

## SEP (Australia) Second National Congress

**Resolution 1: Australian imperialism and the Obama administration's "pivot to Asia"**

14 May 2014

*The following is the first of two resolutions passed unanimously at the Second National Congress of the Socialist Equality Party (Australia) held in Sydney from April 18–21, 2014. The second resolution will be posted on May 15.*

**Australian imperialism and the Obama administration's "pivot to Asia"**

1. More than five years into the global breakdown of world capitalism that began with the financial crisis of 2008, the illusion that Australia has somehow been able to weather the storm has been shattered. In response to global economic stagnation and the ever-present threat of the eruption of another financial crisis, the Australian ruling elite has integrated itself into the war preparations of US imperialism and launched a social counter-revolution against the working class.

2. The unprecedented coup of June 23–24, 2010 was the starting point for this offensive. The entire political establishment responded to the ousting of former Prime Minister Kevin Rudd by a handful of Labor and union powerbrokers, later revealed in WikiLeaks cables to be "protected sources" of the US embassy, by lurching sharply to the right. Behind the backs of the population, Australia has now been completely integrated into the US "pivot to Asia," a diplomatic, economic and military offensive aimed at subordinating China to American imperialism. So close is the integration, that any US military action—from Europe and the Middle East to Asia—directly involves Australian-based military and communications facilities, which daily function as a vital component of the American war machine. Marching in lockstep with the Pentagon and Washington, Australian government ministers will not even comment on foreign policy issues without first consulting the US.

3. The Australian ruling class, however, is no passive victim of American military and foreign policy. On the contrary, it has incorporated itself into the "pivot" to prosecute the substantial predatory interests of Australian imperialism in the Asia-Pacific region. Furthermore, the financialisation of the Australian economy over the past three decades is inextricably bound up with Wall Street and rests on the continued economic and strategic dominance of US imperialism in Asia and the world. As a result, the country has been drawn directly into the maelstrom of geo-political rivalries, which are inexorably propelling humanity towards a Third World War.

4. The dangers are all too evident in Ukraine, where the United States has recklessly plunged Europe into its worst crisis since the end of World War II. In February, the Obama administration, in league with the German government, deliberately provoked a confrontation with Russia by engineering a fascist-led coup in Ukraine. Washington is exploiting Russia's predictable response—the annexation of Crimea in order to protect its strategic naval base in Sevastopol—to hypocritically denounce "Russian expansionism," impose sanctions and justify a rapid American military build-up in Eastern Europe. This campaign is setting the stage for

new US interventions, not only in the former Soviet republics, but in the Russian Federation itself, with the aim of reducing this vast geographical expanse to a series of American semi-colonies, even at the risk of nuclear war.

5. The Australian political establishment—the Abbott government, the Labor opposition, the Greens and the pseudo-left organisations, such as Socialist Alternative and Socialist Alliance—has extended its full support to the US intervention in Ukraine and the fascist-dominated puppet regime in Kiev. It has joined the chorus of condemnation of Russia not only because of Canberra's ongoing alliance with Washington, but also because US intervention in Ukraine is intimately connected to the Obama administration's "pivot to Asia." Ever since the dissolution of the Soviet Union in 1991, US imperialist strategies have centred on establishing US hegemony in Eurasia by bringing both the Russian Federation and China—areas of the globe excluded for decades from its direct domination by the Russian and Chinese revolutions—under US control.

6. Geopolitical thinkers, including imperialist strategists such as Sir Halford Mackinder, have emphasised the importance of the Eurasian landmass since the late 19th and early 20th centuries. Former US National Security Advisor Zbigniew Brzezinski set out the essential argument in his book, *The Grand Chessboard*, published in 1997. "For America, the chief geopolitical prize is Eurasia... Eurasia is the globe's largest continent and is geopolitically axial. A power that dominates Eurasia would control two of the world's three most advanced and economically productive regions... Eurasia is thus the chessboard on which the struggle for global primacy continues to be played."

7. Driven by the protracted decay of its once-dominant economic position, the United States is utilising its military superiority in a bid to establish global supremacy over its rivals. The result has been an unprecedented eruption of US militarism over the past two decades, including the first Gulf War against Iraq in 1990–91, the Balkan war against Serbia in 1999, the invasion of Afghanistan in 2001, the occupation of Iraq in 2003 and the 2011 war on Libya. Washington's drive to dominate Eurasia is inevitably bringing it into conflict with Russia and China—the chief obstacles to its ambitions. The "pivot to Asia" is the eastern front of what might be termed "the US pivot to Eurasia." Its western front lies in Eastern Europe, Ukraine and the other former Soviet republics.

8. Underpinning Washington's provocations throughout Eurasia is the ever-present threat of aggressive military intervention. In his criminal campaigns against Syria and Iran, US President Obama has repeatedly declared "all options are on the table." The same is true for any other country that dares to obstruct US interests. As far back as 1992, the Pentagon's Defense Planning Guidance, produced in the immediate aftermath of the dissolution of the Soviet Union, stated that in the new geo-political situation, the chief aim of US foreign policy was to prevent a

challenge from any potential rival. In 2002, the US National Security Strategy declared that the United States would use pre-emptive war to achieve this aim. Its military build-up in Eastern Europe is paralleled in the Pentagon's "rebalance" throughout Asia, under which 60 percent of American air and naval assets will be stationed in the region by 2020.

9. Through its moves to encircle China and undermine its influence, the Obama administration has transformed Asia into a cauldron of tensions. This reckless strategy is stoking nationalism and militarism throughout the Indo-Pacific, inflaming old flashpoints, creating new ones, and triggering a frantic arms race. Just as the upheavals in Ukraine threaten to plunge the world into war so, too, do tensions on the Korean Peninsula, or disputes over islands in the South China and East China Seas.

10. As the 100th anniversary of the outbreak of World War I approaches, all the inherent contradictions of the world capitalist system that led, in the first half of the 20th century, to two world wars, fascism, and economic depression, are erupting once again. While the immediate trigger in 1914 was the assassination of an Austrian archduke in Sarajevo, World War I, with all its horrific consequences, was the outcome, in the final analysis, of objective, law-governed processes. "The war of 1914 is the most colossal breakdown of an economic system destroyed by its own contradictions," Leon Trotsky explained.

11. One hundred years on, the fundamental contradictions of capitalism—between the social character of production and the private ownership of the means of production, and between world economy and the outmoded system of rival nation-states—have been raised to a new peak of intensity. The claim that international economic integration encourages the major powers to pull back from confrontation and mitigates the danger of world war is false to the core. The globalisation of production over the past three decades has enormously intensified the struggle by rival imperialist powers to dominate the world's markets and sources of energy, raw materials and cheap labour, and to re-establish neo-colonial spheres. Unless and until the international working class intervenes to overthrow the outmoded and bankrupt capitalist order and replace it with a rationally planned world socialist economy, another war, this time with nuclear consequences, is not just possible but inevitable.

#### **Australian imperialism and the revival of militarism**

12. Ever since colonial settlement, the Australian political and military establishment has relied on the major power of the day, first Britain, and then the United States, to defend its economic and strategic interests in the region and internationally. Since the 1980s, the economic rise of Asia has posed a fundamental dilemma for the Australian ruling class: how to avoid a potential conflict between its economic reliance on trade and investment in the region, on the one hand, and its longstanding strategic dependence on US imperialism, on the other. Preparations by the Obama administration for its "pivot" brought tensions in ruling circles to a head, and they erupted on June 23–24, 2010 in the form of the coup. Rudd had angered Washington with his proposals to ease frictions between the US and China, right at the point when Obama was intent on confronting Beijing. Only weeks before, then Japanese Prime Minister Yukio Hatoyama had been forced to resign after coming into conflict with the Obama administration over its US base at Okinawa and voicing the need for closer Japan-China relations. Rudd's replacement, Julia Gillard, immediately pledged fealty to Washington. In November 2011 she turned over the Australian parliament to US President Obama as a platform to formally announce his "pivot," and signed an agreement to base US marines in Darwin.

13. Rudd's ouster marked an abrupt turning point in Australian politics. Critics of the "pivot," who either had significant business interests in China, or were concerned about the danger of war, were rapidly marginalised. Rudd, who remained in parliament as foreign minister, shelved his misgivings and played a prominent role in promoting Washington's criminal war in Libya. His subsequent replacement as

foreign minister, Bob Carr, who had been openly critical of the Darwin basing agreement, became a leading protagonist for the US-led regime-change operation in Syria.

14. For the Greens, de facto coalition partners of the minority Labor government, the "pivot" was fully in line with their insistence that the Australian military be focussed on prosecuting Australian imperialist interests in Asia. Former Greens leader Bob Brown, who heckled President Bush in the Australian parliament over the Iraq War in 2003, warmly welcomed Obama and his Asian "rebalance" in 2011.

15. The Liberal-National Coalition headed by Tony Abbott, which took office in September 2013, stepped up the Australian government's commitment to the "pivot" immediately after the election. At AUSMIN (Australia-US Ministerial) talks in November 2013, Abbott's ministers promised "increased rotations of US Air Force aircraft in northern Australia," as well as further "naval cooperation in Australia" and negotiations towards a "binding agreement" on US basing arrangements in Australia. Foreign Minister Julie Bishop publicly criticised China for declaring an air defence identification zone in the East China Sea and condemned Russia over the Crimea annexation. In a major interview on January 25, 2014, following a meeting with US Vice-President Joe Biden, Bishop emphasised the government's unconditional collaboration with the US by brushing aside any notion of a conflict between Australia's economic and strategic relations. While acknowledging that China was the country's largest export market, she insisted that when investment and other financial flows were taken into account "our single most important economic partner is, in fact, the United States."

16. Bishop's remarks underscore the extent of the financialisation of the Australian economy since the 1980s and its impact on Australian foreign policy. While China has become Australia's largest trading partner, importing huge quantities of iron ore and coal in particular, the United States is overwhelmingly both the largest investor in Australia and the largest destination for Australian investment. Cumulative US investment in Australia is more than \$570 billion as compared to \$21 billion for China, while total Australian investment in the US is over \$430 billion, versus just \$18 billion in China. While sections of the corporate elite are nervous about the consequences of a confrontation with China, Bishop, speaking on behalf of Australian finance capital, was making clear that Canberra had no choice but to line up behind the US "pivot."

17. The Gillard, Rudd and Abbott governments have placed the entire population on the frontline of a US conflict with China. While Washington is boosting its strategic military ties, partnerships and alliances throughout Asia, it can only rely with any degree of certainty on the unalloyed political and military support of Canberra. The Pentagon's planners are preparing accordingly, seeking to transform the Australian continent into a vast base of military operations. A report prepared by the US-based Center for Budget and Strategic Assessments, a think tank with close ties to the military, recently declared: "Australia has moved from 'down under' to 'top centre' in terms of geopolitical import" meaning that "the US-Australia relationship may well prove to be the most special relationship of the 21st century."

18. These war preparations have been enveloped in a conspiracy of silence, but the militarisation of every aspect of society is proceeding apace, epitomised by the installation of former military chief, General Peter Cosgrove, as governor-general. The army is being increasingly deployed in civilian affairs—from responding to natural disasters to intervening into Aboriginal communities, to conducting the reactionary naval "border protection program." Governments claim to have no money for vital social services or to assist the most vulnerable layers of society, but spare no expense when it comes to conditioning the population, especially young people, for war. More than half a billion dollars is being lavished on a four-year "people's celebration" of World War I, designed to inculcate militarism and nationalism and overcome widespread anti-war

sentiment. This reactionary “celebration” of the slaughter of millions in the trenches of Europe is part of the ideological preparation for World War III.

