

Australian budget underscores preparations for war

Mike Head
14 May 2021

Among the most revealing features of the annual federal budget unveiled by the Australian government this week were expanded military spending and measures to protect strategic “supply chains” in the event of war.

Treasurer Josh Frydenberg avoided referring to China in Tuesday night’s budget speech, but key contents of the budget point to preparations being made to join a US-instigated war against China, reflecting the Biden administration’s escalation of the conflict with Beijing.

The treasurer highlighted the allocation of an extra \$270 billion over a decade for expanded “defence capability”—new weapons systems, warships, missiles and other military hardware. Frydenberg declared this money was needed “to be prepared for a world that is less stable and more contested.”

The word “contested” was in line with the identification by US military and national security strategy documents of China, followed by Russia, as primary threats to the global dominance established by US imperialism following World War II.

Incorporating the extra spending on weapons systems, the government boosted the annual military budget by 6.1 percent to \$44.6 billion. That includes just over \$1 billion for the Australian Signals Directorate, the military-run agency that forms part of the “Five Eyes” electronic global surveillance and war-fighting network headed by the US.

Within a few years, this annual allocation is set to exceed \$50 billion, in line with plans to spend at least \$575 billion overall in a decade. That meets the requirement of the White House for its military allies to spend more than 2 percent of gross domestic product (GDP) on military preparations.

In the weeks before the budget, Prime Minister Scott Morrison and Defence Minister Peter Dutton

announced that the expansion of military capacity would include \$1 billion to manufacture guided missiles in Australia, for the first time since the 1960s, in close collaboration with the Pentagon.

They also unveiled a revamped \$747 million package to overhaul four strategic military facilities in the Northern Territory. This would support “greater engagement and combined training with the US under the Force Posture Agreement,” which provides for Marine rotations and extensive US access to Australian military bases.

The \$44.6 billion allocated for 2021-22 stands in stark contrast to the continued chronic under-funding of critically-necessary social programs. It is about 75 percent more than the \$25.6 billion for the entire, severely over-stretched, public hospital system.

Despite the ongoing dangers posed by the worsening global COVID-19 pandemic, the budget for public hospitals is scheduled to rise by only 4 percent a year—well below the estimated increase in costs produced by inflation, an ageing population and rising medical technology and pharmaceutical prices.

Even the relatively low number of coronavirus cases in Australia so far have exposed serious shortages of public hospital staff and resources, and contributed to further dangerous waiting times for emergency treatment and “elective” surgery.

Thus, military funding is prioritised over the health and lives of the working class.

The budget also provided \$1.9 billion more over the next decade for the “national security” agencies, essentially to aid the war preparations and to combat anti-war and other domestic political and social unrest.

The biggest increase—\$1.3 billion—is for the internal political spy agency, the Australian Security Intelligence Organisation (ASIO), which includes \$945

million for new surveillance and cyber-warfare technology.

Home Affairs Minister Karen Andrews said the “unprecedented, long-term investment in our nation’s security will give ASIO the certainty it needs to develop its capabilities and workforce over the next decade,” on top of “already record funding.”

Over the past three years, ASIO’s focus has been shifted from supposedly combatting “terrorism” to “countering espionage, and foreign interference,” accompanied by a mounting anti-China witch hunt, accusing Beijing of trying to subvert the country.

ASIO’s staff numbers have grown already to more than 2,000—up by 200 in three years. That builds on the previous trebling of its size during the post-2001 “war on terrorism,” which was a vehicle for war in the Middle East and the overturning of basic democratic rights domestically.

Also announced in the budget was a \$107 million program over four years to establish an Office of Supply Chain Resilience to remove key supply chain “vulnerabilities.” For public relations purposes, these weak points were said to start with medicines, personal protective equipment and agricultural chemicals, but they clearly relate to plans for conflict with China.

A recent report by the government-sponsored US Studies Centre voiced concern that Australia depends heavily on China, not just for exports of iron ore and other commodities, but also for nearly 600 “strategic” imports, featuring semi-conductors, generators and computers. It referenced a UK think tank study that warned Australia was far more dependent on China than the other “Five Eyes” members—the US, the UK, Canada and New Zealand.

The budget papers point to efforts to offset the economic impact of deteriorating relations with China. In particular, they predict a precipitous drop in iron ore prices by next March, down to \$55 a tonne from the \$230 a tonne to which they have soared recently on the back of government stimulus spending and higher steel production in China. Such a fall in Australian capitalism’s biggest export would cut its annual export earnings by around \$200 billion, or some 8 percent of GDP.

Australia’s frontline role in the US confrontation with Beijing could also trigger cuts to China’s large imports of gas and coal from Australia, in addition to

reductions already evident in fields such as beef, barley, wine and lobsters. In response, the budget earmarked nearly \$200 million over four years to boost “trade and strategic” capabilities, try to diversify export markets and expand counter-measures.

In a joint statement, Foreign Affairs Minister Marise Payne and Trade Minister Dan Tehan put these measures firmly in the context of military plans, saying they would “complement our defence and security investments as we work to shape a regional balance that supports security, prosperity and freedom.” These are code words for backing the US drive to prevent China from challenging its regional and global hegemony.

Morrison’s Liberal-National government knows it has bipartisan backing. In his budget reply speech on Thursday, opposition Labor Party leader Anthony Albanese made no mention of the war preparations. That is because Labor is totally committed to the US military alliance. Its recent national conference featured frequent boasts of Labor governments being best able to impose the sacrifices required from the population in periods of crisis and war, working closely with the trade unions.

In fact, Albanese and other shadow ministers sought to outdo the government, boasting that a Labor government initiated the US alliance in 1941 during World War II, and the delegates unanimously passed no less than six resolutions denouncing China.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact