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[Essays](#)

## Red flags

[By Margaret Simons](#)



The undermining of a highly credible think tank dedicated to bettering Australia's understanding of China suggests a geopolitical naivety among our leaders and a lack of confidence in our role in the region

They disagree, the people in the internecine Australian defence and security community, about the likelihood of war with China within the next five years. Almost all of them regard it as a real possibility, likely over Taiwan. It is a chilling consensus.

Some point to the Cold War as evidence that we can go to the brink and draw back. Some put the chances of war at 5 per cent, others 20. A few regard it as more likely than not. Deterrence, most agree, is one of the main hopes to prevent it.

Yet, despite the long-term commitment to the AUKUS trilateral security agreement, and the consensus on the real risk of war, neither side of politics has

greatly increased our defence capacity for the next five years. That would mean more spending, which means more debt, higher taxes or government services cut to the bone. Or all of those things. And so, it doesn't happen. We cling to our powerful ally, the United States, fearing abandonment.

Even if war is avoided, we will have to live with China. Foreign Minister Penny Wong has spoken of a new role for the United States as a "balance" in our region, rather than the unquestioned dominant power. Her mantra on China is that we must "cooperate where we can, disagree where we must, and engage in our national interest". But this story, about the demise of a think tank, suggests we are ill equipped to do so.

Perhaps it is inevitable, given the cognitive dissonance these facts reveal, that there is a shadow world that lies beneath the defence, foreign affairs and security communities, including the think tanks that surround the government agencies. Actions are taken without explanation, alternative world views rejected. We become a little more like the very thing we fear.

This story is about that world, and one case study in how it has operated.

I have been trying to find out why, in 2019 and 2020, the federal government suddenly turned on an organisation called China Matters, which described its role as deepening Australian understanding of the People's Republic of China, "and thereby strengthening Australia's capacity to develop more effective policies towards the PRC". In turning on this modestly sized outfit, the government used all the tools at its disposal. First, it was defunded. Then, more extraordinarily and certainly more clumsily, tax-deductible gift status for donations to the organisation was initially granted, but then withdrawn. Then there was that staple of culture war attacks – a News Corporation "special investigation".

The chair of the China Matters board was Kevin McCann: lawyer, businessman, the former chair of Macquarie Bank and Origin Energy, and a former director at BlueScope Steel. He was described in the media at the time as the most powerful man in Australia's boardrooms. He was also a long-term member of the Liberal Party and a former president of the party in New South Wales.

McCann recalls using his connections to ministers with whom he had worked "very closely" in the past, to try to find out why China Matters fell out of favour.

"I wrote I don't know how many letters," he tells me. "I didn't get a single reply. I took up the issue with some long-time friends in very, very senior portfolios, and there was stony silence ... It was extremely hurtful."

There was another Liberal Party person on the board, Peter Hendy, who had been an assistant minister in the Turnbull government. If he knows more about what happened and why, he isn't saying – he declined my request for an interview.

Researching this story has done my head in. There have been more than a dozen interviews with people who either could not or would not be named. I think one of the people I interviewed might have been an ASIO operative – she virtually said so. But ASIO agents should not be gossiping the way she did. So perhaps that was bullshit.

From several sources there was talk of spies, foreign interference and security threats. But when I grasped at the nature of the threats, they were like columns of smoke – shifting shape, disappearing, then re-forming.

Others urged me not to listen to the “spooky spy music” coming from some quarters, and instead to consider that perhaps China Matters simply wasn't very good. One head of a security and defence think tank said the quality of its briefings to government were “variable” and sometimes “soft” on the Chinese Communist Party. But that is far from a consensus view. Others suggested that powerful people were simply not willing to engage with the reality suggested by the organisation's name: China matters, and one way or another we will have to deal with it for the foreseeable future.

I found out things that should be confidential, such as ASIO investigations into individuals, and in particular Chinese-Australian academic and public servant Yun Jiang, about whom more later.

The answer to the question – why was China Matters brought down? – is complex, multifaceted and still not entirely clear. My enquiries have left me deeply concerned about our national capacity, and our good sense.

I've concluded that the columns of smoke were the effusions of a frightened, immature nation. A nation that lacks self-confidence.

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China Matters was founded in 2014 by Finnish national and permanent Australian resident Linda Jakobson. It had some of Australia's leading foreign policy thinkers, businesspeople and political figures on its board and among its contributors. They included, at different times, Andrew Parker, who was head of PwC's Asia Practice; Stephen FitzGerald AO, Australia's first ambassador to China; Allan Gyngell AO, one of the most respected and influential thinkers in the country, and the author of the resonantly titled history of Australian foreign

policy, *Fear of Abandonment*. Also on the board for a brief time was Frances Adamson AC, who was at that time ambassador to China, later secretary of the Department of Foreign Affairs and Trade and now the governor of South Australia. Another director was Jan Adams AO, also a former ambassador to China, who, after Labor came to power, was Minister Wong's appointment as secretary of foreign affairs and trade.

