
UNIT 8 CHINA

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8.1 INTRODUCTION

In the last two decades both Australia and China have emerged as important players in the global arena. Prior to China's liberation in 1949 Australia was one of the first countries to have established diplomatic relations with the nationalist government of Chiang Kai-shek. This was in the year 1941 when China was facing Japanese invasion. However, in 1949 when the Chiang government fled to the island of Taiwan after being defeated by the communists, Australia refused to recognize the government of the People's Republic of China (PRC) which was formed in Beijing.

Relations between the two nations were determined by the politics of Cold War and Australia's perceived threat of communism for more than two decades since the emergence of the PRC. This period was characterized by dormant hostility and antagonism as far as government-to-government relations were concerned. All Australian governments subscribed to the *domino theory* that if one Asian country fell into the hands of communists all others would follow in due course. Therefore, support to the United States against "expansionist Chinese communism" became a fundamental premise of Australian foreign policy. It lent support to the US involvement in Vietnam as the presence of American forces in the region would guarantee the region's defense against communism. To counter the communist threat, Australia entered into regional alliances like SEATO, ANZUS, the Colombo Plan and later the Asia and the Pacific Council (ASPAC).

Despite the advent of a new liberal leadership in Australia in the mid-1960s foreign policy did not undergo any major changes. Antagonism aggravated with Prime Minister Harold Holt sending an ambassador to Taiwan to establish that the Chiang Kai-shek government in Taipei was the sole legitimate government of China.

Intensification of the Vietnam War added to Australia's threat perception but trade (mainly the sale of wheat) between the two nations continued. In the early 1970s dramatic changes in the relations between China and Australia took place. As the threat from communist China receded many of the anti-China institutional arrangements started falling apart: ASPAC, SEATO and the Colombo Plan. During the Prime Ministership of Gough Whitlam and Malcolm Fraser a more independent foreign policy was attempted and formulated where developing countries of Asia and Africa were to figure more prominently. Whitlam visited China just after US Secretary of State Henry Kissinger held secret talks in Beijing in July 1971 to facilitate President Nixon's 1972 visit. That year the Whitlam government also recognized the PRC. With it began diplomatic, cultural and economic links between the two countries. Writing about these thirty years later in the Australian Journal of International Affairs, Gough Whitlam says, "If we claim to represent any western values in our region, they should be reason, foresight and enlightened self-interest. The recognition of China thirty years ago embraced precisely those values. Our relations with China for the next thirty years must continue to do so. We cannot hope to have sensible relations with China unless we recognize that this proud and purposeful people will never submit to international humiliation. If we understand that one great fact, Australia can play a significant part in helping China fulfil its destiny as a leader in international cooperation."

The second phase of Australia-PRC relations begins with normalization when diplomatic relations were established on December 21, 1972 coinciding with the end of the conservative era in Australian politics and continues up to the end of the Cold War and beginning of globalization in the early 1990s. In a major shift in 1972 Australia ceased to regard, in the official level at least, as a major threat. The remaining Australian troops were withdrawn from Vietnam. Nonetheless, Australia's commitment to the American alliance remained intact. It must be borne in mind that all along Australia's China policy was dependent on Sino-American relations. Other factors that played a role in this shift were the Sino-Soviet split and China's changed stance towards revolutionary liberation movements in Southeast Asia. China's inability to inflict a military defeat on Vietnam in 1979 exposed to the outside world its military weakness and thereby further reduced the threat perception. Equally important is the fact that the post-Mao leadership of China had announced in 1978 that it was opening up its economy to the world and also abandoning the command economy it pursued since liberation.

8.2 OBJECTIVES

After reading the unit, you should be able to understand:

- the development of relations between Australia and China, after the Chinese communist revolution in 1949, and the establishment of the People's Republic of China (PRC), in the over all context of Cold War politics;
- why Australia refused to recognize PRC ? How Australia joined the US sponsored military alliances (SEATO, ANZUS, etc.) to counter Chinese communist expansion in the region;
- how the emergence of China as a major economic power in 1980s' and 1990s' resulted in the intensification of political and economic relations between the two countries;
- the political dimensions of relations between the two countries particularly on the issue of Taiwan, East Timor, Human Rights and Tibet; and
- the Chinese views on Australia's internal political system and its linkage with the British monarchy.

