# MONEY MONEY ITS A RICH MANS WORLD

Economic security in a sharply divided world





#### Australian Peace and Security Forum

Working towards comprehensive national peace and security

### Money, Money, Money It's a rich man's world

#### Economic security in a sharply divided world

# Peace and Security Quarterly Report No. 4 December 2025

"The current trajectory of rising military expenditure, weakening cooperation and widening gaps on the Sustainable Development Goals is not delivering greater peace. It is instead undermining the foundations of shared security and prosperity. Continuing along this path risks entrenching arms races, compressing fiscal space for social investment, eroding public trust, and pushing sustainable development and climate goals beyond reach."

The Security We Need: Report of the UN Secretary General, 2025.



# Australian Peace and Security Forum

Working towards comprehensive national peace and security

The APSF is a not-for-profit Think Tank bringing together a broad network of informed researchers, professionals and practitioners working to strengthen peace and security for all Australians by providing information, analysis and opportunities for dialogue with Government and civil society.

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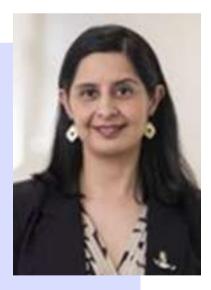
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#### **CONTRIBUTORS**



Ouentin Grafton is an UNESCO Chairholder in Water Economics and Transboundary Water Governance and was an ARC Luaretae Fellow (2020-2025). He is an environmental/resource economist specialised and published in the areas of water economics, management and policy; resilience; foodnexus; COVID modelling; energy-water forest fisheries adaptation; conservation: and economics. He has an abiding interest in the problems of the environment, especially the over exploitation and management of renewable resources.

Professor Grafton is also Convener of the Water Justice Hub, Director of the Centre for Water Economics, Environment and Policy (CWEEP) at the Crawford School of Public Policy, and is affiliated with the ANU Institute for Climate, Energy and Disaster Solutions.



Sukhmani Khorana is a Scientia Associate Professor in the Faculty of Arts, Design and Architecture, based in the School of the Arts and Media, University of NSW. She is a Co-Director of the Media Futures Hub, and an elected staff representative on the university's Academic Board (term beginning 2026).

A leading scholar in media and cultural studies, Sukhmani's research focuses on how migrant communities use media and storytelling to foster belonging and agency.

She is the author of Mediated Emotions of Migration: Reclaiming Affect for Agency (2023), The Tastes and Politics of Inter-Cultural Food in Australia (2018), and co-author of Migrants, A New History (2025). Her current work explores discourses of race and multiculturalism in the era of information disorder.



Peter Mayer is Affiliate Associate Professor at the University of Adelaide. He has written on many aspects of historical change in Indian politics, international relations, economics, history, anthropology and sociology — especially the sociology of suicide. His recent publications have examined issues including: why elections in India appear to defy Duverger's Law of party competition; the declining rate of massacres of India's Dalits; the causal relationship between disease and democracy, and the multiple causes of murder for dowry in India's states.



Millie Muroi is the economics writer for the Sydney Morning Herald and The Age based in Canberra's Press Gallery. She was formerly a business reporter covering banking and financial services in Sydney, and a graduate economist at the Chamber of Commerce and Industry WA in Perth. Millie completed a degree in economics and English literary studies at the University of Western Australia.



David Purnell OAM has been active in working for peace for many years. He has been a mediator in interpersonal and intergroup conflicts, an educator on peace and justice, administrator of the UNAA, and a convener of restorative justice conferences. He was awarded the Medal of the Order of Australia for his peace activities. He has been an ongoing member of the national Quaker Peace & Legislation Committee, and is a regular writer of briefing documents for Quakers and others on current peace-related themes. He lives in Canberra and is a great-grandfather now.



John Quiggin is a Professor of Economics at the University of Oueensland. He is prominent both as a research economist and as a commentator Australian economic policy. He is a Fellow of the Econometric Society, the Academy of the Social Sciences in Australia and many other learned societies institutions. He has produced publications, including six books and over 200 refereed journal articles, in fields including decision environmental economics. production theory, economics, and the theory of economic growth.

He has also written on policy topics including climate change, micro-economic reform, privatisation, employment policy and the management of the Murray-Darling river system. His latest book, Economics in Two Lessons: Why Markets Work so Well and Why they can Fail so Badly, was released in 2019 by Princeton University Press.



Niusha Shafiabady is Associate Professor and Head of Discipline for IT at Australian Catholic University, and Adjunct Associate Professor at Charles Darwin University. She is an internationally recognised expert in computational intelligence, artificial intelligence, and optimisation, with more than two decades of experience bridging academia and industry. Niusha is the inventor of a patented optimisation algorithm and director of the Women in AI for Social Good Lab, where she leads research on machine learning, data analytics, and ethical AI applications.

She has also created two AI tools: AiLabz, a predictive analytics safe tool, and a secure Q&A tool designed to support safe engagement with AI systems. Her work focuses on aligning technological innovation with social empowerment, knowledge sovereignty, and sustainable futures, and applying AI for social good. She is also a trusted commentator on AI governance, youth safety, and digital policy.

# Money, Money, Money It's a rich man's world

#### Introduction

Inequality was a headline theme for the G20 leaders meeting in South Africa in November 2025. Globally between 2000 and 2024, the richest 1% captured 41% of all new wealth, in contrast to just 1% being captured by the bottom half of humanity according to the report by G20 Extraordinary Committee of Independent Experts on Global Inequality. Data from the World Inequality Lab show that the richest 10% of people in the world account for 52% of total global income and 76% of total global wealth. The poorest half of the global population barely owns any wealth at all, possessing just 2% of the total and earns a mere 8.5% of global income.

Billionaire wealth has risen three times faster in 2024 than 2023. Five trillionaires are now expected within a decade, <u>says OXFAM</u>. Meanwhile, crises of economy, climate and conflict mean the number of people living in poverty has barely changed since 1990 according to the OXFAM report <u>Takers not Makers</u>. 60% of billionaire wealth comes from either inheritance, cronyism and corruption or monopoly power, says OXFAM.

We live in a world of profound inequality. Technology and the development of AI have exacerbated the creation of wealth for a tiny minority and further impoverishment for millions who do not have access to the internet. The interlinkage between the IT sector, dominated by seven IT global companies headed by rich men, and the weapons industry has accelerated this wealth accumulation. To add to this outrage, the new AI assisted weapons are texted as proven in wars against the disempowered as we have seen in Gaza.



Yet, inequality is a choice. We the people, must demand that our governments ensure that the economy serves the people and contributes to a more peaceful and secure world. Governments can adopt policies that reduce inequality, and in so doing reduce the risk of tension becoming conflict and reduce the pressure on millions to move in search of survival.

The Australian Peace and Security Forum calls for a comprehensive national peace and security strategy for Australia. In defining such a strategy, we need to be clear about what kind of Australia we want to live in, what counts as progress, and how we assess how well we're succeeding.

In "Money, Money, Money, it's a rich man's world", we look at six issues at the intersection between the economy and security. 'The economy should serve the people not vice versa' is an often-heard retort, but government budgets all too often see big spends on defence and brakes applied to funding for health, education, housing and support for those in need. Affordability is the focus on widespread community alarm at the rising cost of living. Yet the Government seems more concerned to spend big on weapons out of fear of imaginary wars pushed by the vested interests in the military industrial complex.

A bigger defence bill won't necessarily make Australians' more economically secure according to **Millie Muroi**. She suggests that "it's also possible, and indeed probable, that government spending on building the country's military equipment manufacturing capacity is not the best use of taxpayer money – especially when viewed through the framework of opportunity cost, and who benefits, and who does not."

