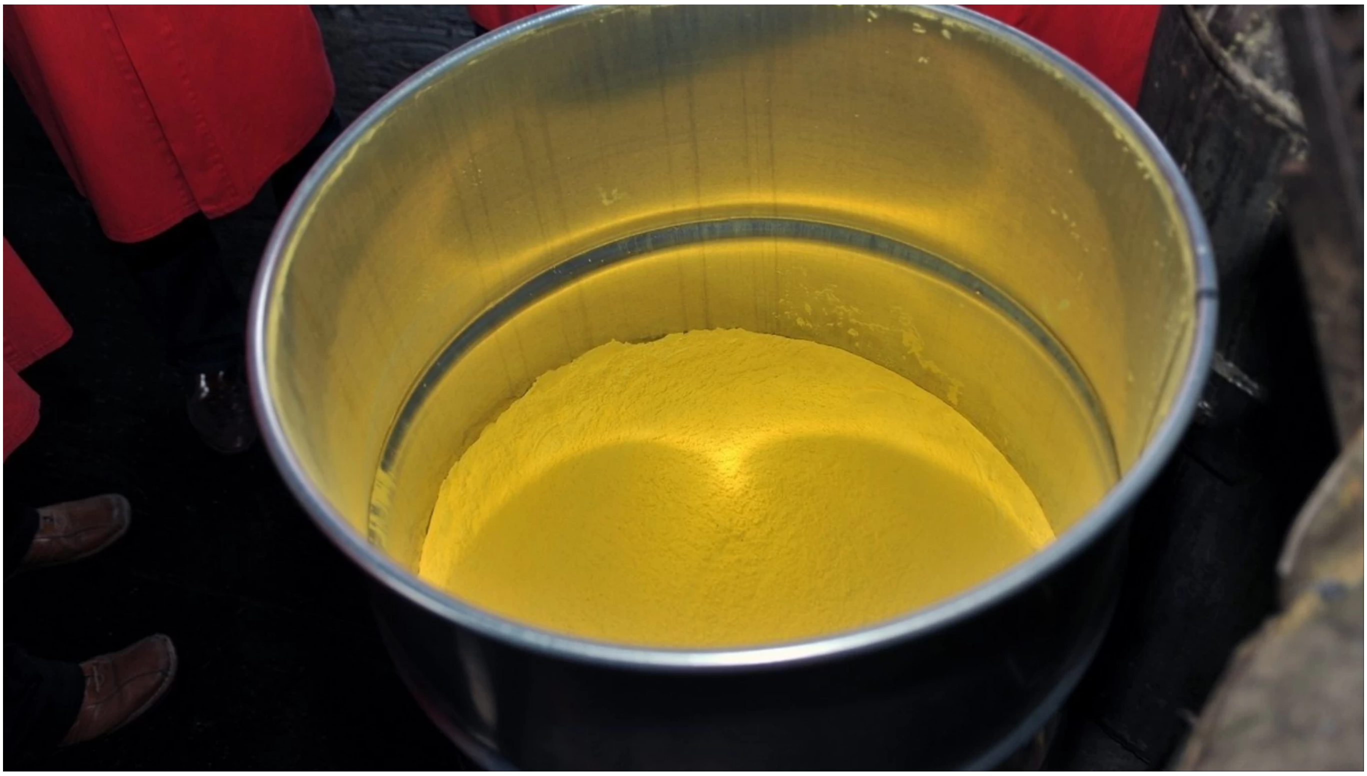
NEWS

Australia is Selling Uranium to India Without Safety Nets

Last month Australia decided to sell uranium to India. The details of the deal have now been released, and a lot of people are worried.