8.3 AUSTRALIA-CHINA RELATIONS: 1980's-1990's

Australia's China policy in the 1980s was based on its assessment of the emergence of China as a major economic power in the region. By the close of the decade Australia's approach to regional relationships

saw a shift from building against countries in the region to embarking upon a systematic engagement policy. Australian foreign policy emphasis increasingly shifted to “multilateralism and coalition building within international relations and collective security within a regional setting”. China also realized the importance of deepened engagement with Australia, which flowed directly from its policy of “opening up to the world outside”. During this period there were major political and economic changes: the rise of Japan as an economic rival to the United States, the economic boom in East Asia, the collapse of communism in East Europe, the end of the Soviet Union and the emergence of the United States as the sole superpower. In the early post-Cold War period the most remarkable feature of Sino-Australian relations has been the dominance of economic relations over other things.

8.4 SINO-AUSTRALIAN ECONOMIC TIES

An economist from the Australian National University who was also once an ambassador of Australia to the PRC has argued that Australia’s future prosperity is inextricably linked with the economic growth of Asia. The breaking down of Cold War barriers has unleashed unprecedented economic expansion creating an economically integrated ‘greater China’, which includes Hong Kong and Taiwan. By the mid-1990s two-way trade between China and Australia reached \$56.6 billion and nearly a thousand Australian companies had established offices in China. The enormity of the trading ties can be judged by the fact that India-China trade has reached only \$ 13 billion in 2005.

From 1997 onwards Sino-Australian relations have been marked by high-level visits on both sides and top priority in all these visits have been ‘bilateral economic cooperation’. By May 2000 the PRC became Australia’s third largest trading partner. The Australian trade minister has led several delegations to China since that year covering a range of sectors, including sporting services, construction, hi-tech resources, mining, insurance, banking, air traffic control, management consulting and agriculture. China’s WTO entry is expected to create better conditions for Australian exporters to access China and further consolidation of bilateral trade ties. In March-April 1997, Australian Prime Minister Howard visited China. He and Premier Li Peng discussed the complementarity of the two economies. Subsequently, Australian experts were sent to China to do feasibility studies for many projects. Australia became a reliable supplier of liquefied natural gas to China. Wool and textiles are very important in Australia-China trade. China imports a quarter of Australia’s wool exports. During this visit Howard opened ANZ bank’s new branch in Beijing. Since then Australia has offered its expertise to China in a variety of financial services including insurance, banking and accountancy as well as by setting up legal and consultancy firms.

Two years after the Howard visit, president Jiang Zemin visited Australia. This visit further strengthened the economic ties between the two countries. Jiang delivered the keynote address at a major trade forum in Melbourne and also spoke at other places and the focal point of his presentation was more economic relations with Australia. He impressed the Australian business community by insisting on further reforms in China as well as adherence to the APEC formulae on relaxation of tariffs and openness of the world economy. During this visit it was also announced that Australia had won a contract to take part in a radical reform of China’s social security system. (This was necessitated by the fact that reforms and modernization taking place in the PRC has led to a decline in social welfare services).

The main Australian exports to China are iron ore, wool, copper ore, oilseeds and coal. Australia imports from China clothing, toys, sporting goods, footwear, television sets, VCRs, telecommunication products and household equipment. As far as Australia’s exports to China are concerned almost all the commodities are natural resources of great importance to China’s growth. The trade in wheat and sugar, which in the earlier period were so crucial to China, reduced in importance since the 1990s. The goods which Australia imports are those which may be essential for people’s good lifestyle but is in no way significant for its overall economy. In other words, China is far more dependent on Australia for its growth than is Australia on China.

