

Understanding Australia's Defence Dilemmas¹

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Australia needs a clear strategy to match its policy aims with its defence capabilities. Standing in the way are four defence dilemmas. First, Australian defence funding is too generous and too limited. Second, ontological defence questions which should be asked by Australian planners don't have to be. Third, Australia's extra-regional deployments may be providing only short-term and illusory comfort against concerns that Canberra's important relationships with the US and China might prove incompatible. Fourth, the war on terror has been a tempting but hollow defence rationale. These dilemmas will be hard to escape. Thinking about Australia's vital interests could help.

Good strategy is not easy. Clausewitz's ideas of friction and the play of chance and circumstance apply nearly as much to strategic policy and defence planning as they do to war itself. The contemporary Australian situation is a good example. Attention switches very easily from the deployments in Iraq and Afghanistan to a new commitment in East Timor. The debate on defence capabilities shifts gear as the government announces fairly rapid decisions to acquire Abrams tanks or C17 heavy lift aircraft or as doubts rise over the affordability and timelines of the Joint Strike Fighter. Depending on the flavour of the international situation the big issue can seem to be international terrorism, China's rise or Indonesia's future. Controversies over the repatriation of Australian personnel, the ADF's response to allegations of officer harassment, and missing defence inventory items all create background noise which makes it hard to generate a sustained discussion of Australia's defence priorities.

But as this article seeks to demonstrate, Australia needs a serious and sustained defence discussion if it is to have a clear defence strategy for the early twenty-first century. Standing in the way of those who seek to develop that clear strategy are at least four Australian defence dilemmas. Australian strategic policy-makers must wrestle with a financial defence dilemma where funding which is too generous is also too limited. They must cope with an ontological defence dilemma where the first order questions about what justifies a defence force need to be asked but don't have to be. They will struggle with a relational defence dilemma where Canberra's extra-regional commitments, which allow it to have good relations with the US and China today, may increase the strains tomorrow. And they face a thematic

¹ This article is a revised version of the author's ANU Blake Dawson Waldron lecture delivered at the Australian War Memorial in May 2006.

dilemma where the appeal of “fighting” the war on terror has left a nasty aftertaste for defence planning. Each one of these four dilemmas will be examined in the pages below. But first we begin with a strategic policy fairy tale.

A Strategic Policy Fairy Tale

Once upon a time, but not so very long ago, there lived a peaceful and pleasant land. This flourishing liberal democracy was located on the southern edge of the Asia-Pacific. It was blessed with sparkling beaches, beautiful scenery, and exceptional vineyards. The sporting and artistic achievements of its multicultural population received international acclaim.

This kingdom had been governed for several years by an unbroken string of centre-right governments. But it faced a series of significant defence policy challenges. First, there was a disconnect between its policy aims and force structure choices with no clear strategy to link them together. Second, there had been a series of rather ad hoc decisions on major defence capability purchases rather than consistent adherence to a clear and coherent set of priorities. Third there were attempts to avoid, ignore or at least delay a looming defence funding train-wreck by willing additional expenditure on future generations instead of facing up to difficult choices today. Fourth the kingdom’s political leadership had limited interest in addressing the really fundamental questions about defence policy. Fifth, its defence bureaucracy, while aware of many of these problems, had limited capacity to deal with them and was also reasonably content with the status quo. Sixth, there were the challenges of a relatively high peacetime operational tempo.

It might be thought that this fairy tale is set in Australia in 2006. Yet the author’s intended reference point is in fact New Zealand in the mid-1990s. All of the above considerations applied during this earlier period to Australia’s near neighbour. But there is also some good news to relay from across the Tasman: like many fairy tales there has been something of a happy ending, at least so far. New Zealand’s experience over the last few years shows that it is possible to deal head-on with at least some of these challenges. Its current approach includes the following features:

- A clear set of defence capability priorities, expressed in an updated and published Long-Term Development Plan,² and the relative absence of ad hoc, seat of the pants decisions.
- A willingness to make hard choices on capabilities. New Zealand’s air combat capability has disappeared with the retirement of the A4 Skyhawks and there will be no third ANZAC frigate. But there is a

² See New Zealand Ministry of Defence, Defence Long-Term Development Plan, Update June 2003, available at <<http://www.defence.govt.nz/reports-publications/previous-reports-publications.html>>. (Accessed 7 June 2006).

strengthened army, a much-needed multi-purpose vessel on the way as the centrepiece of Project Protector, and replacements for ageing transport aircraft.

- A corresponding focus on lighter tasks, especially in the immediate region but also applicable to global deployments, and considerably less emphasis on preparing for higher intensity maritime contingencies in Asia.³
- A financially more affordable defence force bequeathed to the next generation of taxpayers.

This is not to suggest that Wellington's defence answers have pleased everyone, including a number of critics in Australia and in New Zealand itself. The point is not whether one agrees with New Zealand's current defence posture. Nor does this article propose that New Zealand's answers to these challenges should somehow be copied by Australia. (Even so, it is fair to say that there has been a growing Australian appreciation of the coherence in New Zealand's approach). The point instead is whether some of the defence questions about priorities and resources which New Zealand has been asking over the last few years can be helpful in the Australian context.

