Pentagon again demands higher Australian military spending

Mike Head
11 August 2025

The Trump administration and the Pentagon are intensifying their insistence that Prime Minister Anthony Albanese's Labor government must urgently increase its military spending in preparation for war against China.

"Donald Trump's Pentagon warns Anthony Albanese that he is not spending enough on defence and AUKUS," was the front-page headline on Saturday's *Australian* newspaper, the Murdoch media's national flagship.

In an "exclusive" briefing last Thursday, an unnamed Pentagon official reportedly warned that Australia would be unable to adequately defend itself and deliver on its commitment to the AUKUS military pact unless it massively lifted its military budget to 3.5 percent of gross domestic product (GDP).

The newspaper described this as the "Trump administration's strongest warning yet to Anthony Albanese." It declared: "The warning sets up a collision with the Labor government, which has repeatedly rebuffed calls from Washington to lift its defence spending."

That amounts to a thinly-veiled threat to the Albanese government, potentially backed by tariff and trade punishment as is already occurring against India, Japan and other erstwhile US allies who retain economic links with China and/or Russia.

The Labor government has been anxiously moving to satisfy Washington's demands without being seen to do so, for fear of widespread anti-war sentiment. While publicly declining to match the 3.5 percent standard, it has vowed to implement what it has described as the biggest boost to military spending in Australian history.

Albanese and Defence Minister Richard Marles have promised to double the military budget, from $59 billion this financial year to near $120 billion over the next decade. With the federal budget officially forecast to be in deficit for years to come, that can be achieved only by slashing social spending.

But this is nowhere near big or fast enough for the Pentagon. "For Australia in particular, it is vitally important that they are able to raise defence spending to 3.5 percent of GDP," the "US Defence official" was reported to have told the *Australian*.

"It is not an abstraction. This is a concrete objective. AUKUS is an expensive thing. Increasing defence spending is going to be vitally important for Australia to achieve its stated objectives under AUKUS while also modernising the rest of the ADF [Australian Defence Force].

"I think we can say with confidence that if Australia does not raise defence spending it is going to struggle to field the forces required to defend Australia but also to make good on its commitments to others."

The Labor government's most recent budget said defence spending would rise to 2.04 percent of GDP this financial year, with the bulk of the rest of the promised increases not scheduled to commence until 2028?29.

While the Trump administration, like all its predecessors since Obama's of 2009?17, couches its military build-up in the Indo-Pacific as "deterrence" to maintain "peace and stability," it has deliberately inflamed regional trigger points, including the most sensitive—Taiwan, which Beijing regards as part of China.

Washington is attempting to goad China, which it regards as an existential threat to US global hegemony, into a war over Taiwan. By supplying weaponry to Taiwan and stationing troops there, it is undermining the "One China" policy under which the US still de facto recognises Beijing as the legitimate government of all China, including Taiwan, as it has done since the 1970s.

The *Australian* article noted with concern that both Albanese and New Zealand Prime Minister Christopher Luxon had recently received "red carpet treatment" by Chinese President Xi Jinping on visits to China.

These trips sought to protect the immediate interests of their respective capitalist classes, which depend heavily on exports to China—especially iron ore and other minerals in the case of Australia and dairy products for New Zealand.

But the US ruling establishment is increasingly making it clear that such economic ties, no matter how lucrative, will have to be sacrificed as the confrontation with China escalates.

Saturday's missive is the third in recent months.

Speaking at the Shangri-La Dialogue in Singapore in May, US Defence Secretary Pete Hegseth declared a war with China over Taiwan could be "imminent." He released a statement calling on the Labor government to lift its military spending to 3.5 percent of GDP "as soon as possible."

Hegseth also demanded that Asian governments massively

© World Socialist Web Site

increase their military spending to 5 percent of GDP—requiring the expenditure of tens of billions of dollars—and insisted they had to "choose" to line up with Washington against Beijing, despite their economic links to China.

Then, just as Albanese was about to start his six-day visit to China last month, the Trump administration leaked to the *Financial Times* that it requires a commitment from Australia, as well as Japan, of involvement in any war with China over Taiwan.

Another unnamed official said the Pentagon had received "positive" indicators on higher spending from Japan and Australia, but stressed that it was "critical for us all that we see results."

That public demand was unprecedented. It underscored the advanced character of US preparations for conflict with China.

An editorial in the *Australian* this Monday doubled down on the implied threat delivered by the Pentagon, insisting that "such imperatives cannot be ignored."

The editorial welcomed a joint statement issued by Albanese and Luxon after their annual leaders meeting in New Zealand last weekend. They expressed "grave concern" about another flashpoint, accusing China of "dangerous and provocative behaviour in the South China Sea."

Reflecting the trade and profit interests at stake, however, the two prime ministers were more cautious in their language on Taiwan. They "underscored the importance of peace and stability across the Taiwan Strait and called for the peaceful resolution of cross-strait issues through dialogue."

The *Australian* editorial said the Albanese government had "made a good choice last week" in selecting Japan's Mitsubishi Heavy Industries to build a new fleet of 11 frontline warships, at a cost of $10 billion over a decade. However, it called for much more.

"Just addressing drones, counter-drones, missile and air defence, and offensive missiles would more than absorb an increase in the defence budget from 2 percent to 2.5 per cent of GDP," the editorial stated. Without mentioning the costs, it further proposed "an extra F-35 fighter jet squadron and more investment in mine-clearing equipment to secure ports."

Under the AUKUS plan, at least five US and UK nuclear submarines will start regular rotations at bases in Australia from 2027. The US and UK are then supposed to start transferring nuclear-powered submarines to Australia from the 2030s.

Billions are already being paid for this. The Albanese government recently made a scheduled $800 million payment to the US to help bolster Washington's warship building capacity, bringing the total paid so far to $1.6 billion.

Yet, the Trump administration has placed the AUKUS treaty under review, possibly seeking to extract even greater contributions from the Labor government, which is desperately trying to keep the pact alive.

In 2023, when the Labor government revealed the cost of the plans to acquire the AUKUS submarines, said to be $368 billion over three decades, it provoked substantial shock and anger. That was especially so when Labor was already starting to cut public health and education spending in real terms, and publicly setting the NDIS disability program as an initial main target.

Despite the public hostility, the Albanese government has only accelerated the use of bases across northern Australia as platforms for war against China.

In the latest show of force, three-week long biennial Talisman Sabre exercises in Australia concluded on August 4. What began in 2005 as joint bilateral war games between the US and Australia became a full-fledged dress-rehearsal for war against China involving all the major imperialist and regional powers, including the US, UK, France and Germany.

Almost 40,000 troops from 19 countries participated in the largest military exercises in Australian history. This year's Talisman Sabre involved some of the most potent offensive weaponry in the world, including US long-range missile systems that have never before been tested in the region.

This week's renewed demands from the Pentagon for a quicker and larger military buildup mean that the Labor government is also on a "collision" with the deepening anti-war sentiment among young people and workers.

On August 3 as many as 300,000 people marched across the iconic Sydney Harbour Bridge to oppose the US-backed Israeli genocide in Gaza and the complicity of the Labor government, in one of the largest demonstrations in the country's history.

People marched in defiance of moves by the New South Wales state Labor government and the police to ban the march, and the Albanese government's endless slanders equating opposition to the genocide with "antisemitism."

Nonetheless, Labor remains firmly committed to the US war machine, as has been every Australian government, whether Labor or National-Coalition, since World War II, relying on it to prosecute Australian capitalism's own predatory imperialist and neo-colonial interests throughout the Indo-Pacific.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site