Hugh White, emeritus professor of strategic studies at the Australian National University, recalls that Jakobson, whom he counts as a friend, operated with "a winning combination of charm and bluntness" and "brought an extraordinary number of people together".

The great and powerful came to China Matters discussions, held behind closed doors to encourage candid conversations. There were departmental secretaries, ministers, senior people from the security services and universities, and business leaders. The organisation traded in what one observer describes as "convening power".

One leading businessman tells me: "Before China Matters, business hardly ever had frank, broad-ranging discussions with government figures about the relationship with our biggest trading partner and what the security agencies were thinking."

Jakobson still prefers to describe China Matters as an independent "public policy initiative", rather than a think tank. But government funding models meant that, inevitably, it played in think-tank land. About 60 per cent of its funding was from government departments, including foreign affairs and trade, defence, and prime minister and cabinet. Most of government funding was project-based, in return for which the organisation provided briefings and reports. The rest of the money came from business sponsorships. From the start, the board of China Matters resolved it would only take money from Australians – governments, individuals and businesses.

Most of the briefings China Matters gave to government remain confidential. They included a 2017 report on the historical development of China's foreign and strategic policy, which went to the defence department, a 2019 report on how China used its "Belt and Road Initiative" to exercise leverage, also for defence, and a 2016 paper for prime minister and cabinet on "the mindset of PRC policymakers". These relied heavily on Jakobson's expertise and analytical abilities. In 2017, a paper she co-wrote on Chinese Australians and their attitudes to interference from the PRC, which drew on dozens of face-to-face interviews, was taken to the National Security Committee of cabinet and was regarded as "very useful", according to one source.

China Matters also published papers on its website. Authors included Liberal MP David Sharma and Labor MP Tim Watts, with each addressing the question “What should Australia do about its relationship with the PRC?” Peter Varghese, former secretary of foreign affairs and director-general of the Office of National Assessments, wrote on managing risk in the relationship.

But despite all the work and the connections, China Matters was brought down.

Jakobson first came to Australia in 2011 to work for the Lowy Institute foreign affairs think tank. This followed 22 years in China, during which she had published six books on the PRC and other East Asian countries. Her last position in Beijing was as director of the China and global security program at the Stockholm International Peace Research Institute. She was recruited to Lowy by its then executive director, Professor Michael Wesley, now a deputy vice-chancellor at the University of Melbourne. Wesley later became a China Matters board member.

Wesley recalls being “very concerned” that Lowy did not have a China specialist. He read a piece by Jakobson on the determinants and different actors in Chinese foreign policy. “I thought it was a terrific piece of work ... I thought, *That’s the sort of analysis that Lowy needs and that Australia needs.*” Jakobson became, he says “a terrific, addition” to the institute, where she took on the position of East Asia program director. “She gave us the ability to be one of the leading voices on Australia’s relationship with China.”

Apart from her academic chops, Jakobson had a relevant lineage. She is the daughter of Max Jakobson, a diplomat who helped to shaped Finland’s policy of neutrality during the Cold War. He was Finland’s ambassador to the United Nations and ran for UN secretary-general in 1971, but his candidacy was vetoed by the Soviet Union. Kurt Waldheim got the job instead.

Jakobson acknowledges that the policies her father advocated helped influence her views of Australia’s relationship with China. Max Jakobson’s record in foreign policy demonstrated how a small country with a large and aggressive neighbour could maintain its independence and sovereignty, navigating between the superpowers and going on to become one of the dozen most prosperous and educated nations in the world. It seemed extraordinary to her, she recalls, that there was so little understanding of China within the Australian policy community.

Hugh White might have found Jakobson “winning”, and Kevin McCann describes her as “forceful, in an attractive way”, but not all the people in the think-tank community and government found her so. Some thought her

abrasive. One former board member comments: “She is direct, but that’s the Finnish way. And she’s always polite and respectful.”

Everyone who speaks to me acknowledges her intelligence, or “brilliance” as some put it. She was a fresh voice, and a challenging one, but she was also a newcomer to the internecine world of Canberra. She rubbed some people up the wrong way.

Jakobson clashed with Andrew Shearer, who was Lowy’s director of studies when she arrived. Shearer was on the rise. In 2019, he became cabinet secretary to Scott Morrison, then took up his current position as director-general of the Office of National Intelligence. He was a crucial figure in negotiating what became the AUKUS deal between the United States, the United Kingdom and Australia. The clash was ideological, not personal, according to those who observed it. Jakobson was arguing for engagement, understanding, nuance and complexity in the relationship with China. In a 2012 paper, she argued that the differences in the political systems should not impede building political trust – she distinguished this from “strategic trust”, which she said was not possible while the Communist Party had a monopoly on power. “However distasteful China’s political system is ... I do not see why Australia’s elites would not want to understand how Chinese senior officials think, and above all how best to have an impact on Chinese decisions and perceptions.”