19. Militarism is being revived around the globe. In Germany and Japan, systematic efforts are being made to whitewash the monstrous crimes of the Nazis and the Japanese imperial army in the 1930s and 1940s. In Australia, the ruling elite, having nothing progressive to call upon from its short, brutish history, has woven its nationalist myths around the “sacrifices” of thousands of young men in World War I—in Prime Minister Tony Abbott’s words, the “crucible that forged our nation.” The centrepiece of this fraudulent campaign is the ANZAC legend, based on the failed attempt by Britain to invade and conquer Turkey in the Gallipoli operation of April 1915. “Sacrifice” in the service of the top imperialist power entailed the slaughter of 62,000 Australian soldiers in WWI, not to defend “democracy” or “freedom,” but to secure Britain’s support for Australian imperialism’s colonial ambitions in the South West Pacific and to advance its position on the world stage.

20. The drive to war and the promotion of militarism are intimately bound up with the deepening social and economic crisis of Australian capitalism. The lives of workers and youth are being torn apart by a relentless assault on wages, jobs and essential social services in order to boost corporate profits and benefit a tiny layer of the ultra-rich. The social gap between rich and poor has become an ever-widening social chasm. The top 10 percent of households own close to 45 percent of all wealth, while the poorest 20 percent possess barely one percent. Increasingly the ruling class views the invocation of patriotism and militarism as a means for projecting dangerous social tensions outwards against a foreign enemy and into the destructive outlet of war.

21. At the same time, under the umbrella of the fraudulent War on Terror, the ruling class has been erecting the scaffolding of a police state, to be utilised against the working class as mass social upheavals begin to erupt. Former National Security Agency contractor Edward Snowden has exposed the extent to which the Australian intelligence apparatus has become thoroughly integrated into the vast US global spying operations. An immense apparatus has been developed to spy on the world’s population, including the American and Australian people, whom the ruling classes regard as the enemy. Australian intelligence agencies provide the means, not only for plugging into massive flows of electronic data throughout Asia, but for conducting cyber warfare against China.

22. The Socialist Equality Party (SEP), in collaboration with all the sections of the International Committee of the Fourth International (ICFI), bears particular responsibility for building a mass anti-war movement of the working class in Australia and the Asia-Pacific region on the basis of a socialist and internationalist perspective. The SEP upholds the basic principle, first expressed by the German Marxist, Karl Liebknecht, that the main enemy is at home—that is, the Australian government and the corporate interests it serves. The political struggle against Australian imperialism is the precondition for forging the unity of Australian workers with the working class of the US, China, Japan and throughout the region. In this struggle, the SEP will assist the most politically advanced workers and young people in founding new Asia-Pacific sections of the ICFI to resolve the crisis of revolutionary leadership in the working class—the only means of averting the danger of war.

#### **The historic decline of the US and Obama’s “pivot to Asia”**

23. The Obama administration initiated its “pivot to Asia” in the wake of the 2008–09 global financial crisis, which led to heightened criticism within US foreign policy circles of the Bush administration’s focus on the Middle East and its neglect of Asia. While the US military was bogged down in quagmires in Afghanistan and Iraq, China had emerged as the chief nexus of globalised production, drawing on vast supplies of energy, raw materials, parts, partially-finished products and capital goods from across Asia and the world. The US was intent on ensuring that it, not its

imperialist rivals in Europe and Asia, would dominate this massive cheap labour platform and source of profit. This, not the fraudulent claim that China is seeking new territory in the Asian region, is the real aim of the “pivot.”

24. While President Obama formally announced the “pivot” or “rebalance” in November 2011, the foreign policy shift began shortly after he came to office in 2009. Since then, the US has utilised every means at its disposal to carry out a colossal reorganisation of Asia. The overriding strategy of the “pivot” is to exert immense diplomatic, economic, political and military pressure on China to accept a subordinate position within an imperialist order dominated by the US. In a *Foreign Policy* essay in October 2011, then US Secretary of State Hillary Clinton wrote that the “pivot” would “pay dividends for continued American leadership well into this century, just as our post-World War II commitment to building a comprehensive and lasting transatlantic network of institutions and relationships has paid off many times over.” In other words, the reorganisation of Asia today is just as central to US economic and strategic hegemony as the restructuring of Europe 70 years ago. There is, however, a fundamental difference between then and now. Then, it was the great wealth of the United States that made possible the economic revival of European capitalism. Today, under conditions of economic decline, the US is ever more reliant on military violence to achieve its ends. Aircraft carriers, cruise missiles and drones have replaced the Marshall Plan.

25. Clinton spearheaded the Obama administration’s aggressive diplomatic thrust into Asia. In July 2009, she told the East Asian Summit that the US was “back in South East Asia.” In mid-2010, at summits of the Association of South East Asian Nations (ASEAN), Clinton directly intervened in longstanding territorial disputes in the South China Sea to try to drive a wedge between China and its neighbours. In November 2010, she summarised her methods of intrigue, intimidation and provocation in military terms, as “forward-deployed diplomacy,” declaring: “We’ve adopted a very proactive footing: we’ve sent our diplomatic assets—including our highest ranking officials, our development experts, our teams on a wide range of pressing issues—into every corner and every capital of the Asia Pacific region.” This “proactive footing” has proceeded under the banner of promoting “human rights” and “democracy.” Just one example of Washington’s breathtaking cynicism is the case of Burma, which in 2011 was transformed, in a matter of months, from a “rogue state,” on a par with North Korea, into a “developing democracy,” after it shifted its allegiance away from Beijing.