But it will not be easy for Australia to find answers to these questions, or perhaps even to address these questions in the first place. This is because of the four defence dilemmas facing Australia's political leaders, officials and even academic commentators in this country. As well as being obstacles to clear strategy in general terms, they are barriers to an internally consistent and financially sustainable set of capability priorities being developed.

The Financial Defence Dilemma

The first Australian defence dilemma is a financial one. This may seem an odd point to make in an era of such budgetary plenty. The 2006 federal budget allocated A\$19.6 billion dollars for defence in 2006-7 and extended the tradition of a 3% real increase in defence expenditure out to 2016.⁴ Indeed, it might be argued that the main financial challenge facing the Australian Defence Organisation is how to spend the money it has been allocated. There is certainly little sense of a requirement to find savings in an era of constraint.

³ See for example, New Zealand Ministry of Foreign Affairs and Trade, *New Zealand's Foreign and Security Policy Challenges*, Wellington, June 2000, p. 27. For a recent analysis of this approach see Robert Ayson, 'New Zealand and East Asia's Security Future,' *Outlook Edition 3*, Wellington: Asia-New Zealand Foundation, April 2006.

⁴ *Portfolio Budget Statements*, 2006-07, Defence, Chapter One 'Overview', p. 3. <<http://www.defence.gov.au/budget/06-07/>>. (Accessed 7 June 2006). Also see Mark Thomson, *The Cost of Defence: ASPI Defence Budget Brief 2006-07*, Canberra; ASPI, May 2006, p. vi.

But this is in fact the first part of a financial dilemma. There are few incentives to make clear priorities in the short term because government funding seems to be flowing so easily. This is especially the case when Cabinet agrees on the need for new hardware – as in the \$2.2 billion for four C17 heavy lift aircraft announced in early 2006.⁵ King's Avenue, the name given to the causeway between Capital Hill and defence headquarters at Russell, is quite literally a road paved with gold.

From a strictly financial point of view, there will be few problems here if two crucial conditions can hold for the next generation of budgetary and defence planning. The first is the continuation of recent levels of economic growth and tax revenues, and the multi-billion dollar fiscal surpluses which seem even to have surprised even the Treasury.⁶ This condition could help make the 3% defence budget growth targets reasonably secure.

The second condition is that this steadily growing defence expenditure is actually enough. It will need to pay for new capabilities, and the wish list of these has been growing in recent years, increasing the pressure on the Defence Capability Plan. It will need to cover rising personnel expenses of the behemoth that is defence.⁷ It will also need to cover the expanding operational expenses of a frequently deployed ADF.

The problem is that we cannot be sure about either of these two important conditions. First, there is no doubt that over the next twenty or thirty years the financial fortunes of the federal government will change, and they will do so more than once. The question is not whether federal Treasurer Peter Costello can make a commitment in 2006 to an extra 3% (or even more) for defence through to 2016. The point is whether he, or his replacement, can be expected to be doing so in 2010 and in 2015.

Second, even if that first condition holds, such generous defence funding is unlikely to be sufficient to meet projected commitments. For example, it is not clear just how many Joint Strike Fighters will eventually be afforded in the part of Project AIR 6000, the most expensive component of the 2004 Defence Capability Plan at \$11.5 to \$15.5 billion.⁸ One reason is that the per-unit costs of this complex aircraft are unlikely to respect current

⁵ See Hon Dr Brendan Nelson, 'New Heavy Airlift Capability for the Royal Australian Air Force', *Media Release*, 022/2006, 3 March 2006; Portfolio Budget Statements, 2006-07, Defence, Chapter One 'Overview', p. 3.

⁶ On Treasury's attempts to work out the origins of the \$14.8bn federal surplus for the 2004-5 year, see 'Treasury working out excess tax revenue', *Sydney Morning Herald*, 30 May 2006, <<http://www.smh.com.au/news/Business/Treasury-working-out-excess-tax-revenue/2006/05/30/1148754965005.html>>. (Accessed 7 June 2006).

⁷ Personnel expenses for 2006-7 are approximately \$7bn rising to \$7.9bn in 2009-2010. They will continue to rise 'steadily'. See Thomson, pp. 38, 108.

⁸ See Department of Defence, *Defence Capability Plan*, 2004-2014, Public Version, p. 45.

estimates.⁹ The same observation may also apply to the final costs of the multi-billion dollar Air Warfare Destroyers and the substantial amphibious landing craft planned for the ADF. As these costs grow, and given the complexity in developing some of the JSF's main systems, we might just find, for example, that the lifetime of the airframes of the F111 (due for retirement in 2010) and especially the F/A-18 aircraft (due to begin retiring between 2012 and 2015)¹⁰ are more elastic than currently planned.

We can throw into this mix some rather quick recent decisions to acquire Abrams tanks and the C17s, and the likely need to seek replacements for the problematic Seasprite helicopter project, and various projects designed to harden the army. Add to this the large personnel costs in the defence organisation and we find that nearly \$20billion isn't quite as much as we thought it was. Where this leaves funding for operations in an era of multiple overseas deployments and with more capabilities to operate on the way is a question which needs to be asked. Mark Thomson's answer is that operating expenses are the 'poor cousins' of equipment and personnel costs and risk being 'squeezed between now and the end of the decade.'¹¹

It is not that each and every one of these capabilities will be exorbitantly expensive (although some of them do have every chance of being so). It is not that any one of them is completely lacking in justification as an acquisition in and of itself. A use can and would be found for each one of them. It is more that one needs to avoid assuming that the ADF can have them all. One also needs to avoid assuming that they are all equally important priorities. But the current flood of money for defence means that these problematic assumptions aren't getting the close scrutiny and testing they deserve.

