



Australian Citizens Party

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MEDIA RELEASE

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Why all the fuss over Chinese interference? What are we afraid of?

As the furore over Chinese interference in Australia rages, take a moment to consider exactly what we fear may be the result of alleged Chinese meddling in our pristine political system. What's the worst that China might influence us to do?

Here are some of the most significant policies China is pursuing which are distinctly different to that of Western nations, as documented in the CEC's weekly [Australian Alert Service magazine](#):

- China has reduced poverty by more than 700 million people in the last 30 years or so. In 2017 it lifted 13 million more people out of poverty. China's success is based not merely on economic growth, but its [emphasis on investment in infrastructure and productive enterprise](#), as well as its targeted poverty alleviation schemes. China's poverty measure is more strict than that of the World Bank.
- China is fostering cooperation with and development of neighbouring countries, of Africa, and of many nations along the land and sea routes of its Belt and Road Initiative. Its investment is reshaping Africa as an industrial powerhouse; Ethiopia for instance, boosted by Chinese-built infrastructure, has achieved an annual GDP growth rate of 11 per cent. The notion that China is deliberately indebting nations to control them is a slur which numerous agencies have refuted (["China shatters the era of the 'economic hit men'"](#), *Australian Alert Service* 28 March 2018).
- Since the 2008 global financial crisis China has issued credit to the tune of more than \$20 trillion, but unlike the quantitative easing (QE) of the world's biggest central banks, it has directed it into expansion of physical economic activity and infrastructure at home and abroad. This is one of the few factors that has kept the world economy going in the face of the damaging consequences of QE, which has only served to fuel speculation over productive activity. Following the 2008 GFC, China initiated a study of its causes, in comparison with the Great Depression, concluding that a major factor in both crises was economic liberalisation and the decoupling of finance from the productive sector. (["To avoid a new financial crisis, look through China's eyes"](#), AAS 14 February 2018)
- China has acted to reduce speculative investment activity in its banking system in preference to productive activity. In 1993 China adopted a Glass-Steagall-style separation of banking from other financial activities, to inoculate itself against rampant speculation as it opened up its economy. Shortly after the "reform and opening up" commenced in the late 1970s, Chinese leader Deng Xiaoping declared that "Banks should become a lever for economic development and technological innovation. We should turn banks into real banks." The strict separation of commercial from investment banking has protected China's banking system from the full impact of global financial headwinds. Recently China introduced new foreign investment laws and is increasing top-down regulation of its banking system (["China: Glass-Steagall Banking System and the Belt and Road Initiative"](#), *Time for Glass-Steagall Banking Separation and a National Bank*).

China's promotion of production over speculation can be seen in the risky area of financial derivatives, which were at the centre of the 2008 crisis. Derivatives turnover in Australia is 14 times that of China, despite our much smaller economy and having just 1/60th of the population (["The only area China isn't competitive—derivatives"](#), AAS 22 November 2017). The *Wall Street Journal* reported on 17 January that "China doesn't have the sort of risky financial products that crashed the American housing market and infected the global economy a decade ago." According to the Bank for International Settlements, China, the largest or second largest economy in the world, accounts for only 0.33 per cent of the global derivatives trade (while just six banks in the USA account for 20 per cent).

So what is to be feared if we are influenced by this approach? Here are some of the concerns constantly cited by politicians and media:

- *China might replace the USA as the prevailing hegemon in the Asia-Pacific region*. We have been quite happy to accept the constant interference of our war-mongering (on faked evidence), regime change-initiating Anglo-American allies. Now, for some reason, we can't stomach

“interference” from a country which has no history of imperial domination or conquest, and if anything will influence us to achieve all of the above benefits. Moreover, the hypocrisy is astounding: on 2 June 2018 the former US Director of National Intelligence James Clapper, who is leading the hysteria against Russia for allegedly interfering in the USA’s election, admitted in a *Bloomberg* interview to at least 81 examples of the USA having interfered in other countries, but said it was different because “when we tried to manipulate or influence elections or even overturned governments, *it was done with the best interests of the people in that country in mind...*”. (Emphasis added.)

- *China is militarising the South China Sea*. The reality is that the USA, with its massive carrier strike groups equipped with offensive nuclear weapons sailing through those waters, has a far greater military capacity in the region than has China (“[Who is really militarising the South China Sea?](#)”, AAS 29 March 2017), which has installed some defensive missile systems and recently landed a bomber on an installation it has had since the 1950s. In addition, the British navy has repeatedly announced its intention to build a greater military presence in the region, despite its geographical distance, as part of its post-Brexit Global Britain program. (“[Britain and the BRI: What is May’s next move?](#)”, AAS 31 January 2018)
- *China may gain inside information from the Five Eyes intelligence alliance*. The exclusive Five Eyes spy club, comprising the USA, UK, Canada, Australia and New Zealand, is an apparatus for geopolitical operations against other nations, but also for control of its member nations; New Zealand, for instance, has been threatened with expulsion from the Five Eyes just because it maintains respectful relations with China. Although this is clearly in New Zealand’s national economic interest, the Five Eyes interpret it as Chinese “infiltration”. Australia has also been identified as being at risk for such infiltration, by former CIA analyst Peter Mattis at 5 April hearings of the US-China Economic and Security Review Commission. Such anti-China paranoia has led the Australian government to make wild and baseless accusations, such as falsely blaming Chinese hackers for the farcical failure of the 2016 online census, instead of the incompetence of the department and contractor. The Australian Security Intelligence Organisation (ASIO), which is whipping up the hysteria against China, is itself the conduit for foreign, i.e. Anglo-American, interference in Australia, via the Five Eyes arrangement.

The truth is that China *is* trying to influence Australia, for the same purpose it is trying to influence the entire world—to abandon the failed neoliberal policies that are sinking the world economy and destroying people’s livelihoods. Chinese President Xi Jinping openly said so when he hosted the G20 summit in September 2016, calling for the world to forge a “new path of economic development”, moving beyond “fiscal and monetary policy” in order to emerge from crisis. China has demonstrated its approach works, with the BRI and its poverty reduction, whereas Western economies continue to slide towards collapse, as evidenced in the ongoing political turmoil in the USA, Europe and Australia. China does not seek to change the political systems of other nations, and it insists that nations don’t seek to change its political system, but it wants to cooperate with every nation, including the United States, on “win-win” economic development. This is clearly in Australia’s independent national interest—will we take up the offer, or will we let Anglo-American interests continue to dictate our foreign policy?