As international development assistance wanes and global poverty grows, Ms Muroi points out that "as economic inequality worsens, it can feed into insecurity, push people deeper into poverty and worsen or ignite domestic or international conflict as they fight to survive and unleash their frustrations."

In AI, Security and the New Colonial Question, **Professor Niusha Shafiabady** explores how AI is reshaping global economic security, whether it risks reproducing colonial-style asymmetries in digital form, and how countries like Australia can choose to steer AI in a more cooperative, secure, and equitable direction.

Professor Shafiabady notes that "forecasts suggest AI could add US\$15.7 trillion to the global economy by 2030, making it one of the most powerful drivers of growth in modern history." The "The question is not whether AI will change the world, but whether that change will reinforce dependency rather than cooperation", she challenges.

In the digital era, Professor Shafiabady observes that power no longer requires territorial occupation. "It can be exercised through data extraction, algorithmic decision-making, and infrastructure control. This is sometimes described as digital colonialism." This challenging chapter ends with a call to action: "The future of AI will not wait for us; it will be shaped by the decisions we make today."

The alarming reality is that insecurity and conflict have become profitable as **David Purnell** OAM outlines in a review of three recent reports from the UN Special Rapporteur on Human Rights in Palestine, the International Campaign to Abolish Nuclear Weapons (ICAN), and Quakers Australia (QA). All three make very clear that there is an economic bonus from the capacity to take advantage of war to make excessive income and profits for some companies and individuals in some states.



The UN Special Rapporteur's report is a "stark reminder of how easily companies can enable terrible crimes to occur as they are drawn into conflicts which can yield strong financial gains for them and their shareholders.

The Report on Companies building nuclear weapons and their financiers reminds us the negative impact of the diversion of valuable resources from health, education, housing and other vital services into weapons research and manufacture. In August 2024, 260 banks, pension funds, insurance companies, asset managers and other financial institutions had investment relationships with one or more of the 24 nuclear weapons producing companies in US, China, France, India, Italy and the Netherlands. Australia had a total of 5 financiers – Macquarie Group, Perpetual, National Australia Bank, ANZ and Westpac investing in nuclear weapons manufacture.

The Quakers Australia paper Australia's *Opaque Arms Trade and Obligations Under International Law* (August 2025) analyses the available information on Australia's part in the arms trade, and links that to its international obligations especially under the Arms Trade Treaty (adopted in 2014). The incessant trend towards greater trading and exchange in weapons of all kinds, the investment in more potent and deadly products, and the expanding numbers of people engaged in the arms trade – all these facts point to the danger of much greater human suffering and planetary decline.

How Australia's stated policy objectives align with defence purchases is the focus for **Professor John Quiggun** who suggests it is an "incoherent mix of objectives".

Noting the Australian Government's stated policy aim of "A Future Made in Australia", Professor Quiggin suggests "a more rational policy approach would provide direct subsidies to manufacturing of all kinds, while leaving open the option of off-the-shelf purchases of defence equipment. Paying higher costs to encourage a domestic armaments industry entails the opportunity cost of forgoing assistance that might be provide to other industries with greater social and economic benefits."

Similarly, he observes that "the claimed <u>industrial benefits</u> of AUKUS involve integration into United Kingdom and United States supply chains. This is consistent with an industry policy goal of increasing exports of elaborately transformed manufactures. But it is directly contrary to the defence goal of enhancing our independent capacity to protect ourselves in an emergency." "In the event of a conflict that cut off international supply chains, we would be unable to secure parts and repair services except for the subset that happened to be allocated to Australia," he notes.

But what to do? **Professor Quentin Grafton** argues "for a different frame of reference – a way of thinking that does not dismiss national defence and 'from without' risks but includes a full, proper and equal evaluation of the risks 'from within'. My focus is on risks from within that are socio-economic."

Professor Grafton points out that "by failing to adequately support its disadvantaged, Australia risks 'sleepwalking' into heightened political risks of populist leaders capturing political power with the associated social and economic turmoil. He is convinced that one key action needed is "the effective implementation of Universal Basic Services, to mitigate increasing risks to our democracy and our prosperity while supporting a more just future for all Australians.



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He explains that "in a low-income country, the provision of Universal Basic Services is severely limited by affordability constraints. In such places, Universal Basic Services might be limited to free primary education and primary health care. In a rich country, like Australia, it could comprise free and/or affordable education for all, including at the tertiary level, high-quality and accessible healthcare, and basic housing for everybody so that no one is homeless.

Professor Grafton ends with a resounding call for Australian governments to do what's right for Australians. "Doing what's right – delivering sufficient services to meet the needs of all Australians – supports justice but it's also smart policy. If delivered in full, Australia should avoid the turmoil affecting comparable countries and achieve a more just and safer future for all," he concludes.

One issue that is being used to divide the community and polarise public opinion is immigration. But it is also an issue that is not going to go away as millions of people face the necessity to move either because their land can no longer provide enough food and a livelihood or because where they live has become uninhabitable due to climate disruption. Climate change is expected to result in large scale movements of desperate people who believe their best chance of survival is to go somewhere else. As Professor Albert Palazzo explained in the Second Quarterly Report "The Heat is On', "Australia may see migration numbers reach into the millions. If this occurs, it will be a political, security and, perhaps most importantly, a moral issue for all Australians. Australia is more capable than most states to weather repeated climate change shocks, particularly when compared to the states of the Global South. At some point, as the governments of nearby states collapse and their societies descend into chaos, Australians will need to decide what degree of hospitality they will provide, if any." Our national peace and security require a more careful and informed discussion on the future of immigration to Australia.

There is a long-established cycle in Australian public opinion on the moral panic surrounding immigration according to recent research by **Associate Professors Peter Mayer** and **Sukhmani Khorana**. "The most recent wave of migration panic in Australia was made obvious during the <u>anti-immigration protests</u> across capital cities that began in late August this year", they observe.

"It turns out it's possible to chart the voters who will become concerned about immigration, and when," according to Mayer and Khorana.

This cycle began some time ago. "Australia's history with anti-immigration fears goes back as far as the <u>Lambing Flat riots</u> in New South Wales in 1860, when white miners attacked and drove off about 2,000 Chinese miners," they point out.

"What characterises almost all these moments is a period of economic recession and rising unemployment" and the evidence is available in data from recent <u>Australian electoral surveys</u>, taken after each general election. "It's clear older voters are more likely to feel numbers are too high. Younger generations tend to be less worried about migration numbers than the generations that preceded them," they conclude.

Recent data on social cohesion shows "concerning levels of prejudice, particularly towards people of Islamic faith and Australians from Asian and African backgrounds". Mayer and Khorana conclude that "Governments at all levels need to act promptly to contain this latest moral panic." We would add that governments of all persuasions must ensure that basic services (housing, health care, education, etc.) are maintained at high levels, and not diminished, regardless of the rate of migration. Otherwise, expect push back on migration, especially those most dependent on free (or mostly free) public services, justified or not.

#### **Acknowledgements**

The Australian Peace and Security Forum published four in the 'Peace and Security Quarterly Report' series in 2025. They have focused on the four pillars of comprehensive national security: defence security, environmental security, human security and economic security. Previous Quarterly Reports, **Give Peace a Chance** published in April 2025 and **The Heat is On** published in June 2025, and **Stayin' Alive** in August 2025 are available for free download at <a href="https://www.austpeaceandsecurityforum.org.au">www.austpeaceandsecurityforum.org.au</a>

In 2026, we aim to continue the series with a focus on key peace and security issues. To join APSF or learn more about our webinars, Talking Authors online and other activities, visit our website <a href="here">here</a>.