The Australian Defence Organisation is therefore like a slightly overweight child. Its parents can afford the fast food and the Playstation today. But they will struggle to purchase the Ferrari, the overseas travel and the luxury apartment in 15 years time. This child is not being encouraged to make sensible lifestyle choices. This highlights Australia's financial defence dilemma. The spending levels are at once too generous for today and too limited for tomorrow.

⁹ See 'Jet fighter costs go skyward as price of rival nosedives', *Sydney Morning Herald*, 20 April 2006, <<http://www.smh.com.au/news/national/jet-fighter-costs-go-skyward-as-price-of-rival-nosedives/2006/04/19/1145344153546.html#>>. (Accessed 7 June 2006); 'Ambassador warns of JSF delays, costs', *Sydney Morning Herald*, 29 March 2006, at <<http://www.smh.com.au/news/National/Ambassador-warns-of-JSF-delays-costs/2006/03/29/1143441206943.html>>. (Accessed 10 June 2006).

¹⁰ See Thomson, p. 182.

¹¹ Thomson, p. 108.

The Ontological Defence Dilemma

The second Australian defence dilemma is *ontological* - a term which philosophers and theologians use to refer to the basic nature of things. Ontology encourages us to ask first order questions. The defence debate in Australia tends to revolve around third order questions. Perhaps the most significant example of these third order questions is "What sort of defence capabilities does Australia need." This question is preceded by a second order question which gets rather less sustained attention than it deserves. This second order question is "Why does Australia need a defence force." In other words, what do we want the defence force to be able to do for Australia?

But there is also a first order question that the Australian defence establishment rarely, if ever, has to ask. That question is "does Australia need a defence force at all?" This may seem to be a peculiarly New Zealand question. Indeed for New Zealand defence planners it has sometimes been a curse not to be able to rely on a strong working assumption across public and political opinion in favour of the existence of a defence force. For example, attempts to translate the defence of Australia logic across the ditch just don't work.¹² A key issue here is the double-edged sword of New Zealand's benign isolation. As a result, a defence of New Zealand methodology would probably only justify a small citizen's militia, a patrol vessel or two and a couple of unarmed spotter aircraft.

But the requirement to ask first order questions about defence can also be a very useful discipline. It is one thing to ask "how much is enough?" It is an entirely different level of challenge to have to respond to "is anything necessary?" One advantage of this challenge is that it helps direct attention to truly essential defence priorities. It's a defence planner's version of Ockham's Razor. Commonly attributed to William of Ockham, a fourteenth century philosopher, the principle here is that 'entities are not to be multiplied without necessity.'¹³ This principal of economy sounds a good defence maxim. Also appealing is a quotation attributed to Ockham himself which states that 'a plurality should never be posited without necessity.'¹⁴ This should probably be attached to each version of Australia's Defence Capability Plan. Rightly or wrongly, in New Zealand's case, a defence form of Ockham's Razor has left Australia's transTasman neighbour with defence capabilities designed to service most likely commitments in the nearer neighbourhood and to make global security contributions.

¹² For a comparison, see Robert Ayson, 'Australasian Security Policy: Old Agenda Divergence, New Agenda Convergence', in Derek McDougall and Peter Shearman, (eds.), *Australasian Security Policy After 9/11*, Aldershot: Ashgate, 2006, pp. 161-172.

¹³ Claude Panaccio, 'William of Ockham', in Edward Craig (ed), *Routledge Encyclopedia of Philosophy*, 9, p. 735.

¹⁴ See Panaccio, p. 735.

By contrast in Australia there is a much stronger working assumption that the need for a strong ADF goes without saying. The first basis of this assumption is Australia's geographical position. The northern parts of the island continent are close to a number of countries who face challenging security circumstances. In particular Australia lies close to the nearer parts of maritime Southeast Asia including a very large, a very complex and a very important Indonesia. (This geography helps explain Australian concerns about the 'arc of instability'.¹⁵). Australia is also closer and more exposed than New Zealand to the wider Asia Pacific region with its changing balance between the great north Asian powers.¹⁶

The second basis is historical. Australia's experience of direct physical attack in the Second World War resulted from a dramatic change in that great power balance. This imbalance was not successfully resisted before many of Australia's neighbours had fallen. Australia's interest in a favourable postwar balance, which rested heavily on military capabilities and alliances, is not hard to understand.

The third basis is a question of this country's status and self-regard. Australia tends to perceive itself as medium power in the region. Significant defence obligations and interests flow from this important perception. By contrast, New Zealand has a rather more limited perception of its own role in the regional power equation.

These three factors, and others, have helped generate a firm foundation for continuing investment in the ADF. (They also help explain why the defence of Australia logic is not quite yesterday's idea since that logic has been a useful organising principle for Australian defence investment for many years). They allow a certain luxury for Australia's defence planners who know that most if not all Australian governments will want to continue patterns of significant defence expenditure and capability development.

This is even evident in the recent contest between the "defence of Australia" and "expeditionary" arguments. In his first speech as Defence Minister, Brendan Nelson was wise to suggest that we get beyond such a 'polarised debate'.¹⁷ Even so, this debate was a competition for where that significant defence provision should be directed. It was not a debate between upsizers and downsizers, although the different sides of the debate have rather different implications for the Army, Navy and Air Force. And it was certainly not a debate between armers and disarmers.

¹⁵ For the classic statement, see Paul Dibb, David D. Hale and Peter Prince, 'Asia's Insecurity,' *Survival*, vol. 41 no. 3 (Autumn 1999) p. 18.

¹⁶ See Hugh White, 'Australian defence policy and the possibility of war', *Australian Journal of International Affairs*, vol. 56, no. 2, June 2002, p. 261.

¹⁷ Hon Brendan Nelson, 'Address to the Australian Defence Magazine Conference', Canberra, 14 March 2006, MIN140306/06.

But all luxuries have their downside. Everyone knows the story of the three generations. The first generation worked hard to build the business. The second generation managed it well and continued to prosper. But the third generation squandered these hard-won assets in poor investments and desultory living. The first generation had to ask first order questions. It recognised that the new company had no automatic right to exist, let alone flourish. Today's defence debate and planning in Australia is on the cusp between generations two and three. In fact it may have moved well beyond that cusp.

It is now a good time to go back to first principles. As a means to clear strategic policy, we should first be asking whether having an ADF is an absolute requirement, or simply a learned one. Without asking this sort of first order question, it may be hard to find a clear Australian strategy for the twenty-first century. This strategy needs to connect defence policy aims with defence resources. But this reveals the second Australian defence dilemma. Such ontological questions do *need* to be asked. The problem is that they don't *have* to be.

The Relational Defence Dilemma

The third defence dilemma relates to Australia's international relationships. Two stand out for particular attention. The first is the US alliance built on several decades of close cooperation with the world's leading power. The second is Australia's strategic partnership with a rising China. The Howard Government might well argue that there is no dilemma involving these two relationships. Australia can have its alliance cake and eat the fruits of its burgeoning economic relationship with China.

There seems to be plenty of evidence available to support this optimistic rejoinder. In May 2006, for example, Prime Minister Howard completed another visit to Washington DC where the closeness of the US-Australia alliance relationship was on show for all to see.¹⁸ At the same time, his government has been assiduous in pursuing an increasingly close relationship with great power China. Australian taxpayers are benefiting directly from the Middle Kingdom's almost inexhaustible appetite for Australia's raw material exports.¹⁹ So if there is a dilemma here, would it please stand up! And if it does exist, why is it a defence dilemma?

The combination works so long as these two important relationships can be kept rather separate. This looks possible in functional terms. The US alliance focuses on security affairs. The China relationship is built largely on

¹⁸ See 'Howard, Bush reaffirm ties', *ABC News Online*, 17 May 2006, at <<http://www.abc.net.au/news/newsitems/200605/s1640172.htm>>. (Accessed 10 June 2006).

¹⁹ See Paul Kelly, 'Costello's golden egg', *The Australian*, 13 May 2006, at <<http://www.theaustralian.news.com.au/story/0,20867,19116653-12250,00.html>>. (Accessed 10 June 2006).

mutual economic interests. The problem is that both of these great powers have intersecting strategic interests in the Asia-Pacific: this also happens to be the region inhabited by Australia.

These American and Chinese interests are not only intersecting. They are also potentially conflicting. Neither great power is happy with the idea of the other being the pre-eminent power in the region, and the prospect of sharing that hegemony seems to appeal to neither Washington nor Beijing. There are also hotspots in North Asia – a region with a strong tradition of great power competition - which both countries find hard to leave alone. One of these might easily drag China and the United States into a crisis. It could also lead to the armed conflict which neither of them really want, and Australia could be dragged in too.

It has become conventional wisdom to argue that a Taiwan Straits crisis is the most likely trigger point. Coming to the aid of a threatened, or a provocative, Taiwan, the United States gets caught up in an escalating crisis with China. In the event of this crisis coming to blows, Washington calls on its leading regional allies for assistance. Canberra is damned if it answers the call because of what this will mean for its relations with Beijing. But it is damned if it refuses because of what will mean for the US alliance. Hence we have Mr Downer's attempt two years ago in Beijing to create some wriggle room with a rather intriguing interpretation of Australia's obligations under the ANZUS Treaty.²⁰

The good news is that it is quite possible that China and Taiwan will find a way through their ongoing family squabble without resorting to arms. The bad news is that there is another flashpoint in North Asia which is looming rather larger and more frightening. This is the relationship between the region's traditional rivals, China and Japan, where tensions most definitely have been rising.²¹

It would be quite irrational for these two giants to go to war with each other. Their economies are heavily connected and armed conflict would be mutually devastating for both of them. But each side is finding it useful to ratchet up their war of words. This plays well in domestic politics in both countries which is a potentially flammable ingredient. These tensions might spill over into a major crisis or even an armed conflict in coming years.

