

Echoing Trump administration, Australian leader advocates end to China's "developing country" status

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24 September 2019

Australian Prime Minister Scott Morrison addressed the Chicago Council on Global Affairs yesterday as part of his eight-day state visit to the United States. By far the most significant aspect of his remarks was his explicit repudiation of China's status as a "developing economy" and insistence that it should be reclassified as a "newly developed economy."

Morrison was well aware that he was aligning with the most strident anti-China wing of the US political establishment, including President Donald Trump and some of his main cabinet members such as Mike Pompeo and Peter Navarro, along with large sections of the Democratic Party and the American trade unions. Since its formation, the Trump administration has conducted a continuous campaign for ending China's "developing" status, as part of its overall trade war policies directed against Beijing.

In his bellicose July 26 instructions to Trade Representative Robert Lighthizer, Trump wrote: "China and too many other countries have continued to style themselves as developing countries, allowing them to enjoy the benefits that come with that status and seek weaker commitments than those made by other WTO members."

Morrison did not mince his words in spelling out the implications of this definitional change, if it were ratified by the World Trade Organisation (WTO) and flowed through to other international agencies.

"Having achieved this status," he stated, "it is important that China's trade arrangements, participation in addressing important global environmental challenges... transparency in their partnerships and support for developing nations, all of this needs to reflect this new status and the responsibilities that go with it as a very major world power."

The benefits referred to developing economy status include the right, under WTO rules, to protect and subsidise agricultural production, maintain state-owned monopolies over crucial industries such as communications and energy, and charge tariffs on a raft of imported goods and services. In the area of climate change, China claims exemptions from carbon reduction targets on the grounds it would be detrimental to economic growth and raising living standards.

While China is the second-largest economy in the world in size, its per capita gross domestic product (GDP) in 2018, according to the World Bank, was just \$US9,608, compared with \$62,606 in the US, over \$40,000 in the main European Union states and \$56,352 in Australia.

These figures disguise the immense divide between urban and rural populations, and even greater chasm between social classes. The Chinese National Bureau of Statistics estimated in 2017 the per capita disposable urban income was \$5,113, compared with just \$1,887 for some 600 million people in the country's rural areas, who predominantly live a hand-to-mouth existence.

Beijing has repeatedly rejected the US arguments and cited such statistics. The common language in official Chinese government documents is "China is the largest *developing* country in the world." [emphasis added]

Until Morrison's speech, Australia had trod diplomatically on the question, out of fear of antagonising its largest trading partner and export market. As recently as August, in an address to the Centre for China and Globalisation in Beijing, Trade Minister Simon Birmingham would go no further than stating that the Morrison government "acknowledged perceptions that WTO arrangements for developing countries has not kept pace with economic growth and China's weight in the world economy."

Now, Morrison has indicated that Australia agrees with the US “perception” and will join the Trump administration in its escalating campaign to economically cripple China. The trade war policies themselves are only one component of what the White House and Pentagon formally classified in 2018 as a strategic and military campaign to prevent Beijing challenging American “global pre-eminence.”

Morrison’s decision to raise the issue of China’s WTO status was undoubtedly thoroughly discussed and planned in advance with the Trump administration.

In his July memo, Trump gave the WTO just 90 days to make “substantial progress” toward changing its designation of China and other countries. If it did not, the document asserted, the US would unilaterally “no longer treat as a developing country for the purposes of the WTO,” any member that the US declared was “improperly declaring itself a developing country.”

The memo highlighted the underlying strategic competition and why the US ruling class views China as a threat to its world dominance. “China currently ranks first in the world for exports of high-technology products, with such exports alone increasing by 3,800 percent between 1995 and 2016,” the document stated. “China is home to 120 of the world’s 500 largest companies, and its defence expenditures and total number of satellites in space are second only to those of the United States.”

The 90-day deadline expires at the end of October. In that context, Morrison’s speech can best be understood as a calibrated warning to both China and other countries that the US trade war is going to be ratcheted up—not reduced—in the next period.

If Morrison follows through on the content of his speech, Australia will function as one of the US diplomatic attack dogs, both in the WTO and in general discussions with other governments. In recent years, Canberra has performed this role on other issues of paramount importance to American foreign policy, including provocations against Russia and support for Israel.

The prospect that Morrison’s remarks could impact on trade relations with China generated immediate expressions of concern from within the Australian establishment.

In a radio interview today, Labor Party opposition leader Anthony Albanese stated China was “quite clearly still developing” and “still an emerging economy.” In regard to the US-China trade war, Albanese complained: “I think Australia should be playing a role in minimising

that conflict... The Prime Minister could have chosen more wisely where to present this argument. It’s not an argument that I’ve heard him advance before and it’s reasonable I think to consider why it is that there’s a change in Australia’s position.”

The reason for the change, however, lies in the conduct of Australian foreign policy for close to a decade. As the US has embarked on an ever-more open policy of destabilising and blocking China as a potential rival—including, if necessary, by means of war—successive Australian governments have aligned with Washington. Albanese was a senior minister in the Labor government of Prime Minister Julia Gillard that enlisted with the US “pivot” to Asia in November 2011 and vastly expanded Australian-American military-intelligence ties and integration.

Some eight years on, US-China relations have been brought to breaking point by diplomatic tensions, military provocations and economic conflicts, but the Australian ruling elite has only stepped up its alignment with Washington. On Friday, Morrison boasted of the \$200 billion expansion underway in the fighting capacities of the Australian military, which is predicated on a war alongside US forces against China.

In his Chicago speech, the Australian prime minister asserted: “We are committed to working with the US internationally because we agree it has borne too many burdens on its own. Australia will continue to pull its weight... We do not shrink from strife. The challenges of a changing world are things we confront.”

While every effort is made within the political and media establishment to conceal the fact, US imperialism and its Australian ally are pursuing an agenda that threatens to trigger far more than “strife”—a major war between nuclear-armed powers.



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