8.4.1 Investments

In Sino-Australian economic relations an interesting feature is that Chinese investments in Australia is much higher than Australian investments in China. According to the Australian Bureau of Statistics, in the year 1995-96 PRC investment in Australia was A\$1397 million falling to A\$1221 million next year but increasing greatly to A\$2345 million in 1997-98. However, the same sources quote the Australian investments in China as A\$551 million in 1995-96, A\$984 million in 1996-97 and A\$1241 million in 1997-98. One area where Australian investments are quite significant and can have long-term implications is in residential property development or real estate. In this venture the most well known deal has been signed between China's Zhonghuan Investment Development Company Ltd.. The aim is to raise US\$ 100 million for the construction of good quality residences in Shanghai, which would house 65000 people. With the Chinese State gradually withdrawing from its earlier role of providing inexpensive housing for all and with increasing prosperity there is a big demand for private housing even today in China. However, the concept of mortgages and loans had not quite developed in China in the 1990s, which made the real estate venture a real risk, nonetheless Australians invested in China.

8.4.2 Tourism

Tourism is yet another area where there has been considerable interest and expansion from both sides. The China National Tourism Administration and the Australian Department of Tourism signed a Memorandum of Understanding on tourism cooperation in 1993. China has designated Australia as an official tourist country for its citizens to visit. Since then the flow of tourists between the two countries has been increasing with each passing year. According to Australian Bureau of Statistics in the year 1996 the number of tourists from the PRC to Australia was 54,000 and two years later in 1998 it rose to 76,500. The growth from the Australian side has been far more in numbers. Figures given by China's State Statistical Bureau show that whereas in 1990 about 50,200 Australians traveled to China, in 1998 there were 186,400 Australians who went to China as tourists. For many Australians China seems an exciting tourist destination. To further enhance tourism between the two countries additional air routes were established between the two. China Southern Airlines began direct services between Guangzhou (Canton) and Brisbane and Ansett Australia established an air route between Sydney and Shanghai. Earlier Indonesia has been an important tourist destination for Australians but since the Bali Bombings in the year 2002 the possibility of China replacing Indonesia is strong.

8.4.3 All-round Economic Ties

In addition to the above-mentioned trends in Sino-Australian economic relations we see different types of economic relations on a province-to-province basis. The year 1999 saw the emergence of this new relationship. Economic ties between the two appear to be on an upward swing with both sides benefiting greatly. China has expressed Australia's support for its WTO entry. After Chinese President Jiang Zemin's visit to Australia in September 1999, a report in the Chinese press summed up the relations of the two countries saying: "China and Australia are ready to strengthen cooperation in multi-national international organizations and on major issues, and will work for the establishment of an equitable and rational international economic and financial order". The same report also stated that the two leaders agreed to establish a 21st Century-oriented relationship between the two countries of long term stability, healthy development and all-round cooperation.

8.5 POLITICAL RELATIONS

As already mentioned Sino-Australian relations have consolidated on the economic front but in the political arena many issues remain which have the potential of damaging all relations including economic if not handled carefully. These issues are as discussed below.

8.5.1 Taiwan

The most potentially explosive issue is that of Taiwan. After the Australian recognition of the PRC in 1972, the government while maintaining trade relations with Taiwan, has supported the 'one-China' policy. Taiwan would not have become a live issue again in Sino-Australian relations had in mid-1999, Taiwanese president Lee Teng-hui not made the statement of having 'state-to-state' relations with the PRC. (Earlier i.e. since

1949 both the Taiwanese and the PRC governments agreed on one point that there was only one China and the ultimate goal was reunification). Lee's statement obviously sent shock waves to China as it was seen as a step towards declaration of independence. Although this does not seem imminent at this point yet if Taiwan does declare formal independence, the PRC government would in all likelihood use coercive measures to prevent it. The possibility of China taking military action is evident from the State Council (the cabinet in the PRC government) White paper brought out in February 2000. It declared that if Taiwan continued to delay negotiations and resist unification with the mainland then the PRC government would be forced to use 'drastic measures including military force'. Any military action taken by the PRC on Taiwan would in all probability elicit military response from the United States. A situation like this would be very uncomfortable for the Australian government because siding with the US would severely impair relations with China. If it takes a neutral stand and stays out of the dispute and continues to recognise Taiwan as part of China, its close relations with the US would be in jeopardy and so observers seem to think that such a situation is almost out of question. In other words, on the Taiwan independence issue China and Australia would find themselves on opposite sides.