This situation could be even more demanding than a Taiwan stoush for Australia's leading ally, the United States. The US-Japan alliance is regarded as the lynchpin of the US regional presence. It is central to the

²⁰ See Hon. Alexander Downer MP, Transcript of Media Conference, Beijing, 17 August 2004, at <http://www.foreignminister.gov.au/transcripts/2004/040817_ds_beijing.html>. (Accessed 10 June 2006).

²¹ See Denny Roy, 'The Sources and Limits of Sino-Japanese Tensions', *Survival*, vol. 47, no. 2, Summer 2005, pp. 191-214.

balancing role Washington seeks to play in the region: Canberra welcomes this role for good reason out of its own interests in a strong East Asian balance. Given the strength of Chinese feeling, if the US backed Japan in crisis or conflict, a quite disastrous outcome is on the cards. Australia would be expected to play. In formal terms there are the expectations generated by Canberra's ANZUS commitments with Washington. But there is also an emerging trilateral strategic relationship between the US, Australia and Japan, reflected in the recent elevation of that trilateral dialogue to Foreign Minister level.²² While the statement from the 2006 meeting in Sydney welcomed 'welcomed China's constructive engagement in the region',²³ there is still the prospect that Canberra will one day face an awful and impossible choice between the United States and China.

This sort of troubling regional scenario has been put into the shade by the locus of effort in the Australia-US alliance since September 2001. Australia's commitments to Afghanistan and to Iraq (and especially to the invasion of the latter in 2003) are highly valued in Washington. They have reinforced Canberra's special place in the eyes of the Bush Administration, whose latest *Quadrennial Defense Review* categorises Washington's relationships with the United Kingdom and Australia as 'unique' and 'models for the breadth and depth of cooperation that the United States seeks to foster with other allies and partners around the world'.²⁴ This is good news for the Howard government. It can advance the alliance by joining in coalition activities in a part of the world where a direct US-China contest is not nearly as likely. The "expeditionary" nature of the war on terror period has helped Canberra walk and chew gum at the same time.

But this good news for the alliance in the short-term does not necessarily encourage clarity in Australia's long-term defence thinking and priority-setting. Here we see the third Australia defence dilemma in operation. It is composed of two main elements. First, Australia's steadfast commitment to Iraq in particular may have raised American expectations in potentially hazardous ways. Washington might come to expect Canberra's assistance for in any future conflict, even when these are problems of Washington's own making. The true test of that alliance will not come in the Middle East or Central Asia. It will come one day in North Asia.

²² See Graeme Dobell, 'Trilateral talks mark evolution in Japanese thinking', Transcript of Correspondents Report, *ABC Radio National*, 19 March 2006 at <<http://www.abc.net.au/correspondents/content/2006/s1594359.htm>>. (Accessed 10 June 2006).

²³ See Hon. Alexander Downer, MP, *Joint Statement Australia-Japan-United States*, 18 March 2006, Sydney, Trilateral Strategic Dialogue, at <http://www.foreignminister.gov.au/releases/2006/joint_statement-aus-japan_usa_180306.html>. (Accessed 10 June 2006).

²⁴ See, US Department of Defense, *Quadrennial Defense Review Report*, 6 February 2006, p. 7. [Hereafter QDR 2006].

This creates the need for Canberra to send some quiet but significant signals to its ally in Washington. The message is that Australia's support in certain Asia-Pacific situations might be somewhat qualified, especially when these engage China's strategic interests. But it is not clear whether the Howard Government has much wriggle room available here. An old diplomatic adage is to watch what a country does rather than what it says. And there is a gap between what Canberra needs to be saying about regional affairs and the message which is being conveyed by its current operational commitments further afield. Comments by Alexander Downer, for example, that China should not be seen as a threat to be contained, are important to note.²⁵ But these may struggle to have the desired effect in shaping Washington's expectations.²⁶

Interestingly, on the other side of the Tasman the situation is almost the reverse. It is now two decades since the nuclear ships controversy between New Zealand and the United States froze their alliance relationship. But in the war on terror period New Zealand's contributions in Afghanistan and elsewhere have gained Washington's attention. There are signs of a warming in US-New Zealand security relations.²⁷ Canberra and Wellington might just meet somewhere in the middle as they seek to adjust their own rather different relationships with the United States.

There is a second part to Australia's relational defence dilemma. This also stems from its extra-regional commitment to the wars in Afghanistan and Iraq. These experiences are encouraging defence acquisitions which may not be entirely suitable, or at least necessary, for operations in Australia's immediate region. The latter is a part of the world where Australian political leaders and the Australian public will expect the ADF to be able to operate, often in the leading role, for decades to come, including in response to internal security challenges faced by a number of Australia's Pacific near neighbours. Because of these expectations, ADF activities in the neighbourhood have a somewhat less discretionary flavour than those in the Middle East and Central Asia.

The logarithm here can work usefully in reverse. Capabilities which are developed for operations in Australia's immediate region can be useful for

²⁵ See Hon. Alexander Downer, MP, Transcript of Interview with Sky News, 15 March 2006, at <http://www.foreignminister.gov.au/transcripts/2006/060315_sky.html>. (Accessed 10 June 2006).

²⁶ See the different messages in 'Rice assails China on Australia trip', *International Herald Tribune*, 16 March 2006, at <<http://www.iht.com/articles/2006/03/16/news/rice.php>>. (Accessed 10 June 2006) and 'Rice and Downer in talks on how to contain China', *Sydney Morning Herald*, 11 March 2006, <<http://www.smh.com.au/news/world/rice-and-downer-in-talks-on-how-to-contain-china/2006/03/10/1141701692756.html>>. (Accessed 10 June 2006).

