'Black-is-White' Paper singles out Russia, China as threats to 'global order'

By Richard Bardon

The Australian government's 2016 Defence White Paper explicitly subordinates Australian defence policy to that of the United States, pledges open-ended and unconditional support to the US "strategic rebalance" to Asia—including ever-greater "interoperability" with US and Japanese armed forces—and portrays China as the single greatest threat to the "rules-based global order" we must protect, with Russia a close second. In so doing, the authors employ a mix of breathtaking hypocrisy and outright falsehood to justify preparations for war against countries which *defend* international law and the principle of national sovereignty, to assert our own and our allies' supposed right to carry on violating it.

"The framework of the rules-based global order is under increasing pressure and has shown signs of fragility", the White Paper states. "The balance of military and economic power between countries is changing and newly powerful countries want greater influence and to challenge some of the rules in the global architecture established some 70 years ago." Thus, while the Paper states it "is natural for countries in the Indo-Pacific, including Australia, to modernise their military capabilities as their economies grow, technology develops and new capabilities become available", it paints China doing exactly that as a threat to world stability. Some "countries and non-state actors", it says, "have sought to challenge the rules that govern actions in the global commons … in unhelpful ways, leading to uncertainty and tension." Russia's supposed "coercive and aggressive actions in Ukraine"—i.e. protecting Crimea from neo-Nazi militias unleashed by an American-instigated coup in Kiev, etc.—is given as an example of this "[r]efusal to act in ways consistent with international law and standards of behaviour". Because the "coercive use of economic or military power can diminish the freedom of countries such as Australia to take independent action in our national interest", the Australian government "is committed to working with the United States and like-minded partners to maintain the rules-based order by making practical and meaningful military contributions where it is in our interest to do so." And, because "Australia's security is underpinned by the ANZUS Treaty", and only "the nuclear and conventional military capabilities of the United States can offer effective deterrence against the possibility of nuclear threats against Australia", the White Paper declares that "The Government's highest priority will continue to be our alliance with the United States", and rolls out the red carpet to "more rotations of United States aircraft through northern Australia". It is already known that this will include B-1 long-range strategic (i.e. nuclear-capable) bombers—the presence of which would be one of the main reasons anyone would target Australia with nuclear weapons in the first place.

Who is upholding international law?

By invoking the system "established some 70 years ago", the White Paper's authors infer that their "rules-based global order" is synonymous with the principles of the UN Charter, the basis of all modern international law;in fact, the opposite is true (which may be why they never mention that

Australia's "dangerous allies", US President George W. Bush and British PM Tony Blair, celebrate their illegal invasion of Iraq, 27 March 2003. The 2016 Defence White Paper commits Australia to permanent "Deputy Sheriff" status in a never-ending Anglo-American war on national sovereignty. Photo: whitehouse.gov

Charter at all, whereas the phrase "rules-based global order" appears 41 times). The NATO bombing of Yugoslavia in 1999; the 2003 invasion of Iraq; the orchestration of "colour revolutions" in Georgia, Ukraine and elsewhere in the early 2000s; the destruction of Libya since 2011, including the assassination of Muammar Qaddafi, via the sponsoring of international terrorist groups; the five-year effort to do the same in Syria; and the 2014 "Euromaidan" coup in Ukraine, with its ongoing fallout in that country's eastern regions: these actions, all of which Australia has supported, constitute blatant violations of the UN Charter—intentionally so, as they were all undertaken in pursuit of the Tony Blair-led agenda of ending the Westphalian principle of national sovereignty, which is the cornerstone of international law under the Charter. Yet far from showing any contrition, the White Paper cites the "ability of terrorist organisations to organise, train, spread their propaganda and mount operations is supported by state fragility, weak borders and an increasing number of ungoverned spaces through parts of North Africa, sub-Saharan Africa, the Middle East and Asia including in Libya, Iraq, Syria and elsewhere" to support the notion that "Australia must continue to play its part in responding to challenges to the global rules-based order beyond the Indo-Pacific, as Australia is currently doing in Iraq, Syria, [and] Afghanistan".

China, Russia and their collaborators, on the other hand, have committed themselves to defending the principle of national sovereignty, and to strengthening the institution of the United Nations to this end; as Prof. Georgy Toloraya, executive director of the Russian National Committee for BRICS Research, told the Citizens Electoral Council's March 2015 "World Land-Bridge" international conference, first among the basic principles upon which BRICS (the political alliance of Brazil, Russia, India, China and South Africa) is based, is "commitment to international law and the UN's central role". Just as importantly, they are creating international institutions such as the BRICS New Development Bank, the Silk Road Fund and the Asian Infrastructure Investment Bank to equip nations to actually become sovereign, by helping them break free of the collapsing IMF/World Bank system dominated by the same Anglo-American interests that control Australia.