Here it must be stated that since the Lee Teng-hui statement of mid-1999, the Australian government has at least on two occasions reiterated its position on the Taiwan issue by upholding that it continues to accept the 'one-China' view. For instance in 1999, at the invitation of the Chinese minister of foreign affairs, Tang Jiaxuan, Australian counterpart Alexander Downer paid an official visit to China when he reaffirmed that the Australian government "firmly pursues the 'one-China' policy. The Chinese foreign minister reportedly expressed his appreciation for this stand. Later in September that year when Chinese President Jiang Zemin paid a visit to Australia, he expressed his appreciation for Australia's 'firm stance' on the 'one-China policy. Jiang also reaffirmed the Chinese government's position to "safeguard national sovereignty and territorial integrity". At the Canberra press conference President Jiang announced that on no account would China abandon the possibility of use of force to solve the Taiwan issue should Taiwan seek independence or external forces interfere in this issue which is "purely an internal affair of China".

8.5.2 East Timor

A relatively unexpected issue that came up recently and which had the possibility of affecting Sino-Australian relations is that of East Timor. While it is true that East Timor was potentially less explosive than that of Taiwan but it could become a serious matter between China and Australia. This is so because Australia had openly supported the independence movement in East Timor and has even sent military support to it to gain independence from Indonesia. This has of course strained its relations with Indonesia. This has led to some apprehension among the Chinese that by extension its own ethnic separatist movements in Tibet and Xinjiang are likely to get encouragement. True the international position of East Timor is different from Tibet or Xinjiang as the United Nations has never acknowledged East Timor to be an integral part of Indonesia. At this juncture it appears that the East Timor issue is settled but it did have the potential of creating mistrust in China's perceptions of Australia.

8.5.3 Human Rights

On the issue of human rights Chinese and Australian perceptions differ and this can be the cause of deterioration of bilateral relations in the near future. For decades Australians have viewed China's political system as one that violates and denies human rights to its citizens. After China's opening up in the late 1970s apprehensions were somewhat reduced. However, events of June 1989 led to a renewed mistrust and condemnation of China from the Australian side. The killing of innocent unarmed civilians (mostly students) in and around Tiananmen Square put the Australian government in a complex situation as to how to react without hampering its China policy. As pointed out by one observer: "Demonizing China in the wake of the massacres carried the danger of challenging both the newly established foreign policy and Australian multi-culturalism. But a too muted response would endanger both. Australia's reaction has to be credible to Asia and it had to show a commitment to the defense of human rights and pluralism in China for domestic consumption". Most Australian leaders felt a sense of betrayal over the massacre. As Chinese leaders had earlier successfully fostered relations with successive Australian prime-ministers, the crackdown on unarmed student protesters came as a blow to many in Australia. Once seen as the shining liberalizers, the Chinese leaders had become the "Butchers of Beijing". The contrast between China and Russia was accentuated by the abortive communist coup in August 1991 that resulted in the disappearance of the Soviet Union.

Some Australian Maoists defended the events of 1989 as a legitimate response to 'counter-revolution'. But most of the Australia's 'left' reacted with shock to the Tiananmen killings. The Communist Party of Australia condemned the killings by describing it as a brutal massacre of unarmed civilians and charged that the actions of the Chinese People's Liberation Army betrayed the principles of socialism, tarnishing further its international image. Under the headline, 'Massacre of Innocents', a left-wing academic Michael Dutton, declared: "On June 4 the Communist Party of China committed one of the worst atrocities in that country's recent history. Action against unarmed civilians, who demanded that socialism be practiced rather than preached, the Party launched an all-out armed attack".

Till 1992, the anniversary of June 4 1989 had been marked in Australia by vigils and protests. It mellowed down somewhat with Prime Minister Keating's visit to China in 1993. This visit brightened trade prospects remarkably. In 1994-95 two-way trade amounted to \$6.6 billion and by then almost 1000 Australian companies had established operations in China. Nonetheless, Tiananmen events have not been forgotten by the Australians as evident from the media as well as from other reports. The Chinese, on the other hand, have been very sensitive to foreign governments terming the Tiananmen events as a human rights issue and has criticized them on grounds that this was an internal affair of China on which other countries need not comment.