By **Julian Morgans** | Oct 27 2014, 9:13am



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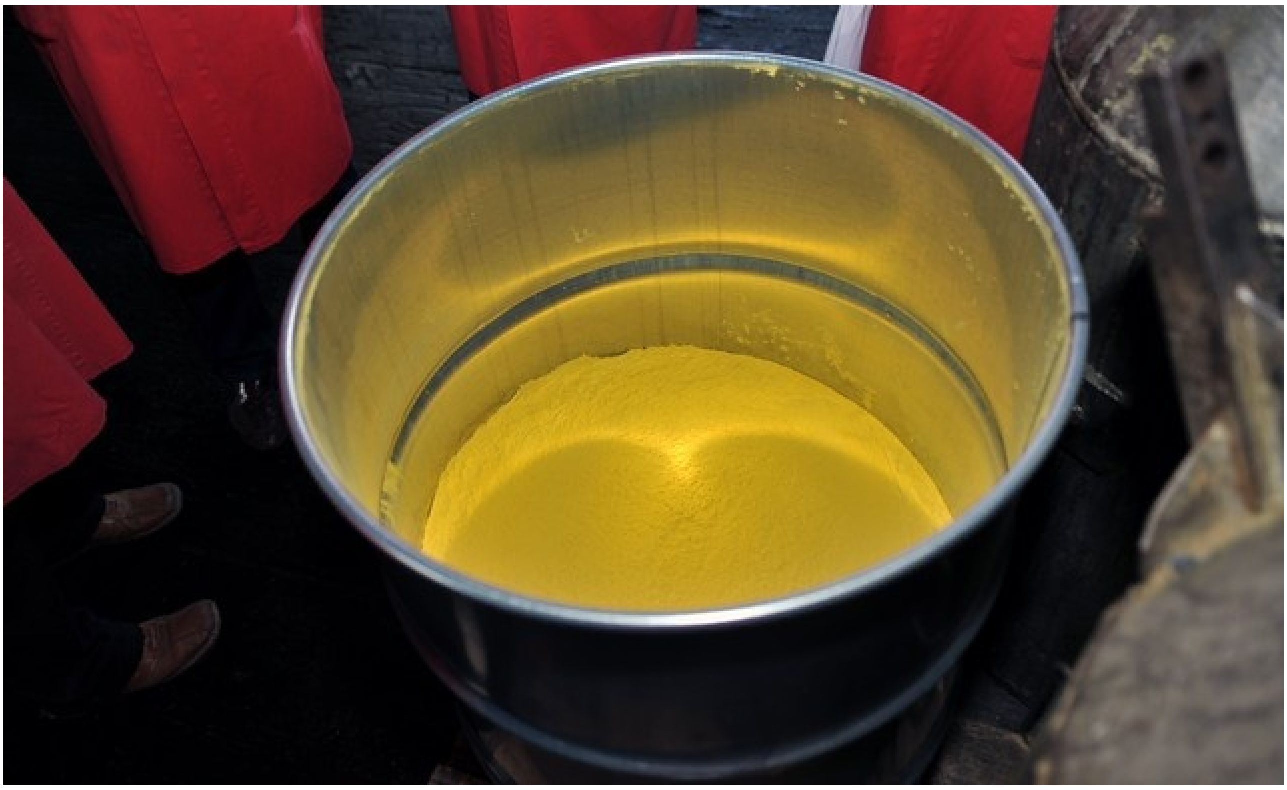

*A barrel of 'yellow cake' uranium. Image via Flickr user **IAEA Imagebank***

On May 18, 1974, India detonated an eight kiloton nuclear bomb named **Smiling Buddha**. The international reaction was swift, abject condemnation. This was the first bomb to be built from uranium sold as nuclear fuel, and it was the first bomb detonated by a country other than the five permanent members of the UN Security Council - Russia, China, England, France and the US. In essence, the world had entered a frightening new era in which non-superpowers could cobble together nuclear weapons in complete violation of the **Nuclear Non-proliferation Treaty**.

The UN Security Council responded the following year with a body called the **Nuclear Suppliers Group**. This group mandated that countries who'd signed the Nuclear Non-proliferation Treaty, wouldn't sell uranium to unsigned countries. India refused to sign, so the 48 members of the Suppliers Group - including Australia – refused to sell. India still hasn't signed, but in September this year, Australia decided to sell them uranium anyway. The **details** of the deal have only now been released, and needless to say, a lot of people are worried.