²⁷ See Hon Phil Goff, 'Goff welcomes call for US to build closer relations', *Media Release*, 26 April 2006, at <<http://www.beehive.govt.nz/ViewDocument.aspx?DocumentID=25548>>. (Accessed 10 June 2006); 'US Seeks Closer Defence Links', *The Dominion Post*, 9 May 2006, at <<http://www.stuff.co.nz/stuff/print/0,1478,3661783a10,00.html>>. (Accessed 10 June 2006).

stabilisation operations much further afield. But it is troubling to consider the conjunction of Australia's commitment to Iraq with such purchases as the Abrams tanks, the amphibious assault ships and the C17 aircraft. Again, uses will probably be found for most, if not all of these elements of the force structure.²⁸ But one is left wondering whether the ADF is at risk of acquiring non-essential equipment to fight non-essential wars.

There is much wisdom in the contention that Australia should not be trying to choose between its global and regional defence commitments. This would be a false choice based on an unnecessary zero-sum dichotomy. But it is important to consider the relationship between these commitments. To use a rather familiar analogy, the global tail should not be allowed wag the regional dog. Feeding the dog means that the tail can also be satisfied. This is the positive sum relationship which the Australian government should be aiming for as capabilities are chosen and used. But it does not necessarily work the other way around.

In this context there has been a growing disconnect between Australia's policy aims and the allocation of its defence resources. This strategic problem is evident in the comments on Australia's defence priorities which accompanied this month's federal budget. These comments have the rather unenviable task of trying to reconcile the 2005 *Defence Update* and its 2003 predecessor with the 2000 *Defence White Paper*.²⁹

On the one hand the budget statement indicates that 'The ADF will continue to plan to be able to undertake four key tasks: the defence of Australia and its direct approaches; contributing to the security of our immediate neighbourhood; supporting Australia's wider interests and objectives; and contributing to peacetime national tasks.'³⁰ This represents a somewhat revised, but still discernible, version of the "concentric circles" logic found in the 2000 *White Paper*.³¹

But the budget statement goes on to note that, in accordance with the subsequent *Defence Updates*, 'Defeating the threat of terrorism, countering the proliferation of weapons of mass destruction and supporting regional states in difficulty, remain the Government's highest priorities.'³² Two sets of

²⁸ In May 2006, for example, US Pacific Command deployed C17 to return Australian equipment and personnel from the Solomon Islands to Australia as Canberra was adjusting its regional force commitments in response to the violence in East Timor. See 'Loadmasters help reposition Australian Defense Forces', Air Force Link, at <<http://www.af.mil/news/story.asp?storyID=123020899>>. (Accessed 10 June 2006).

²⁹ Australian Department of Defence, *Australia's National Security: A Defence Update 2005*; *Australia's National Security: A Defence Update 2003*; *Defence 2000: Our Future Defence Force*.

³⁰ *Portfolio Budget Statements, 2006-07, Defence, Chapter One 'Overview'*, p. 9. <<http://www.defence.gov.au/budget/06-07/pbs/>>.

³¹ See *Defence 2000*, pp. 29-32.

³² *Portfolio Budget Statements, 2006-07, Defence, Chapter One 'Overview'*, p. 9.

questions stand out for urgent attention here. The first is “How and why do these priorities fit with the key established tasks of the ADF?” The second is “How and why they might be regarded as priorities to shape the ADF of the future?” These troubling questions take us to the fourth and final Australian defence dilemma which will be considering in this article.

The Thematic Defence Dilemma

On 11 May 2006 Dr Nelson launched Peter Edward’s biography of Australia’s masterful defence bureaucrat Sir Arthur Tange. In doing so, the Minister emphasised the importance of ‘rigorous, strategy-led planning and acquisitions’.³³ This sentiment fits well with the Tange legacy. It is welcome encouragement for today’s strategic analysts and defence planners. But Australia’s approach during the war on terror period has been more a case of “*ad hoc, events-led* planning and acquisitions.” Strategy has been coming a rather poor second in the race.

This is not to deny the massive importance of the events of September 2001. Nor is it to discount the special confirmation of the problem which Australians received some 13 months later with the Bali bombings. Indeed, Australia has a vested interest in the campaign against terrorism. For instance, both its major ally (the United States) and its largest neighbour (Indonesia) are playing crucial, although rather different, roles in attempts to develop effective counter-terrorism strategies.

But it has also not escaped the attention of political leaders that terrorism issues play rather well in domestic politics. Voters are seeking reassurance against dangers which are sometimes real and sometimes imagined. This lesson has certainly been learned by Australia’s politicians. But they have seized this opportunity in a way that should make one very alert and possibly rather alarmed. For example, there are some potentially significant implications for academic freedom, free speech and university research which accompany the Australian federal government’s new legislation on sedition.³⁴

But it must be admitted that for those in the wider defence and security sector the war on terror period has certainly been very good for business. This applies equally to those teaching strategic studies in Australian academic institutions and those seeking security-related positions in the official community. Potentially then the body of analysts who can contribute

³³ ‘Defence Minister Dr Brendan Nelson Launches Sir Arthur Tange Biography’, *Media Release* 081/2006, 11 May 2006. For the biography, see Peter Edwards, *Arthur Tange: Last of the Mandarins*, Crows Nest, NSW: Allen and Unwin, 2006.