26. Central to the “pivot” is the Pentagon’s comprehensive “rebalancing,” restructuring and strengthening of the presence of the US military throughout Asia. In January 2012, its strategic policy document “Sustaining US Global Leadership: Priorities for 21st Century Defence” declared: “US economic and security interests are inextricably linked to developments in the arc extending from the Western Pacific and East Asia into the Indian Ocean and South Asia.” The two main axes of this military build-up are Japan and Australia. According to the government-funded Australian Strategic Policy Institute, the Pentagon has started to “think the unthinkable”—a strategy for winning a war against China. The US “AirSea Battle” strategy envisages a “blinding campaign,” launched from US bases in Japan and Guam, to destroy Chinese command-and-control networks and missile systems. At the same time, US and Australian naval and air forces, operating from bases in northern and western Australia, would impose a “distant blockade” of the shipping lanes through South East Asia, and strangle China’s access to vital imports of energy and minerals from the Middle East and Africa.

27. The Pentagon’s battle plans are premised on the use of conventional weapons, but preparations are also being made for nuclear war. The argument that the existence of nuclear arsenals will prevent an all-out war between the US and China is the product of ignorance or conscious

deception. American strategic circles are already actively discussing how to “win” a nuclear war. In April 2013, a report by US military strategist Anthony Cordesman of the US Center for Strategic and International Studies revived Cold War strategist Herman Kahn’s perspective of a “winnable” nuclear war. Raising the prospect of a nuclear conflict on the Indian sub-continent, Cordesman claimed that such a disaster, involving the deaths of tens, if not hundreds of millions, of people, “might well have benefits.” The loss of India and Pakistan, he continued, might create some “short term economic issues” for importers of goods and services but the net effect would “shift benefits to other suppliers without any clear problems in substitution or costs.” No doubt such strategic thinking is being applied to China. The Pentagon’s planners no longer base themselves on the Cold War strategy of a nuclear stalemate, but on “nuclear primacy”—in other words, a first strike capacity to destroy the Chinese and/or Russian military’s ability to respond. The US build-up of antiballistic missile systems in Eastern Europe and North East Asia is not a defensive measure, but is aimed at neutralising what remains of Russia’s or China’s nuclear arsenal in the event of a US first strike.

28. The economic front of the “pivot” is the Trans Pacific Partnership (TPP). Through the auspices of the TPP, the US is seeking to dictate terms, not just to its current 11 negotiating partners, but to the region as a whole, including China. Obama’s former National Security Adviser Tom Donilon summed up its sweeping aims, declaring: “A deal would solidify US leadership in Asia and, together with the negotiations over a free trade pact in Europe, put the United States at the centre of a great project: writing the rules that will govern the global economy for the next century.” The TPP is not limited to reducing tariffs and trade barriers, but is aimed at tearing down all legal, regulatory and government impediments to American investment throughout the region. Washington is seeking to write the economic rules so that every aspect of the internal social and economic life of member states—including welfare and health schemes, labour regulations, environmental standards and financial regulations—accords with the profit requirements of US corporations. Governments that failed to comply would confront multi-million dollar corporate lawsuits. One of the TPP’s chief aims is the protection of “intellectual property rights,” covering everything from drugs and genetically modified seeds to iPads and Hollywood movies, to ensure American companies continue to rake in their super-profits. Any country refusing to sign up to the TPP’s terms would face potential exclusion from the US market, the world’s largest. In fashioning the TPP, the Obama administration is setting out Washington’s war aims, which are nothing less than the unchallenged US economic domination of Asia and the world.

#### **The fallacy of Russian and Chinese imperialism**

29. Not only are advanced military preparations being made for war, but ideological ones as well. The media mouthpieces of imperialism, staffed by various well-paid former “liberals” and “lefts,” are attempting to condition public opinion to accept ever-more dangerous and provocative crimes. That is the significance of the recent unending global propaganda against Russian and Chinese “imperialism,” which is false to the core.

30. The various pseudo-left organisations have joined this propaganda campaign, fresh from supporting the US-led regime change operation in Libya and its bloody intervention in Syria. According to Australia’s Socialist Alternative, the movement that ousted Ukrainian President Yanukovych on February 22, 2014 was a “genuine uprising from below.” Never once referring to its fascist character, Socialist Alternative claimed the movement merely had “limitations.” It went on to insist that the “main problem” in Ukraine was “Russian imperialism,” completely dismissing the central role of US imperialism in organising and financing the putsch, following its 20-year efforts to incorporate the countries of Eastern Europe into the framework of NATO, thereby isolating the Russian Federation. Under the banner of attacking “Russian expansionism,”

Socialist Alternative has aligned itself directly with the Obama administration’s installation of a puppet regime in Ukraine as part of its drive to turn Russia into a series of semi-colonies and gain control of its vast resources.

31. The claim of “Russian expansionism” turns reality on its head. In a major article published in 1929, Leon Trotsky provided a remarkably prescient analysis of what would happen in the USSR in the event of capitalist restoration, making clear that, far from becoming “imperialist,” it would occupy a position totally subordinate to the major imperialist powers: “A capitalist Russia could not now occupy even the third-rate position to which czarist Russia was predestined by the course of the world war. Russian capitalism today would be a dependent, semicolonial capitalism without any prospects. Russia Number 2 would occupy a position somewhere between Russia Number 1 and India” [“Is Parliamentary Democracy Likely to Replace the Soviets?” *Writings of Leon Trotsky* (1929), p. 55].