8.5.4 Tibet and Falun Gong

Human rights issue remains an important factor in Sino-Australian relations and is likely to be so in the near future. In Australia there are many individuals and organizations that feel strongly that their country should support the 'Free Tibet' movement even if it leads to strained relations with China. These entities regularly organize conferences, meetings, exhibitions etc. to focus the plight of Tibetans much to the annoyance of the Chinese establishment. The Falun Gong (a Buddhist sect banned in the PRC since 1999) also has many supporters and followers all over Australia. Since the crackdown of the Chinese government on the Falun Gong, its Australian supporters along with supporters all over the world, have condemned and criticized the Chinese authorities for taking away the religious freedom of its own citizens. So far on the issue of the Falun Gong the Australians have officially not made any statement. However, the same cannot be said about Tibet. When the Dalai Lama toured Australia in 1992, he met the then Prime Minister Paul Keating. He asked for the Australian government's permission to set up a Tibet Information Office which was granted and the office was established in Sydney. When it was formally announced that the Dalai Lama would visit Australia again in 1996, the Chinese government issued a stern request to Australian leaders not to meet him. Both Prime Minister Howard and Foreign Minister Downer ignored this.

Although Australia has always recognized Tibet to be a part of China yet the Chinese have always worried about the expansion of the Dalai Lama's influence in Australia. There are human rights issues connected with Tibet and there is in Australia (like in many other countries) a strong Tibet lobby arguing that China has been committing serious human rights abuses in Tibet, which has gone unchecked for a longtime. The lobby has continuously urged the Australian government and business houses to stop dealings with China even at the cost of Australia's economic interests. Under the present Howard government this has remained a major issue of contention. The events of June 1989 brought the issue of human rights almost on the top of the agenda of the foreign policies of all western countries, and all successive Australian governments could not ignore it.

8.6 CHINESE PERCEPTIONS OF AUSTRALIA

8.6.1 Australia's "National Identity"

From China's point of view Australia is seen as an important partner in business and trade but the Chinese are more than aware of their political distance from the Australians. For many years their relations did not take-off due to Cold War politics and China's isolation from most of the western world. Although located closer to the Asian region Australia is seen more as part of the western world due to cultural and historic factors.

When economic ties were minimal between China and Australia very little coverage was given to Australia as all its acts were seen in line with that of the United States. A general perception among China's scholars

of international relations is that Australia because of its geographical position, culture and history is unique in many ways. Some believe that the nation is in search of a 'national identity'. Shi Yongming, a research fellow with the China Center for International Studies, in the introduction to a long essay titled: 'Australia in Search of National Identity', says: "Since the formation of a new government headed by John Howard, Australia's reliance on East Asia has grown deeper. However, the resurgence of domestic interest in the traditional ties with Europe and a thirst to cement military and political cooperation with the United States signal that Australia is searching for a new identity." This article is indicative of the official views of the Chinese establishment or else it would not have been published in the journal *Beijing Review*, which is the mouthpiece of China's foreign affairs department. What follows is an analysis of present-day Australia's foreign policy from the official Chinese point of view.

The present Howard government formed by a coalition of the Liberal and National parties, is pursuing a foreign policy which remains largely unchanged from that of the preceding Labour government. The new government at the time of its inauguration had pledged that comprehensive engagement with Asia would remain its top priority but there are indications that the Howard government is pursuing a different Asian policy in which it stresses Australia's political and cultural heritage and traditional alliances. Three noticeable changes are visible in the present government's foreign policy. A major difference between the new government and its predecessor is its attitude towards East Asia. Whereas the Keating government emphasized Australia's harmony and affinity with East Asia arguing that Australia is a member of the "East Asian hemisphere" geographically and economically, the Howard government does not seem to think so. To consolidate its link with Asia the Howard government needed to fully integrate itself into East Asia. However, the present government holds that Australia is a member of the Asia-Pacific region that encompasses the United States and Canada and a policy of "comprehensive engagement" should be instituted towards Asia. This change suggests, in the opinion of the Chinese that Australia no longer views itself as a member of the 'East Asian hemisphere' instead it is distancing itself from Asia and highlighting its independence.