One such person is John Carlson, who is a nuclear expert at the Lowy Institute for International Policy. "Now that the text of the agreement has been quietly made public," he wrote for **The Interpreter**, "some substantial departures from

Australia's current safeguards conditions are evident. These suggest, disturbingly, that Australia may be unable to keep track of what happens to uranium supplied to India." Interestingly Carlson was the Australian Government nuclear advisor until 2010, where for 21 years he'd supported other controversial sales to countries such as **Russia**. On this deal however, he wrote that "it is not good enough to simply say that we trust India because it has an 'impeccable' non-proliferation record (and India's record in any case is not 'impeccable')".

So what's wrong with the deal? According to Carlson, the terms differ in four ways to Australia's previous uranium agreements with the EU and Japan. Firstly, Australia has no clear directive on how spent nuclear fuel is reprocessed. In the cases of Japan and Europe, Australia was able to approve how plutonium was separated from spent fuel and managed. The second modification on the India agreement is that if they somehow use the uranium outside of the International Atomic Energy Agency's safeguards, there's no framework to create new ones. Likewise, there's no assigned way to resolve a negotiation deadlock, should it eventuate. And finally, if India breeches the existing deal in any way whatsoever, there's no clause that enables Australia to reclaim its uranium. Essentially, once uranium arrives in India, Australia—and the rest of the world—will have no say in what happens next.

*Agni-2 Missile on parade at Republic Day 2004. Image via **Antônio Milena***

Australia agreed to these dubious terms because India insisted on special treatment as a sale requisite. **Canada**, which is also a major uranium exporter, also agreed to India's conditions. So why would countries such as Canada and Australia agree, aside from the economic benefits of the sale? Many claim it's because India does genuinely deserves special treatment.

"India has a fairly credible argument that the Nuclear Proliferation Treaty is a form of nuclear apartheid," says **Rory Medcalf**, who is the Director of the International Security Program at the Lowy Institute and a former diplomat to India. "That is, in the 1960s the five countries that by then had tested and developed nuclear weapons, were essentially closing the door behind themselves. Any country that hadn't tested by an arbitrary cut-off date were automatically forbidden from possessing nuclear weapons." Medcalf explains that at the time, China and India had been at **loggerheads** over disputed eastern territory, which had resulted in China's first nuclear test in **1964**. India's then Prime Minister tried to **convince the US** to extend them its nuclear security umbrella, but the US declined, leaving India defenceless to an aggressive, nuclear empowered neighbour. "So the Indians actually turned to nuclear weapons in sorrow rather than in anger, after exploring all other avenues," explains Medcalf. "Living in a dangerous neighbourhood, I can understand why India would want to leave the nuclear option open."

Ranger uranium mine, Northern Territory, Australia. Image via Flickr user ***Aaron Booth***

India therefore never signed the non-proliferation treaty, and has subsequently been able to create their own sale terms. Medcalfe, like Carlson, doesn't believe that history validates Australia's decision to sell, but it certainly provides some context. "In principal, I broadly support Australia doing nuclear commerce with India," he says, "although I share Carlson's concern that this should be a bipartisan position; that it should have the same standards of safeguards applied to other customers."

India claims the uranium will be used purely for "**peaceful uses of nuclear energy**." This means power generation, but most experts maintain that even if that were the case, importing uranium will irrespectively amplify regional disputes. "India has had a perpetual arms race with Pakistan," says Dr Adam Broinowski, who is a specialist in Asia Pacific relations at the Australian National University. "Then you also have ongoing boarder conflicts with China. Neither of those nations are the most stable neighbours, and selling uranium will definitely ratchet up pre-existing tensions." Broinowski highlights India's ongoing guerrilla insurgency as another source of risk, as well as the nation's under-resourced emergency capabilities. "If a rich, technologically advanced democracy such as Japan can't cope with a nuclear accident, what chance does India have? Basically, if Australia is serious about non-proliferation, it doesn't make sense to do this."

