

# Australian prime minister delivers an anxious speech on relations with China

By Mike Head  
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Prime Minister Malcolm Turnbull gave a speech last week that pointed to the nervousness wracking his government and the Australian capitalist class as a whole over the Trump administration's "American First" drive toward trade war and war, especially against China.

In the state-owned and corporate media, Turnbull's presentation was generally praised as an effort to "reset" relations with Beijing. Turnbull achieved "what looks like at least a modest but important turnaround in the recently choppy diplomatic relationship with Beijing," the *Australian*'s foreign editor Greg Sheridan wrote on Saturday.

In reality, the speech was another revealing expression of a fundamental dilemma confronting the Australian ruling class, brought to a new height by Trump's belligerent nationalism.

Since World War II, Australian capitalism has relied heavily on US imperialism to advance its economic and strategic interests including through its own predatory operations across the Indo-Pacific. China's economic growth over the past three decades, however, has tied entire Australian-based industries, especially mining, agriculture and education, to China.

In the most immediate sense, the speech was an effort to shield, for as long as possible, the profit interests of those sections of Australian big business that depend most on Chinese markets, in the face of a potentially devastating confrontation between Washington and Beijing.

Speaking at Sydney's University of New South Wales, which has almost 20,000 overseas students from China—more than a third of its entire enrolment—Turnbull lauded ties with China as "a very deep relationship, one of great opportunity and potential and it gets deeper and stronger all the time."

This was a remarkable performance. For the past 18 months, Turnbull's Liberal-National Coalition government has closely followed the Trump administration, like Obama's before it, in denouncing China.

Turnbull and his ministers have provocatively accused Beijing of interfering in Australian political, economic and

social life, and condemned China's activities in the South China Sea. They have branded Chinese aid to South Pacific countries as "debt diplomacy" and identified Chinese telecommunications conglomerates as a threat to Australia's "national security."

In repeated speeches, Turnbull has echoed his predecessors, Liberal-National and Labor Party alike, in pledging an unconditional commitment to the US alliance. During a three-day official visit to Washington in February, for example, he spoke of 100 years of military "mateship," dating back to World War I, assuring his audience that the partnership would continue for another century. Standing alongside Trump, Turnbull added that the US was Australia's "most important strategic and economic partner" and the alliance "is as close as it possibly could be and yet keeps getting closer."

Beijing has tried to counteract the Washington-driven offensive by freezing some relations with Canberra. Australian Foreign Minister Julie Bishop has not been invited to China for two years, and Australian exports, such as wine, have experienced regulatory difficulties in China. Earlier this year, Chinese authorities warned students that Australia might not be a safe place because of the vilification of Chinese people associated with the passage of the Turnbull government's unprecedented "foreign interference" laws.

With Labor's support, this legislation was rammed through parliament in June to outlaw any political activity accused of having covert international or "foreign" backing. It is clearly intended, by Turnbull's own statements in tabling the laws, to target those associated with China, as part of wider preparations to condition public opinion for a war.

During the lead-up to the passage of the laws, mainstream media outlets demonised supposedly pro-China business figures. The more than a million Australians of Chinese descent and Chinese students were painted as possible participants in "fifth column" activities to subvert the Australian nation-state. No one in the government or the

parliamentary establishment opposed this campaign.

Yet, in last week's speech, Turnbull suddenly declared: "Modern Australia is unimaginable without the talented and dynamic contribution of Australians of Chinese descent. They are a vital thread in the fabric of Australian society."

No doubt, short-term profit calculations are involved. Chinese students now constitute the largest group of Australia's annual intake of high fee-paying international students. They have become cash cows for the country's underfunded public universities. Chinese enrolments at universities have almost doubled since 2013 to 125,000, and were predicted to top 200,000 by 2025 before Beijing's reaction to the "foreign interference" propaganda.

"International education is now a \$30.8 billion export industry for Australia," Turnbull noted, "our third largest export industry and our single largest services export industry." This "success," he said, flowed "right through the economy; to retail, tourism, hospitality, health care, medical services and so much more."

The *Australian Financial Review* last Friday highlighted a meeting in March between Turnbull and representatives of the country's top universities which were deeply concerned that the government's strident anti-China rhetoric would result in a precipitous fall in Chinese students and thus income. In January, Sydney University vice-chancellor Michael Spencer wrote a column accusing the government of "Sinophobic blathering" that could damage one of the country's fastest growing industries.

More fundamental pressures than student revenues, however, were indicated by the speech, which Fairfax Media said had been under consideration in government and "national security" circles for several months.

There is evident alarm that the Trump administration's multi-billion tariffs imposed on China could have flow-on effects for Australian exporters and service providers. Even more fundamentally, Washington's protectionism, directed against allies and rivals alike, has thrown into doubt its reliability as the unchallenged capitalist hegemon since World War II.

Turnbull spoke of "rapid change" that was "unsettling." In a thinly veiled criticism of Trump, he criticised protectionism as "self-defeating" and lauded a speech by Chinese President Xi Jinping to the Australian parliament in 2014, in which Xi called for adherence to "international rules."

Turnbull reverted to a claim he had echoed before the Coalition took office in 2013: that it would be a "big mistake" to assume that China's emergence as a global economic force would inevitably lead to conflict with the US, or that "the United States and its allies would or should seek to contain China."

This flies in the face of the historical experience of the 20th century, which produced two world wars for global dominance, as well as recent Australian history.

Turnbull expressed the hope that "in the midst of this rapid change," Australia could "address its own interests by pursuing a relationship with China based on mutual respect and understanding."

An *Australian Financial Review* editorial offered a franker view. While welcoming Turnbull's speech as a bid to shore up a global "rules-based order," it warned that "Australia's old strategic certainty" was at an end:

"China is a powerful rival for the title of regional superpower, against the traditional US hegemon which has backstopped Asian security as the region has become the new centre of the global economy. Washington's retreat into America First self-interest, partly as a result of this, has made the picture even more complicated for us."

A Chinese foreign ministry spokesman on Wednesday "noted and commended" Turnbull's speech for enhancing "mutual trust," while calling on Australia to "take concrete actions to carry forward bilateral relations along the right track."

As several commentators noted, however, any mending of fences with Beijing is likely to be short-lived. Within weeks, Turnbull's government must decide whether or not to exclude Huawei, one of the world's largest telcos, from the country's planned 5G mobile network, just as the previous Labor government barred it from the National Broadband Network in 2012.

Despite intensive lobbying by Huawei, Australia's US-backed intelligence agencies have publicly indicated their opposition to the company's involvement, making it almost certain that the Turnbull government will not dare step out of line, regardless of the likely commercial fallout.

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