A two-day “Strategic Forum” held this week in Sydney was focussed almost exclusively on the immense dilemma that faces the Australian ruling class as economic, military and geopolitical tensions escalate between the United States and China.

Australia is in a longstanding military alliance with the US and hosts major US military bases; American interests are the largest holder of foreign investment in the country, and Australian interests have their largest foreign investments in the US. China, however, has become Australia’s largest trading partner and export market, on the back of high-volume sales of raw materials, as well as the enrolment of hundreds of thousands of Chinese students in Australian education institutions and burgeoning tourist visits from China.

The official government mantra, as former prime minister John Howard asserted, has been that “Australia does not have to choose” between its “history” and its “geography.” It could remain an unconditional military ally of the US while still increasing access to the vast new markets that have developed in mainland China over the past 20 years.

Today, the “don’t have to choose” assertions are primarily an attempt to deceive the Australian population. It is eight years since the Obama administration, with the backing of the Australian Labor government, launched the US “pivot to Asia” to undermine and, ultimately, shatter any possibility that China could emerge as a serious economic, military and strategic challenge to American global dominance.

Under the Trump administration, the US confrontation with China has escalated on all fronts. The 2018 US National Defense Strategy declared the main focus of US national security was no longer “terrorism”—that is, wars to dominate over the Middle East and oil—but “great power conflict” in particular with China and Russia. The Trump White House has launched a full-scale trade war against China and the American military now regularly, and provocatively, enters Chinese-claimed waters in the South China Sea.

The Coalition government in Canberra, backed by the Labor opposition and the official media, is giving full support to its US ally. Rarely a week goes by without some denunciation of China over alleged “interference” in Australian or Pacific Island affairs, the South China Sea, its human rights abuses, unfair trade or some other matter. At the same time, American operational use of Australian bases has increased, and includes facilities that target nuclear weapons, spy on communications across the region, train air, naval and marine forces and monitor “enemy” satellites in space.

The keynote speaker at the Strategic Forum, former prime minister Paul Keating, vented his frustration with the dominant sections of the political establishment that have made the choice to align completely with the US.

Australia, he said, had to be “wary of being caught up in a policy by the US, should the US come to the conclusion that the rise of China is broadly incompatible with its strategic interests”—a veiled warning that the US could provoke a military conflict with China that would rapidly escalate toward nuclear war.

Australian capitalism, Keating complained, had been left “in the deep blue sea between two great powers” by government policy. China, he argued, will become the dominant Asian, and even global, economic power in the next period. The US, he stated, “has to accept that war on the Asian mainland is unwinnable and that the shape of Asia cannot be cast by a non-Asian power—including by the application of US military force.”

In a pointed attack on the decisions made by successive Labor and Coalition governments, Keating stated: “My concern is what passes for the foreign policy of Australia lacks any sense of strategic realism… The subtleties of foreign policy and the elasticity of diplomacy are being
supplanted by the phobias of a group of national security agencies, which are now effectively running the foreign policy of the country.”

The media, he went on, “has been up to its ears in it” and “recreant in its duty to the public” with “beat-up” allegations of Chinese interference and the purported “evil bearing of the Chinese state.”

Keating’s warnings of conflict and call for a change in policy, however, were largely dismissed by the majority of the forum speakers. Instead, what followed his speech were primarily attempts to downplay the extent of US-China tensions and its implications.

Treasurer Josh Frydenberg spoke for many of the participants when he blandly declared: “As the Prime Minister has said Australia does not need to choose between the United States and China. The United States is our critical long-term ally... China is also an important partner but we both acknowledge there are important differences including our political systems.... This may see us disagree at times with China on human rights, foreign investment and foreign policy but by being clear and consistent, our differences need not undermine this important relationship.”

The Labor opposition defence spokesperson Richard Marles differed only in that he called for the government to be more aggressive against China, in line with US positions.

“I think we need a very robust position in respect of the South China Sea,” he declared. “In terms of my advocacy for that, it would have been on the more hawkish end than what we’ve seen from the government.”

Marles, along with other Labor figures, has previously stated that Australia should join with the US and deploy warships to deliberately violate Chinese territorial claims in the disputed region, while dismissing the possibility that it could provoke a military confrontation.

Given the general consensus among the various speakers that “we don’t have to choose,” the decision by the Australian to invite American right wing demagogue Steve Bannon to deliver a pre-recorded video address to the forum was highly significant.

Bannon is an anti-China chauvinist and Trump’s former national security adviser for a period in 2017. He no longer holds any government position or even a prominent academic or media one. Nevertheless, he was broadcast to the forum in order to bluntly spell out the message from influential American strategic, military and intelligence circles, and the top echelons of both the Republican and Democratic parties in the US.

“People in Australia need to understand,” he declared, “that as the thing [US-China rivalry] goes forward and it evolves from an information and economic war, it is going to be a kinetic war.”

Given free rein, Bannon repeated US propaganda justifying its confrontational policies and war preparations. “We are in the 1930s right now and China, Iran and Turkey are trying to control the world with their new partners, Russia, unfortunately... If we don’t confront them on economic warfare today, and stand by our freedom and our rule of law, this will slide to kinetic warfare. And where this war is going to start is the South China Sea.”

In a chilling statement, Bannon admonished the Australian establishment for not forthrightly telling the population that they face involvement in what he considers an almost inevitable “kinetic” military conflict. “Australia has to understand they are at the absolute tip of the spear geo-strategically,” he declared.

Bannon’s incendiary remarks have not been commented upon in the media, including in the Australian, which is the only publication to even report them in any detail. They were a far more accurate portrayal of the actual strategic situation in the Asia-Pacific and globally than the musings of most other speakers at the forum.

The trajectory of the US-China conflict is toward a full-scale war between nuclear-armed powers. Australian imperialism, as a major US ally in the region and the host of crucial American bases, is facilitating, and has placed its population on the frontline, of a potential catastrophic conflict.