³⁴ See Australian Vice Chancellors Committee, ‘Sedition Laws not appropriate for universities’, *Media Release*, 27 April 2006, at <http://www.avcc.edu.au/content.asp?page=/news/media_releases/2006/avcc_media_15_06.htm>. (Accessed 10 June 2006).

to Australian strategic policy in coming years could be a larger one thanks to the war on terror.

Similar patterns of expansion also apply to the budgets of the wide range of government agencies who now work in the security business. The most stunning international example of this last phenomenon is the US Department of Defence. As the 2006 QDR indicates, the Pentagon is the 'world's largest employer'.³⁵ The 'long war', the name which the new QDR uses,³⁶ has been great for cash flow. It has helped make the post-Cold War peace dividend a distant memory. But there is a serious mismatch between policy aims centred on the long war on terror and the massive investment in defence capabilities which are only partially suitable for, and justifiable by, such a contest. This is a recipe for an empty strategy.

For the Australian Defence Organisation the conjunction of heightened concerns about international terrorism with bulging federal coffers has also been of some benefit. But an interesting thing happens when we take a look at the capability plans for the ADF and consider their utility in a global war on terror. It is not clear that there is a very solid connection here between means and ends, unless we consider the Iraq commitment as central to that war (a debatable proposition given the relative absence of terrorism in Iraq before the 2003 invasion). This leaves the posture vulnerable should the big balloon of the long war be punctured. If that happens, the hot air of rhetoric will give way very quickly to the hard ground of reality.

This is the fourth Australian defence dilemma. In one corner we have the obvious and irresistible temptations for the defence establishment to latch on to the long war as part of its *raison d'être*. In the other corner we have the long-term disadvantages of such an approach. We might call these disadvantages the "nasty aftertaste" of war on terror for defence planning.

It is rather too easy to argue here that defence forces are not always the most appropriate mechanisms for responding to terrorism. This conclusion is valid. But it does not address the incontrovertible fact that Australian forces joined the fight in Afghanistan against the Taliban and al Qaeda. This had everything to do with a response to the 9/11 terrorist attacks. So it is very hard and even foolish to argue that the ADF has no part to play. This is not least because force elements such as the Australian SAS have long had counterterrorism as a core function.³⁷ Moreover there may be occasions when swift and decisive military action is the only response which has a chance of heading off an imminent terrorist attack.³⁸

³⁵ QDR 2006, p. 75. The QDR puts the figure at 3 million employees.

³⁶ See QDR 2006, p. v.

³⁷ For one reference to this role before 9/11, see *Defence 2000*, p. 81.

³⁸ One is reminded here of Prime Minister Howard's well known 2002 comment that 'it stands to reason that if you believed that somebody was going to launch an attack against your country,

But the problem is that as its name suggests the long war is not swift. Nor is it decisive. In Afghanistan, the idea that Australia is part of a campaign against terrorism is only part of the picture. There is a big struggle here, and perhaps it is an unwinnable one. It is for a politically cohesive and stable country built around a widely accepted social contract between citizens and state, buttressed by a thriving and taxable economy.³⁹

Now this wider issue is recognised to an extent in Australian policy. The Howard Government has signed up to the logic that fragile and weak states need attention partly because they can act as breeding grounds for terrorists and transnational criminals.⁴⁰ One would not want to dispute this logic in general although in specific cases it does not always apply. But the real point is that so much of the campaign against terror will run aground on the shoals of these often impossible domestic political situations.

In Iraq the situation is particularly depressing. Military action in the name of the war on terror dismembered the existing state. As horrendous as that earlier apparatus was for many Iraqis, a Hobbesian world was created in which groups using terror thrived. That this situation resulted from a war of choice rather than a war of necessity should make us pause. The international community should bear this in mind when considering the options which are being 'left on the table' for dealing with Iran.⁴¹

Of course there was another element in the official justification for the 2003 invasion of Iraq. And the Howard Government joined in both the justification and the action. This was the weapons of mass destruction (WMDs) argument. Developments since that time have probably made us sceptical about any such linkages being made in the future by political leaders.⁴²

But as with the responses to terrorism, it is silly to argue that a defence force and a defence organization can have no role in responding to WMD challenges. A number of examples come into consideration here. There are

either of a conventional kind or of a terrorist kind, and you had a capacity to stop it and there was no alternative other than to use that capacity then of course you would have to use it.' Transcript of the Prime Minister, The Hon John Howard MP, Interview with Laurie Oakes, Sunday, Channel 9, 1 December 2002, at <<http://www.pm.gov.au/News/interviews/2002/interview2015.htm>>. (Accessed 10 June 2006). In contrast to some of the Bush Administration's advocacy of preventive action, Mr Howard's comments related to action in accordance with classical pre-emption.

³⁹ Some of the challenges in Afghanistan and other cases are noted in William Maley, 'Democratic Governance and Post-Conflict Transitions', *Chicago Journal of International Law*, 6:2, Winter 2006, pp.683-701.

