
New Zealand's Strategic Options in the Asian Century: An Australian View

Hugh White

New Zealand's *Defence White Paper 2010* acknowledges that shifting power relativities in Asia are undermining the regional order that has kept New Zealand secure for many decades. This raises questions about whether New Zealand can continue to assume that the New Zealand Defence Force (NZDF) need not prepare for major conflict. The *White Paper* provides little analysis of what this possibility means for the kinds of tasks the NZDF might be called upon to perform and what capabilities it might therefore need in future. This article explores these questions by looking at the kinds of broad strategic posture New Zealand might adopt in a more contested Asia, what demands those postures might make on its forces, and the capability implications.

Back in 2000, New Zealand's Clark Government made a bold call. It judged that New Zealand was very unlikely to find itself fighting old-fashioned interstate wars in future. It argued that such wars were inherently unlikely in the post Cold War international system, and particularly in the regions of the Western Pacific where New Zealand strategic interests were most directly engaged. As a result, Helen Clark shifted New Zealand's capability priorities decisively away from forces suited to interstate war, towards forces suited to interventions in intrastate conflicts, of the kind that had become common over the decade before 2000, and have become even more common since.

This core strategic judgement was not by any means unique to Wellington, but New Zealand was different because Helen Clark actually followed its implications in setting defence priorities, whereas others talked about a new strategic era but kept building forces for conventional wars. Clark's more tough-minded approach has served New Zealand well so far. As she predicted, New Zealand has felt called upon to intervene in intra-state conflicts near and far. By focusing on capabilities most appropriate for these operations—essentially the Army—Wellington has been able to achieve New Zealand's strategic objectives while keeping the Defence budget relatively low. So it has been a successful policy.

But will it keep being successful? This was the core question for the new *Defence White Paper* commissioned by the Key government. Could New Zealand continue to assume that the kind of defence posture it had adopted in 2000 would serve it well in coming decades? Was it still reasonable to assume that, for New Zealand at least, conventional wars are a thing of the past, and if not, what are New Zealand's options?

To the government's credit, the *Defence White Paper 2010* published by the Key Government in November 2010,¹ and the earlier *Defence Assessment* which informed it,² acknowledged the significance of these questions and went some way to address them. Perhaps not surprisingly, however, they did not come up with very clear answers. This essay explores the answers they did give, and considers what fuller and more detailed responses might be possible.

Defence Policy and Regional Order

We should start by stepping back a little to explore some of the issues in a general way. Any country's defence policy is determined to a significant degree by judgements about the future of the international system of which it is part. The kinds of wars we might fight and hence the kinds of forces we need depend on the nature of relationships between states and the role of force in managing them. Many governments were confident that after the Cold War the international system had changed fundamentally to reduce the role of force in relations between states. They argued that no powerful country would have either the capacity or the inclination to contest the US-led globalised world order that emerged from the end of the Cold War. As a result the core of the international system would remain stable, and disturbances would come from the periphery. The terrorist attacks of 2001 reinforced this judgement and reminded people of how substantial threats from the margins of the international system could be.

But the preoccupation with terrorism and the War on Terror also distracted attention from a major development which was undermining the stability core of the international order itself. The China's economic rise is reshaping political and strategic relations between the world's two most powerful states. China has a real chance of overtaking America economically with a few decades, and Beijing has made it increasingly clear that China will not passively continue to accept the current US-led order as its power grows.

China's challenge is particularly focused on the Asia-Pacific region. For the past forty years China has accepted US leadership in Asia, underpinning a remarkable era of stability and progress. Now China is challenging American leadership, and America is pushing back. If this continues, Asia's stable order will be disrupted by intense strategic competition. This would affect the whole of the Western Pacific.

Of course none of this is inevitable. China might stop growing economically, it might drop its challenge to American leadership, or Beijing and

¹ New Zealand Government, *Defence White Paper 2010* (Wellington: Ministry of Defence, November 2010).

² New Zealand Ministry of Defence, *Defence Assessment*, July 2010, <<http://www.defence.govt.nz/pdfs/defence-review-2009-released-defence-assessment-july-2010.pdf>> [Accessed 8 March 2011].

Washington might reach an accommodation. But none of these is certain or even likely. China's economy, its military power and its challenge to American leadership will probably all keep growing, and so will America's response. There is a serious risk that this will profoundly affect security throughout Asia—including New Zealand's. Helen Clark's confidence that New Zealand would not face serious conventional military threats no doubt reflected her optimistic reading of broader trends in the nature of global order, but in reality it reflected an extrapolation from the decades of peace in Asia since the Vietnam War which has been underwritten on American primacy. Now as power shifts away from America the risks to New Zealand grow. New Zealand has always recognised that distant events can affect its interests at home; that may prove to be as true in the present century as it was in the last one.

This poses new challenges for New Zealand, and for Australia, which go beyond questions of policy to issues of identity. Both countries remain vestiges of the great Western, and especially 'Anglo-Saxon', maritime empire in the Western Pacific. America has sustained Western power in Asia for half a century after the empires themselves evaporated. As a result, neither Australia nor New Zealand has ever seriously considered how we would defend our interests and secure our countries in a region which was not dominated by our great and powerful Anglo-Saxon friends. If China grows to overtake the United States economically, five centuries of Western strategic domination of the Western Pacific—the Vasco da Gama Era—will finally pass. So both countries are entering new and uncharted territory.³

What the *Defence White Paper 2010* Said

The most striking aspect of *Defence White Paper 2010* is the relatively clear way it acknowledged these shifting fundamentals in New Zealand's situation. Chapter Three, headed 'New Zealand's Strategic Outlook to 2035', went straight to the point.

The central theme of this chapter is that of an increasingly uncertain strategic outlook. The international order which has served us well is under pressure, and it seems likely that the next 25 years will be more challenging than the 25 years just past.⁴

A little later it explains:

The underlying stability and predictability which has characterised international relations since at least the end of the Cold War is now being tested. Economic weight is shifting.⁵

³ For a fuller account of these arguments about Asia's future see Hugh White, 'Why War in Asia Remains Thinkable', *Survival*, vol. 50, no. 6 (December 2008–January 2009), pp. 85-104.

⁴ New Zealand Government, *Defence White Paper 2010*, para 3.2.

⁵ *Ibid.*, para 3.5.

This judgment is expanded later in the chapter:

The strategic balance in North Asia is shifting. China both benefits from and contributes to regional stability and prosperity, but there will be a natural tendency for it to define and pursue its interests in a more forthright way on the back of growing wealth and power. The pace of China's military modernisation and force projection programme, and the response this could prompt from neighbouring states, may test the relationships of the major regional powers.⁶

Predictably, and perhaps understandably, the *White Paper* was less clear about the implications of this shift for New Zealand's strategic position. The concluding section of the chapter said:

New Zealand faces an increasingly uncertain strategic outlook over the next 25 years...

It is highly unlikely that New Zealand will face a direct military threat, but other significant security events are possible. New Zealand needs to be alert to unseen risks, and maintain depth and resilience in our military capabilities.

The wider international context is also changing, and not necessarily to our advantage. The international order and institutions which have served us well are under pressure...

All of these factors directly impact on how the Government expects to use the NZDF [New Zealand Defence Force] over the next 25 years, as described in the next chapter.⁷

In fact Chapter 4, *Tasks for the NZDF*, does little to explain what the implications of these vaguely-defined uncertainties are for New Zealand's defence needs. Among the 'principal tasks' it lists for the NDF are "to defend New Zealand's sovereignty", "to discharge our obligations as an ally of Australia", "to make a credible contribution in support of peace and stability in the Asia-Pacific region", and "to be prepared to respond to sudden shifts and other disjunctions in the strategic environment".⁸

As these tasks are explained later in the chapter, some major questions are raised and left unanswered about what New Zealand's forces may be called upon to do if Asia's order is indeed disrupted in the years ahead. For example, it says that in order to defend New Zealand's sovereignty,

The NZDF needs to maintain a military capability in the land and maritime environs of New Zealand sufficient to indicate that we would act to deter a potential aggressor and to provide time for any international assistance that might be sought by us.⁹

⁶ Ibid., para 3.52.

⁷ Ibid., paras 3.69-3.72.

⁸ Ibid., para 4.8.

⁹ Ibid., para 4.10.