Shearer, meanwhile, cleaved ever more closely to the US intelligence and defence communities, building his connections and relationships of trust in Washington.

Jakobson left the Lowy Institute in 2014, planning to write a book called *China Matters* with another China specialist, Bates Gill. The idea behind the book became the foundation for the organisation. It is a measure of how well she was regarded that despite, by her own admission, being “not much of an administrator” and a relative outsider in Australia, she assembled the necessary support and funding. As well as money from government, she gained sponsorship from businesses with interest in China, including Rio Tinto, PwC, Aurizon and Star Entertainment. In return, she and other members of the board gave them briefings.

China Matters was never large. At its peak there were 10 employees, many of them part time. In the 2017–18 financial year – before its troubles began – income was just under \$1.2 million, according to the accounts lodged with the Australian Charities and Not-for-profits Commission.

White describes Jakobson as a practical woman and a comparative optimist. He regards the conflict between China and Australia as fundamental: “China wants

to push America out and take its place as a leading regional power. And we want America to remain the leading regional power.” Unless that is resolved, he says, the relationship can only go badly.

But Jakobson, he says, had faith that building conversations and increasing understanding could have big effects, even avoid war.

China Matters organised study tours to China for politicians and business chiefs. The first, in 2018, included the then shadow treasurer Chris Bowen and Liberal MP Julian Leeser. It was endorsed by the then secretary of the Department of the Prime Minister and Cabinet, Martin Parkinson.

The second, in 2019, included Richard Marles, now minister for defence, who described it as “high value”, and Tanya Plibersek, who had been shadow minister for foreign affairs and went on to become deputy leader of the Labor Party. Also on this trip was Fiona Simson, president of the National Farmers’ Federation, who wrote that it had been “A great way to build shared understandings ... critical to maximise opportunities for Australian agriculture.”

That study tour was in September 2019. Nobody knew it, but it was the end of the golden era.

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It was under Malcolm Turnbull, prime minister from 2015, that Australia began to take a tougher line against China, calling out the increasing attempts at interference in Australian affairs. In August 2018, Australia banned the Chinese phone company Huawei from involvement in the national 5G network. In the same year, Turnbull introduced national security and foreign interference laws – the biggest counterintelligence overhaul in decades. The new laws included tougher penalties for traditional espionage activities along with a registration scheme for agents of foreign political actors.

A sea change in public debate came with the publication in 2018 of the book *Silent Invasion*, by Clive Hamilton, on the increasing infiltration of the Chinese Communist Party in Australian civil society. Hamilton was a hero to the China hawks, but others accused him of racism, of promoting a “McCarthyist manifesto”.

The mixed response was well summed up by historian Frank Bongiorno, who wrote in a review that Hamilton had “done us a service in bringing together a great deal of information about Chinese influence on Australia”, but also that he had fallen into a trap “of viewing Communist China as uniquely demonic” in a book “littered with ... overstatement”.

Hamilton is scathing about China Matters, and his views reflect those of some policymakers who would not speak on the record.

“Everything China Matters wrote or said served the interests of Beijing,” Hamilton tells me. “It would be going too far to refer to them as ‘useful idiots’, but they certainly acted as CCP patsies.”

In 2017 and 2018, Hamilton says, there had been a “fundamental shift” in government and business “in understanding of what China had become under Xi Jinping and the danger it represented for Australian democracy ... Everyone who looked at the situation clear-eyed could see that Australia had to abandon its rose-tinted view of the China under the CCP. China Matters kept the rose-tinted glasses on – in fact, clung to them.”

But it was not under Turnbull, who lost the prime ministership to Scott Morrison in August 2018, that the move against China Matters began. Contacted for this essay, Turnbull says he has nothing to offer: “To be honest, I don’t know what happened to China Matters. I don’t know what went wrong.” As well, Dennis Richardson, secretary of the defence department until 2017, tells me he regarded China Matters as a useful organisation. At the time of his retirement, he says, there was no suggestion of security concerns regarding China Matters.

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In June 2019, Jakobson published “A New China Narrative for Australia”, written by her with input from Stephen FitzGerald, Allan Gyngell, Michael Wesley and others. Jakobson denies she was being deliberately cheeky, but the “narrative” was written as though it were a speech to be delivered by the prime minister.

“[W]e will never accept that issues are viewed exclusively through a security prism,” the document had the PM saying. “[We] must understand the policies and goals of the People’s Republic of China ... We must be mindful to ensure that our public discussion is based on facts, and is not overblown or emotive ... [We will avoid] the perils of fatalism, or fixation on narrow, one-dimensional assessments of China.”

Jakobson heard on the grapevine that this document had greatly annoyed prime minister Scott Morrison’s closest advisers, Andrew Shearer among them. Such views were now falling radically out of favour. This was epitomised by the emergence of the so-called Wolverines, a group of MPs – mainly Coalition but including some from Labor – who prided themselves on a hawkish attitude to China. The name was inspired by a 1980s American high-school movie.