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And thanks to ABBA for the title!

Professor Quentin Grafton and Russell Rollason AM (Co-editors)

# A bigger defence bill won't make us more economically secure Millie Muroi

In fewer than three years, Australians will know whether the country has managed to hit an ambitious goal: cracking into the top 10 exporters of military equipment worldwide.

It's an aspiration first set out by Malcolm Turnbull in 2018 when the former prime minister said he would aim for Australia to reach that position within a decade.

Unlike many of the things that Australia is renowned for globally – mining iron ore, extracting natural gas, and raising cows for beef – military equipment manufacturing is not something the country has a clear comparative advantage in.

That is, Australians have never been especially good at it (at least not enough for it to make much sense to divert resources towards it). The Australian Army's research centre for example, published a report in 2020 noting "Australia does not have comparative advantage in any areas of interest to the army" with the exception of critical minerals and food products.

Yet, since 2018, successive governments – from both major parties – have continued to work towards the aspiration of becoming a top 10 military equipment exporter.

There have, of course, been some Australian military innovations including a <u>world-leading radar technology</u> known as the Jindalee Over-the-Horizon Radar (JORN). But as a general observation, Australian government investment in defence has not delivered especially high returns.

This could partly come down to individual government shortfalls. In its first term, the Albanese government, for example, blamed the underperformance of defence projects on the "chaotic administration" of its predecessor.



# Government spending on building the country's military equipment manufacturing capacity is not the best use of taxpayer money



Deputy Prime Minister Richard Marles in 2022 said critical defence projects under the Coalition had been "bungled, face long delays and have failed to deliver promised capabilities - from Battlefield Airlifters which can't fly into battlefields to patrol boats built with sub-standard aluminium that was prone rusting."



#### Is this the best use of taxpayer money?

But it's also possible, and indeed probable, that government spending on building the country's military equipment manufacturing capacity is not the best use of taxpayer money – especially when viewed through the framework of opportunity cost, and who benefits, and who does not.

Spending money on military equipment manufacturing might lead to some gains, but the benefit for Australia, and the world more broadly, could be much greater if the country's limited funds were funnelled into areas in which Australia has proven strengths. A <u>recent review</u> of evidence from non-OECD countries confirmed a clear negative effect of military spending on economic growth.

One of the biggest arguments for higher defence spending and investment in building up the country's defence manufacturing capacity is that it can strengthen national security at a time of heightened geopolitical tensions.

The Israel-Palestine and Russia-Ukraine wars, as well as China's growing influence in the Asia-Pacific region, have fed into fears, both globally and domestically, and led support to the belief that Australia must prepare to defend itself – and become more self-sufficient – by sinking more money into military equipment manufacturing.



## Producing more military equipment does not necessarily lead to a greater guarantee of safety for Australians



The Australian government has also faced pressure from US President Donald Trump to <u>ramp up its defence spending</u> as a share of the country's economy, although those demands have abated recently.

But does aspiring to make Australia a top 10 military equipment exporter and throwing more taxpayer money at the aspiration really put the country in a better position when it comes to security?

It could have a deterrent effect for any countries looking to threaten Australia, but it's also important to note that producing more military equipment does not necessarily lead to a greater guarantee of safety for Australians – or a more peaceful world.



## A tit-for-tat arms build-up where everyone is a loser.

That's because manufacturing and supplying more military equipment may end up fuelling conflict by equipping people to fight for longer, extending or intensifying battles.



Increased supply of weapons from Australia could help any beneficiaries to get the upper hand needed to decisively defeat their opponent. But it can also prompt other countries (with differing interests to Australia) to ramp up their own spending on military manufacturing to counteract this effect and support their own interests, leading to a more destructive conflict. A sort of tit-for-tat arms build-up where everyone is a loser.

#### The cost of conflict

While war can temporarily increase economic activity, especially in infrastructure and defence materials, that growth generally doesn't last and comes at the expense of less economic activity in other parts of the economy (e.g. health care and education). Using up defence materials also does not add to human well-being. Importantly, the destruction of infrastructure, loss of life and heightened instability tend to erod the confidence of investors and consumers – and shrink the capacity of the economy. The economic costs of the Russia-Ukraine war are still being calculated. The cost of conflict is, typically, greater on the young and less mobile and those with less wealth.



These are the people who tend to have fewer savings and alternate forms of income and the people who are hit hardest by price rises for essentials such as energy and food, which tend to eat up a bigger share of their income, which has happened in Russia and the Ukraine. See <u>UNICEF</u>.

As economic inequality worsens, it can feed into insecurity, push people deeper into poverty and worsen or ignite domestic or international conflict as they fight to survive and unleash their frustrations.

On top of the human and environmental costs, these conflicts disrupt global trade that has negative consequences on other countries not in direct conflict. Conflict hampers the movement of people, goods and services, money and ideas –while the uncertainty around supply and price volatility can discourage consumers from spending and businesses from investing.



# Defence spending pulls money away from areas, such as renewable energy, in which Australia has a comparative advantage



While some of the geopolitical tensions and conflicts Australians are seeing may heighten the perceived need to spend more on military equipment manufacturing – both to export and to build defensive capacity domestically, focusing too heavily on defence materials skews funding and resources away from overcoming social and economic inequality, both within and among countries.

In Australia, defence spending pulls money away from areas, such as renewable energy, in which Australia has a comparative advantage due its abundant land and renewable resources such as wind and sunshine. Not only is it an area that is likely to yield higher returns, but it's also an area the country – and the world – needs to prioritise if there is any hope of slowing climate change.

#### National security needs stability and safety in the environment

National security is not only about protecting the country from physical threats to safety from bad actors but also protecting people from threats posed by the increasing frequency and intensity of natural disasters such as bushfires and floods and ensuring they have a liveable environment.

Even if Australians decide that building up the country's military manufacturing capacity is the first-order priority, that ambition will falter without stability and safety in the environment in which people live.

And if national security is about providing safety and protection for all people in the economy, then investing ever-increasing amounts into an area such as defence, at the expense of services used by all – such as hospitals and schools – and the environment, is a poor choice when it comes to responding to social and economic injustice.

No one is suggesting defence spending should be zero but cracking into the top 10 exporters of military equipment worldwide by 2028 is an achievement that befits a very few at the expense of many. Stockholm International Peace Research Institute (SIPRI) – which tracks arms shipments between countries – put Australia in 16th place for the period between 2019 and 2023 with a share of 0.6 per cent of global exports (well below the 2 per cent needed to enter the top 10).

As the government continues to push towards establishing a bigger military equipment manufacturing industry in Australia, injecting billions more of its funds into defence, it's hard to imagine the social rate of investment makes it worthwhile.

If the goal is to make Australia more economically and environmentally secure, a much bigger defence budget and exports is not the way to do it.



#### **CHAPTER 2**

AI, Economic Security, and the New Colonial Question





Niusha Shafiabady

Artificial intelligence (AI) has moved rapidly from the margins of our imagination into the centre of global economic life. It now shapes how goods are traded, how services are delivered, how governments make decisions, and how value is created-or extracted.

This raises a pressing question: will AI strengthen shared economic security and foster international cooperation, or will it deepen inequality and entrench new forms of digital dependency?

Earlier this year, I was asked by <u>The Conversation</u> whether AI poses an existential risk. My answer was yes-not because of science fiction scenarios, but because the risks already emerging in governance and the economy are real, immediate, and widespread.

This essay explores how AI is reshaping global economic security, whether it risks reproducing colonial-style asymmetries in digital form, and how countries like Australia can choose to steer AI in a more cooperative, secure, and equitable direction.