The *White Paper* does not explain what this might require of the NZDF in practical operational terms. Likewise when it describes what would be required to support the alliance with Australia, Chapter Four slides into generalities and gives no guidance about the kinds of operations that NZDF might be called upon to undertake as Australia's ally. And the text lists a number of things that it says could be done either by diplomatic or military means to support peace and security in the Asia-Pacific region, thereby neatly evading the question of what the NZDF itself needs to be able to do.¹⁰

But towards the end of the chapter the implications of today's strategic uncertainties for New Zealand's defence needs are addressed a little more clearly. It makes a number of quite specific points about the how New Zealand should decide what forces it needs. First, it says priority should be given to forces for operations in New Zealand's "maritime zone" and the South Pacific.¹¹ Second, it says the NZDF should be "largely optimised" for conflicts in fragile, failing or failed states, because these are most common.¹² Third, while noting that the cost of capabilities suited to high-end conflict between strong militaries is "increasingly beyond our means",¹³ the possibility that a New Zealand government might want to contribute militarily to "traditional interstate conflict" cannot be excluded:

We therefore have, and should retain, some particular high-end capabilities which would enable the NZDF to play a meaningful role in an inter-state conflict.¹⁴

These ideas are developed a little further in Chapter 5, which talks about the demands of higher-level operations in these terms:

Operations beyond our immediate region are likely to involve the NZDF in higher-intensity environments. We must therefore have capabilities which can be integrated with, and operate alongside, our international partners in such operations.

New Zealand's contributions beyond our region will ordinarily be scaled to the size of the NZDF. Their operational and diplomatic value will be assessed by where they sit on the scale of military credibility. Having effective combat capabilities is therefore critical.¹⁵

What these 'combat capabilities', by which the *White Paper* seems to mean capabilities for higher-intensity conflicts, might be is spelled out in a separate section. They include army land combat units, special forces, the upgraded ANZAC frigates and presumably P-3 Orion maritime patrol aircraft.¹⁶ The

¹⁰ Ibid., paras 4.13-4.16, 4.22-4.24.

¹¹ Ibid., para 4.34.

¹² Ibid., para 4.38.

¹³ Ibid., para 4.37.

¹⁴ Ibid., para 4.40.

¹⁵ Ibid., paras 5.4, 5.5.

¹⁶ Ibid., paras 5.46-5.49.

White Paper commits the NZ Government to maintain and develop these capabilities, but not substantially to add to them.

Is this Good Enough?

The core question in evaluating New Zealand's *White Paper* is whether this response to the risks now emerging in New Zealand's wider strategic environment is sufficient. This is not the kind of question to which there is necessarily a straightforward answer. The complexities are well described in the *Defence Assessment*,

New Zealand's assessment of the strategic environment suggests there will be further instability in the future. As an ultimate expression of uncertainty, major shifts have been, and will continue to be, a feature of the security landscape. A paradigm-shifting event will almost certainly lead to a more dangerous security situation for which, by definition, we will not be fully prepared. The extent to which we are willing to hedge against major shifts is a cost-benefit argument. Even for some major military powers, maintaining the ability to respond to all contingencies is becoming increasingly problematic. The critical question, therefore, is how much risk mitigation is considered affordable.¹⁷

But in fact it is even more complex than that: 'how much risk mitigation is considered affordable' depends on how serious the risk is seen to be, and how effective different mitigation strategies might be in mitigating it.

The remainder of this essay will try to explore this set of questions.

What Might Australia Do?

It might help to start by asking what Australia is doing to meet the same challenges. This is not to suggest that New Zealand will or should follow an Australian lead. Despite what many Australians assume, New Zealand's strategic circumstances are different from Australia's, and its responses to the emerging strategic challenges of the Asian Century will be different too, just as its strategic policies in the past have differed, sometimes markedly, from Australia's. But it nonetheless helps to consider New Zealand's options in the light of Australia's responses for two reasons. First, though different in many ways, Australia's situation is less unlike New Zealand's than any other country's, and our analysis of New Zealand's choices may be helped by exploring the comparisons and contrasts between them. Second, Australia itself is a big part of New Zealand's strategic environment, so Australia's choices and expectations may have an important bearing on New Zealand's strategic situation and choices.