Members at one stage marked their office doors with claw marks to declare themselves. Two of the most prominent Wolverines were MPs Andrew Hastie and James Paterson.

From late 2019, several public service and Coalition government sources confirm, the word went out that China Matters was not the kind of organisation that the government should continue to fund. China Matters board members were told that the organisation's work was no longer "relevant". That they and Jakobson were regarded as "naive".

Justin Bassi is now the executive director of the Australian Strategic Policy Institute, one of the best-funded think tanks in the country. His appointment to ASPI in March 2022 was one of the last actions of the Morrison government. At the time China Matters was defunded, he was the chief of staff to foreign minister Marise Payne. Bassi claims the defunding had nothing to do with ideology. "A diversity of views is vital to healthy and constructive debate on national security," he says. "Research and analysis that puts forward evidence-based, well-reasoned views from all perspectives should be supported."

The issue, according to Bassi, was that the China Matters research, was "not consistently high quality ... often basic analysis that lacked original data and strong, evidence-based arguments". Ministers are time poor, he says, and "China Matters' research reports were rarely at the standard to be provided, by advisers and officials, to senior decision-makers".

I hear versions of this criticism from both sides of politics. But others insist the work was of value, and point out that the reports, while crucial to the funding model, were not the only important thing China Matters was doing. It was the meetings, the bringing people together, that was at least equally valuable.

One person in particular – Allan Gyngell – is referred to by both those who support China Matters and those who attempt to justify its defunding. Gyngell served as director-general of the Office of National Assessments – the Office of National Intelligence's predecessor – for four years. He had, in the words of Shearer "a lifelong commitment to our country". His position on the board, and his close working relationship with Jakobson, are a problem for those who suggest China Matters was acting contrary to Australia's national interests. Yet it is suggested by some of the people I talk to, who want to cast doubt on the organisation's worth, that he had become a China Matters sceptic.

Gyngell, sadly, cannot speak for himself. He died in May 2023 only weeks after a cancer diagnosis. But the suggestion he cooled on China Matters is powerfully contradicted by the emails he wrote to Jakobson as the organisation came under attack. They show a continuing warm and collaborative relationship.

In one, he was scathing about the Wolverines. It was not their policies he objected to, he said, but the immaturity of the approach: “the fact that senior Australian lawmakers so trivialised one of the most important issues in Australian foreign policy by self-describing themselves as if they were a gang and this was a video game or movie”.

Jakobson recalls that when he knew he was dying, Gyngell appealed to her to “get the story out” on how China Matters was destroyed. It was in fulfillment of her promise to Gyngell that she agreed to speak to me.

By early 2020, China Matters was losing its government funding. In March, the coronavirus lockdowns began. Australia’s relationship with China entered a new nadir in April when foreign minister Payne called, unilaterally, for an international inquiry into the causes of the outbreak of Covid-19 in Wuhan, China. This, in Hugh White’s view, was the point at which the China–Australia relationship “fell into a deep dark hole, an almost unprecedented collapse in the quality of a bilateral relationship with a major player”.

Jakobson had always planned to further diversify China Matters’ funding. In 2018, she had applied for the organisation to be granted deductible gift recipient (DGR) status, so that donors could claim a tax deduction for their gift. Given the organisation did not fit into the usual categories for this, it required a special listing in legislation. In April 2019, the then assistant treasurer, Stuart Robert, wrote to tell Jakobson the application had been successful. The government would introduce the necessary change to the taxation law “as soon as practicable”. He appended a warm handwritten note: “Well done Linda for all your efforts. I’m looking forward to working with you going forward.”

In the same week, the intention to give China Matters DGR status was mentioned in the budget papers. But a few months later, when the enabling legislation was tabled in parliament, China Matters’ name had disappeared from the organisations being listed. Jakobson sought an explanation. Robert – now minister for government services – replied reassuringly: “I was the minister that took tax deductibility to Cabinet and fought for it.” As late as May 2020, Robert wrote to Jakobson that the DGR listing “remains government policy so will occur”.

He was wrong. One month after Robert wrote that letter, China Matters found out that it would not get DGR listing. It learnt this not through any official government correspondence, but in the pages of the News Corp tabloids. An extraordinary series of articles, clearly based on briefings from government figures and billed as a “special investigation”, asserted that China Matters “has had its funding pipeline cut off” and its DGR listing denied, after “concerns it was lobbying against Australia’s national interests”. It had “fallen out of favour

in Canberra with MPs concerned it was using taxpayer funds to boost Beijing's agenda".

It was an extraordinary attack. The articles included pictures of the board and a list of the corporate sponsors. The innuendo was that these eminent figures had betrayed the nation. The conservative magazine *Quadrant* followed up with the suggestion that the board members of China Matters should be registered as agents of foreign influence.

