

Interview With Malcolm Fraser, Prime Minister of Australia

China's "New Course" — An Australian Perspective

Peking's new ties with Washington will bring far-reaching changes to Asia. For the U.S., according to Australia's leader: a bigger role in the region—and a chance to sell its technology to China.

Q Mr. Prime Minister, what impact has President Carter's decision to normalize relations with Communist China had on your part of the world?

A The move was inevitable—and the impact will be great. As long as Washington and Peking did not recognize each other fully, the development of U.S. policy in the Western Pacific and in Asia was severely handicapped.

I can understand the feelings that people—some people—have about Taiwan. But the fact remains: China is one of the great nations of the world, and it is very important for the U.S. to be in full, complete dialogue, communication and intercourse with China.

There are many people in my part of the world who have questioned the depth or fullness of America's commitment in Asia and the Pacific. And in my book, one of the factors that constrained full development of U.S. policy in the region was the lack of normal relations with China. So, Carter's move was important. But equally important in my view is just how the President will now follow through.

I think it's a good thing the discussions with the Philippines on the American bases there were concluded at the same time that agreement was reached between the U.S. and China. It would have been unfortunate to have the viability of those bases in limbo at that particular time.

Some people in the Pacific region are very concerned about the implications of the abrogation of the security treaty with Taiwan and what that means to American credibility. But the U.S.-Philippines agreement showed that Washington is conscious of the need to maintain American power in the Pacific. And if there still are reservations about America, I have no doubt the Carter administration has the capacity to overcome them.

Q Why do you say Carter's follow-through is important in the China-U.S. relationship?

A Communications between China and the United States must be greater and more open than at any time in the past. Many nations—Australia was one—kept their doors to China closed too long. That was not a very good way to conduct relationships with an important nation. China must be a part of the world—a full member of the international community, fully participating in international organizations.

And now China is making her own moves, with technological advances and modernization the current objectives. She has the capacity to pursue these with enormous energy and determination, and will probably achieve considerable results in the foreseeable future. So it is important to draw China into the international community, and the U.S. evidently plans to advance this by comprehensive exchange visits between the two countries this year.

Q As part of the follow-through, should the U.S. offer to sell weapons to Peking?

A China has taken a clear decision to modernize its economy and productive capacities. I have no doubt that decision

will embrace the modernization of its defense equipment and industry. As in other areas, such modernization will require the purchase of products and technology from others, and I think it inevitable that will happen.

Q Looking forward: Do you expect the U.S. role in Asia to be more—or less—important?

A America's role will be more significant than at any time since Vietnam. Your experience in that war was traumatic; and even though it may not have paralyzed American policy in Asia, it certainly made things more difficult. Now, with Vietnam far behind and normalization of relations with China today's reality, I think the U.S. will inevitably play an increasingly important role in the matters of real concern that are developing.

The war between Vietnam and Kampuchea—formerly Cambodia—is not just a border skirmish. It's war by any standards. We know that China provides assistance to Kampuchea, and Russia helps Vietnam. This raises a very serious issue: Will Russia and China provide further support—say, to the point where they become involved themselves?

There is no doubt that the Soviet Union is deeply involved in Vietnam and is taking an increasing interest in that area. China doesn't feel comfortable about that, with tension developing on her border with Vietnam and along her border with Russia.

And if Vietnam extends its dominance over a wider region, how would China react? This is a very real, vastly important question. And it's not an issue that will develop five years hence; the issue is here now.

Q Could the Vietnam-Cambodia conflict spill over into other countries nearby?

A There's no doubt that if Vietnam's invasion goes on and Kampuchea [Cambodia] is occupied, there'd be increasing concern in Thailand and Malaysia—no doubt about that at all—and worry in other areas. It would be unsettling.

Q You see the possibility, then, of Russia winning a war—perhaps by proxy—in Southeast Asia as the first development following U.S. recognition of China?

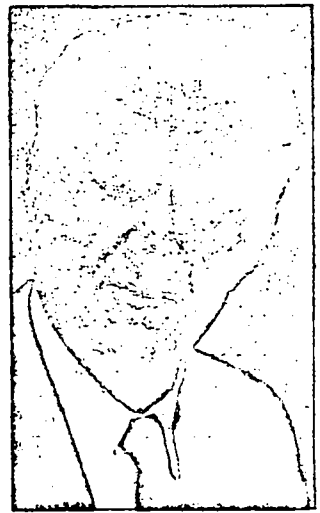
A That overstates it. But if that occurred, it would be a tragic development.

Q How does the U.S. fit into this situation in view of the Carter administration's proposals to reduce the American military presence in Asia?

A It's difficult to say what can be done at the moment. Solutions have to be worked for, strived for, over a long period of time. However, I think the rate of American troop withdrawals from Korea has been modified, and the administration keeps saying its decisions will be taken on a step-by-step basis as the situation develops.