#### Al as a New Source of Economic Power

Al is transforming industries everywhere. In healthcare, algorithms can diagnose illnesses faster and personalise treatment. In agriculture, farmers use Al to model crop yields and adapt to climate change. In logistics, Al accelerates supply chains and predicts disruptions. In finance, it analyses markets and automates transactions at speeds impossible for humans to match.

Forecasts suggest AI could add <u>US\$15.7 trillion to the global economy by 2030</u>, making it one of the most powerful drivers of growth in modern history. The <u>OECD</u> has also highlighted that AI is now deeply tied to productivity, distributional outcomes, and the direction of long-term innovation.



That imbalance means AI is not just a technology. It is an instrument of economic influence-and potentially, control.

But these benefits are not evenly spread. Only a handful of nations and firms control the data, computing power, and research ecosystems that underpin advanced Al. This creates a sovereignty gap between Al "makers" and Al "takers."



# AI does not need to be malicious to be colonising



In the digital era, power no longer requires territorial occupation. It can be exercised through data extraction, algorithmic decision-making, and infrastructure control. This is sometimes described as digital colonialism.

We see <u>signs</u> of this already. Public data is mined across borders to build commercial AI models, with little benefit returning to local communities. National services increasingly depend on foreign-owned platforms. Semiconductor and cloud infrastructure are concentrated in the U.S., China, and a few multinationals. Talent and intellectual property flow to a handful of <u>global AI centres</u>.

Al does not need to be malicious to be colonising. Unequal ownership, opaque governance, and weak safeguards are enough to reproduce old hierarchies in new forms. The question is not whether Al will change the world, but whether that change will reinforce dependency rather than cooperation.

#### Australia's Al Dilemma

Australia is a capable adopter of AI but not a sovereign AI nation. We rely heavily on imported platforms, offshore data storage, and foreign-trained models in sectors ranging from defence to healthcare. We participate in the AI economy-but we do not shape it.

So the dilemma is clear: will Australia be a customer in someone else's digital future, or a co-author of shared capability in our own region?

A peace-aligned, economically secure approach would rest on three priorities:

- building domestic capability rather than renting intelligence;
- securing economic and data sovereignty through regulation and national investment;

• fostering regional cooperation across the Indo-Pacific, where shared capability prevents dependency.



# The question is whether we can afford to underinvest in the technology that will define economic and strategic power in the decades ahead



This requires seeing AI less as a commodity and more as a shared civic and strategic asset-one that shapes outcomes in everything from trade to wellbeing.

Australia also faces a stark strategic trade-off: whether to invest billions in conventional defence assets such as submarines, or to channel equivalent resources into sovereign Al capability. Both matter, but the opportunity cost is real. Submarines defend territory; Al defends sovereignty in the digital economy. The question is whether we can afford to underinvest in the technology that will define economic and strategic power in the decades ahead.



### Copyright, LLMs, and Intellectual Sovereignty

Any discussion of digital sovereignty must also confront the unresolved copyright issues surrounding large language models (LLMs). Many academics are acutely aware of how this affects research, integrity, creative labour, and the control of of intellectual property.

Most frontier LLMs have been trained on vast, scraped datasets that include books, journal articles, artworks, and cultural artefacts-often without the knowledge or consent of creators. This raises three intertwined concerns. First, copyright leakage: authors and researchers do not currently receive visibility, attribution, or compensation when their work becomes part of commercial Al training datasets. This represents a form of intellectual extraction that mirrors broader patterns of digital colonialism. Second, academic integrity and cultural loss: when models are trained on academic writing without consent, the knowledge base of universities becomes a de facto free resource for Al companies.

This, risks eroding the economic foundations of scholarly publishing and weakening the institutions that produce trusted knowledge. Third, sovereignty over national knowledge systems: if Australian literature, research outputs, Indigenous knowledge, and public cultural assets are absorbed into foreignowned AI models, we risk losing control over how our intellectual heritage is represented, filtered, or repurposed.

The core issue is not just copyright compliance, but power. Control over training data shapes who benefits from AI and who is excluded. Without clear global norms, countries without large AI companies may find their cultural and academic outputs continually harvested to enrich technological ecosystems elsewhere.

A secure and equitable AI future therefore requires mandatory transparency on training datasets, consent-based data usage agreements, fair compensation models for creators, protections for Indigenous Data Sovereignty, and public-sector AI models trained on ethically sourced, locally governed datasets. Just as the colonial era involved the



extraction of natural resources, the AI era risks becoming one of intellectual resource extraction unless proactive, rights-based governance frameworks are established.

#### Is AI an Existential Threat?

When I said that AI poses an existential risk, I meant that it has the potential to reshape the conditions under which societies function, without overt malice or intent.

The risks are already visible. <u>Labour market</u> displacement is occurring without transition pathways. Capital and infrastructure are concentrating in <u>monopolies</u>. Public decision-making is eroding as opaque algorithms expand. Democracies are relying on private technology for core functions. National security systems are dependent on foreign <u>infrastructure</u>.



Control will not vanish overnight, but it may erode gradually through dependency.



Equally concerning is the porous boundary between commercial data collection and its redeployment for security purposes. Data initially gathered for civic or commercial ends is increasingly repurposed for defence, policing, and intelligence - often in ways that lack transparent oversight. This blurring of domains raises critical governance questions: who controls the data, under what authority, and for whose benefit?

These are slow-moving risks. Control will not vanish overnight, but it may erode gradually through dependency. The existential question is governance: will we retain the ability to shape systems that increasingly shape us?

#### **Strategic Recommendations**

#### Sovereign AI infrastructure

Australia should invest in national compute capacity, secure cloud services, and locally governed data centres rather than relying exclusively on foreign platforms. Sovereign infrastructure reduces dependency on external providers, ensures continuity in times of geopolitical tension, and strengthens trust in the integrity of national systems.

#### Al for public benefit

Al development should be directed toward areas where social wellbeing is the priority—such as healthcare, climate adaptation, and aged care—rather than being driven solely by commercial incentives.

#### Responsible AI trade

High-impact AI systems should be treated as critical infrastructure, subject to the same safeguards and oversight as energy grids or telecommunications networks.

#### Workforce transition and education

Al will inevitably <u>reshape labour</u> markets, but the impact need not be destructive if governments invest in ethical training, reskilling, and new role creation.

#### **Indo-Pacific AI co-operation**

Australia should co-create AI capability with regional partners rather than importing solutions or imposing them. Any Indo-Pacific cooperation must inevitably grapple with the role of China. China's scale and technological capability make it an indispensable actor in regional AI development, yet strategic tensions and contrasting governance models pose significant challenges. The region faces a critical choice: to exclude China and risk systemic fragmentation, or to pursue bounded cooperation that advances shared capability while preserving national sovereignty and security.

#### **Ethical guardrails**

Certain uses of Al-such as autonomous <u>weapons</u> or mass biometric surveillance-pose direct threats to peace, trust, and democracy.

The urgency of establishing ethical guardrails for AI cannot be overstated. Without them, technological development risks outpacing the institutions that safeguard peace, rights, and democracy. These guardrails should include international treaties prohibiting lethal autonomous weapons, mandatory transparency in biometric surveillance, and independent oversight of high-risk algorithms. The longer ethical frameworks are delayed, the harder it becomes to retrofit accountability into entrenched systems.

#### Conclusion

All now sits at the centre of global economic and strategic power. It is not inherently good or bad-it is directional, shaped by the systems into which it is introduced.

Whether AI becomes a tool for empowerment or a driver of exclusion depends on whether countries like Australia build the guardrails, institutions, and cooperative pathways that align technology with peace and shared prosperity.

The urgency of these choices cannot be overstated. Strategic trade-offs between conventional defence assets and sovereign Al capability, porous boundaries between commercial and security data, and questions of regional cooperation-including with China-are converging now. Delay risks locking nations into dependency and eroding sovereignty before accountability frameworks can catch up.

That is the economic question.

That is the democratic question.

That is the peace and security question now before us.

We still have a choice-but the expiry date is accelerating. The longer ethical guardrails and sovereign investments are postponed, the harder it becomes to retrofit accountability into entrenched systems. The future of AI will not wait for us; it will be shaped by the decisions we make today.



The significant rise in global spending on armaments has become much more visible because of the recent wars in Europe, the Middle East and Africa. It is shocking to realise that ten times more is spent on arms than on aid programs, and that this trend has been going on for at least a decade. This chapter looks at the situation in the light of recent research and commentary from three sources – the UN Special Rapporteur on Human Rights in Palestine, the International Campaign to Abolish Nuclear Weapons (ICAN), and Quakers Australia (QA). All three make very clear that, alongside the human tragedy of suffering in war, there is an economic bonus from the capacity to take advantage of war to make excessive income and profits for some companies and individuals in some states.



#### The war has become a testing ground for new weapons



#### The economy of genocide

The first report is called From Economy of Occupation to Economy of Genocide (2025). It is issued by the UN Special Rapporteur on the Occupied Palestinian Territories, Francesca Albanese. Its main point is that arms manufacturers, tech firms, building and construction companies, extractive and service industries, banks, pension funds, insurers, universities and charities have all profited from the ongoing genocide in Gaza. This claim is based on the evidence of weaponry and technical advances being used to displace and replace Palestinians, upgraded surveillance against journalists and activists, use of heavy machinery to destroy infrastructure, building on stolen land and controlling natural resources, blocking access to water, electricity, gas and fuel. Billions of dollars are channelled by financiers to Israel's occupation tourism and agribusiness. The war has become a testing ground for new weapons.

The report emphasises that, had proper human rights diligence been undertaken, corporate entities would have disengaged from the war. International humanitarian law confers obligations on companies and governments. The report calls for the cessation of all business associated with human rights violations, and the payment of reparations to the Palestinians. The report is a stark reminder of how easily companies can enable terrible crimes to occur as they are drawn into conflicts which can yield strong financial gains for them and their shareholders. Being removed from the actual conflict areas, decision-makers in these organisations lose perspective, and the governments that regulate their activities are left behind by the speed with which military activities are automated and exploited for financial gain.

#### Who funds nuclear weapons?

The second report is called At Great Cost: The Companies building nuclear weapons and their financiers ((ICAN 2024). The report starts with a reminder of the catastrophic effects of the use of nuclear weapons on humanity and the planet. It reaffirms the UN report's description of the negative impact of the diversion of valuable resources from health, education, housing and other vital services into weapons research and manufacture. The details outlined in the report demonstrate how extensive the diversion has become.



In August 2024 260 banks, pension funds, insurance companies, asset managers and other financial institutions had investment relationships with one or more of the 24 nuclear weapons producing companies in US, China, France, India, Italy and the Netherlands. Investors held \$514b in shares and bonds, \$270b in loans and underwriting. The biggest profiteers are Northrop Grumman and General Dynamics. Others heavily involved are BAE Systems, Boeing, Leonardo, Lockheed Martin and RTX. Australia had a total of 5 financiers – Macquarie Group, Perpetual, National Australia Bank, ANZ and Westpac.

#### Australia and the arms trade

The third report is the Quakers Australia paper Australia's Opaque Arms Trade and Obligations Under International Law (August 2025).

It analyses the available information on Australia's part in the arms trade, and links that to its international obligations especially under the Arms Trade Treaty (adopted in 2014). The stated goal of recent Australian governments to enter the top ten exporters of armaments has led to a rapid expansion of spending on defence production, and the details of much of this have been kept secret or at least obscured by inadequate reporting and lack of transparency. <a href="http://www.quakersaustralia.org.au/arms">http://www.quakersaustralia.org.au/arms</a>.

The Arms Trade Treaty (ATT) was achieved by a combination of pressure from NGOs and active advocacy from several member states of the United Nations, including Australia. Its objective is to establish global standards to reduce human suffering, forbidding arms sales that might cause human rights violations including against women and children. There are 116 states parties (including Australia) to the Treaty, and 26 other signatories who have not ratified it yet. Oceania and Asia have the lowest number of parties. Annual reports are expected, but so far only around two thirds have been providing them. The Treaty Monitor speaks of 'a persistent struggle to achieve accurate, comprehensive and transparent reporting'.



Australian reports are not meaningfully transparent and use "excessive aggregation concerning some types of arms...making it impossible to determine weapons subcategories and final destinations of the transfers"





Australia's position is mixed. It does contribute to the UN Trust Facility Supporting Cooperation on Arms Regulation (UNSCAR) and has funded the Australian-based Centre fort Armed Violence Reduction that helps small states monitor transfers of arms. It helped fund the Stimson Centre (UK) to review the Treaty on its tenth anniversary and has worked with New Zealand to engage Oceania countries. However, the Treaty Monitor has pointed out that Australian reports are not meaningfully transparent and use "excessive aggregation concerning some types of arms...making it impossible to determine weapons sub-categories and final destinations of the transfers".



## Under the AUKUS arrangements, military exports to the UK and USA are exempt from the need for permits



Another matter of concern is that, under the AUKUS arrangements, military exports to the UK and USA are exempt from the need for permits. This makes the recording and checking of movements of armaments much more difficult, as those two countries currently comprise two-thirds of the export permits given by Defence. It is hard to see how such exemptions can do anything for transparency and accountability.

Despite the secrecy surrounding much of the arms trade, some details have emerged from questions at Parliamentary Estimates Committee hearings and through diligent research by some academics and NGOs. The range of companies involved from Australia with government contracts includes Electro-Optic Systems (EOS) exporting remote weapons systems to UAE and Saudi Arabia for likely use in Sudan and Yemen, Thales Bushmaster Armoured Vehicles to Indonesia for likely use in West Papua, and multiple military exports to the Philippines. Some Australian-based firms are supplying weapons components and parts to Israel, such as Lockheed Martin F-35 parts for aircraft, Elbit Systems for drone support technology, and Rafael for missiles.

There are examples of more adequate reporting, especially by European nations including UK, Netherlands, Germany, Spain and France. They are more specific about destination countries, the value of exports, parliamentary scrutiny, details of criteria for permits, and end-use monitoring. Importantly, most give close attention to the recipient country's respect for humanitarian law.

A related development that adds to the negative impact of the arms trade is the evidence that large weapons manufacturers are influencing the emerging generation through sponsoring STEM courses and awards in schools and universities. Of course, promoting interest in military hardware and prospective jobs in the industry helps boost sales and raise profits for the companies involved. As a protest, The Friends School in Hobart is declining offers from such companies to sponsor STEM programs and has decided to make public its opposition to such influence, in the hope of encouraging other schools to do likewise.

#### An opportunity to make a difference

The incessant trend towards greater trading and exchange in weapons of all kinds, the investment in more potent and deadly products, and the expanding numbers of people engaged in the arms trade – all these facts point to the danger of much greater human suffering and planetary decline. The need for action to reverse these trends is stark, and Quakers are engaged in advocacy worldwide for this. In the Australian context, we are campaigning for (a) great parliamentary scrutiny of military exports, (b) public reporting of the nature and destinations of exports, (c) monitoring and verification of end-use in accordance with the arms trade treaty, and (d) establishing ethical criteria for military imports. Our advocacy has included contact with many MPs and Senators, government officials in Defence and Foreign Affairs, and promoting a petition by many NGOs and individuals for a parliamentary review.



Quakers have concluded that the oversight of changed arrangements for more transparency and accountability lies best within the portfolio of Foreign Affairs and Trade (DFAT) rather than Defence, which has the task of promoting the defence industry. DFAT is already monitoring compliance with numerous international conventions and treaties (e.g. on nuclear and chemical weapons) and is well-suited to adding the arms trade protocols to its brief. This role could be enhanced by a specific parliamentary committee focusing on foreign policy.

The United Nations Secretary-General, Antonio Guterres, has often drawn attention to the contradiction between commitments to the Agenda for Peace and the actions of many governments in creating more threats to the most vulnerable people and communities. In an address to a UN session on small arms and light weapons (18 June 2023) he emphasised the importance of giving a voice to those people in shaping policies to change the direction of global effort towards reducing the flow of arms and building peaceful and inclusive societies. Australia has the opportunity to make a difference in this cause.





## There has been no explanation of the strategic rationale for AUKUS, let alone any attempt to weigh costs and benefits



Discussions of defence policy in Australia typically start from two underlying presumptions. The first is that the protection of our freedom and sovereignty from foreign conquest is too fundamental to be subject to the kind of cost-benefit analysis that is, or ought to be, normally applied to public expenditure. The second is that defence policy can be used to promote a wide variety of goals, such as projecting power and influence through peacekeeping and disaster relief.

Unfortunately, these presumptions are mutually inconsistent, and lead to incoherent policy responses. This is most evident in the case of AUKUS, the largest single defence purchase in Australian history, and a major change in policy with the shift to nuclear-powered submarines. There has been no explanation of the strategic rationale for AUKUS, let alone any attempt to weigh costs and benefits. Yet there has been extensive discussion of the potential for increased employment of skilled trades workers. Given the expenditure involved and the relatively modest numbers of workers required, this ought to be a third-order consideration, yet it appears to have had a significant influence on the design of the program.

As the case of AUKUS suggests, the interaction between defence and industry policy is a tangled one. In particular, the strong political demand from <u>South Australia</u> for manufacturing industries to replace motor vehicle building has weighed heavily on policy choices, effectively ruling out "off-the-shelf" purchases of submarines, and placing a high premium on including some Australian contribution to production of such high-cost items.



# It is hard to see how producing components of complex fighter planes would translate into ability to produce the weapons and munitions that would be needed to defend Australia



#### A future made in Australia

Given that the stated aim of policy is "A Future Made in Australia", a more rational policy approach would provide direct subsidies to manufacturing of all kinds, while leaving open the option of off-the-shelf purchases of defence equipment. Paying higher costs to encourage a domestic armaments industry entails the opportunity cost of forgoing assistance that might be provide to other industries with greater social and economic benefits.

There is a defence rationale for maintaining a capacity to produce armaments. In the event of a long conventional war, Australia might be unable to import crucial supplies. Hence, it would make sense to seek some degree of self-reliance in this respect. However, the goals of industry policy and defence self-reliance are often poorly aligned. Large-scale procurement projects such as AUKUS and the F-35 program often involve some element of local production and assembly, but the resulting capacity would not necessarily be of value in the event of a conflict in which Australia was isolated from allied support.

In the case of the F-35, Australian businesses have secured contracts for including supply of components for avionics and propulsion systems. These are described by Defence as allowing "development of cutting-edge technologies and the establishment of a highly skilled workforce, further strengthening Australia's defence capabilities" But it is hard to see how the technological and workforce skills involved in producing components of complex fighter planes would translate into ability to produce the weapons and munitions that would be needed to defend Australia against an invader.

Similarly, the claimed <u>industrial benefits</u> of AUKUS involve integration into United Kingdom and United States supply chains. This is consistent with an industry policy goal of increasing exports of elaborately transformed manufactures. But it is directly contrary to the defence goal of enhancing our independent capacity to protect ourselves in an emergency. In the event of a conflict that cut off international supply chains, we would be unable to secure parts and repair services except for the subset that happened to be allocated to Australia.

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In many cases, the appropriate response to the possibility of supply disruptions will be a combination of stockpiles and (for items with civilian use, such as fuel) rationing, rather than the maintenance of high-cost production capacity.



#### **Acting in the Grey Zone**

Lying between policies designed for national defence and those aimed at delivering non-defence benefits is the aptly named "grey zone". As the name implies, this term is poorly defined and covers a wide range of hostile actions by other nation states and non-state actors, ranging from aggressive disputes over maritime boundaries to cyber-attacks and election disinformation. Crucially, the term is used almost entirely in the context of defence policy, and to support the implication that a military response of some kind is appropriate.

In general, however, the capabilities required to address grey zone problems will bear little relationship to those required to defend Australia against invasion. For example, the resolution of maritime disputes might involve the deployment of patrol boats and coast guard vessels. But, despite a long history of such disputes, dating back to the "Cod Wars" between the UK and Iceland, serious armed conflict remains vanishingly rare, and the possession of more powerful naval forces is of little value, as the failure of the Royal Navy in three successive "wars" overfishing rights indicates.

#### An incoherent mix of objectives

This incoherent mix of objectives is not unique to Australia. It can be seen particularly starkly in the case of Taiwan which faces an existential threat of invasion by the People's Liberation Army. It has been recognised for some time that Taiwan's surface navy would be unlikely to survive more than a few days in a conflict with the PLA Navy, and that the air force would also suffer severe losses. This recognition has led analysts to advocate a "porcupine strategy", based on the use of missiles, drones and fortification of possible landing sites to deter an invasion.

Such a strategy offers the best chance of protecting Taiwan's freedom, but it would involve a radical contraction of traditional defence structures. Unsurprisingly, it has been vigorously (and largely successfully) resisted by the armed forces.



# It makes sense to consider adopting an approach similar to Taiwan's porcupine strategy — the 'echidna strategy



The central counterargument has been the need to respond to "grey zone" harassment such as sabre-rattling in the assertion of sea boundary claims. In the context of a potential invasion, the capacity to respond forcefully to such provocations is an expensive luxury. But traditional procurement programs, oriented towards such luxuries, have continued, even as the purchase of missiles and drones has faced delays. At a time when all resources should be devoted to defence, Taiwan has begun construction of a fleet of <u>light frigates</u> oriented to "grey zone" operations.

Australia faces no such immediate threat. Nevertheless, rapid change is possible, and the central requirement of national defence is to prepare for the worst eventualities. Australia's situation is similar to Taiwan's in the sense that any invasion must be seaborne. It therefore makes sense to consider adopting an approach similar to the porcupine strategy proposed for Taiwan. Sam Roggeveen of the Lowy Institute has christened this approach the "echidna strategy".



There is similar confusion in relation to the use of the military in disaster relief and peacekeeping operations. The common perception is that in the absence of an actual conflict, the use of the military for such purposes is cost-free. In reality, however, preparation for such activities inevitably results in some diversion of effort from defence preparedness. It is for this reason that the 2023 Defence Strategic Review called for an end to reliance on the <u>armed forces</u> to respond to natural disasters.

The other side of the coin is that the use of the military in these contexts implies a focus on tasks that can be performed using military personnel and equipment, which may not be the most effective response. An extreme example was the deployment of troops as, in effect, auxiliary police during Covid lockdowns. This was essentially a piece of theatre, given that the troops had neither legal powers nor any relevant training.

Similar points apply to peacekeeping operations. While these may be beneficial, it is often the case that development aid or efforts at peacebuilding through support for more stable political and legal institutions would be more cost effective.

The relationship between civil and military involvement in crises is now the focus of the Australian Civil Military Centre, a <u>joint program</u> of DFAT, ACFID and the Military.

As political scientists Daniel Drezner has <u>observed</u>, if everything is a national security issue, nothing is. Rather than expanding the role of the defence forces, while exempting defence expenditure from normal assessments of costs and benefits, we should begin by building a force capable of protecting Australia against any plausibly possible threat of attack or invasion (bearing in mind, the impossibility of protecting ourselves against nuclear missiles). Having done that, any expansion of the mission should be tested both for cost-effectiveness and for consistency with our broader policy objectives.



Much of the focus around national security is on the global, international and national level. It's about what nations should, and can do, in relation to other countries' actions. The 'internal' dimension that sits beneath the nation state is often viewed as secondary order importance, if considered at all. And when issues other than national defence are discussed, they are more about the harm other places are projected to manifest (e.g. increased refugees and diseases from climate change) rather than on the internally generated risks.

I argue for a different frame of reference – a way of thinking that does not dismiss national defence and 'from without' risks but includes a full, proper and equal evaluation of the risks 'from within'. My focus is on risks from within that are socio-economic. Others have well-documented the internal and global risks of <u>climate change</u> and both the real and imaginary <u>national defence threats</u> to Australia.

In liberal democracies, like Australia, the assumption has always been that we will become more prosperous. And while we can, and should, do more to boost productivity the folks Down Under are doing OK! But even when decision-makers adopt a 'threats from within lens' there is an alarming disconnect between the state of the economy and some very large risks, including the state of the environment. Most recently this was evident in the 2025 Economic Reform Roundtable when the "...very real risks we face if natural capital degrades are mostly ignored, virtually unmonitored and not part of mainstream economic discussions."

Putting on the economic lens, what are the internal social and political risks from the lower quintile, quartile, or whatever small slice of economic cake we care to highlight, gets worst off? Continued disadvantage, or regression, for a substantial slice of a population poses very big risks to all, not just the disadvantaged.



## History shows the very real risks when democratic governments fail to 'deliver the goods'



#### What history tells us

A quick history lesson of the 20th Century shows the very real risks of decline in democracy between WWI and WWII for those within such countries, and their neighbours, when democratic governments failed to 'deliver the goods'. In times of increasing disadvantage the alternatives, including fascism, became more attractive, because "...governmental instability and parliamentary gridlock seemed to prove that the political parties on which the stability—and survival—of the party-state depended were often unable to provide the kind of broad-based support... visible in the electoral rise of anti-democratic movements that both capitalized on and fed dissatisfaction with party democracy."

Democracy regression is happening right now in the USA; a country that has the greatest military force the world has ever seen. But its mighty defence forces count for nothing when overcoming the division, distrust and disruption that economic disadvantage causes. As judged by in a <a href="September 2025 survey of 703 political science faculty at American colleges and universities">September 2025 survey of 703 political science faculty at American colleges and universities</a>, 89% considered the potential actions by the Trump administration as "extraordinary or serious threats to democracy". And given the USA is a superpower, this poses risks for all the world.

In the UK, an 'extremist' Reform Party, led by 'them and us' Nigel Farage who once said: "We do have, I'm sad to say, a fifth column that is living within our own countries that is utterly opposed to our values,...", had 34% of voters in September 2025 stating they would vote for it in the next general election. Only 22% of British voters intend to vote for the governing Labour Party and just 12% for the Conservatives. And by unhappy coincidence, across the English Channel, 34% of voters in September 2025 intend to vote for the Rassemblement National, the successor to the 'National Front', which is very closely associated with Marine Le Pen, daughter of the neo-fascist and former leader of the National Front, the late Jean-Marie Le Pen.

Multiple explanations have been provided for the rise of far-right political parties be it MAGA Republicans or its 'Made in Europe' variations.

A poignant summary, because it comes from the mouth of a billionaire, Ray Dalio, of a key cause is: "...increased wealth and value gaps lead to increased populism of the right and populism of the left and irreconcilable between them that can't be resolved through the democratic process. So democracies weaken and more autocratic leadership increases as a large percentage of the population wants government leaders to get control of the system to make things work well for them."

Lest we think declining living standards is a problem for other countries, not Australia, it's worth highlighting that real per capita GDP, a typical but albeit imperfect measure of living standards, had in June 2025 a measured decline in 9 out the past 11 quarters. And some measures of relative poverty have increased in the recent past. This is not to suggest that Australia is about to become a mini-MAGA or that our economy is in a major crisis. Nevertheless, a lot of Aussies (more than 3 million) are doing it tough despite record-breaking highs in the stock market.



Australia is failing to support its disadvantaged

Australian 'left behinds' are not being taken care of in the way they need to, and which is fully affordable for the economy. It would seem our political leaders would rather gift-wrap \$800 million payments (\$1.6 billion so far) for submarines that we don't need and are extremely unlikely to ever get rather than substantially raise jobseeker payments which are relatively low to comparable countries.

By failing to adequately support its disadvantaged, Australia risks 'sleepwalking' into heightened political risks of <u>populist leaders capturing</u> <u>political power</u> with the associated social and economic turmoil. Multiple response are required, including overcoming a '<u>Democracy Deficit</u>'. One key action is the effective implementation of Universal Basic Services, to mitigate increasing risks to our democracy and our prosperity while supporting a more just future for all Australians.

Universal Basic Services, in its modern form, began with the <u>Universal Declaration of Human Rights</u> adopted by United Nations General Assembly in 1948. Its Article 22 includes: "Everyone, as a member of society, has the right to social security and is entitled to realization... of the economic, social and cultural rights indispensable for his dignity and the free development of his personality." Its Article 25 includes "...the right to a standard of living adequate for the health and well-being".

Countries signed up for the Universal Declaration of Human Rights but it has not yet been delivered globally, or in Australia. And neither will the global effort to deliver Universal Basic Services in the <u>Sustainable Development Goals</u> (SDGs) by 2030 such as 'End Hunger' (SDG2) and 'Ensure availability and sustainable management of water and sanitation for all (SDG6).



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#### **Universal Basic Standards**

Neither the Universal Declaration of Human Rights nor the SDGs were intended to achieve equality of outcomes but rather to 'level up' the opportunities so that **all** can achieve their human potential. That is, everyone can live their best possible life, limited only by their inherent (natural) capacities and abilities. At a minimum, these life opportunities comprise basic non-substitutable needs such as access to adequate food and nutrition, shelter, safe water, education, health care, and safety from violence, etc. Collectively, they represent <u>Universal Basic Services</u> and are a **minimum** set of opportunities set for everyone.

In a low-income country, the provision of Universal Basic Services is severely limited by affordability constraints. In such places, Universal Basic Services might be limited to free primary education and primary health care. In a rich country, like Australia, it could comprise free and/or affordable education for all, including at the tertiary level, high-quality and accessible healthcare, and basic housing for everybody so that no one is homeless.



As we are finding out in 2025, a failure to care for all is a risk that can fail a state



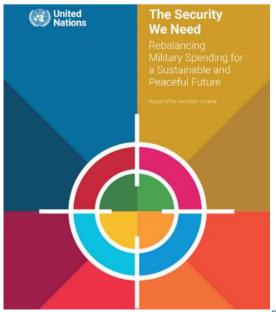
It would also mean delivering on the SDGs for all Australians such as overcoming a lack of <u>safe drinking water access</u> for many of those living in remote communities. Rich or poor country, the principle would be the same – within the limits of overall affordability – all residents of a state would be entitled to having their essential needs met and to a **sufficient** (not minimal) level.



Unlike a Universal Basic Income, Universal Basic Services is a **supply-based** response to inequality. It requires all governments, and especially the federal government given its ability to tax key sources of income (e.g. company and personal taxes, Goods and Services Tax), to collectively deliver these services. Much has been done in Australia but we are slipping when comes to ensuring <u>essential levels of shelter</u> and basic housing services, rural health services and in the performance of our <u>public education</u>. Much more needs to be done.

In terms of delivering a safer and more just future for all, we can speculate where would the USA (and the world) be today **if** Universal Basic Services had been delivered for all Americans? As we are finding out in 2025, a failure to care for all is a risk that can fail a state.

What's happening today in rich countries with a long history of democracy should Australian be 'wake-up call'. governments must do what's right for Australians. Doing what's right - delivering sufficient services to meet the needs of all Australians – supports justice but it's also smart policy. If delivered in full, Australia avoid turmoil should the affecting comparable countries and achieve a more just and safer future for all.





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There are several predictable cycles in Australian public opinion, and one of them is the moral panic surrounding immigration. Some readers will remember the immigration panic of the 1990s, which gave rise to Pauline Hanson and her One Nation party. Then the issue fades from the mainstream, only to return sometime later. Why?

It turns out it's possible to chart the voters who will become concerned about immigration, and when.

#### We studied the cycles of concern

There are predictable cycles in public concerns about the level of migrants accepted into Australia.

The most recent wave of migration panic in Australia was made obvious during the <u>anti-immigration protests</u> across capital cities that began in late August this year. While the numbers who turned up to these protests were small compared to similar rallies in the United Kingdom, they were not insignificant for a settler-colonial nation built on <u>successive waves of migration</u>.

Australia's history with anti-immigration fears goes back as far as the <u>Lambing</u> <u>Flat riots</u> in New South Wales in 1860, when white miners attacked and drove off about 2,000 Chinese miners.

What characterises almost all these moments is a period of economic recession and rising unemployment. Generally, when unemployment rises, so does the number of Australians who feel migrant numbers are "too high". One such cycle occurred in the early 1980s when unemployment, especially youth unemployment, rose sharply.

A second period of near-panic occurred during the recession in the early 1990s, when more than 70% of the population felt migration levels were too high.



There was a secondary burst of concern during the <u>Asian Financial Crisis</u> in the late 1990s; at that time there was rising concern about the number of <u>asylum-seekers arriving by boat</u>. In that period Pauline Hanson was <u>disendorsed by the Liberal Party</u> and then founded the One Nation Party in 1997. John Howard responded to <u>the Tampa Affair in 2001</u> by passing the <u>Border Protection Bill</u> which undercut rising support for One Nation and opened a path to reelection later that year.

Still, the number of undocumented migrants arriving by boat <u>increased sharply</u> <u>up until 2013</u>.



#### The housing crisis was falsely linked to migration



The COVID pandemic appears to have disrupted the close link between rates of unemployment and concern about migration numbers. In 2018-19, unemployment rates were relatively low but concerns over immigration numbers began to rise. During 2020, with migration barred, concerns over migration plunged.

After the peak of COVID, unemployment levels have remained very low but concerns over migration levels shot up sharply. Here again, the cause is probably economic – this time reflecting concerns over inflation, the cost of living and housing. Even at this year's election, the housing crisis was <u>falsely linked to migration</u>.

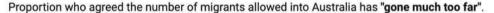


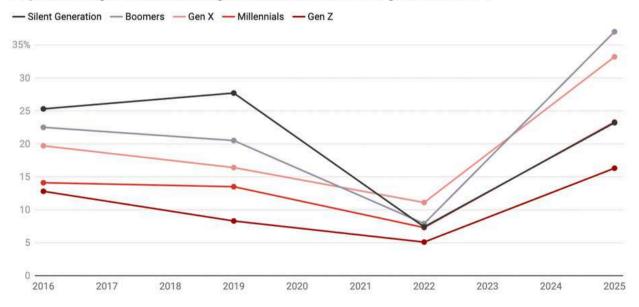
#### Trends in age groups

Who is most likely to feel the number of migrants is too high?

Data from recent Australian electoral surveys, taken after each general election, allow us to form a clearer picture.

#### Attitudes towards migrants across generations





It's clear older voters are more likely to feel numbers are too high. Younger generations tend to be less worried about migration numbers than the generations that preceded them.

At the time of the 2022 election, those feeling migration levels were "much too high" fell to single digits, except for Gen X-ers. In this year's election, a sharp increase in concern is clear, especially for Boomers and Gen X.

#### How you vote says a lot

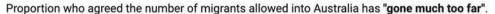
When we look at the relationship between political party voters and immigration attitudes, we can see One Nation voters are much more likely to feel concern about the number of migrants.

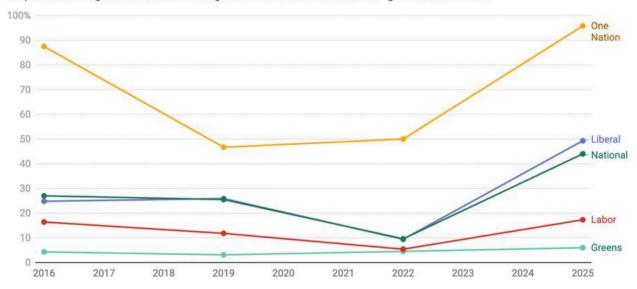
In 2022, fewer than 10% of supporters of other major parties expressed great concern. In 2025, there was a noticeable divergence between parties of the right and left.

Virtually all One Nation supporters and more than 40% of Liberal and National supporters felt the number of migrants should be "reduced a lot". There was only a modest increase in concern expressed by Labor voters and virtually no change by Greens supporters.



#### Attitudes towards migrants across political parties



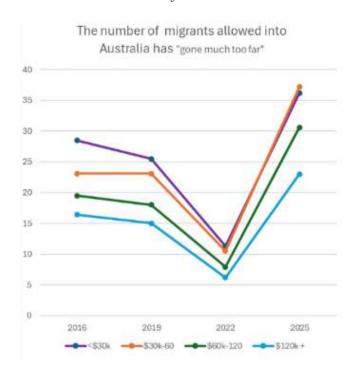


There is currently <u>sharply rising concern</u> over migrant numbers in Australia, so it is not surprising that <u>support for One Nation has risen</u>.

This is continuing despite a decisive 2025 election win for the Labor Party which originally seemed to suggest the scapegoating of migrants for the nation's complex problems is unacceptable to the majority of Australians.

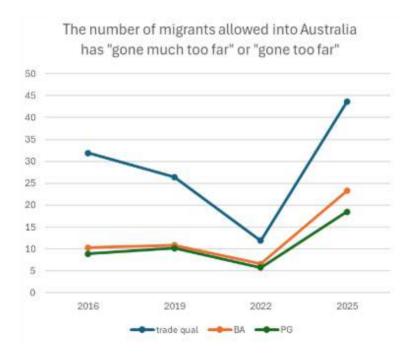
#### **Education**

In earlier elections, those with trade qualifications were more likely than those with a Bachelor of Arts or postgraduate qualifications to feel migrant numbers were too high. Those differences largely disappeared during COVID, only to rebound, with a vengeance in 2025.



#### Income

In the 2016 and 2019 General Elections, those on the lowest income levels were most likely to feel that migration numbers had "gone much too far". During COVID, in 2022, all income level groups were less worried about migration numbers. In the 2025 elections, those most exposed to the cost of living crisis were much more likely to say that the number of immigrants should be "reduced a lot".



Recent data on social cohesion shows "concerning levels of prejudice, particularly towards people of Islamic faith and Australians from Asian and African backgrounds". Governments at all levels need to act promptly to contain this latest moral panic.