The second point of change in Australian foreign policy is a desire to return to Australia's own political and cultural heritage and historical tradition. Underscoring the political and cultural differences between Australia and Asia, the Howard government makes it clear that Australia's relations with Asia is limited to economics and trade. Howard had said that as far as its history, culture, tradition and value system are concerned, Australia is not an Asian country. Furthermore, Australia is not willing to bridge the East-West gap in politics and culture. This suggests, the Chinese feel, that Canberra is returning to its Western tradition and identity in political, cultural and value systems.

The third point in the changing Australian foreign policy from the Chinese perspective is upgrading its military alliance with the United States. This is considered the most noteworthy foreign policy change of the coalition government. Upon taking office the Howard government listed stronger ties with the U.S. as one of the top priorities of its foreign policy. Apart from boosting military exchanges Australia has also backed the United States on a series of international issues like Afghanistan and Iraq.

On Australia's role specifically in the East Asian region, economic ties are the most significant factor in forging relations with nations of this region. Weakened ties with Britain over the years have prompted Australia to shift its foreign policy focus onto the Asia-Pacific region and more specifically to East Asia – a region witnessing rapid economic growth in recent years. It was because of that the Robert Hawke government was prompted to propose in 1989 the establishment of the Asia-Pacific cooperation forum as a regional organization for trade and investment liberalization. Between 1986-96 Australia's exports to East Asia jumped from 10 percent to 60 percent of its total. Seven of its ten largest export markets are located in East Asia, as are five of its ten largest import sources. In addition, East Asia is also home to its six largest sources of tourists. Therefore, it has been argued that Asia's economic prosperity is the driving force for Australia's growing involvement with East Asia.

Australia's national security concerns come next to economy and trade in its relations with the East Asian region. In the past Australia primarily relied on Britain and the United States for national defence. With the end of the Cold War Australia shifted its focus onto Asia but that does not imply that Australia would abandon its military alliance with the United States. The Chinese seem to suggest that "Canberra is realizing the importance of independent defence and regional cooperation in security affairs in the face of declining U.S.

influence.” The first two considerations viz. economy and security are geo-politically based while the third consideration i.e. military alliance with the U.S. is historical. Prime Minister Howard has frequently made this statement: “We do not have to choose between our history and our geographical location”. This remark, in the Chinese assessment, “testifies to the weight of historical and cultural heritage in Australia’s Asia policy.” Although Australia will remain linked to Asia economically, it will be more complex and problematic for it to deal with Asia politically and culturally. As Asia itself is a very diversified entity, it will be impossible for Australia to integrate itself with it but the challenge for Australia is that whether it can incorporate both the East and the West, independent of Europe and the United States. On this issue, whereas the Labour government was vocal on Australia’s independence, the coalition government accents affinity with Europe and the United States.

Since over ninety percent of Australians are descendents of European immigrants, the country is from a political and cultural perspective a Western country or “a country with a western tradition with no national identity yet”. Searching for a national identity is going to be a major factor affecting the country’s role in the Asia-Pacific region. Under these circumstances, the coalition government identifies more with the US and Europe socially, politically and culturally. In order to avoid estranging Asian nations, Australia will adopt a more pragmatic approach in handling relations with Asia. According to Shi Yongming, “Once its national identity is defined – most likely as member of the diversified Asia-Pacific region rather than a member of the West – Australia will find it more comfortable to develop relations with Asia and to play a greater role in the Asia-Pacific region.”

8.6.2 Views on Australia’s Internal Affairs

Beijing Review in November 1999 published a commentary on Australia’s internal affairs. This was published soon after the referendum of November 1999, which was done to see whether the Australians wanted to continue with their links with the monarchy or become a republic. In this referendum forty six percent voted for the republic but fifty four percent voted against it.