It's important that American power be available, which is why the Philippines-bases agreement was so important. It was very much a reaffirmation of an American military presence in Asia.

Q On the other side of the coin, is the Soviet military buildup in the Pacific a threat to regional security?



A People use the same terms, but interpret them in different ways. When you say "threat," do you mean the forces will move against a particular country? That's one kind of threat. There's another kind of threat in which ships of a particular nation sail over the horizon without ever firing a shot. All they do is demonstrate the presence of power.

The point I've generally sought to make about the Soviet Union is that its presence in the Indian Ocean—or, for that matter, anywhere—is a manifestation of its global power, its capacity to reach out into any part of the world and act in a destabilizing manner.

The Soviet Union spends 11 to 13 percent of its gross national product on defense year after year after year. Ironically, this expenditure began increasing about the same time the United States started to speak more seriously about disarmament and the strategic-arms-limitation talks. Don't draw ominous conclusions from this, but it shows the level of military preparedness in the Soviet Union: The percentage that Russia spends on defense is about the same as Hitler's in 1938, just before he went to war.

Against that background, I think all of us have to be concerned about Soviet willingness to deploy military power. Of course, countries like Australia must do what they can, but there's a terrible logic in the obligations that all this places on the world's greatest free nation—the United States.

Q Is Russia going to be a big winner in Africa?

A The outlook for Soviet influence in Africa over the long term will be significantly dependent on how racial problems and injustices are dealt with inside Africa. The longer you have a white minority regime in Zimbabwe [Rhodesia] seeking by one means or another to prolong white supremacy, the longer the circumstances exist which will help Communists to establish a firm, permanent foothold in Africa.

Russia has had some successes in the past—failures, too.



U.S. airmen in Philippines. "The Philippines-bases agreement was a reaffirmation of American military presence in Asia."

She was in Egypt; now she's out of Egypt. She's lost out in other countries.

There's always a temptation to look at the gloomy side of international problems. There is the situation in Iran at the moment. The Camp David initiatives have faltered—hopefully only temporarily. Africa's problems continue. But these difficulties have been there for a very, very long time.

Despite the delays, the Middle East is more hopeful than it has been in decades. Even in southern Africa, there is growing recognition that racial equality must prevail. Isn't that an advance, despite the fact that guerrilla war and violence are spreading, compared with the time when people thought that white supremacy would go on forever?

Q So military force isn't the answer to the spreading Soviet influence in Africa—

A The United States certainly needs to have force and power readily available. But getting rid of the basic inequalities of southern Africa would do more to diminish Soviet influence there than any single act within British or American capacity.

Q Mr. Prime Minister, why do refugees keep fleeing from Vietnam? Is there any answer to that problem?

A The emigration is promoted by the Vietnamese government, and it's the kind of government which is likely to create dissident groups. So I see no end to the flow. It can go on for tens upon tens of thousands of people.

We've taken a very large number of the refugees—in relation to our size, probably more than any other country. The United States has shown concern, as have a few others. But if countries aren't geographically close to a problem, they find it easy to keep it at arm's length.

I think the international community has a responsibility toward political refugees, and the United States has shown it is in accord with this view. But it's a heavy load for the U.S. and Australia and a few other countries to bear alone. The burden needs to be spread as widely as possible.

Q Going back to the question of U.S. recognition of China: Is the government in Peking stable, or is it likely to reverse policies later on?

A Now that China has set its course, I think it will continue in the same direction. The new course involved quite substantial policy changes, and I don't think they could have been taken without some kind of consensus in the leadership. One man may have promoted the changes, but he would not be successful unless he persuaded others that he had chosen the right track.

I had 8 or 9 hours of discussions with China's leaders when I was there about two years ago, and judging by what I saw and heard, there are reasonable prospects of stability and a continuity of policy. But, as you know, nothing is certain in the political world.

Q Australia has been doing business with China for years. On the basis of your experience, do you think Americans are exaggerating China's potential?

A There are some who say that China doesn't produce the things the U.S., Australia and other richer nations want, and therefore China will build up debts which will be difficult to pay. I don't believe this will happen. I think the Chinese will be absolutely scrupulous and take on only those international commitments they will be able to meet in the foreseeable future.

The Chinese are realists. If they need something, they'll buy it; if they don't need it, they won't buy it. So, likewise, the Chinese can't expect countries to buy things from them that aren't needed.

Also, the Chinese are very concerned about their international reputation. In trade with us, they've always been scrupulous in meeting contract terms. There's no reason to believe this won't continue. □

Memo From Australia

It's Gloomy Down Under

Edwin J. Drechsel, the magazine's senior West Coast correspondent, has just completed a one-month swing through Australia. Following are excerpts from his memo to the editors.

CANBERRA

"Australia is headed for ruin" is a complaint I heard frequently during my visit to the island continent.