Australia's response to the strategic challenges of the Asian century is itself a complex and hotly debated subject, and we can do no more than sketch

¹⁷ New Zealand Government, *Defence Assessment 2010*, para 4.49.

the issues here.¹⁸ In 2009 the Labor Government under Kevin Rudd published a *Defence White Paper* which gave great though somewhat muddled prominence to China's rise and its implications for Australia.¹⁹ It came rather close to implying that China's growing power was threatening to its neighbours. It gave prominence to plans to expand Australia's air and naval forces to meet this threat. However these were more long-term aspirations than serious policy decisions. For example, while Rudd's *White Paper* proposed to double the size of Australia's submarine fleet to 12 boats, this goal would not actually be reached until nearly the middle of the century. Nonetheless the basic premise—that China's growing power is fundamentally changing Australia's strategic situation and increasing its strategic risks—is clear, even if Australia's response remains uncertain.

What are Australia's options? There are two issues here. The first is primarily a matter of diplomacy. Should Australia urge the United States to retain the primacy that has been essential to Asia's security for the last few decades in the face of China's growing power, or should it urge the United States to accommodate China's ambitions in some kind of power-sharing arrangement? This choice is critical in shaping the probability of Australia being drawn into a conflict with China, and the circumstances in which that might occur.

The second issue is how Australia would respond if diplomacy fails and the US-China relationship deteriorates further. This would be the kind of paradigm-shifting event that New Zealand's *Defence Assessment* warned of. If it happened, Australia would have a stark choice. Either it could support the United States, and accept the immense economic costs and strategic risks of treating China as an enemy, or it could decline to support America, and abandon the alliance which has been the central pillar of its foreign and strategic policy. The choice would depend partly on how far China's behaviour had provoked US responses and fuelled Australian fears. But in any case the answer to this almost unthinkable question in Australian foreign policy is not clear.

If Australia chose to support the United States then it would find itself drawn more and more closely into the US-China strategic competition. Washington would seek larger and more capable Australian forces, more strongly committed to support the United States in specific contingencies, and quite probably based with American forces in places like Guam or even Japan. Australia would therefore not just lose its largest trading partner. It would

¹⁸ For fuller treatments, see Hugh White, *Power Shift: Australia's Future between Washington and Beijing*, Quarterly Essay no. 39 (Melbourne: Black Inc, 2010); or Hugh White, 'Power Shift: Rethinking Australia's place in the Asian Century', *Australian Journal of International Affairs*, vol 65, no. 1 (2011), pp. 81-93.

¹⁹ Australian Government, *Defending Australia in the Asia-Pacific Century: Force 2030* (Canberra: Department of Defence, 2009).

also need to spend a lot more on Defence, and run much larger risks of being drawn into high-level conflict with a major, nuclear-armed power.

What are the alternatives? If Australia chose not to support the United States and instead abandon the alliance, it would have four options. It could seek an alliance with a new 'great and powerful friend', opt for armed neutrality, seek allies among its middle-power neighbours, or accept the risks of unarmed neutrality. The first one would be very hard to manage, the second is quite possible but would require much larger investments in armed forces, the third would also require much bigger defence budgets and a revolution in regional diplomacy, especially with Indonesia. The fourth would be easy to slip into and thus might end up being the default option for want of any clear decision to do any of the others.

In fact this choice between any of the first three options and the fourth seems in many ways to be the most fundamental one for Australia. Ultimately decision for Australia is between being a small power and a middle power. Australians see themselves, and are seen by others, as a middle power, but that has never really been put to the test. Australia may soon have to decide whether it is willing and able to build armed forces to give it the strategic weight of a middle power. That means a defence force strong enough protect its interests without relying on the United States. The alternative would be to do as many other countries do, and simply hope that the test will never come.

There is no consensus in Australia about how this choice would come out. To remain a middle power in military terms Australia would need armed forces that at a minimum could, operating independently, raise the costs and risks to a major Asian power of operations against the continent to the point that they exceeded any likely benefit. That is a demanding benchmark, and it will become more demanding as the decades pass. Australia's economic weight is declining relative to its Asian neighbours as their economies grow faster. Australia will only remain a middle power in military terms over the next few decades if it is willing to spend a substantially higher proportion of its GDP on defence –say 3-4 percent rather than 2 percent—and is able to spend it *much* more effectively than it has done in recent decades. This outcome is by no means to be taken for granted.

