

Retiring Australian ambassador to US points to war danger in Trump trade policies

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Retiring political leaders, when delivering their swansong, sometimes make remarks which provide a frank assessment of the real state of economic and political relations that they spend most of their time trying to cover up.

The most famous example is that of US President Eisenhower who, in his final speech in January 1961, warned of the dangers posed by the growth of a “military and industrial complex” that had developed during his eight-year term.

The former Australian Liberal government Treasurer Joe Hockey, the retiring Australian ambassador to the US, is not as significant a figure as Eisenhower. But in a major speech last week, described by the *Sydney Morning Herald* as “strikingly forthright comments from a diplomat,” he delivered a “blistering attack” on the trade and tariff policies of US President Trump.

The critique came in a speech entitled “The Sinews of Prosperity,” given at Westminster College, Fulton, Missouri on Thursday evening. This was the same platform from which the then British opposition leader Winston Churchill made his infamous “Iron Curtain” speech in March 1946—under the title the “Sinews of Peace”—which became one of the ideological foundations of the Cold War against the Soviet Union.

War was a central theme of Hockey’s address as he reviewed the role of the United States in the promotion of free trade in the post-war period and the marked contrast to the tariff and trade war measures being pursued under the Trump administration.

“Through free trade,” he said: “we... have deeper and more meaningful relationships with other countries. It brings our nations, with differing cultures, closer together. History proves that that economic isolationism is a precursor to war.”

Going further, Hockey pointed to the chief source of this danger.

“The United States,” he said, “is the most innovative nation on earth but, like every market leader, it will be beaten if it thinks it can do it all on its own.”

Sooner or later the rest of the world would catch up, he said, and as competition increased, the world had to have firm rules to “protect free and fair trade.”

“Isolating an economy from trade and commerce with other countries is a political tool that should be used very cautiously. If a nation becomes economically isolated then history proves it can end up accelerating domestic nationalism fuelling outward-facing aggression.”

Trying not to provoke a head-on conflict with the US administration over its trade and tariff measures, Hockey said Trump was “deploying all the tools he can to get a fairer global trading system for the United States.” He understood the reasons for Trump’s frustrations, he said. “Australia supports both free and fair trade. But these types of measures are not a sustainable long-term solution.”

In a direct reference to Trump’s slogan of “Make America Great Again,” Hockey continued: “You are still the world’s largest economy. Your dollar is the world’s reserve currency. Your capital markets are the engine room for global commerce. So I find the debate here in the United States on free and fair trade rather baffling. Being open to the world made America great in the first place. It will keep you great.”

Taking up Churchill’s phrase in his speech 73 years ago, that we are again in “anxious and baffling times,” he traced the role of the US in laying the foundations of the post-war economic trading and financial system and establishing the basis for order and discipline that facilitated trade and prosperity.

“So now, more than ever, the United States should be leading the debate in favour of free and fair trade. Tariffs should only be used as a very short-term tool to force a change in the behaviour of recalcitrant WTO [World Trade Organisation] members.”

Hockey criticised a series of recent American international economic decisions. The US was “leading the charge” to deliver the Trans-Pacific Partnership, involving Australia, Japan and nine other countries, but then “walked away from its own leadership.”

The United States “should be knocking on the door of the Regional Comprehensive Partnership [RECP] which is being negotiated by 16 countries in the Indo-Pacific, including India and China, but not the United States.”

The US should have joined the Asian Infrastructure and Investment Bank “even though it was initiated by China.” America and Japan “let themselves down” by not taking part in a project that supports new infrastructure across the Indo-Pacific and which 74 countries have signed with a further 26 negotiating to join.

“My signature was the first signature in the world on the founding document,” he said.

This was something less than the full story. While Australia was one of the first to sign up, that decision was then reversed by the Cabinet on “security” grounds after intense lobbying from the Obama administration, which sought to ensure that its major strategic allies did not join—an indication that the anti-China posture did not begin with Trump. Australia only eventually signed on when the British government, in opposition to Washington and its own intelligence establishment, jumped ship and decided to take part.

Hockey also took aim at one of the central foundations of the Trump administration’s trade and tariff policies.

“I have heard suggestions... that to ‘win’ in trade with another country, you need to sell more to them than you buy from them—that is, you should have a trade surplus.

“I disagree,” he said, referring to arguments dating back to the founder of economics, Adam Smith, on the advantages of specialisation and trade.

Hockey drew attention to the operations of Boeing, pointing out that the 2.3 million parts of its Dreamliner 787 were supplied by 20,000 firms around the world, with more than 150 countries, including Australia, feeding into the company’s global supply chain.

In opening his remarks, Hockey said he would speak candidly, but “only for myself.” This was to ensure that he did not cross too openly the orientation of the Morrison government which, while proclaiming the virtues of free trade, has been one the main international allies of the Trump administration.

Notwithstanding diplomatic protocols, there is no question that Hockey is speaking for considerable sections of Australian corporate establishment. Dependent on the free movement of goods and finance, they are increasingly fearful of the division of the world into rival trade and financial blocs. And having his connections to the money markets, he is also expressing the mounting concerns of international finance capital about the direction of US policy.

Hockey no doubt hopes that by drawing attention to the

dangers in the present situation and appealing to the US to resume the role it played in establishing the post-war economic and trading order that he can convince it to change course.

However, this is to ignore the fact the US championing of free trade took place under conditions where its industrial supremacy ensured its dominant role. That hegemony has been steadily eroded by the very expansion of the global economy facilitated by the free trade order.

The weakening position of the US accelerated markedly with the growth of China and its movement into higher value-added production over the past decade and a half. That was the essential motivation for two key policies of the Obama administration—the Trans-Pacific Partnership covering the Indo-Pacific, but notably excluding China, and the Transatlantic Trade and Investment Partnership covering relations with Europe.

These were not free trade initiatives. According to Obama’s trade representative Robert Froman, they were aimed at placing the United States “at the centre of a web of agreements that will provide unfettered access to two-thirds of the global economy.” In other words, while the term was not used, they were an earlier version of the “America first” doctrine now explicitly advanced by Trump.

Hockey has a record of mouthing “inconvenient truths.” In April 2012, when he was shadow treasurer during the Gillard Labor government in Australia, he delivered a speech to a financial meeting in London, declaring that what he called the “age of entitlement”—a period of history when ordinary working people looked to and expected improvements in their wages and social conditions—was over.

He subsequently backed away from those remarks but they expressed what has taken place since both in Australia and internationally.

Now in his Missouri speech he has encapsulated the essential logic of the present course of the US: that the outcome of the trade war and “America first” agenda, if continued—and there is no sign of it being ended either under Trump or whatever administration succeeds him—is war.



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