

# BRICS Rise Brings Tectonic Shifts: The Case of Australia

by Robert Barwick

MELBOURNE, Nov. 28—“There was a time when, for many of us, Australia was a distant land on the southern edge of the world,” Indian Prime Minister Narendra Modi said, in a guest address to the Australian Parliament Nov. 18, during his four-day visit there. “Today, the world sees Australia to be at the heart of the Asia-Pacific and Indian Ocean region. This dynamic region holds the key to this world’s future, and Australia is at its crossroads.”

Australia is also at a political crossroads, facing a choice between strategic orientations. Modi’s visit, and the simultaneous state visit by Chinese President Xi Jinping, following the Nov. 15-16 G20 Summit in Brisbane, underscored the deepening economic ties between Australia and the Asian giants, India and China. Mainstays of the BRICS partnership that also includes Brazil, Russia, and South Africa, both nations are reaching out to Australia with offers of cooperation on economic development, such as China’s invitation to join the new Asian Infrastructure Investment Bank (AIIB).

Full engagement with the BRICS agenda would be an abrupt turn from the association with the dying trans-Atlantic financial system, which has brought Australia dubious results, including one of the world’s biggest mortgage bubbles, and the fifth-most-traded currency on global, speculative foreign-exchange markets. A growing economic orientation toward Asia also conflicts with the strategic role allotted to Australia by the British strategists who are gunning for a military showdown with Russia and China, and by the Obama Administration, which is on that British imperial line.

U.K. Prime Minister David Cameron exuded hostility toward the BRICS, particularly China, during his guest address to the Australian Parliament on Nov. 14. Mindful that he was preceding President Xi by three days, Cameron attacked the legitimacy of China’s economic rise, condemning the “authoritarian capitalism”

of “countries which claim there is a shortcut to success without the tiresome encumbrance of accountable government and the rule of law.”

U.S. President Barack Obama, for his part, has blatantly pressured Australia to spurn the Chinese AIIB initiative.

In recent decades, the British Crown, the City of London, and their Wall Street and other allies in the USA have been able to assume that Australia was firmly in their camp. But the BRICS commitment to economic development is proving capable of triggering tectonic shifts, including in the case of Australia.

## A Subservient Ally

In the intensifying stand-off between the collapsing trans-Atlantic powers and the rising BRICS economies, there is every opportunity for Australia to revive the very best traditions in its own history, such as when it modelled a national bank on the ideas of Alexander Hamilton (in 1911), or allied with Franklin Roosevelt’s USA to defeat fascism during World War II. Despite such brilliant moments, Australia, again and again, has been a subservient ally to first the British Empire, and then to American administrations acting on the British imperial model.

No less a figure than former Australian Prime Minister (1975-83) Malcolm Fraser wrote, in his 2014 book *Dangerous Allies*, that Australia’s history of dependence upon these imperial powers means that it has never been a sovereign country. In recent decades, all Australian governments have marched in lockstep with the British and the Americans, in both economic and military policies.

In the 1980s, coinciding with Reaganomics and Thatcher’s Big Bang of economic liberalization, Australia also adopted a program of radical financial deregulation and deindustrialisation—scripted by the Mont Pelerin Society and related British economic lib-



PIB of India

*Indian Prime Minister Modi told the Australian Parliament Nov. 18: "Today, the world sees Australia to be at the heart of the Asia-Pacific and Indian Ocean region. This dynamic region holds the key to this world's future, and Australia is at its crossroads."*

erals. The United States and the United Kingdom are the largest sources of foreign investment in Australia, by far. Under the current Tony Abbott government and its immediate predecessor, Australia is also one of the 12 nations involved in the secretive negotiations for Obama's Trans-Pacific Partnership (TPP), which excludes China.

Australia has usually been the first to commit troops to the post-Cold War conflicts instigated by London and Washington, including the first Gulf War, Afghanistan, and the 2003 invasion of Iraq. Australia is presently being transformed into a military base for Obama's so-called Asia Pivot to contain China, playing host to the U.S. Marines in Darwin, the U.S. Navy, and electronic signals intelligence installations such as Pine Gap, which are crucial to guiding the U.S. nuclear arsenal and Obama's killer drone program.