New Zealand's Options

What then are New Zealand's options? Like every other country in the Western Pacific, New Zealand's strategic interests would best be served by the preservation of the status quo. The stable Asian order supported by uncontested US primacy has suited New Zealand well. But if that cannot last, New Zealand's interests—again, like everyone else's in the region—would best be served by the evolution of a new order in which the United States stays actively engaged and serves to balance and limit Chinese

power and influence, but avoids escalating strategic competition with China. New Zealand's leaders should be thinking about what they can do to help promote this outcome, but they should also consider what New Zealand's options would be if that kind of new order cannot be built, and the region slides instead into amore contested and dangerous future.

One of the weaknesses of both New Zealand's and Australia's recent *Defence White Papers* is that they try to determine military needs before considering the kind of wider strategic posture the military forces are intended to support. We said earlier that defence policy depends on judgements about the future of the international order, but it equally depends on the choices we make about the kind of role we want or expect our countries to play in that order. In the preceding section we have seen how Australia's military choices will be framed by the kind of role it would want to play in a more contested Asia—an active ally of the United States, a well-armed neutral, a partner with regional neighbours, or a small power trying to keep its head down. New Zealand faces a similar range of options, and its defence needs will depend on the choice it makes.

There seem to be five alternative strategic postures that New Zealand could adopt in a more contested Asia. First, Wellington could restore the alliance with America. New Zealand might decide that the best way to respond to China's challenge to US primacy is to encourage and support America to push back. Washington would be willing enough to reciprocate, because the more intense its competition with China becomes, the more interested it will be in expanding and strengthening its network of allies. We can see steps in this direction from both sides. The New Zealand *White Paper* is notably warm in its statements of support for the US role in Asia,²⁰ and the US-New Zealand Wellington Declaration of November 2010 shows real enthusiasm from Washington to restore a closer strategic relationship for the first time since 1984.²¹

But how well would this serve New Zealand's interests in the longer term? That depends on the trajectory of US-China relations and the way the two protagonists' objectives evolve. The more hostile the United States and China become towards one another, the greater the costs to New Zealand of a closer link with the United States. But if hostility grows because China is aggressively throwing its weight around, New Zealand might well conclude that it would nonetheless be wise to support America as the best protection from Chinese bullying. If on the other hand America contributes to escalating hostility by refusing to concede legitimate increases in Chinese

²⁰ See for example New Zealand Government, *Defence White Paper 2010*, para 2.22.

²¹ See for example the Wellington Declaration issued by the two governments on 4 November 2010, <<http://www.stuff.co.nz/national/politics/4309206/Full-text-of-the-Wellington-Declaration%20>> [Accessed 21 March 2011].

influence as Beijing's power grows, New Zealand might well decide that supporting the United States was not in its interests.

Moreover, like Australia, New Zealand would find that a closer strategic connection with the United States in a more contested Asia would carry large costs and risks. America would expect substantial New Zealand political and military support against China, and the more intense the contest became the more America would demand. As close US ally in a more contested Asia, New Zealand would find itself spending more and more on defence, and facing a higher and higher risk of being drawn into a serious conflict with a very dangerous adversary.

All this assumes that the United States will stay engaged in Asia to contest China's challenge. It is possible however that faced with the costs of either trying to dominate China or balancing it, the United States might instead decide to relinquish a leading role and leave Asia's future to be sorted out by Asians themselves. If that happens countries like New Zealand will have no choice but to look at other options.

The second possibility would be to seek the support of another great power—perhaps Japan or India—instead of the United States. But alliance with any other great power would carry many of the risks and costs of alliance with the United States, and arguably offer fewer and less certain benefits. While not to be dismissed, this is unlikely to be an attractive option.

The third option for New Zealand is armed neutrality—the Swiss or Swedish option. Wellington could withdraw from all strategic connections and rigorously forgo any idea of using armed force other than in response to a direct attack on New Zealand itself, while maintaining the capacity to defend itself independently from a direct attack if it occurred. It is an attractive idea, especially because New Zealand's remoteness and natural geography—as the *White Paper* noted—makes a direct attack seem so unlikely.²² But even with these advantages, armed neutrality would still not be a cheap option. As the WP also said, the forces needed to repel a substantial military attack on New Zealand by a major power would be very expensive.²³ For this reason, most New Zealanders would probably dismiss the option of armed neutrality out of hand. Nonetheless the *White Paper* does suggest that the NZDF should have some capacity independently to resist direct attack on its territory "sufficient to indicate that to deter a potential aggressor and provide time for any international assistance that might be sought".²⁴ It might be instructive to explore what kind of forces New Zealand would in fact need to

²² New Zealand Government, *Defence White Paper 2010*, para 2.12.