Gyngell wrote to Jakobson. The articles, he said, were defamatory of the whole board and "outrageous".

"It's pretty clear to me that we have inadvertently landed in the middle of three different fights," he wrote. "One is the policy fight over the direction of Australian policy towards China. In this, our opponents want to paint us as accommodationist ... But in the other two fights we seem to be proxies in a factional war within ... the Liberals and Labor – which is severely complicating our capacity to do our job ... I don't understand at all what's happening on the coalition side but there too, I think, we are also a victim of tensions within the Liberal Party between conservatives and moderates."

Defamation action was one possible response, but the board decided that the best thing to do was to simply get on with the job – in Gyngell's words, to "continue to put out into the public debate information and analysis which is high-quality and relevant".

It took until October for China Matters to finally get official confirmation that it would not receive DGR status. The then assistant minister for finance and charities, Zed Seselja, wrote that it "would not proceed", without explanation.

It was this reversal in what was, or should have been, a simple application of administrative law, that most damaged China Matters. It could have survived the end of government funding, according to Jakobson. There were private donors prepared to contribute a total of around \$1 million. That disappeared in the face of the attacks and the withdrawal of DGR.

It is also the withdrawal of DGR that most outrages Kevin McCann. Government is perfectly entitled to stop funding an organisation, he acknowledges, but "to use DGR status to silence an organisation that doesn't support the way the government is handling an important relationship" is in his view "anti-liberal, almost autocratic".

Senior public service observers were astounded. The clumsiness of overturning a decision already made, and apparently against the wishes of Robert as the

relevant minister, suggested, “personal animus ... it must have taken a very particular effort. And it was clearly an effort to kill the organisation.”

Interviews with a number of Coalition figures reveal that the “main movers” in getting DGR status withdrawn were senators Hastie and Paterson – the prominent Wolverines. Taxation law fell within treasurer Josh Frydenberg’s portfolio, but he tells me he had little to do with it.

Hastie did not respond to requests for an interview. Paterson declined to provide quotable material.

Yet, just months before the organisation’s difficulties began, in late 2019, both Paterson and Hastie had agreed to take part on a China Matters study tour to China, scheduled for late in the year. But, when China Matters approached the Chinese embassy for visas, it was greeted with a rebuff. It was “not convenient” for these parliamentarians to visit, it was told, and the visa applications were never formally submitted. The news of the rebuff leaked to the media – another front-page headline in the story of the deteriorating relationship.

Hastie and Paterson made the most of it, issuing a statement saying they were “particularly disappointed that the apparent reason why we are not welcome in China at this time is our frankness about the Chinese Communist Party. Despite this, we will always speak out in defence of Australia’s values, sovereignty and national interest.” But the leak of China’s rebuff was embarrassing to everyone involved.

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So, what was the reason for the concerted attack on China Matters? I piece together the story from three key sources, two of them parliamentarians, one a close observer.

I am told that the reason China Matters was denied DGR status was nothing to do with the quality of its work, or with the embarrassment over the visa denial, but rather because of “security concerns” that had come to light as part of the investigations caused by the application for DGR status. The application had prompted the government to look more closely at China Matters, seeking advice from “various agencies” about its activities. On the basis of that, it was decided that granting DGR status was “contrary to the national interest”.

Why had Stuart Robert apparently believed that DGR status for China Matters was still government policy as late as May 2020? It is suggested to me that he had not done due diligence. Robert, who has now left politics, did not respond to attempts to get in touch for this essay.

So, what were the security concerns? The problem, I am told, was not any particular individual, but rather “the way China Matters operated ... their business model”. It is not suggested they were taking money from Beijing. I cannot squeeze any more clarity from this source.

Another source suggests the problem was the study tours. This source is of the view that Australian parliamentarians should only go on such visits to China if the itinerary has been “shaped by advice from ASIO or the security services”. There were “multiple issues” with the China Matters visits. They included meetings with Communist Party sources and people from the United Front Work Department, which under Xi Jinping had been expanded to exert influence, including over foreign politicians. This raised “the possibility of cultivation and longer-term inappropriate influence of people who might in the future be making important policy decisions”.

I take these allegations to McCann for his comment. When I tell him the DGR withdrawal was due to perceived “security concerns”, he is outraged.

“I find that absolutely incredible,” he says. “One, I am a loyal Australian. Two, a former defence minister appointed me to the defence procurement board, and I got a high security rating for that.”

As for Jakobson, she acknowledges that the study tours – dubbed “Linda tours” because they relied so heavily on her contacts – included meetings with CCP members. “If you want to have a functional relationship with the People’s Republic of China, you are bound to have dealings with Communist Party of China members,” she says. “It is impossible to have any impact on the way policymakers in China think without meeting members of the Communist Party.”