Indeed, the City of London mouthpiece *The Economist*, in its special issue on the year ahead, proposed

that Australia's identity will be shaped in 2015 by its place in a showdown with China, just as the slaughter of 8,700 Australians at Gallipoli (Turkey), as British cannon fodder during World War I, shaped its 20th Century: "Australia's jostling between China, its biggest trading partner, and America, its main strategic partner, will come into play in the remote outback of Western Australia. America moved a radar system there from the Caribbean in 2014 because Australia's biggest, emptiest state allows quicker detection of satellites launched from China. A second ground station may start operating in Western Australia in 2015. Australia's space-monitoring task would draw it into any conflict between America and China."

### **National Interest vs. Foreign Demands**

Yet, despite this subservience to Anglo-American strategic interests being a dominant orientation among Australia's political class, the stunning rise of China and India is irresistibly drawing Australia into ever-closer economic relations with Asia. This process, ironically, was accelerated by the deregulation and free-trade agenda, implemented by both major political parties in Australia since the mid-1980s, through which the country's traditionally strong manufacturing and agriculture sectors have been savaged.

Now China is Australia's largest trading partner, as the major importer of its massive iron ore and coal output, which has become the focus of its free-trade economy. Australians are acutely aware that it was only China's 2009 economic stimulus policy, following the 2008 financial meltdown, that saved the Australian economy from complete collapse.

Japan is Australia's second-largest trading partner, but India is suddenly zooming into the public consciousness, even more so since Prime Minister Modi's election. The two nations have recently struck major deals for trade in Australian coal, iron ore, and uranium. More surprisingly, Australia's fourth-largest official "export," behind iron ore, coal, and gold, is education, of which the major buyers are hundreds of thousands of foreign students, largely from middle-class families in India and China, who come to study at Australia's public universities.

President Xi toured Australia after the G20 Summit, to finalize a landmark bilateral free-trade deal, ten years in negotiation. Abbott took the occasion of Modi's visit to announce his desire to sign a major bilateral trade deal with India in the next 12 months.

There are now clear signs that Asia's economic pull on Australia is fracturing the once airtight solidarity between Canberra and the White House. In a sudden and unprecedented development, tensions in the relationship are being aired publicly. On Nov. 23, a senior member of the Australian government, Trade Minister Andrew Robb, lashed out at Obama for the latter's speech at the University of Queensland on the eve of the G20 Summit. Obama had emphasized action on climate change, singling out the famous Great Barrier Reef off the Queensland coast as being at special risk. The Abbott government, which won election just over a year ago on a promise of scrapping the despised carbon tax imposed by the previous government, was incensed that Obama was interfering in domestic Australian politics.

Columnist Paul Kelly reported in *The Australian* newspaper of Nov. 24, "Robb told Sky News's Australian Agenda program yesterday he was 'surprised' by Obama's speech, he believed the President was 'not informed' about Australia's climate change policy, that his 'content was wrong,' that Australia's 2020 targets were 'roughly comparable' to those of the US and other nations, that his speech gave 'no sense' to government efforts to protect the Great Barrier Reef and that his remarks were 'misinformed' and 'unnecessary.' In short, *Robb dumped all over Obama*" (emphasis added).

Robb's scathing attack on Obama followed a more diplomatically worded protest letter sent by the Foreign Minister to the White House on the same issue, and a reported verbal stoush between Abbott and Obama in the final session of the G20 leaders Summit.

### **The AIIB Invitation**

It was clear, however, that the tension expressed by Robb was not simply over being lectured on climate change; fundamentally, it went back to Obama's direct pressuring of Abbott not to join the AIIB. Earlier in the same interview, Robb, who, as Trade Minister, spends more time in China than any other member of the government, enthusiastically endorsed the Bank, and hinted at a change in Australia's decision not to participate.

He said: "I see good things coming out of this [the AIIB], an enhanced reputation for China as a proponent of stable regional development, and the test is the governance provisions, and we've said to them if we get those governance provisions in place, and they've moved a long way already on that I must say, then we'll

be there with enthusiasm and we'll be encouraging Japan and the United States to follow suit and join this regional bank.... I am 100 per cent certain that the Prime Minister will sign up."

Robb was not speaking for himself alone. A broad cross-section of Australian politicians, diplomats, industry executives, and academics was fiercely critical of Abbott's snub, in October, of China's invitation to join the AIIB. Initially, Australia had been expected to join, and Abbott had indicated in a Cabinet meeting his inclination to do so. The view of many Australians interested in the issue was set forth by Peter Drysdale, Emeritus Professor of Economics at the Australian National University (ANU), and widely recognized as the intellectual architect of APEC (Asia Pacific Economic Cooperation), who declared in a Sept. 22 column in East Asia Forum, "It should take no more than a nano-second to conclude that countries like Australia, Korea, Japan, and the United States should partner in this enterprise."