ASIC review finds widespread conflicts of interest

At the beginning of last week, the Australian Securities and Investments Commission (ASIC) released a report on "Culture, conduct and conflicts of interest in vertically integrated businesses in the funds-management industry". The report is the product of an investigation covering 1 July 2013 – 30 September 2015, into the compliance (or otherwise) with regulations supposed to prevent improper transfer of information, inside access to clients, etc. among divisions of everything-under-one-roof financial service businesses, separated by so-called "Chinese Walls". ASIC does not disclose which businesses it audited, but the big four banks and Macquarie are examples of "vertically integrated" businesses: among other things they "manufacture" financial "products"; provide investment advice to people looking to buy those financial products; manage various stock, bond, securities, property etc. portfolios; and trade on their own account in the same markets.

Surprising no-one, ASIC "found that on matters of outsourcing, product selection, remuneration and board membership, there may be areas where financial services organisations could better demonstrate a commitment to managing and, where appropriate, avoiding conflicts of interest". ASIC commissioner Greg Tanzer, as quoted by *The Australian Financial Review* on 21 March, said that ASIC had seen "some very real examples where the conflict in question was so fundamental that complete avoidance was necessary—the conflict could simply not be managed internally and disclosed externally". Not only that, but according to the report, "It appears that in some AFS [Australian financial services] licensees no particular person, committee or division is assuming responsibility for the conflicts register, resulting in the register not being maintained". The conflicts register is supposed to record "all potential, apparent or actual" conflicts of interest. In another instance, a company's insurance business apparently neglected to inform its superannuation trustee and "impacted members" that the terms of certain policies had been changed; "several relatively large insurance claims were incorrectly declined" as a result. "Most organisations did not appear to perform any form of specific compliance audit of their conflicts management policy", however, so such matters may not get picked up for years, if at all, and the consequences can be horrendous (witness the Comminsure scandal, for instance).

All of this is an open-and-shut case for the imposition of strict Glass-Steagall-style separation of "vertically integrated" financial institutions into as many stand-alone, single-purpose entities as necessary. What ASIC proposes is … nothing. "The report reflects our conclusions and observations of industry practices. It is not intended to imply any new regulatory requirement or standard." And the real kicker is this: "Significantly, we excluded from our review the deposit-taking, insurance and financial advice business divisions" of the businesses in question. Why ignore this greatest of all conflicts of interest? Because that side of things is the Australian Prudential Regulation Authority's job, not ASIC's. In other words, the only Chinese Wall that works is between the regulators who are supposed to police the banks.

Isherwood: Throw the book at corrupt unions … after the criminal banks

In response to the Turnbull government's push to force the Senate to pass the legislation restoring the Australian Building and Construction Commission, Citizens Electoral Council leader Craig Isherwood reiterated his call for the government to finally hold the banks accountable for their financial crimes, before it goes off on its crusade against union corruption. In a 6 February 2014 release, Isherwood stated:

"In 2009 I called for an Australian Pecora Commission, modelled on the US Senate investigation of Wall Street led fearlessly by Ferdinand Pecora from 1932-34, which exposed the financial crimes that led to the Great Depression, and the corrupt dealings between the Wall Street banks and American politicians that enabled the banks to get away with their crimes.

"So far, outside of some Senate inquiries there has been no serious investigation of financial crimes in Australia. Yet after a few high-profile examples of union corruption, people in the Abbott government are pushing for a Royal Commission into the unions.

"I say investigate both", he said, "but unless the government goes after the banks with the same zeal it has to tear into the unions, it is being corrupt itself, by covering up for corruption on a scale that crooked unionists could only dream of."

Isherwood cited examples of the banks not being held accountable:

- The central role of the Commonwealth Bank, Macquarie Bank and the Bank of Queensland in the Storm Financial scandal, in which hundreds of customers in North Queensland were lured into borrowing heavily against their homes in order to gamble on the stock market, and were subsequently ruined in the 2008 GFC.
- The relationship between Macquarie Bank, aka the Millionaire Factory, and numerous ex-politicians and public servants who have gone to work for Macquarie after, in many cases, being involved in public policy decisions such as privatisations and public-private partnerships from which Macquarie directly profited.
- The role of Australian-based banks in the UK LIBOR (London Interbank Offered Rate) scandal, and the fact that six of the 14 banks caught rigging the LIBOR in London are also involved in setting Australia's benchmark interest rate, the Bank Bill Swap rate (BBSW).
- Commonwealth Bank's sudden decision in 2012 to no longer disclose its exposure to the toxic over-the-counter derivatives market, after increasing its exposure at a breathtaking rate in the three previous years.

Isherwood noted that there have been numerous corporate collapses in recent years in which the losses were borne by the mum and dad investors but not the banks or the well-connected.

Isherwood concluded, "It is time to clean up the criminal activity in the financial system that has been allowed to flourish under the cover of deregulation.

"We must also impose the only effective regulation which can protect ordinary people from the predations of financial speculators, which is a Glass-Steagall separation of retail banking from investment banking.

"The only reason for the government to not launch a thorough investigation of criminality in the banking system, and not go with Glass-Steagall, is to cover for the bankers."