32. The pseudo-lefts echo the claims of the US and its allies. The Obama administration insists, for example, that its “pivot to Asia” is justified because China is an “assertive” economic and military power, aggressively seeking to carve out for itself a sphere of influence in Asia and beyond. This claim is based on a fraudulent attempt to draw a comparison between contemporary China and German imperialism at the beginning of the 20th century, which twice went to war for “Lebensraum” in the East and a dominant position in Europe. Echoing this line, Japanese Prime Minister Shinzo Abe justified Japanese remilitarisation at the World Economic Forum in Davos in January by declaring that relations between Japan and China were in a “similar situation” to those between Britain and Germany on the eve of World War I. In a featured interview in the *New York Times* in February, Philippine President Benigno Aquino, the most belligerent of Washington’s allies in South East Asia, compared China to Nazi Germany and called on the “international community” to confront China’s territorial claims in the South China Sea. Comparing his country to Czechoslovakia in the lead-up to World War II, Aquino warned: “Remember that the Sudetenland was given in an attempt to appease Hitler.”

33. In 2011, Socialist Alternative claimed that China’s economic expansion and increased military capacity were threatening the US and its allies “and not just in the Pacific Ocean.” Two years later, in April 2013, the US counterparts of Socialist Alternative, the International Socialist Organisation (ISO), spelled out the implications of this claim in a lengthy article on the “pivot,” pointing to “China’s new imperial assertiveness.” In a version of history taken straight from the US State Department, the ISO declared that “Asian states have tried to link with other states like Lilliputians to build a counter hegemonic alliance against the Chinese Gulliver, and have appealed to their historic ally, the United States, to intercede on their behalf.” Among the ISO’s “Lilliputians” are Asia’s two most significant imperialist nations, Japan and Australia. Both have signed up to the “pivot” to aggressively pursue their own predatory ambitions in Asia.

34. The evolution of the pseudo-left into pro-imperialist propagandists accelerated in the late 1990s, with their support for the NATO war in the Balkans and the subsequent Australian-led military intervention in East Timor in 1999. In 2003, these organisations played the critical role in derailing the largest-ever global anti-war protests against the US invasion of Iraq by promoting the illusion that war could be averted through exerting mass pressure on imperialist governments, and agencies such as the United Nations. A decade later, they enlisted in the bogus “human rights” campaigns used as pretexts for the US-led neo-colonial interventions in Libya and Syria. In the words of Socialist Alternative, just as Washington was implementing its regime-change operation in Syria, they discovered the need to eschew “knee-jerk anti-imperialism.” Now, having branded China an imperialist power, they are lining up behind the

US and Australian war preparations against it.

35. The pseudo-lefts' support for imperialist war is neither a theoretical mistake nor a momentary lapse of judgement. It reflects the class interests of definite layers of the upper middle class, who have benefited from the orgy of financial and property speculation over the past two decades and have a vested interest in the capitalist system. In response to the visceral shock produced by the 2008 global financial crisis, these social layers recognised that the maintenance of their social position relied upon a stepped up offensive against, and suppression of, the working class—above all, in the cheap labour platforms of Asia. They long ago rejected the revolutionary role of the working class and seek only to subordinate it, via the parliamentary apparatus and the trade unions, to the capitalist state and imperialist war.

36. The fact of the matter is that while China's economy is indisputably capitalist, it is not an imperialist power. German imperialism's economic dynamism at the beginning of the 20th century stemmed from its consolidation of a large internal market and the emergence of giant trusts and corporations, based on its pioneering role in the manufacturing and chemical industries. The Chinese economy's expansion, on the contrary, has been the outcome of the operations of huge transnational corporations and international finance capital and their insatiable appetite for cheap labour. Domestic consumption in China amounts to just 35 percent of GDP, compared with 65–70 percent in the US and the UK. Foreign capital dominates the Chinese economy. In 2013, foreign invested enterprises (FIE) numbered more than 440,000 and accounted for 47 percent of China's exports and 45 percent of its imports. Consequently the Chinese economy is extremely vulnerable to foreign investment flows and to the state of its export markets. While its economy is the world's second largest, the International Monetary Fund ranks China by per capita GDP at 85th, between the Maldives and Iraq. Nor does China have colonies or semi-colonies. Its enormous demand for raw materials and energy constantly runs up against the domination of every part of the globe by the major imperialist powers.

37. China's rapid growth over the past three decades has involved the intersection of two processes that began in the 1970s—first, the development of globalised production by transnational corporations in response to falling rates of profit; and second, the turn by the Chinese Communist Party (CCP) to capitalist restoration from 1978, in a desperate bid to resolve mounting economic and political crises, which had their roots in the contradictory character of the 1949 Chinese revolution.

38. The Fourth International characterised the hybrid state that emerged from the Chinese revolution as a deformed workers' state. A colossal social overturn had taken place, ending imperialist domination, overthrowing the bourgeois-landlord ruling class, and abolishing the private ownership of land and the means of production. Unlike the Russian Revolution in 1917, however, the Chinese Revolution was not carried out by a politically-mobilised working class. The CCP's political orientation was based on the reactionary Stalinist conception of "socialism in one country," the betrayal of the Russian Revolution by the Soviet Stalinist bureaucracy, and the subsequent bureaucratic degeneration of the Soviet Union. From the outset, the CCP state apparatus, resting on a peasant army, forcibly suppressed the working class.

39. The Trotskyist movement's sociological characterisation of China as a deformed workers' state contained a political prognosis: either the working class would undertake a political revolution and overthrow the bureaucracy and, in unity with the working class of the region and the world, go forward in the struggle for genuine socialism, or the Chinese Stalinist bureaucracy under Mao Zedong, based on its nationalist, autarkic program, would restore capitalism.