Responding to the suggestion this was a security concern, she adds: “This is an outrageous allegation. My whole life, I have tried to explain the thinking of leading members of the Communist Party of China so that we would understand why China behaves as it does. It doesn’t mean that I understand it in the positive way, that I would agree with these policies.”

So how real was this “security concern”? Hugh White is dismissive. If the problem was that people might be brought into contact with Communist Party members who are trying to influence them, and with whom we might disagree, “that is not a security issue. That is a conversation.”

Finally, I ask Peter Khalil, the Labor MP for Wills, what he thinks of this “security concern”. Khalil is no dove. Before he entered parliament in 2016, he worked for both the departments of defence and foreign affairs and trade, and

was a national security adviser to former prime minister Kevin Rudd. Since Labor came to power, he has chaired the Parliamentary Joint Committee on Intelligence and Security, which has statutory responsibility for overseeing the intelligence agencies. In that role he is privy to security briefings and classified information. His predecessor in the post was Wolverine James Paterson.

Khalil tells me he had been approached, after entering parliament, to join the Wolverines. He had “politely declined. I said, ‘I’m from an Egyptian background. I’m more like a desert jackal. I work alone.’”

Does he think the China Matters study tours were a security risk? “I think that there’s not much of an argument, to be honest ... It assumes that politicians are so weak minded that they could fall for the Jedi mind trick of a study tour.” Having said that, he agrees politicians were, six years ago, “extraordinarily naive” in dealing with China. That has changed. The National Security College at Australian National University now conducts courses for new MPs and others. Khalil has participated as a mentor.

And, he says, it is true that, “The level of foreign influencing behaviour, interference, espionage and sabotage is at unprecedented levels and the vast majority comes from China ... It makes the Cold War look like a picnic. It is very serious.”

But none of that, in his mind, is a black mark against China Matters. He recalls it as having a “particular slant” in favour of engagement with Beijing. That would have been unremarkable in the United States, he says, where there are dozens of think tanks of all views and colours. If Australia had more think tanks, “It wouldn’t be a problem. Everyone would recognise China Matters as an organisation that has that particular view, and it would be part of the ecosystem.”

But the China Matters story suggests that instead of being fostered, different approaches have been weeded out.

Michael Wesley comments: “The ethos of China Matters was that Australia’s relationship with China is complex. Different parts of Australian society have different perspectives on China. So let’s maintain a dialogue between those different perspectives. That broad liberal, rational, approach was increasingly at odds with where a number of people within government wanted Australia’s relationship to go. I think there was a determination that the voices with a less hawkish view of China should either be convinced or shut down. I think there were times when hawkish voices were veering very close to accusing others of being disloyal to Australia, of being corrupt and suspect.”

And that, says Wesley, shows the very qualities that we criticise in China. “It was, in my view, more than a bit totalitarian.”

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Another column of smoke arises from the China Matters story. If it had been up to Jakobson, she would have folded China Matters after the denial of DGR status, but her board insisted that they should not give up, that they should continue to try and do good work for as long as they could.

Some of the organisation’s remaining money went to establish a fellowship in partnership with the Australian Institute of International Affairs, Australia’s oldest private research institute on politics and international relations. The first recipient, announced in May 2022 at an event presided over by ABC journalist Stan Grant, was Chinese-born Australian Yun Jiang.

Jiang had already hit the headlines when, in October 2020, she appeared before a Senate committee investigating issues facing diaspora communities. Then senator Eric Abetz (a Wolverine) had insisted she and other Chinese Australians condemn the Communist Party of China – something not asked of the Caucasians appearing. Former prime ministers Turnbull and Rudd both criticised Abetz’s remarks. Morrison responded: “There is only one pledge that any Australian citizen should take and that’s the pledge they take when they become an Australian citizen.” But he did not directly denounce Abetz.

And yet, despite all this, as I probe the China Matters story Jiang’s name is raised with me as another potential “security concern” with the organisation – even though her work with China Matters post-dated the government moves to defund it and withdraw DGR status.

It is pointed out that after a career in the public service, including two years in the Department of the Prime Minister and Cabinet, Jiang had moved to the Department of Defence, where she had lasted only four months. The shortness of her tenure, I am told, suggests she had failed a security check. After working for defence, Jiang was employed at Australian National University for two years, before joining China Matters.

Jiang’s work on the China Matters fellowship resulted in four research reports. The first was about China’s role in the Antarctic. She concluded that fears Beijing wanted to exploit Antarctica’s mineral and fossil energy resources, militarise the continent and even make its own territorial claims were overblown. “In coming years Antarctica could even prove to be a bright spot in Australia–China relations,” she wrote. It was a sunny view, and counter to that of other expert Australian academics. The other reports were on Chinese

scientists and China's relationship with Indonesia and Australia. She argued that Australia would lose out on scientific progress as well as talent if Chinese scientists came under undue suspicion.

Gradually, as I speak to more people, it becomes clear that there is lots of gossip in Canberra circles about Jiang. Columns of smoke, but impossible to grasp.