But Abbott, seemingly at the last minute, declined to join, and didn't even send an Australian delegation to Beijing to observe the Oct. 24 signing ceremony of the AIIB Memorandum of Understanding. Then it emerged that U.S. Secretary of State John Kerry, at the Oct. 20 inauguration of Indonesian President Joko Widodo in Jakarta, had personally pressured Abbott not to join; that Obama had reportedly telephoned Abbott on Oct. 22 with the same message; that this had led to a special meeting of the National Security Committee of Cabinet, at which Foreign Minister Julie Bishop presented the argument that China could convert financial influence, through loans from the AIIB, into direct military advantage in nations close to Australia; and that this strategic pressure was behind Abbott's turnaround on the AIIB. This chain of events was perceived, correctly, as Abbott's having bowed to Obama and placed U.S. demands above Australia's clear national interest.

Notably, three former Australian prime ministers, from both major parties, condemned the decision to not join the AIIB. One was Malcolm Fraser, the former Liberal Party prime minister. Ironically, the other two were Labor PMs Bob Hawke and Paul Keating, who had overseen the super-deregulation of the 1980s and '90s. Keating blasted the rejection of the AIIB as the "worst decision" of the government's term, and took aim at Obama. "What would the Americans say if we advised them about their trade policies in South Amer-



DoD/Edward Gutierrez III, US Navy

*The U.S. has moved a radar system to Western Australia, to allow closer detection of Chinese-launched satellites. Here, U.S. Navy traffic controllers track radar signatures aboard the USS Bonhomme Richard off the Australian coast*

ica?” Keating demanded to know, in the Oct. 30 *Australian Financial Review*, “What sort of short shrift would we get?”

Former Australian Ambassador to China Geoff Raby told an Oct. 28 Future Forum discussion on the Asian Century in Sydney, that Australia’s not joining was a mistake. “Not being a founding member of something like this is a very big call,” the Oct. 29 *Sydney Morning Herald* reported him saying. “I don’t understand why we don’t want to be at the outset of a new regional institution.”

### The World Has Changed

When Chinese President Xi delivered his guest address to the Australian Parliament on Nov. 17, he diplomatically omitted mention of the AIIB, but emphasized the commitment to economic development which China shares with its BRICS partners, and which gave birth to the AIIB. “First, China remains unshakeable in its resolve to peaceful development.... China needs peace,” he said. “Second, China remains unshakeable in its commitment to pursuing common development.... A world that is developing will promote the development of all countries.... China sincerely hopes to work with other countries in the to enlarge the pie of

common interest and achieve win-win progress.... China will ... accelerate the building of the Silk Road Economic Belt and the 21st Century Maritime Silk Road. This will create a virtuous cycle of development and security in the Asia-Pacific region.” He concluded, “Oceania is a natural extension of the ancient maritime Silk Road, and China welcomes Australia’s participation in the 21st Century Maritime Silk Road..”

The defiance of leading Australians, including such key architects of the City of London-Wall Street takeover of Australia’s economy in the 1980s as Hawke and Keating, to Obama’s

and his British cronies’ attempts to smother the rising economic power of the BRICS bloc, and Australia’s potential affiliation with it, indicates the power of the earthquakes touched off by the BRICS process. In his comments to the *Australian Financial Review* Keating declared, “The multi-lateralism of the North Atlantic post-1947 is over. The world has changed, and there will be a centre of gravity in the Pacific and East Asia, as there has been for the last 250 years in the Atlantic.”

Malcolm Fraser stated the matter more universally, in greetings to the Schiller Institute’s October 30th Anniversary conference,<sup>1</sup> as a choice not of shifting allegiances from one power-bloc to another, but between a world of rivalries between power-blocs escalating into world war, or a world where all nations work in partnership for development. He wrote, “There is an option and that is for the most powerful Western nations to realize that there have been great changes in the world, that the strategic context has altered, that other powers such as the BRICS are emerging and that the West should collaborate with them as partners to establish a more equal and a more just world.”

1. See *EIR*, Nov. 14, 2014, for Mr. Fraser’s greeting to the Schiller Institute conference in Frankfurt, Germany.