²³ *Ibid.*, para 4.37.

²⁴ *Ibid.*, para 4.10.

sustain a credible capacity to defend its own territory independently,²⁵ but we won't pursue this here.

The most obvious alternative to armed neutrality for New Zealand is to strengthen the alliance with Australia. This is New Zealand's fourth option. What this would mean would depend a lot on the posture Australia itself chose to adopt. If Australia inclines towards armed neutrality the two countries could establish a kind of joint armed and neutral posture—together, alone. But if Australia stays a close US ally, or builds a new regional alliance, then New Zealand would be entangled by Australia's commitments too. That might not suit New Zealand, because its calculations of risk and cost might easily differ from Australia's. Moreover a closer alliance with Australia in a more contested Asia would be expensive too. The WP makes clear that "meeting Australian expectations" is already a key task for the NZDF,²⁶ and the higher strategic risks grow, the more that might demand of New Zealand.

Finally, New Zealand could adopt the 'small power' option—in effect, unarmed neutrality. New Zealand could decide that, notwithstanding the increased dangers that loom in a more contested Asia, they are not so great as to warrant the costs and risks of adopting any of the options available to manage them actively. In that case the best course would be to keep one's head down and hope for the best, while realising that if the worst happens there will be no recourse but to bear the consequences as best one can. This is not an unusual posture—in fact the majority of countries around the world are in this position. But it is not an attractive or glamorous alternative, and few political leaders would be willing actively to advocate it for any country—and perhaps especially not in a country with New Zealand's proud military and internationalist tradition. Nonetheless it is perhaps the most likely outcome for New Zealand, if only because the country would more or less inevitably slip into it if active and arduous steps are not taken to implement any of the alternatives.

Costs and Risks

Which option New Zealand should or would choose depends on how its leaders and people weigh the balance of costs on the one hand and risks on the other. Both are impossible to calculate with any precision, but there is no alternative but to estimate them as best we can. Let us look at the risk side of the ledger first. How bad are the strategic risks to which New Zealand might be exposed in a more contested Asia? Here the main question is how pessimistic to be. It is a mistake to base policy entirely on worst-case scenarios, but equally it is important to recognise how bad things could

²⁵ A starting point might be the short-lived plan hatched in the early 1980s to replace most of the NZDF with a fleet of submarines.

²⁶ New Zealand Government, *Defence White Paper 2010*, paras 4.8, 4.13-4.16.

realistically become. If strategic competition between the United States and China escalates substantially—and that is not a remote possibility—Asia could face a long period of intense hostility and outright war comparable to the turbulent first half of the twentieth century. While New Zealand will always be insulated by geography from the worst of major power conflict, the lessons of the early 1940s shows that the South Pacific is not necessarily immune from its consequences. Prudence requires us to recognise that comparable outcomes are not so improbable over the next few decades that they can be dismissed from our calculations.

The other factor that New Zealand policymakers should consider in assessing future risks is the likely Australian response to the strategic challenges both countries face. Like most Australians, most New Zealanders no doubt assume that Australia will always maintain either a strong alliance with the United States or a robust independent capacity to defend their continent, and thus be in a position to defend New Zealand as well. But as we have seen, that might prove to be wrong. Among the risks that New Zealand's strategic policy has to manage over the next few decades is the risk that Australia will, by choice or default, adopt a small-power posture that would offer New Zealand very little if any protection from Asia's storms.

What about the costs? These of course vary with different options. To keep things short and simple I will only explore what seems to be the most probable choice for New Zealand—alliance with Australia. Let us assume that Australia does not opt out strategically, but builds and sustains forces to defend itself and thus reduce New Zealand's risks significantly. What would it cost New Zealand to sustain an effective alliance with Australia in a more contested Asia?

The 2010 *White Paper* gives some attention to this question. It is clear from Chapters 3 and 4 that the alliance with Australia looms large in its authors' thinking about how best to manage increasing strategic risks, and that one of the key, if not the key, determinant of New Zealand's needs for 'combat capabilities' is the need to be able to contribute adequate forces to operations with Australia in higher-level conflicts.²⁷ But the *White Paper* does not offer any explicit analysis of what kind of contribution would count as 'adequate', and what kinds of forces would be needed to make such a contribution. The following paragraphs aim to provide at least the outlines of such an analysis.