40. In the aftermath of the revolution, China was wracked by a series of economic problems that could not be resolved within the confines of a single state, much less one with a backward economy. These problems led

to a series of conflicts within the CCP apparatus and the state, from the Great Leap Forward in 1958 to the so-called Cultural Revolution in 1966. Having launched the Cultural Revolution in a struggle against his opponents within the bureaucracy, Mao brought in the army to shut it down when the working class began to intervene with its own independent demands. Following the Sino-Soviet split in the early 1960s, Beijing faced an increasingly bitter confrontation with Moscow that led to border clashes in 1969. In a bid to resolve these mounting economic and strategic dilemmas, Mao reached a rapprochement with imperialism in his talks with US President Nixon in 1972—a move that laid the essential political foundations for capitalist restoration.

41. In 1978, "paramount leader" Deng Xiaoping initiated so-called "market reforms" as the Chinese regime deepened its collaboration with US imperialism, provoking sharp social conflicts. Deng's "free market" agenda, which produced rising inflation, involved the destruction of the "iron rice bowl"—a "cradle to grave" system of social supports for the working class in the major cities, including the provision of housing, health care, education and pensions. Together with the CCP bureaucracy's increasingly visible corruption, as it lined its pockets courtesy of Deng's market reforms, this assault on social conditions produced an upsurge from below against the ruling regime. Initially manifesting itself in the 1989 Beijing student protests, the deepening social upheavals embodied a far broader movement of the Chinese working class. The bureaucracy responded with the Tiananmen Square massacre and a police-military witch-hunt against the working class, which extended over many months and was aimed at driving this powerful movement into submission and breaking up all forms of independent organisation. As the ICFI explained at the time, the purpose of the wave of terror was to pave the way for full-blown capitalist restoration, by demonstrating to foreign investors that the regime was open for business and investment, and would stop at nothing to discipline the working class.

42. The Tiananmen Square massacre temporarily suppressed social tensions, but the continuing economic crisis precipitated a power struggle in the Stalinist bureaucracy that was only finally settled following the dissolution of the Soviet Union in 1991. Deng Xiaoping used his "southern tour" in 1992 as a platform to initiate the full opening up of China to foreign capital, arguing that otherwise the CCP would go the way of the Communist Party in the Soviet Union.

43. Far from resolving the underlying economic and social contradictions, however, the vast expansion of capitalist exploitation has only exacerbated them. The CCP bureaucracy has spawned a capitalist class that has enriched itself through the plunder of state-owned property and the super-exploitation of the working class. Some 400 million workers, gathered in huge factory complexes, pose a constant threat to the regime. A growing and ever-widening social chasm exists between rich and poor. China has more dollar billionaires than any other country, except the United States, yet 100 million people live in extreme poverty, on less than \$1.25 a day. Extreme social polarisation is fuelling sharpening social tensions, expressed in the growing number of strikes and protests, which will erupt, in the coming period, in immense social and political struggles, involving millions.

44. While the giant transnationals and global finance have benefited from the restoration of capitalism in Russia and China, the integration of these two economies into the world market has taken place outside of the direct control of the major imperialist powers. The United States, as part of its desperate drive to maintain global hegemony, is seeking to change this situation. The US installation of a fascist-led regime in Ukraine has demonstrated that Washington intends nothing less than the dismemberment and total subordination of Russia. The US "pivot to Asia" has the same ultimate goal in store for China.

#### **The historical roots of the US "pivot"**

45. The US drive to dominate the Asia Pacific, and China in particular,

has historic roots going back to its emergence as an imperialist power at the turn of the 20th century. The US secured the Philippines as a colony through its victory in the Spanish-American War of 1898 and its brutal suppression of Philippine resistance. In 1899, the McKinley administration enunciated its “Open Door Policy” on China through a series of notes from Secretary of State John Hay to its imperialist rivals making clear that the US was demanding equal access to the country.

46. In the 1930s, the US came into direct conflict with Japanese imperialism over China. Plunged into economic crisis by the Great Depression, Japanese imperialism invaded Manchuria in 1931, then all of China in 1937, to subject the country to its colonial rule. The US responded with preparations for war, initiating a trade embargo against Japan aimed at crippling its economy, and provoking the Japanese attack on Pearl Harbour. After four years of war, in which millions lost their lives, the US forced Japan’s unconditional surrender by levelling the cities of Hiroshima and Nagasaki with atomic bombs. The primary purpose of this monstrous crime was to send a warning to the Soviet Union that the US would brook no challenge to its hegemony within the Asian region and throughout the world.

47. In the post-war period, American domination faced another challenge. Drawing inspiration from the Russian Revolution of 1917, anti-colonial movements, of which the 1949 Chinese revolution was part, convulsed the entire Indo-Pacific. US imperialism stabilised capitalist rule, and its dominant position in Asia, on the basis of its military might, including wars in Korea and Indo-China, and the installation of authoritarian regimes, including in Singapore, Malaysia, South Korea, Taiwan and Thailand. The US could only do so because of the betrayal of the revolutionary movements in Asia by the Stalinist parties, which subordinated the working class and rural masses to the bourgeoisie in one country after another.

48. Leon Trotsky had warned in his theory of Permanent Revolution that the national bourgeois and petty-bourgeois leaderships of the anti-colonial movements were organically incapable of carrying out the tasks of the democratic revolution—ending imperialist oppression and radically transforming land relations in the rural areas. He explained that the anti-imperialist struggle could only be victorious under the leadership of the working class, leading the peasants behind it. Having conquered political power, with the support of the peasant masses, the proletariat of the oppressed country would need to turn for support to the international working class and take the first steps towards building a socialist economy.