In Australia, the age-old argument that **if they don't sell to India**, someone else will, remains the central justification. They could purchase uranium from France, Russia, Uzbekistan, Nigeria, as well as Canada, which as mentioned is a previous vendor. But according to Brionowski, Australia has an advantage over competing countries, which it should have used to its diplomatic leverage. "Australia is a reliable source, whereas the other countries might be a little less stable, and unable to produce to such high-grade standards. It's in India's interests to go with Australia, so it's a shame that we've missed this opportunity for negotiation."

As of writing, Australia is yet to set an export date.

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MONOPOLY

Why the Brutal Death of IRL Retail Should Scare Everyone

Sears just became the latest giant to go under in the age of Amazon. This is getting creepy.

By **Matt Taylor** | Oct 16 2018, 2:23am

Composite by Peter Slattery. Photo of Jezz Bezos by Andrew Harrer/Bloomberg via Getty Images. Photos of Sears and Toys R US by Nightscream and JJBers via Wikimedia Commons

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On Monday, Sears filed for bankruptcy protection, becoming the most fabled in a long list of old-school brick-and-mortar retail brands to go under in this eerie moment of **late capitalism**. A massive brand that was once the biggest retailer in America—selling everything from build-it-yourself houses to cocaine and opium via its famed catalog—is in the red at a time of **historic economic growth**, and that's thanks in part to the way the economy is structured today. Some of the company's problems seem **to have originated or grown worse** under the leadership of Edward Lampert, a billionaire hedge-fund guy who took over in 2005 and engineered a bunch of reorganizational schemes that failed to fully reckon with the trend toward e-commerce and pilfered its assets. But as with Toys R Us and other once-ubiquitous brands, it's tough not to suspect part of what happened here was that Amazon, the most powerful company in America (led by the **richest man in ever Jeff Bezos**), squeezed Sears to death.

To be sure, Sears didn't need Amazon to have identity problems—it was already in trouble by the 1990s not because of online rivals but rather other IRL stores like Walmart and Home Depot, as the *New York Times* **reported**. But as more and more communities see once-reliable sources of jobs (and pensions) disappear at least in part because big tech companies make their own rules, it's fair to wonder how much uglier this could get—and what it means for regular people.

For some perspective on all of that, I called up Marshall Steinbaum, a research director and fellow at the left-leaning Roosevelt Institute who **previously spoke to VICE about Amazon's ability to dictate wages** across America. He told me Sears was basically the Amazon of the Gilded Age, and that it's not unreasonable to be creeped out by the steady collapse of what's left of the competition.

VICE: How significant is the collapse of Sears in the broader context of the economy—was it just another episode in the longer trend away from brick-and-mortar retail stores, or something more?
Marshall Steinbaum: The story of [the collapse of] Sears is more of a corporate governance story than an antitrust story, but it highlights the important relationship between the two. The corporate governance story is that this is a company that's been in long-term decline for decades now, and as part of that it is a ripe target for private equity [and other financial interests] to take control and milk it for all its worth. A mature company that has a customer base and a reputation [amid] the rise of online commerce—that means this company is

going to lose market share in the long run but the opportunity that presents is loading it up with debt and paying yourself a gigantic dividend. You might hasten its demise but not as quickly as the profits you're able to extract from it in the meantime.

So how does this one company's specific decline—thanks in part to financial predation and mismanagement—tie into the story of Amazon becoming a retail superpower?
Amazon is the flip side of that. Rather than looking at a long-term prognosis [of] decline and taking short-run profits, Amazon exemplifies instead investing the proceeds of a dominant company back into expanding operations into new markets and entrenching its dominance. The reason Amazon's able to do that is its shareholders—insofar as they're actually different people from Jeff Bezos—are not in position to demand that, under his management, the company runs profits. Instead, he wants to build an empire, and it keeps getting larger.