I am told by someone in a position to know that she had been the subject of an ASIO investigation. My source does not know the result of that investigation. And it occurs to me to wonder what it means for "security threats" that such information, normally rightly confidential, found its way to me – a journalist.

Ironically, or perhaps tragically, Jiang addressed precisely such suspicions in an essay that was published in *Foreign Policy* magazine. "Consider this," her piece began. "I was born in the People's Republic of China; I was a member of the Chinese Communist Party's Young Pioneers and used to regularly salute the party flag; half my family are members of the CCP ... How do these facts shape your perceptions of me? Would you think that I am agent of the PRC? Would you call up the national security hotline and make a report about me when you see me sitting in a cafe outside a government agency in Canberra?"

Could a woman who has highlighted such issues in public, who has argued her case at public events, in submissions to Senate committees, really be a security threat?

There is only one thing for it. I ring Yun Jiang and, in the nicest way I can muster, ask her if she is a security threat. A spy.

She is surprised to receive the call. She says she had no idea she had been investigated by ASIO, but it does not shock her. That, after all, is ASIO's job. But, she says, "From what you are telling me, the investigation itself seems to become the evidence that I am a suspicious person in the minds of some."

When she began work for prime minister and cabinet, Jiang says, she gained a security clearance. She still held that clearance when she went to work for defence. She holds it still, in her present job with Treasury. She did not leave defence because of a problem with her clearance. Rather, she chose to leave because for the first time in her career, she encountered racism. Attending a meeting, she would be asked if she had the appropriate security clearance, when the question was not asked of her Caucasian colleagues.

She was also told that she had to observe strict limits on expressing her views. "I was told I cannot criticise government policy or the Trump administration, even in private conversations." She knew this was not accurate. There are of



course limitations on public statements, but public servants “still have freedom of speech in a private conversation”. She found it ironic that Australia, in countering autocracy, should become so autocratic.

In the wake of her experience in defence, she wrote a policy brief for the Lowy Institute that did not reference her personal experience, but advocated for more diversity in the public service and for the skills of Chinese Australians to be better used. She recorded instances of Chinese Australians who found they were denied the chance to work on China-related topics, or whose security clearances were delayed, because of fears they might be open to coercion through family members in China.

So, is there any reason why she might have been investigated by ASIO? Her best guess at the reason is that when she was the China Matters fellow she visited China and spoke to many people as part of her research. She had been nervous. In preparation for this visit, she spoke to the Chinese embassy because she was worried about her personal security, aware of Chinese Australians who had been imprisoned, such as journalist Cheng Lei. The discussions at the embassy reassured her.

Has she ever been subject to coercion? “There has been nothing in my discussions I would interpret that way,” she says. Nor had her family in China been warned or invited to “cups of tea” with the authorities – the common euphemism for a warning.

Jiang has argued in her written work that there is a danger in seeing any pro-Beijing activity as foreign interference, when in fact freedom of association and freedom of speech – basic rights that distinguish us from China – should mean that we are prepared to tolerate alternative views, even pro-Beijing ones. She clarifies, “I would not describe myself as pro-Beijing.”

She has also argued that the demonising of Chinese Australians, including herself, “betrays a fundamental lack of confidence in Australia’s liberal democracy”.

Justin Bassi, at the Australian Strategic Policy Institute, knows Jiang. “I would consider that I have offered mentoring to Yun. She has been to ASPI, both for events and individual meetings with me. She is welcome any time.” Given Bassi’s position as head of the think tank most concerned with security threats from China, that is a strong and significant endorsement.

Jiang talked freely about these matters to me, and consented to this material being published. That’s strange conduct if she were indeed a suspicious person.

And thus the column of smoke, the supposed security concern, morphs and dissipates.

So where is the boundary between influence, which is part of a democracy – and the purpose of diplomacy – and interference, which is illegal?

One foreign policy analyst tells me: “The smartest trick in the book is finding someone who already shares your views and then elevating their platform. Nobody’s lying. There is no money changing hands. No laws are broken. And that is the reason why it’s such a pervasive and insidious kind of thing that can’t easily be countered through the security state.”

Where red lines are crossed is when someone is in the pay of a foreign government or is being coerced.

But, this source says, the best counter to that is to make sure that such people can report any approaches or coercion to the authorities. They are less likely to do so if that results in them being the subject of gossip to journalists, or being attacked in government forums, let alone front-page newspaper attacks.

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Some of the Coalition government sources I speak to urge me to consider why the Albanese government, which has changed the rhetoric on China, which speaks of “engaging in our national interest”, has nevertheless not re-funded China Matters or restored its DGR status. This, I am encouraged to think, is surely evidence that there really were problems with China Matters, and its death was not only a matter of ideological fervour.

It is true that Labor sources I speak with do not fly to the organisation’s defence, but, in fact, by the time Labor came to power, reviving China Matters was not an option.

