

# Australian foreign minister declares US economic “best friend”

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Foreign Minister Julie Bishop’s trip to the US last week has triggered a debate within the foreign policy and political establishment over the implications for Australian imperialism of the government’s unconditional alignment with Washington’s “pivot” to Asia and preparations for a military confrontation with China.

In Washington, Bishop met with Vice President Joe Biden, National Security Adviser Susan Rice, and delivered a speech denouncing National Security Agency whistleblower Edward Snowden for “unprecedented treachery”—explicitly lining up with the Obama administration.

In an interview with the *Australian Financial Review*, published last Saturday, Bishop went further, declaring that “our single most important economic partner is, in fact, the United States.” While admitting that China was by far Australia’s largest trade partner, she emphasised that the US was the largest source of foreign investment in Australia.

“So in respect of who is our ‘best friend’ in economic terms, it is undeniably the US,” the foreign minister declared.

Bishop’s extraordinary remarks effectively deny the strategic dilemma confronting Australian capitalism over how to position itself between the US, its longstanding diplomatic and military backer, and China, its most important economic partner.

Bishop’s downplaying of the importance of Chinese trade relations in favour of American investment figures is disingenuous. China’s purchase of ever larger volumes of Australia’s mineral exports during the past decade was the primary factor preventing a sharp recession as occurred in other advanced capitalist economies following the 2008 financial crash. Unlike the rapid growth of China’s economic ties with

Australia, American investment in Australia has remained largely steady as a proportion of total capital inflows and is, moreover, only marginally larger than investment from Britain.

In an editorial on Tuesday, the *Australian Financial Review* declared that Bishop’s position would “stun many, including in the Australian business community ... Australia’s economic growth over the next decade or two rests more on continued Chinese urbanisation and economic growth than Ms Bishop implies.”

The foreign minister’s statement on US investment formed part of her strident defence of the government’s total alignment with the Obama administration’s foreign policy in the Asia-Pacific. Under Julia Gillard, the former Labor government lined up with the US “pivot,” aimed at diplomatically isolating and militarily encircling China. It endorsed a new US Marine base in Darwin and other initiatives to boost the US military’s presence in Australia.

Since taking office last September, Prime Minister Tony Abbott has gone even further, including by declaring Japan to be Australia’s “best friend” in Asia and backing Tokyo’s stance in its territorial disputes with Beijing. Japan and Australia are both central to the Pentagon’s preparations for war against China.

Bishop’s claim that there was no conflict between Australian capitalism’s economic interests with China and its foreign policy alignment with the US was belied by the sharp reaction within foreign policy and business circles.

The *Australian Financial Review* editorial insisted: “Never before has our biggest trading partner been in such strategic competition with our military ally.” The newspaper published a series of articles and comments critical of Bishop’s stance. Benjamin Herscovitch, a Beijing-based staffer of the “free market” think-tank

Centre for Independent Studies, said the foreign minister had made an “unnecessarily provocative political point,” based on “abruptly changing the way in which the importance of economic relationships are typically measured.”

Hugh White, a former defence department and intelligence official who is the most outspoken critic within such circles of the US “pivot,” told the *Australian Financial Review* that Abbott was “getting foreign policy badly wrong.” He added: “[I]f he does not change his tune, Beijing will start inflicting pain ... Abbott seems not yet to understand how much pain [China] can inflict, on him and on Australia. He is about to get a lesson on the nature of power.”

Labor Senator Sam Dastyari published an op-ed in the newspaper declaring that Bishop’s claim that the US was Australia’s most important economic partner marked “yet another surprising diplomatic stumble.” He wrote: “[H]er assertion that we should prioritise the US at the expense of our relationship with China is a worrying and unnecessary development.”

Stephen Fitzgerald, Australia’s first ambassador to the People’s Republic of China when diplomatic ties were established in 1972, similarly declared that “the government doesn’t have a China policy, in any coherent, strategic, long-term sense.” He complained that as a result, Canberra was unable to be “a useful voice in the balancing of US China relations” and was failing to “do whatever we can diplomatically to help defuse regional tensions and work on the development of a new order in the Pacific that peacefully accommodates Chinese as well as US power.”

Claims of diplomatic “stumbles” and an absence of coherent policies are false. Bishop’s statements on the US as Australia’s “best friend” economically, like Abbott’s remarks backing Japan against China, are not gaffes or missteps. The government’s open and conscious alignment with Washington against Beijing is an indication that tensions between US imperialism and China are now so sharp that no diplomatic ambiguity is possible.

Bishop received the line from Joe Biden and Susan Rice in Washington, and dutifully relayed it to her domestic audience. In similar manner, Abbott has promoted Japan as a de facto strategic ally of Australia, and the Liberal-National government rushed to add its voice to that of Washington and Tokyo in formally

denouncing China’s extension last November of its air defence identification zone over part of the East China Sea.

Stephen Fitzgerald’s calls for a “balancing of US China relations” and an accommodation of Chinese power in the Pacific ignore the reality that US-Australian government policy is precisely directed against any such balancing or accommodation. The overarching strategic goal of the “pivot” is to contain China and ensure that US imperialism effectively dominates the Asia-Pacific as it has since its defeat of Japan in World War II. The Abbott government’s stance is consistent with these aims.

The previous Labor government lined up militarily with the US against China, but sought at the same time to minimise friction with Beijing in order to maintain economic relations. The Coalition government is publicly aligning with Washington on every front, on the assumption that economic relations with China will not be affected. In doing so, it is dispensing with the previous government’s window dressing. Within a fortnight of its election, the Liberal-National government notably junked the “Australia in the Asian Century” White Paper, commissioned by its Labor predecessor that advanced proposals for “a new phase of deeper and broader engagement” with Asian countries, including China. The 320-page paper was removed from government web sites and is now only available from the National Library archive.



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