49. On the contrary, the Stalinist two-stage theory, forged in direct opposition to Permanent Revolution, promoted the dangerous illusion that a “progressive” wing of the national bourgeoisie could carry out the democratic tasks, and open the way for socialism at a later stage. In reality, the national bourgeoisie, tied by a thousand strings to imperialism and deeply fearful of the worker and peasant masses, invariably betrayed the anti-colonial struggle, with tragic consequences. In India, the national bourgeois Congress leadership under Gandhi and Nehru, supported by the Stalinist Communist Party of India, abandoned its own demand for an independent secular state and struck a deal with British imperialism for the 1947 partition of India, leading to the loss of tens of millions of lives in communal violence. In Indonesia, the Stalinist Indonesian Communist Party (PKI) subordinated workers and peasants to the nationalist movement led by Sukarno, as he manoeuvred first with the Dutch, then with US imperialism. By politically disarming the working class, the PKI paved the way for the 1948 crackdown on the party, and then the CIA-backed military coup in 1965–66, during which more than half a million workers and peasants were slaughtered. Throughout the region, Stalinism played the critical role in derailing the anti-imperialist movements.

50. US imperialism only finally “stabilised” Asia through the deal struck by President Nixon with Mao in 1972. Right at the point where it

was staggering towards defeat in the Vietnam War, the Chinese Stalinists handed Washington a lifeline. As the US began withdrawing troops, Beijing signalled its acceptance of US hegemony in Asia. Around the world, China lined up with US imperialism against the Soviet Union, launching an attack on Soviet-aligned Vietnam in 1979, and supporting such reactionaries as General Pinochet in Chile and the Shah in Iran. Mao’s rapprochement was a huge boost for Washington as it struggled to restabilise capitalism amid the revolutionary upheavals of 1968–75.

51. The violent American pacification of Asia laid the basis for the emergence of the first cheap labour platforms, as major corporations sought to offset declining profits, from the late 1970s, through the globalisation of production. The first “Asian Tigers” were the police-state regimes of South Korea, Taiwan, Singapore and the British colony of Hong Kong. China was just one of a growing number of Asian competitors for foreign investment that included Thailand and Malaysia. The vast expansion of cheap labour platforms, starting in the 1980s, transformed these countries from rural backwaters into centres of globalised production. These new economic relations, however, came into conflict with the existing dictatorial political regimes, based on crony capitalism, which had become an obstacle to the penetration of US and global capital. As a consequence, amid social unrest, parliamentary regimes were installed in Taiwan, South Korea and Thailand in the late 1980s and 1990s. But behind the new democratic façade, the old police-state apparatuses remained.

52. The turmoil in Asia was bound up with broader processes, signalled by the demise of the Stalinist regimes in Eastern Europe and the dissolution of the Soviet Union in 1991. The globalisation of production had undermined all programs, parties and institutions based on national economic regulation, most sharply expressed in the collapse of Stalinism and its autarkic program of “socialism in one country.”

53. In Asia, globalised production dramatically accelerated in the early 1990s. Deng Xiaoping’s “southern tour” signalled the beginning of the entire country’s transformation into a massive free trade zone and the privatisation or closure of state-owned enterprises on an unprecedented scale. Hit by the collapse of the Soviet Union, India tore down the barriers to foreign investment and declared itself open for business. By the first half of the 1990s, the countries involved in what the World Bank dubbed the “Asian economic miracle” were contributing up to half the annual increase in global Gross Domestic Product.

54. New contradictions, however, were emerging. In order to maintain a continuous inflow of foreign capital, of which a growing proportion was speculative, the Asian economies were obliged to tie their currencies to the US dollar, thus reducing the risk of currency losses for investors. But in 1994–5, after Japan exerted pressure on the Clinton administration to raise the value of the US dollar, the East Asian economies began to suffer. Their currencies had followed the upward movement of the US dollar, rendering their exports more expensive and thus less competitive. Yet an even more significant shift was underway. As investment in Asia became increasingly speculative, longer-term foreign direct investment in productive capacity turned towards China. In the aftermath of Deng’s southern tour, foreign direct investment inflows into China rose from \$4 billion in 1991 to \$11 billion in 1992, rising to \$34 billion in 1994 and reaching \$45 billion in 1997, the year the Asian financial crisis began. This was an 11-fold increase in just six years.

55. The increasingly speculative character of capital flows into the Asian Tigers precipitated a financial crisis in July 1997, signalled by the floating of the Thai baht. Over the next 12 months, more than \$100 billion of hot money flowed out of the region. As a result, large portions of Asia experienced an economic downturn as significant as the Great Depression of the 1930s in the major capitalist economies. The Asian financial crisis had significant consequences. In the first phase of globalised production, the “Asian Tigers” had functioned as offshore production platforms,

directly producing finished goods for the US and European markets. By the start of the new century, however, their role was being supplanted. Rather than exporting finished products to the US and Europe, these countries were increasingly manufacturing component parts for products that were completed in China, as transnational corporations shifted their operations there—either through direct investment or by contracting out production to Chinese companies. This process accelerated further after 2001, when China became a full member of the World Trade Organisation.

56. China's foreign policy flowed directly from this vast economic transformation, because it was compelled to secure sources of energy and raw materials from across the world, and to consolidate its supply chains in Asia. Beijing signed a Free Trade Agreement with ASEAN in 2002 and worked assiduously to transform what had been a Cold War organisation into the region's foremost diplomatic, economic and strategic forum. ASEAN Plus Three (China, Japan and South Korea) was consolidated in the immediate wake of the Asian financial crisis. The East Asia Summit was formed in 2005. China became the largest trading partner of virtually every country in Asia, and many countries beyond, including in Africa, the Middle East and Latin America. This economic shift had major political consequences. The growing ties, political as well as economic, between China and the countries of the region, threatened the position of the US and the alliances it had cultivated in the post-war period. Under the Obama administration, the US entered the Asian regional forums with the aim of weakening China's position and laying the basis for the "pivot."