Many Australians fear for their country's future. They worry whether their resource-rich nation, plagued by labor unrest, low productivity and high costs, can go on selling its goods on world markets against increasingly stiff foreign competition.

Australians, like Americans, are concerned about inflation, unemployment and pollution of the environment. But many say they face an even bigger problem: the capriciousness of their trade unions. There is a widespread feeling that union extremists are trying to undermine the country.

Strikes are called for such petty reasons as dust blowing on workers' autos. Production stagnates. Train, bus and airline services are halted time and again because of labor disputes.

Longshoremen tie up ships vital to Australia's export trade—mainly minerals and farm products. Oil tankers wait for weeks to unload. In the first nine months of 1978, Australia accounted for 85 percent of total world claims for dock-strike losses.

"You only have to sneeze or turn your head sideways, and they go on strike" was one comment I heard.

In Broken Hill, a rich silver and lead-mining town in the New South Wales outback, a retired workman echoed a common gripe: "Australia is going downhill. People want work, but they are not willing to produce efficiently."

Spiraling wages, which are forced on business by militant unions, have aggravated an already tight situation for Australian exporters. In the textile industry, for instance, wages soared 170 percent in five years, forcing garment makers unable to compete with low-cost Asian products to merge or go bankrupt.

Unions demand and get higher pay for weekends, forcing many plants and services to close rather than pay up. Says one retailer: "Weekend rates inflate our costs and limit employment."

The United States is much like Aus-

tralia—and is much liked by Australians. During my month-long travels, which included five days on a Murray River side-wheeler, I heard not one anti-American comment. But the Australians I met asked many questions about the United States.

Interest is understandable. Australia has been a longtime friend and ally of the United States, through two World Wars and conflicts in Korea and Vietnam. The two countries, with New Zealand, are linked in the ANZUS defense treaty. Australia, therefore, fully supports the American military presence in the Pacific.

Australia is similar to America in its economy and society. But there is one major difference: It has only 14 million people in an area roughly the size of the Lower 48 United States.

Australians realize that their political voice in the world is limited because of their small population. Yet, as a source of raw materials, the country assumes an importance that is out of proportion to the number of its people.

Japan, Australia's leading trading partner, imports nearly 50 percent of its iron ore, 44 percent of its coking coal, 100 percent of its alumina plus other vital minerals from Australia.

But problems in Australia-Japan trade could lie ahead. The Japanese ambassador, commenting on widespread labor unrest, has raised the possibility that his nation is "fed up with frequent industrial disputes and seeks more-reliable supply sources."

Australia's trade with the U.S. is deeply in the red. Officials fear that this gap could widen if American cattlemen succeed in efforts to limit imports of Aussie beef, now totaling about 550 million dollars a year. Most imported Australian beef is used for hamburger or in processed meats.

Also, Prime Minister Malcolm Fraser's conservative Liberal-National Country Party coalition has failed in attempts to gain entry into the European Common Market for sales of Australian butter, cheese, sugar, beef and canned fruits.

Energy may be the key to the future for Australia, which is rich in uranium and coal—but not oil. Says Sir James McNeill, chairman of Broken Hill Proprietary Company, the country's largest firm: "Australia has higher reserves of coal and uranium per head than any other country." He advocates that Australia sell uranium and surplus coal to buy the oil it needs.

The Fraser coalition has lifted uranium export controls imposed by the previous government of Labor Prime

Minister Gough Whitlam, whose 1975 firing by Governor General Sir John Kerr, Queen Elizabeth's representative, still creates constitutional aftershocks. The abrupt action nearly tore once-stable Australia apart. But it reversed worsening U.S.-Australia relations and ended demands for removal of strategic U.S. military bases.

American investors, with almost a 6-billion-dollar stake in Australia, welcome Fraser's efforts to ease labor unrest and his cutting of inflation from more than 20 percent in 1975 to under 10 percent now. The government also has taken steps to encourage greater foreign investment to supply a much-needed boost to the economy.

For Australians, fed up with the way things are going, this cannot come too soon. Philippa Field, a teacher in South Australia, spoke for many when she said: "I never read the news these days. It's all bad." □



Population: 14.2 million, about as many as in Michigan and Wisconsin combined.

Area: 2,977,591 square miles, slightly smaller than the 48 contiguous states of the U.S.

Economy: Total output of 100.3 billion dollars in the year-ended last June, or \$7,082 per person, compared with 30,827 in the U.S.

Minerals: Coal, uranium, lead, zinc, copper, iron ore, gold, silver, tin, tungsten, nickel, and other metals. Mineral exports are expected to top 6.5 billion dollars in 1979.

Main Industries: Mining, transport equipment, machinery, food processing, basic metals, chemicals.

Major Exports: World's largest producer of wool and uranium.

Major Imports: Automobiles, machinery, iron and steel, wheat, oil.

Major Cities: Sydney, Melbourne, Perth, Brisbane, Adelaide, Canberra.