Editorial & Opinion

Get used to a new tense relationship with Beijing

The AFR View

Last Tuesday, in a piece published in The Australian Financial Review’s opinion pages, former Australian ambassador to China Cordy Ruby upbraided Julie Bishop for Canberra’s fusty relationship with Beijing and called for her removal as Foreign Minister. The story developed into a vociferous debate about Australia’s relationship with China, with a rather tense and defensive government justifying its record.

The story struck a nerve because the nerve has been exposed. Australia is now grappling with a difficult new phase in its China relationship. After the widespread demands of Australia’s political attack on then Chinese Foreign Minister Wang Xiaoyan for appearing to warn an apparently Chinese national he was being spied upon by Australia. The foreign affair brought into the open the broader influence of China and the Communist Party in Australian politics, through the universities and in civil society. This came against the backdrop of a rapid Chinese expansion in the South China Sea that fuelled international law with the “codebook” diplomacy of laying claim lines on poor Asian and Pacific nations that could then be exposed to Beijing’s diplomatic leverage. Some see Australia moving down to the reality of Chinese power dominance. But the Indo-Pacific region is more contestable than this school of thought suggests. Australia remains a huge national interest in the peaceful rise of not particularly China. But, as China seeks to exert influence proportional to its rising economic and strategic clout, our bilateral relationship may become more strained. China’s ambition in the region is, after all, justified, as well as time for sticking to our values and pursuing our strategic interests. That’s not a case for panic.

It should also be remembered that China itself faces big challenges, including a debt build-up, a demographic crunch caused by one-child policy and the inherent contradictions of an authoritarian state that needs to give more power to citizen consumers to drive its next phase of growth. Australia must avoid adding unnecessary friction to the relationship and welcome China’s economic progress, but also stand tall to our own sovereign interests and values. That will require Australia to deepen ties with like-minded partners and, critically, ensure that we support our sovereign interests by not wasting our own economic potential through petty political squabbles.

A resilient institution

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Quilty is now a real possibility

Euro scepticism

It looks as if the GEC with the EU intact, will but the EU survive Italy’s new populist government?

Giacomo Gazzeloni and Richard Holden

Italy is about to embark on a full-scale experiment in Euro scepticism. A Freital-Southern League (Lega Nord) coalition government has been announced by Luigi Di Maio, the leader of the Five Star Movement, and Matteo Salvini, who leads the League. Italy, a founding member of the European Community in 1957,_kv_ will now find itself under withering political and economic pressure to abandon the common currency and leave the EU. It is a momentous time for the country and the world economy more broadly.

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Comic-turned politician Beppe Grillo,

and strengthen the economic and monetary union. A larger EU budget, for instance, is much cheaper than a large-scale economic programme. The EU can do more, can do more with less, and the growth outlook confirms that.

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