefed the embassy had ‘shown us records of both meetings but has requested that we regard our knowledge of them as strictly for our own information.’ In this case the marginal note reads ‘This represents progress.’

The Prime Minister appears to have shared the Department’s frustration. Four weeks after his return from China,
Fraser visited the United States where he met with President Gerald Ford and Secretary of State Henry Kissinger, and conveyed a request from China that Washington should consider consulting a little more closely and frequently with Peking. Historian Philip Ayres has summarised their conversation: 'The Chinese, Fraser argued, clearly felt that they had not been adequately consulted and involved in Washington's discussions with other countries and particularly arrangements between the United States and the Soviet Union.' Fraser might well have been speaking of Australia. At a further meeting with Kissinger on the following day he again pressed China's claims for closer consultation, adding that US indifference towards potential partners in East Asia did not surprise him in view of its treatment of long-standing allies such as Australia. 'Even before 1972,' Ayres continues, 'it had been his personal view that the United States did not always consult Australia sufficiently, never giving her a policy input into the Vietnam War, for instance.'

In his comments to Kissinger, Fraser was touching on a raw nerve exposed over many years of cable traffic relating to Australia's relations with the United States as they bore on China. Washington's failure to inform or to consult with Canberra appears to be a recurring refrain in the diplomatic archives from the onset of the Cold War through to Fraser's visit to China. The problem for Australian decision-makers was that Australia needed to remain one step behind the Americans for the sake of the alliance, but was at grave risk of falling three or four steps behind in the absence of consultation. The government of William McMahon famously failed to keep in step with the great leap in US China policy heralded by Kissinger's secret visit to Peking in July 1971. McMahon was deeply wounded to learn of the visit after the event at the moment he was lambasting Opposition Leader Gough Whitlam for visiting China. He drafted a poignant letter to President Nixon (a stark reminder to Australian governments to this day) expressing regret at the President's failure to advise his closest friends and allies especially, as he mournfully put it, in view of the likely domestic political consequences for his government.

In light of Australian experience marching one step behind the Americans, Fraser was determined to keep ahead over his term in office, firstly in reconsidering China's place in the post-Vietnam regional order, and secondly in his damning indictment of the policy of détente. The US position on both issues was not consistent with Fraser's independent foreign policy assessment of Australia's national interests. Through his forthright comments on China and détente, Fraser reaffirmed Australia's standing as a robust ally and critical friend of the United States. His honesty and forthrightness did Australia no harm. He elicited a promise from President Ford to consult more closely with Australia in future and he earned the President's personal respect for his frankness and political acuity. Equally important, to the extent that anti-American sentiment in Australia was fuelled by evidence of US indifference to a close ally, he did more than many of his peers to restore respect in Australia for the government of the United States.

**Public access to information**

Prime Minister Fraser was deeply embarrassed by the press leaks that plagued his visit. At the time they certainly spoiled a good public relations story. Seen in the light of the 1976 archives, however, they tell an inspirational story of press freedom and diversity that held lessons for China as well as Australia. Chinese officials were bewitched by the extraordinary range of responses in the press to Fraser's visit, and they were scandalised by the apparent indifference on the part of the Australian Government toward press criticism. The Fraser tour offered China one of its first official lessons in the operation of a free press.

On 7 July, shortly after the touring party had returned to Canberra, Chargé d'Affaires Chu Chi-chen buttonholed a pair of junior officers at a badminton reception held at the Chinese embassy. Mr Chu pressed them for an explanation of the critical press reports of Fraser's visit and refused to accept the officers' explanations that it was the 'character of the press in our society – to knock Government' and that this 'would happen regardless of the country visited.' Perhaps drawing on his personal experience of factional struggles in China, Mr Chu felt that there was more to this than met the eye, specifically that 'the press reflected a division in Australia – almost a struggle – about basic foreign policy approaches.' Two days later Garry Woodard filed a report on a further conversation with the Chargé d'Affaires. 'Mr Chu remarked that he found the press reaction "a bit unexpected",' Woodard reported. The tone of reporting on the visit was not, as Mr Chu put it, 'very warm.' Was not the government 'very concerned' at the press reaction, Mr Chu asked. Woodard replied that the government 'was not very concerned' because it drew confidence from its own
judgement that 'the visit was far and away a great success.'

We cannot as yet discover what lessons Mr Chu or the Chinese Foreign Ministry drew from these encounters as we do not have access to the archives of the Chinese Ministry of Foreign Affairs for 1976. While working on this project in the National Archives, I met up with a scholar from China who was making copious digital copies of foreign affairs, defence and security archives that were freely available under the 30-year rule. I wished him well. The Chinese Government is increasingly recognising that transparency and accountability are indispensable foundations for stable government. The day – not far off – when Australian researchers gain access to the 30-year archives of the Foreign Ministry in Peking, our relationship will truly have been established on an equal footing.

Conclusion

I would like to end on a personal note. In December 1976, I arrived in Peking with my wife, Antonia Finnane, among the half-dozen students selected that year to study in China under the bilateral exchange agreement negotiated three years earlier. The climate shock was greater than the culture shock. We left Sydney on a summer's day touching 40 degrees Celsius and arrived at night in Peking where the temperature was hovering around –20 degrees Celsius. The darkness matched the cold. In 1976 few buildings were lit up at night, street lights were few and cars, trucks and buses manoeuvred slowly through the night without their headlights, presumably to save electricity.