Writing about this the author Xiao Li begins by giving a brief background of the Australian republican movement, which has now existed for more than one and a half centuries. A significant question raised by the author is why was the republic programme defeated? The answer may lie in the fact that Prime Minister Howard made his own position on this public. “He is a staunch royalist and a master at playing political tricks. He deliberately put the vote for the republican system and a vote for a detailed republican system together... he also broke his promise and gave a lengthy speech at a critical moment, finding faults with the republican system.” Xiao Li believes that many voters would have supported the idea of a republic and would want to directly elect their president. The parliament’s constitutional convention rejected this model in 1998 and instead put forth an indirect election model. Being well aware of the people’s wish to elect their president directly, the royalists persuaded their voters to say ‘no’ to the proposed system. It was in the rural and remote areas mainly where the vote was in opposition to the republic. In Canberra, Sydney and Melbourne over sixty percent of the voters supported the republic. Due to many scandals in recent years involving ministers and members of parliament, many supporters of the republican movement also refrained from supporting a somewhat complicated system of electing a president. According to this author, since Australia has seen faster economic growth in the 1990s than any other developed country and has got to its most prosperous period over thirty years, therefore, some people may have thought that a republic might bring about some kind of instability to the country rather than a better future. Under such conditions the voters were perplexed as to what course to take and afraid of a big change so they accepted what the Prime Minister and the royalists suggested.

Located in the South Pacific with Asia as its neighbour it has accepted immigrants from many ethnic groups. A multiple culture has developed greatly in recent years. Keeping in mind that the twenty first century is well into its first decade, Australia has to consider where to go. The royalists wish to maintain ties with Great Britain, thinking that it is not only a symbol but will also facilitate Australia’s relationship with other western countries. Since most people felt uncertain about their future, they would rather keep things as they are. In other words, China’s analysts see Australia as a conservative or ‘pro-status quo’ people.

In conclusion Xiao Li expresses the opinion that the defeat of the republican programme is not necessarily an

end to the republican movement. As many republicans think this is a "short dormancy". A model more suitable to the people may be put forward in the not too distant future. Australians need time to find a republican model acceptable to all sides.

8.7 SUMMARY

Sino-Australian relations have neither been dramatic nor eventful in any way. Australia formally recognized China after the U.S. did so in 1979. The fundamental basis of their relations has been economics. In terms of trade and investment the progress in their relations have been remarkable. In other areas like tourism and real estate lot of collaboration is visible particularly in the 1990s. China is growing at a fast speed since it enunciated the 'open door' policies in the post-Mao period. It is looking for partnership with other countries to boost its economy. Australia on the other hand is looking for markets and cheap labour for its investments. China and Australia have mutually beneficial economic relations. Politically, there are no real bi-lateral issues that are potentially explosive but there are other issues of a delicate nature that can endanger their relationship. If Taiwan declares independence and the People's Republic of China responds with force (a possibility it has not overruled) the likelihood of the U. S. intervening in favour of Taiwan is a distinct possibility and if that happens, Australia in order to keep its closeness with the U.S. will support the latter. In that situation Sino-Australian relations would deteriorate to the extent that trade and economic ties would also be adversely affected. Similarly any covert or overt Australian support to Tibet and the Dalai Lama or banned religious groups brings in uneasiness in relations. While Australia sees these as human rights issues, for China it amounts to interference in its internal affairs. Chinese perceive Australia as a nation that is still in search of its identity and therefore in a constant dilemma as to what its role should be in the Asia-Pacific region. Its closeness to the United States though not favourable to the Chinese but the latter have learned to live with it. Stable Sino-Australian economic relations would continue unless any political issue turns it around. In the near future it appears that China and Australia would continue with this economics determined relationship.

8.8 EXERCISES

- 1) In the early Cold War period how did Australia perceive China?
- 2) Briefly discuss the second phase of Australia-PRC ties between 1972 to the end of the Cold War.
- 3) How did China's 'open door' policy have an impact on its economic ties with Australia?
- 4) Which politically volatile issues can strain Australia's relations with China?
- 5) Give an account of the official Chinese perceptions of Australia's 'identity' problem and other internal issues.

8.9 SUGGESTED READINGS

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