**For the unity of the Asian and international working class**

57. The international working class is the only social force on the planet that can halt the US drive to war through the struggle to abolish the source of the conflict—the capitalist profit system and its outmoded division of the world into rival nation states. Workers in every country must oppose all forms of nationalism, xenophobia and chauvinism, which only serve to divide the working class and block a unified movement against capitalism.

58. The CCP leadership, which represents the interests of a tiny layer of the super-rich, is organically incapable of making any class appeal to the working class in China or anywhere else to oppose US imperialism's "pivot." It responds to US threats by seeking a new accommodation with Washington, offering to open up China's economy even further to direct imperialist exploitation, while desperately pursuing a futile arms race with the US and its allies.

59. To shore up its narrow social base, the CCP promotes and fans Chinese nationalism and chauvinism. Contrary to the claims of various neo-Maoist and New Left apologists for the bureaucracy, Chinese nationalism is utterly reactionary. Its reliance on anti-Japanese chauvinism is aimed at driving a wedge between Chinese and Japanese workers. Far from signifying a struggle against imperialism, President Xi Jinping's "China Dream" for "the great rejuvenation of the Chinese nation" is nothing but the longstanding fantasy of the Chinese bourgeoisie for a place at the imperialist table. The fact that Beijing spends more on its internal police apparatus than on the military demonstrates that it regards the 400 million-strong Chinese working class as far more of a threat than the American war machine.

60. The regime's whipping up of Han chauvinism, and its oppression of Tibetans, Uighurs and other national minorities, plays directly into the hands of Washington. As it did in the Balkans, the US will not hesitate to exploit national, ethnic and linguistic differences to fracture China. Again, the pseudo-left organisations have leapt to the forefront in promoting US imperialism's fraudulent "human rights" agenda, by championing separatism for China's Tibetan, Uighur and other national minorities. Australia's Socialist Alliance, for instance, "affirms its support for the right of self-determination of the Tibetan people and other oppressed minorities in China."

61. Such appeals to the "right of self-determination," have nothing to do

with the struggle against national oppression. They are aimed at subordinating national minorities to reactionary, right-wing bourgeois leaderships, such as the Dalai Lama's Tibetan government in exile, which work in league with imperialism. The legitimate grievances of the Tibetan and Uighur minorities over cultural and economic oppression cannot be resolved through the establishment of separate capitalist states, which would become nothing but semi-colonies of imperialism. The only solution lies in a turn by these oppressed minorities to the working class in China, the region and throughout the world, in a unified political struggle against the Chinese bourgeoisie and the imperialist powers, on the basis of a socialist and internationalist perspective.

62. The US "pivot" has directly encouraged Japanese rearmament and the revival of Japanese militarism. In mid-2010, the Obama administration engineered the removal of Prime Minister Yukio Hatoyama, whose Democratic Party of Japan had just won office. As with the subsequent coup against Rudd in Australia, Hatoyama's removal set in motion a lurch to the right by the entire Japanese political establishment. Japan's dispute with China over the Senkaku/Diaoyu islands became the touchstone for the promotion of anti-Chinese sentiment across the political spectrum, including by the Stalinist Japanese Communist Party. The outcome has been the most right-wing government in the post-war era, headed by Prime Minister Shinzo Abe. Abe's agenda is to prepare the armed forces for the aggressive prosecution of the interests of Japanese imperialism—whether alongside, independently of, or even against the United States. His revival of Japanese militarism poses great dangers for workers and youth. Any government that whitewashes the crimes of the Imperial Army, such as the 1937 Nanjing Massacre in China, will not hesitate to revive the police-state methods of the 1930s against the Japanese working class.

63. Throughout the rest of Asia, the ruling classes are accommodating themselves to Obama's "pivot," strengthening military ties with the United States, and arming for war. For the first time in modern history, Asian countries spent more on their armed forces in 2012 than did all of Europe combined. Confronting a sharp economic slowdown, governments across Asia are whipping up nationalism and chauvinism to focus mounting social tensions outwards against an external enemy. At the same time, their democratic masks are being torn off as they implement the IMF's dictates and make inroads into the living standards of working people. In Thailand, the Bangkok elites are campaigning for the replacement of the elected government by a military-backed "people's council." In South Korea, President Park Guen-hye is reviving the police-state methods of her father's dictatorship.

64. The essential lesson of Trotsky's Theory of Permanent Revolution—that the working class is the only social force capable of leading the anti-imperialist struggle and fulfilling the democratic and social aspirations of the masses—now takes on burning urgency. Revolutionary movements of the working class will only be built in an intransigent political struggle against all sections of the bourgeoisie, as well as their Stalinist and pseudo-left defenders. Moreover, the immense social and economic problems facing workers in countries of a belated capitalist development, such as the Philippines, South Korea and Thailand, cannot be resolved without a turn to the working class in the major imperialist powers, above all in the United States. At the same time, workers must reject the deluge of propaganda about "Chinese expansionism" and turn to their class brothers and sisters in China in a common struggle against capitalist exploitation. These political tasks require the building of revolutionary parties of the working class in China, Japan and throughout the region, as sections of the International Committee of the Fourth International, which will lead the struggle to overthrow capitalism and, in unity with workers everywhere, establish world socialism.

65. The struggle for socialism in the Australian working class is

indissolubly connected to the development of the socialist revolution in Asia and globally. In collaboration with its sister parties in the ICFI, the SEP will fight to expand the influence of the *World Socialist Web Site* in Asia, including through the development of regular Asian language articles and translations, and to build new sections of the ICFI in the Asia Pacific region. In order to prepare for the revolutionary challenges of the 21st century, it will seek to educate the most advanced, principled and self-sacrificing layers of workers and youth in the lessons of the strategic experiences of the international working class in the 20th century, which are embodied in the principles, program and perspective of Trotskyism.



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