Helping Australia

The key question we need to explore here is what New Zealand would need to be able to contribute to a joint Australia-New Zealand force in a major

²⁷ Loc cit and *ibid.*, para 5.7.

crisis in the nearer region if it is to rely on an alliance with Australia as the mainstay of its defence in a more contested Asia.

The first step is to get clear exactly why New Zealand needs to contribute anything at all to help Australia. This is not a trivial question. Geography alone ensures that Australia will always regard New Zealand's security as vital to its own. New Zealand therefore has little or no need to support Australia in order to ensure that Australia does what it can to defend New Zealand, because Australia will always do that anyway in its own self-interest. Some would say it is a matter of self-respect and tradition. New Zealanders have a deep sense of their place in the world and a keen pride in their long history of pulling their weight, and many might feel that free-riding on Australia's defence effort is just not the New Zealand way. Such sentiments are admirable, and I do not deprecate them. But when choices are being considered with costs that may be measured in percentage points of GDP over decades, let alone lives in their thousands or more, it is important to consider what might be at stake other than self-respect.

In fact there are two more tangible reasons for New Zealand to contribute to a common defence with Australia. The first is that New Zealand's contribution could make a difference to the outcome of a crisis, increasing the chances that the combined effort would be successful. The second is that by contributing to a joint effort New Zealand would gain the capacity to influence the Australian policy and shape outcomes to New Zealand's advantage, noting that New Zealand interests might not always coincide precisely with Australia's. These two purposes tend in the same direction: New Zealand would acquire significant capacity to promote its interests in an alliance with Australia to the degree that its contribution made a material difference to the common defence. If these are New Zealand's main purposes in providing forces to help Australia, then we can set a rough benchmark for what the NZDF needs to be able to do in a major conflict: to make a contribution to the common defence with Australia that would be not just respected and appreciated, but substantial and *needed*. This sets the benchmark rather higher than the *White Paper* does when it says that the NZDF should be capable of playing a "meaningful" role in an inter-state conflict,²⁸ and perhaps allows us to be a little more specific about what such a role would actually mean.

What kinds of forces would New Zealand require to meet this higher benchmark and make a needed contribution to the common defence with Australia? That is a very complex question, but we can set four broad requirements. First, the forces would have to be primarily air or naval. Australia and New Zealand together are never going to achieve significant strategic results against Asian adversaries with land forces, and fortunately in our region we do not need to try. Maximising strategic weight means

²⁸ *Ibid.*, para 4.40.

focusing as much as possible on air and naval forces to deny the long air and sea approaches to our countries to an adversary.²⁹ Of course land forces would have a role to play in a maritime-denial posture, and it would be tempting to think that New Zealand could make a sufficient contribution in a high-level conflict by focusing primarily on providing land forces.³⁰ But land forces would be marginal to the main action of a maritime denial campaign, and limiting itself to a land-force contribution would make it hard for New Zealand to play a necessary role. So New Zealand would need to build and maintain some significant air or naval capabilities.

Second, qualitatively those air or naval capabilities would need to be able to operate effectively against the forces of a major Asian power. This is a demanding requirement, as we can expect Asia's major powers to be operating very sophisticated air and naval forces over coming decades. But the most serious (if not the most probable) strategic risk for New Zealand in a more contested Asia is that a major Asian power would try to project power into its neighbourhood. If Australia and New Zealand are to function together as a middle power in the Asian century they need the capacity jointly to deter a major power from impinging on their most vital interests. For New Zealand to play a necessary role in that joint effort, the NZDF would need to be able to take its place in the front line against a major power's forces.

Third, the NZDF would need forces large enough to take the leading role in achieving independent operational results. It would not be sufficient for New Zealand forces to be limited to slotting in alongside Australian forces at the tactical level. Long experience of collation warfare alongside the British teaches that to be noticed and needed a junior coalition partner needs to be able to fight and win its own battles. Fourth, and here is some good news at last, New Zealand need only develop one or two kinds of capability. As long as it willing to rely on Australia and largely forgo options for serious independent capability against a major attack, New Zealand does not need to maintain a full suite of separate air and naval capabilities. It could focus its efforts on some quite narrow niches.