The ability of Amazon to totally bridge the convenience gap by integrating with its own logistical operation and freezing out basically everybody else from the online world and then making its inroads in the brick and mortar world [is a key factor].

Was Sears to the Gilded Age or the early 20th century what Amazon is now? Do you buy that comparison?
I do actually buy that quite a bit. The interesting thing is usually you get these dominant business models premised on some sort of infrastructure that is essentially non-discriminatory in the way it functions. The critical thing that made Sears an effective business model was that [thanks to the US Postal Service] it would deliver to basically anywhere [for the same price].

My sense is the Post Office now is completely dependent on Amazon and Amazon basically does offer discriminatory service—in terms of the speed of delivery to different places. You're in a position where it could become the case that there are different retail options depending on geography and potentially different prices depending on geography. That could worsen geographical inequality.

How much should the public really be concerned about Sears going under, though, if it was already failing and not exactly providing a crucial service

outside the people it employs?

As **antitrust has weakened and also as corporate governance has enabled the greater concentration of power** among shareholders and executives, business models that used to be illegal become legal. Amazon is a vertically integrated monopoly that controls its own infrastructure, that is able to price-discriminate, as long as prices for consumers are low. That's a business model that's very difficult for competitors to withstand—and also one that's extremely predatory on stakeholders other than consumers.

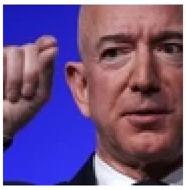
So the danger is what kind of businesses are going to dominate the economy in the future? It's not a matter of whether we shop online or go to the store or get boxes in the mail versus put them in the car—it's a matter of how is power distributed in the most dominant firms within the economy.

What does that power look like though? Is it about lobbying on K Street in DC or something else?

A world in which everyone else has to abide by antitrust laws except Amazon is obviously a competitive advantage for Amazon. So it's not so much that it's a technologically innovative company—though it certainly is that—but it has at its disposal business models other people are prohibited from using. This has definitely been the case with tech—that is a whole sector in which dominant monopolies have grown up under what in antitrust is called the consumer welfare standard: as long as things are free or cheap for consumers, any other type of exploitation is legal.

Literally right now, there's an FTC hearing going on about market power in tech platforms—at a previous one of these, the whole panel of economists was asked whether they could see an antitrust case against Amazon. And none of them was willing to say that there was an antitrust case against Amazon. They said that that was because it was inappropriate for them to mention individual companies as potentially being in violation of the law. I'm not sure I buy that explanation. That is in itself an example of political influence.

The way we talk about money in politics is a lot about money funding election campaigns and Super PACs paying for advertising. But there's a much more insidious way in which corporations are able to influence politics. The antitrust laws will be redefined to legalize a bunch of previously illegal business models—and low and behold we have a bunch of monopolies.



What's next in this story—just more brick and mortar failures? How will the public feel the impact of this trend most tangibly in the years to come? Will they?
It's not just online commerce taking the place of previously brick and mortar commerce. It's the march of business models that are extremely profitable and predatory taking the place of business models that were less profitable and predatory.

Things like the **end of net neutrality**—a vertically integrated telecom is able to favor its own content and that whole sector becomes a series of vertically integrated walled gardens where each person pays a high subscription fee and gets access to only one favored provider. Right now, the DOJ is considering revoking the Paramount consent decrees that created separation between old Hollywood movie studios and movie theaters. That was a big part of the studio system, whereby a few studios in Hollywood were able to lock down all the actors and directors with long-term contracts. Nobody had any mobility. They had to work for a given studio in order to make a living.

That would mean cineplexes would be owned by huge content companies again. What does that actually mean for peoples' day-to-day lives? You might see people in Disney costumes when you go to see a movie—mini Disney Lands or something. Maybe people would like that! But my view is that's yet another instance in which you allow vertical integration that forecloses competition from the market and enables one corporation to dominate huge segments of the economy.

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