

Don't leave Australia's economic future up to spies!

By Elisa Barwick

Will the Australian government put the “nutters” in charge of economic policy as well as foreign policy? In May 2019 former Prime Minister [Paul Keating](#) warned that “When the security agencies are running foreign policy, the nutters are in charge”. The influence of spies over politicians has left us in a diplomatic vacuum, given the security agencies had “lost their strategic bearings” in regard to Beijing, Keating pronounced. “(When) you have the ASIO chief knocking on MPs’ doors”, he said, “you know something’s wrong.” [John Menadue](#), head of the Australian Public Service under Prime Ministers Gough Whitlam and Malcolm Fraser, has also queried whether the government or ASIO is in charge of Australia’s foreign policy.

Now our government is opening the door for security agencies to determine *economic policy*—as dictated by the global Five Eyes spying alliance, which comprises the intelligence agencies of the USA, UK, Canada, New Zealand and Australia.

According to the 7 June *Australian*, Treasurer Josh Frydenberg confirmed he had spoken to his counterparts in the Five Eyes nations the previous day and received their support for regular, formal meetings. Frydenberg pushed the “economic dialogue” in order to “ensure global financial stability and a strong, sustainable and balanced economic recovery”. Prime Minister Scott Morrison said Australia was working to take the Five Eyes “into the commercial sphere” in order to “build trusted supply chains”, according to the ABC, but a report from the United States Studies Centre (USSC) at the University of Sydney said US-led regulatory changes could leave Australia in the lurch, as it transforms global technology supply chains.

With over 200 bills in the US Congress relating to US-China economic decoupling, Australia is set to be swept up by dramatic US regulatory and rule changes. The 16 June USSC report, “[Tech Wars: US-China Technology Competition and what it means for Australia](#)”, says the shift under way “will transform the terms of globalisation, international supply chains and even the US-Australia alliance. The likely result will be a further step in the transformation of the alliance from a purely geopolitical arrangement to a geoeconomic one as well.”

The report states that depending on which bills pass, if Australia wants to continue to work with the USA it may be forced to limit scientific and technological cooperation with China, put new restrictions on investment and inputs sourced from China, comply with US restrictions on exports in a broad field of dual-use technologies where we collaborate with a US company or organisation, and possibly segregate Chinese staff from other workers. US funding to Australian university or research facilities that collaborate with Chinese institutes could cease. Governments, businesses, entrepreneurs, universities, scientists and research partnerships will be affected.

Executive director of the Australian Strategic Policy Institute (ASPI), Peter Jennings, affirmed that the economic strategy of the Five Eyes is aimed at China: “Now there is an understanding that we have to address the security implications of the economic relationships in a way we haven’t had to since World War II”. In the post-war period the alliance dealt with the Soviets, he said, but most “conversations within Five Eyes now are about China”.

In a 17 June commentary in the *Sydney Morning*

Herald on the proposal for a Five Eyes economic alliance, veteran journalist Brian Toohey, author of *Secret: The Making of Australia’s Security State*, revealed that “Australia’s national security agencies and departments exercise an unprecedented sway with this government. Ministers and their staff are particularly fascinated by the Five Eyes group led by the US National Security Agency, which makes aggressive use of cyber espionage techniques that it condemns when used by others.” Toohey warned that if we pursue the current approach we could end up in “full-scale economic warfare against China that could easily morph into a full-scale hot war”.



The real China threat

In the face of a collapsing global economic system, China represents an alternative economic approach which many developing nations are adopting. China has revived the American tradition of using public credit to finance large-scale infrastructure development, a robust industrial policy, and Glass-Steagall restrictions to prevent bank speculation. China launched the Belt and Road Initiative in order to spread this approach after the 2008 financial crisis demonstrated the bankruptcy of the old system.

The Five Eyes has played a role in preventing such global collaboration and development before. The intelligence alliance grew out of the [UKUSA Agreement](#) established during World War II. The US Federal Bureau of Investigation (FBI) under J. Edgar Hoover and MI6 subsidiary British Security Coordination (BSC) collaborated during and after the war to sabotage US-China cooperation aimed at developing and industrialising Asia. A program named “[Our Job in the Pacific](#)”, written in 1944 by US Vice President Henry Wallace and fashioned according to US President Franklin Roosevelt’s mission to end British-imperial methods, was anchored in [strong collaboration between America and China](#) in the construction of FDR’s Tennessee Valley Authority and planned American assistance to build the “Chinese TVA”—the Three Gorges Dam. As military attaché at the British Embassy in Washington, in 1943 Roald Dahl, the future famed children’s author, purloined a copy of Wallace’s plan. As reported in Jennet Conant’s *The Irregulars: Roald Dahl and the British Spy Ring in Wartime Washington* (2008), Dahl related: “I was later told that [British PM Winston] Churchill could hardly believe what he was reading”; Dahl told an associate of Wallace’s, “You know that Churchill is likely to ask the President to get a new Vice President.” It took a little more than that, but [Wallace was replaced as Roosevelt’s running mate](#) in 1944, nixing the project. He was replaced with Harry Truman, who took a very different approach upon Roosevelt’s death the following year.

If Australia wants to emerge rapidly from today’s economic crisis, we need to work closely with our Asian neighbours, including China. It is time to throw the spies out of politics and stop them sabotaging economic cooperation yet again!