Things improved in the spring. When the ice began to thaw in the new year, we cycled to the Ming Tombs, outside the city, where we parked our bikes, stretched our legs, and collected shards of fallen bricks and tiles lying about on the grass inscribed with the names of their donors in the seventeenth and eighteenth centuries, competing to decipher them. Sometime into the afternoon a distant glint of tile caught my eye and I trotted over to claim it for my collection. In fact it was not a glazed tile fragment at all, but the neck of an empty champagne bottle inscribed not in classical Chinese but with the words 'Great Western.' It was, as the Chinese saying goes, a pleasant surprise to find an old friend – an empty bottle of Great Western Brut – 10,000 li from home. Not until this year did I discover that this historical shard was a remnant of the 60 dozen bottles of Australian wine secured for the touring party accompanying the great Western District visitor who had passed this way a few months before.

Late in October, long after the Prime Minister had returned home but some time before the snow set in, the Australian embassy staff staged a farewell picnic for Stephen FitzGerald at the Ming Tombs. The cables to David Barnett's office had worked their magic: the embassy had indeed overestimated the quantity of wine needed to support the Prime Minister's touring party with the result that a handy surplus of Great Western Brut, Hardy's Nottage Hill Claret (Vintage 1974) and Chateau Tahbilk were reserved for occasions such as this. That particular bottle's place in history could only be revealed through detailed exploration, folio by folio, of the 1976 archives of the Department of Foreign Affairs. I commend them to you.

Endnotes

2. 'Dinner with Chinese foreign minister', Peking to Canberra, 16 December 1975. NAA: A1838, 3107/38/1/2 part 4. Hand–drafted and cabled replies can be found in the same file.
3. Sir John Crawford and Dr Saburo O-kita, Australia, Japan and Western Pacific Economic Relations: A Report to the Governments of Australia and Japan, Australian Government Printing Service, Canberra, 1976. The author wishes to thank Dr Steven Morgan for drawing this report to his attention.
5. The first despatch is cited in the third despatch, 'Cultural relations with China – A case for the disproportionate effort' (Despatch no. 3/76), 11 May 1976. NAA: A1838, 3107/2/5/1 part 2.
6. 'Economic relations with China – The emerging Chinese economy and Australia's trade' (Despatch no. 2/76), 11
8. 'China and the Southeast Asian/Pacific Area', letter from RB Little to the Secretary, 6 September 1976. NAA: A1838, 3107/33/1 part 34.
10. 'Cultural relations with China' (Despatch no. 3/76), 11 May 1976. NAA: A1838, 3107/2/5/1 part 2.
12. Shortly before Fraser visited China, the Australian High Commissioner in London, AF Dingle, reported on a conversation with a senior Foreign Office official who projected that China's relations with the USSR would improve within the decade and that 'an economically and militarily stronger China would wish to make conquests further afield in line with its revolutionary ideology.' 'British views on major power relationships', 10 June 1976. NAA: A1838, 3107/33/1 part 34.
15. Fraser, ‘Australia and the world situation’.
21. A copy of FitzGerald’s record is available through Archives New Zealand. The author wishes to thank Professor Brian Moloughney for locating this document on his behalf. For the Ambassador’s own take on these events, see Stephen FitzGerald, ‘Australia’s China reassessed: The management of expectations on the 30th anniversary of diplomatic relations’, 2002 Australia in Asia Series, State Library of New South Wales, Sydney, 2002.
25. Preston, ‘Fraser goes “all the way” with Hua’.
27. ‘China (Officials’ brief for PM’s visit to Jakarta October 76)’, 20 September 1976. NAA: A1838, 3107/33/1 part 34.
29. ‘The Prime Minister, Mr Fraser, wants China to join with Australia, the US and Japan in a four-power Pacific agreement. He has raised the subject in talks with the Chinese Premier, Hua Kuo-fang.’ Peter Costigan, ‘PM seeks 4-power pact’, Herald, 22 June 1976. See also Ramsey, ‘The greatest arse in the West’.
32. Ramsey, 'The greatest arse in the West'.
36. 'Australian policy on China', news release, 9 August 1976. NAA: A1838, 3107/33/1 part 34.
38. 'Draft notes for incorporation into texts of the Prime Minister's speeches on the occasion of his visit to Japan and China', Department of Immigration and Ethnic Affairs, undated; 'Briefing for your visit to Japan and China', Department of Prime Minister and Cabinet to Prime Minister, 14 May 1976. NAA: A1209, 1975/3129.
39. 'Premier Hua Kuo-feng's speech at the banquet in honour of Prime Minister Fraser of Australia', 20 June 1976. NAA: M1269, 3.
42. 'Prime Minister's visit: Briefing of other missions', Peking to Canberra, 13 June 1976. NAA: A1209, 1975/3129.
43. 'Prime Minister's visit – Meeting with Hua Kuo-feng', Peking to Tokyo, 16 June 1976. 43 NAA: A1838, 3107/33/1 part 34.
44. 'China – Foreign policy', Peking to Hua Kuo-feng, 27 April 1976. NAA: A1838, 3107/33/1 part 34.
50. 'Record of conversation', CG Woodard, First Assistant Secretary, Department of Foreign Affairs and Chu Chi–chen, Chargé d'Affaires, Embassy of China, 19 July 1976; 'Record of conversation', KA Sutton, Political and Social Research Section, Department of Foreign Affairs and Chin Fu-yao, Second Secretary, Embassy of the People's Republic of China, 11 June 1976; 'Record of conversation', G Marginson and M Potts, China Desk Officers, Department of Foreign Affairs and Chu Chi–chen, Chargé d'Affaires, Embassy of the People's Republic of China, 7 July 1976. NAA: A1838, 3107/38/1/2 part 4.