Gillard government releases “Australia in the Asian Century” White Paper

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Australian Prime Minister Julia Gillard launched her government’s “Australia in the Asian Century” White Paper on Sunday. Its focus is how to position Australian capitalism to exploit business opportunities in Asia, or, as Gillard explained in her speech, to make Australia “a winner in the Asian century”.

The entire document, which runs for more than 300 pages, is based on a fraud—that the economic rise of Asia will continue inexorably into the indefinite future and that the emerging Asian middle classes will provide an ever-expanding market for high-end Australian goods and services.

In reality, there will be no “Asian century”. The high growth rates recently experienced in several Asian countries—above all, China and India—have been dependent on their position in the global economy as cheap labour platforms for the export of goods and services to the world’s advanced capitalist economies.

The White Paper assumes that these growth rates will continue into the future, based on a straight line projection of pre-2008 figures. But the underlying processes that fuelled them have already irrevocably broken down. The global economic crisis that erupted in 2008, and is now wracking Europe, the United States and Japan, is taking its inevitable toll on the so-called Asian powerhouses, as their export markets contract.

The latest World Bank economic forecasts for 2012 all point to the same trend. Growth in developing Asia, which excludes Japan and India, will be 7.2 percent, down from 8.3 percent in 2011. China is expected to grow by just 7.7 percent, compared to 9.3 percent last year. Indian growth will be about 6 percent, down from more than 8 percent.

Asia’s future will be determined by the worsening global economic breakdown, mounting geo-strategic conflicts, which are increasingly focussed on the region, and escalating social upheavals. US imperialism’s historic economic decline is driving Washington’s “pivot” to Asia and its escalating attempts to encircle China, threatening a new regional—and global—conflagration. Moreover, the rapid economic expansion of the past two decades has only deepened the social divide between rich and poor, already provoking strikes, protests and struggles, in China, India and elsewhere.

That none of these processes are mentioned in the document underscores its real political purpose. As the economic downturn in Asia impacts on commodity prices, thus eroding the export mining boom that has propped up the Australian economy during the past several years, the White Paper provides the rationale for the program of relentless restructuring and austerity being demanded by the financial and corporate elite.

Making Australia “a winner in Asia” is the nationalist refrain that will be used to justify the ruthless budget cutting and economic restructuring that has already led to the slashing of jobs, working conditions and social services. Central to the document’s economic agenda is the maintenance of “a strong and sustainable fiscal position” and ongoing budget surpluses. These can only be achieved by making deep inroads into public spending.

The White Paper has already been criticised in the media and by the opposition parties for providing no funding details on its various Asia-oriented initiatives. In response, Trade Minister Craig Emerson, who is now responsible for overseeing their implementation, made clear that the money would be found by slashing spending in other areas. Speaking on the Australian Broadcasting Corporation’s “A.M.” radio program yesterday, he boasted that the government had already factored in savings of $50 billion or 2 percent of GDP by the end of the decade by restricting welfare benefits through tough means testing.

In her speech, Gillard hailed the “reforms” carried out in the 1980s and 1990s by the Hawke and Keating governments, when they floated the Australian dollar and deregulated the economy. Under their Accord with the trade unions and business, the Labor governments presided over the greatest redistribution of wealth from the working class to the corporate elite in Australian history.

Now Gillard, in the name of integrating into Asia, is committing to a further round of restructuring, appealing, like her predecessors, to corporate Australia and the unions to impose and police Labor’s new assault on the working class.

The White Paper holds out the promise of a “high skill, high wage” economy that will put per capita GDP in Australia in the world’s top 10 and lift average real national income from $62,000

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in 2012 to $73,000 in 2025. In reality, the benefits of the drive for "competitiveness in Asia" will accrue to a tiny layer of the wealthy elite, to be paid for by the working class, as jobs, wages and working conditions are slashed and social inequality continues to widen.

A key aspect of the White Paper involves the restructuring of the education system from top to bottom, with the goal of putting it in the world's top five for performance in literacy and numeracy, and of placing 10 Australian universities in the world's top 100. While the media has focussed on its recommendation to expand the teaching of Asian languages—which has been systematically run down by successive governments, including Gillard's—the White Paper's aims are far broader. These were revealed in a recent government-commissioned report by former Australian Stock Exchange chairman David Gonski, whose recommendations will entrench the consolidation of a small number of elite schools and universities, providing quality education to those who can afford to pay, while the public education system is starved of funds.

For all its hype about lucrative prospects in Asia, the fundamental dilemma confronting the Australian ruling class remains. As the White Paper makes clear, Australia has become economically dependent upon Asia, and especially China. At the same time, it remains strategically reliant on its military alliance with the United States, which is determined to undermine Chinese influence throughout the Asian region.

This sharpening contradiction has produced deep rifts within the Australian political establishment, which were a major factor in Gillard's ousting of her predecessor, Kevin Rudd, in the inner party coup of 2010. Rudd had fallen foul of the Obama administration by failing to unconditionally support its confrontational approach to China. Gillard, on the other hand, has fully backed Obama's so-called pivot to Asia, agreeing last November to the stationing of US troops in the northern city of Darwin and the opening of Australian bases to US warships and warplanes.

That these issues remain acutely sensitive for Gillard's government was underscored by the fact, as reported in last Saturday's *Australian*, that it took the extraordinary step of ordering a major, last-minute rewrite of the White Paper by Allan Gyngell, from the Office of National Assessments, a key intelligence agency. Amid "unhappiness" over the original draft, because it had "initially overlooked the continuing role of the US in the region", Gyngell was called in to assist in making the document palatable to Washington.

The omission was not an accidental one. By emphasising the economic imperatives confronting Australian capitalism, the White Paper necessarily focussed on its most dynamic economic partnerships, which lie in Asia, above all in China, and not with the United States. Yet these relations are being threatened by Washington's drive to maintain its dominant position in the region at the direct expense of China. The result has been a marked sharpening of antagonisms, with the flaring of territorial disputes in the South China Sea and East China Sea as the US encourages its allies to take a more aggressive stance towards China.

The revamped White Paper devotes a chapter to strategic considerations, noting in particular that Australia "will work with the United States to ensure it continues to have a strong and consistent presence in the region." It points out that the economic emergence of China and India has the potential to generate tensions and rivalries and that the many regional flashpoints create "the danger of miscalculation and accident". But it dismisses the danger of war, by declaring that "Beijing and Washington both want to develop constructive relations and avoid conflict: their governments have consistently said so."

This superficial view has already been criticised. In a comment entitled "Dark side of white paper", *Australian Financial Review* commentator Geoffrey Barker yesterday noted: "The white paper sees but does not stress the dark side of international relations. Security is hardly mentioned until the eighth chapter and the tone stays determinedly optimistic." Barker lists the potential triggers for conflict including a clash between the US and China, noting that "neither trade and financial integration, nor economic independence" prevented the outbreak of the First World War.

Nor will the White Paper's relatively benign assessment of China's military expansion go unnoticed in Washington, where discontent with Rudd's failure to completely toe the line contributed to his ousting. Far from being a roadmap to a century of peace and prosperity, the document's glaring omissions underline the precarious position of Australian capitalism as it attempts to straddle the growing antagonism between the US and China, while at the same time struggling to keep economically afloat as the global economic crisis deepens. Insofar as the White Paper outlines a strategy it is to assist Australian businesses to become ever-more "internationally competitive", by launching a social counter-revolution against the living standards of the working class.

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