If this preliminary analysis is right, we can reach the following preliminary conclusion: to manage the increased strategic risks of the Asian century boils New Zealand would need to build and maintain operationally-significant quantities of one or two important air or naval capabilities at a level good enough to operate in a high-level conflict against a major Asian power.

²⁹ For a fuller argument version of this argument, see Hugh White, *A Focused Force: Australia's defence priorities in the Asian Century* (Sydney: Lowy Institute, 2009).

³⁰ Indeed in the past I have argued that myself. See Hugh White, 'Defence Policy and the Asian Century', *New Zealand International Review*, vol. XXXIV, no. 2 (March/April 2009), pp 2-7.

What kind of capability should New Zealand consider developing to meet this requirement as cheaply as possible? We can start by putting multirole combat aircraft to one side. They have become so expensive that even an operationally-significant contingent would be very expensive indeed. We might also put submarines to one side for the same reason. Major surface combatants seem more promising, and have the attraction that they can also play valuable roles in lower-level contingences. The *White Paper* clearly envisaged that upgraded ANZAC ships and their eventual replacements would be central to the NZDF's higher-level combat capability.³¹ Unfortunately they won't do. Surface combatants have no major role in a sea-denial campaign against a major adversary, because even very well-defend surface ships are too vulnerable to be cost-effective, and the work can be done better and cheaper by aircraft and submarines. Simple surface combatants like the ANZACs are very useful for a range of lower-level tasks, but it is a waste of money to build large and sophisticated ones for high-level conflicts.

That leaves one interesting and important major type of maritime capability—long range maritime patrol (LRMP) aircraft. These aircraft are usually equipped primarily for anti-submarine warfare (ASW), but I have in mind something different. ASW is a very expensive and ultimately not very cost-effective business. Fortunately it is not important in a sea-denial campaign, because sea denial would be undertaken by submarines and aircraft, leaving the sea clear of one's own ships, offering few targets for the enemy's submarines. However LRMP aircraft equipped to find and sink surface ships would make a very cost-effective contribution to a sea-denial campaign. They would need excellent surface-search radar and other sensors, good electronic warfare self-protection and a very good long-range anti-ship missile. Beyond the range of an adversary's fighters it would pose a serious threat to surface shipping. It would therefore complicate any effort to project power into New Zealand's part of the world. A substantial LRMP capability would therefore go some way to give New Zealand the capacity to operate independently "to deter a potential aggressor" against New Zealand itself.³²

The NZDF already operates LRMP aircraft, and the *White Paper* foreshadowed decisions to further upgrade and eventually replace them.³³ These plans would need to be very significantly changed, accelerated and expanded to achieve the kind of capability suggested here. How soon would it be necessary to start? The *White Paper* gives several hints that New Zealand might adopt a wait and see approach, judging that clearer warnings of growing strategic risk would become evident far enough before the risk materialised to allow time for forces to be expanded.³⁴ That is a very bold

³¹ New Zealand Government, *Defence White Paper 2010*, para 5.47.

³² *Ibid.*, para 4.10.

³³ *Ibid.*, para 5.39.

³⁴ *Ibid.*, paras 4.44, 5.65.

judgment, especially when complex high-technology capabilities are involved. It is worth asking how much clearer evidence we are likely to get of escalating strategic competition between Asia's major powers and the growing risk of a more contested region. These decisions need to be made now.

How much would it cost? That is anyone's guess, but let us do it on the back of an envelope. Say 20 aircraft as an absolute minimum. Say \$1 billion per aircraft capital cost, and the same amount to operate over a 20 year life. That is \$2 billion a year—and these are US dollars. That suggests that for New Zealand to build and maintain forces that would allow it to manage the increased strategic risks of the Asian century, it would have to more than double its defence budget. Are the risks serious enough to warrant that? That is for New Zealanders to decide. I would only offer one final thought: Do not assume Australia will take the decisions required to ensure that it remains an effective middle power in the Asian century. Perhaps Australia needs New Zealand to take the lead on this, to show how serious strategic thinking is done. Time for another bold call in Wellington.

Hugh White is Professor of Strategic Studies at the Australian National University and a Visiting Fellow at the Lowy Institute for International Policy. His principal research interests are Australian strategic and defence policy, and the regional and global security issues that most directly affect Australia. He was Deputy Secretary for Strategy in the Department of Defence 1995-2000, and principal author of the White Paper, Defence 2000. hugh.white@anu.edu.au.