Jakobson, for personal reasons, had already decided to return to Finland. The ambition had always been to broaden the organisation, to give it an existence independent of its founder. But due to the actions of the Morrison government, China Matters had not had long enough to achieve that. Without Jakobson, there was little to revive. The organisation finally formally closed up shop in April this year.

The aftermath of its closure, Michael Wesley says, is that with the possible exception of Lowy, where Richard McGregor now occupies the post once held by Jakobson, no Australian think tank has a depth of understanding of China.

“ASPI has never really had a China specialist working for it,” Wesley says. It has Mandarin speakers, he acknowledges, “but I would struggle to call them China experts. They don’t have the deep understanding Linda Jakobson brought.”

ASPI holds a particular place in the ecosystem of Australian foreign policy think tanks. It is generally seen as hawkish on China. Wesley describes it as “ideologically committed ... It has decided on a particular view of China, which tinges all of its work.”

Justin Bassi responds: “ASPI is a national security research institute. Calling it hawkish is like saying that an arts and cultural organisation that engages with China is doveish because it dedicates its attention to people-to-people links.” He claims ASPI has “the deepest China expertise of any think tank in Australia”, but also says “it is our job to analyse threats and risks ... We leave other researchers to consider the relationship purely from the economic, trade, cultural and people-to-people perspectives, though in our view it is no longer possible to separate economics and security.”

One possible exception to the lack of speciality on China is the Australia–China Relations Institute at the University of Technology Sydney. But, in the view of many, that body is compromised by its founding, when it took money from Chinese businessman Huang Xiangmo, who was later denied entry to Australia on security grounds as a foreign agent. It was also a relationship with Xiangmo that was the principal reason Labor senator Sam Dastyari was forced out of politics.

The current director of ACRI, James Laurenceson, says that the history is undeniable: “Clearly ASIO saw a security issue with Huang Xiangmo.” Today, ACRI’s industry partners are declared on its website. They include the Business Council of Australia, the China Construction Bank and Star Entertainment, but Laurenceson says 95 per cent of the funding comes from UTS itself: “If the university stopped backing us, we would fold overnight.”

He contrasts that with the position of ASPI, which receives more than \$8 million in funding from the government. Without secure, core funding from either government or industry, it is very hard for any think tank to develop the depth of expertise the country needs, Laurenceson says.

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If the China Matters story has continuing relevance, it might well be picked up by a review of the way the Commonwealth government funds national security

strategic policy work. Announced in February this year, the review is being run by Peter Varghese, now chancellor of the University of Queensland.

As he is head of the review, Varghese declines a request for an interview. But he tells me he stands by remarks he made in February 2023 at a China Matters oration by Kevin Rudd.

At that event Varghese said: “China Matters knows that to understand China is not to endorse its policies. By ceasing its funding, the previous government apparently believed the opposite. This, despite the fact that China studies in Australia is going backwards ... China expertise in our universities is diminishing and knowledge of China elsewhere in Australia, with some notable exceptions, remains thin.”

Given those words, the paucity of China expertise will presumably be one of the things on Varghese’s mind as he reviews think-tank land.

Bassi is happy to share ASPI’s submission to the Varghese review, and urges that all the submissions be made public “in the interests of transparency”. The submission makes a pitch for ASPI to be listed for DGR status – the very status denied to China Matters. It also recommends more transparency for “all universities, think tanks, civil society groups and private entities” that receive Commonwealth funding.

The ASPI submission asserts that Australian governments have been shy of funding research on “sensitive” topics, especially China, and that this is against the national interest.

Meanwhile Jakobson, speaking from Finland, reflects on present-day China.

“I have devoted nearly my entire career to China,” she says. “I have watched with sadness the increasing authoritarianism of the Xi Jinping government. We read a lot, rightly so, about human rights abuses in Xinjiang, for example. But mainstream China ... they are suffering also from a crackdown on civil liberties. This is upsetting.

“I still find China an absolutely fascinating place. I still think it’s an immensely important country to understand. And it will have a huge impact not only on Australians, but also the rest of the world.”

As for the claim that Australian democracy is at risk from Chinese interference, Jakobson says: “I have yet to see evidence that the Chinese government has succeeded in persuading Australian citizens to adopt a view that would be detrimental to Australia’s national interest. I am of the opinion that one should

have faith in the democratic institutions of Australia and in the reasonable thinking of Australian citizens.”

But such faith was lacking when China Matters was brought down. Processes and power were exercised without accountability. Despite our rhetoric about valuing democracy, we turn away from alternative views. We jump at shadows. Which doesn't mean – most certainly doesn't mean – that there is no threat.

### [Margaret Simons](#)

Margaret Simons is an author, journalist and journalism academic. She has written numerous books, articles and essays, including the Quarterly Essay *Cry Me a River: The Tragedy of the Murray–Darling Basin*.