⁴⁰ See *Australia's National Security: A Defence Update 2005*, p. 4.

⁴¹ See 'Bush keeps Iran military option', *BBC News*, 18 April 2006, <http://news.bbc.co.uk/2/hi/middle_east/4919804.stm>. (Accessed 10 June 2006).

⁴² For a critical assessment of this linkage, see Robert Ayson, 'Evaluating Australian policy responses to WMD terrorism', Presentation to ASPI Seminar on Deadly Connections: Terrorists and Weapons of Mass Destruction, Parliament House, Canberra, 7 February 2006, at <<http://www.aspi.org.au/events.cfm>>. (Accessed 10 June 2006).

the joint facilities on Australian soil. There is Australia's participation in the Proliferation Security Initiative.⁴³ There is Australia's cooperation with the United States over missile defence.⁴⁴ But it is hard to see these types of activities as major shapers of the future ADF. This creates another potential disconnect between what the government says are its key priorities and the defence resources which are being assembled.

Of the Howard government's three 'highest priorities'; countering terrorism, countering the spread of WMDs and assisting 'regional states in difficulty' it is the third which has more to offer as a basis for Australia's defence planning. There is a sense of continuity here between the 2005 and 2003 *Defence Updates* and the 2000 *White Paper*.⁴⁵ After all, the earliest of these documents was drafted in the wake of Australia's role in helping to bring security to East Timor following the post-referendum violence there in 1999.

But we need to be very cautious and modest in our expectations here. The reappearance of violence in 2006 in both the Solomon Islands and East Timor gives us food for thought. These events have confirmed that stabilisation missions and nation-building are extraordinarily challenging affairs. In the short term we may be encouraged to think that the ADF can somehow be part of a solution to these problems. Following street riots in Honiara in April 2006, for example, Australia beefed up its defence contribution to the Regional Assistance Mission in the Solomon Island to approximately 400 personnel.⁴⁶ Just one month later, Australia was deploying approximately 2000 personnel to East Timor⁴⁷ which had become paralysed by political divisions, a breakdown in civil-military relations and violence spilling over into the streets of Dili.

But in the longer-term we should be asking questions about the limitations rather than options which face Australia in that neighbourhood. Even when joined by like-minded regional countries, how much influence can Australia really bring to bear on the domestic politics of other countries, even when they are rather *small* neighbours? It is not just that state-building is a long-

⁴³ See Australian Department of Foreign Affairs and Trade, 'Proliferation Security Initiative', at <<http://www.dfat.gov.au/globalissues/psi/>>. (Accessed 10 June 2006).

⁴⁴ See 'Hill commits Australia to US missile defence,' *The Age*, 24 June 2004, at <<http://www.theage.com.au/articles/2004/06/19/1087595777243.html?from=storylhs>>. (Accessed 10 June 2006).

⁴⁵ Compare *Australia's National Security: A Defence Update 2005*, p. 9; *Australia's National Security: A Defence Update 2003*, pp. 20-22; *Defence 2000: Our Future Defence Force*, pp. 22-23.

⁴⁶ See Hon Dr Brendan Nelson, 'ADF Support Continues in Solomon Islands', *Media Release*, 26 April 2006, MIN51/06, at <<http://www.minister.defence.gov.au/NelsonMintpl.cfm?CurrentId=5582>>. (Accessed 10 June 2006).

⁴⁷ See Australian Department of Defence, 'Update – ADF Contribution to Op Astute', *Defence Media Release*, CPA 102/06, 28 May 2006, at <<http://www.defence.gov.au/media/DepartmentalTpl.cfm?CurrentId=5680>>. (Accessed 10 June 2006).

term commitment. It can also be an almost impossible quest if local parties do not really want to establish binding social contracts to bring their conflicts to an end.

This sounds a familiar question given the recent experiences in places like Afghanistan and Iraq. Of course these are on a larger scale and further afield. But in the immediate region, Australia's dilemma is potentially even sharper. The ADF does need capabilities which suit these local missions. But this is not because these operations bring easy results. It is because Australia will be expected to act when there is a serious deterioration in the security of weak states in the neighbourhood. These expectations come from Australia itself: political leaders will ask the ADF to do this in the future. These expectations can come from a number of the neighbouring countries experiencing these difficulties. And they come from other countries, both inside and outside the region.

As time goes on the limits of Australia's capacity to resolve internal political challenges in neighbouring states will become increasingly obvious. Yet this will not allow Australia to escape the additional dilemma here. Consider the case of Papua New Guinea. Australian leaders may one day feel they have little choice but to enter into a major commitment there involving a significant ADF presence. This has the potential to soak up much of Australia's defence resources and policy attention for the best part of a generation. But these same leaders in Canberra who are authorising the commitment may also recognise that it has little chance of achieving long-term progress.

Conclusion

This rather gloomy prognosis may come with a benefit. It may encourage questions about what are Australia's wars of choice as opposed to the wars of absolute necessity. It invites us to ask that important second order question: for what absolutely necessary reasons might Australia need a defence force? This line between choice and necessity has been blurred by all the talk of spreading democratic values in an age of globalisation and as part of a global war on terror. It has been eroded by excessive optimism about what can be done for weak states.

But what if we were to start with the proposition that Australia needs a defence force, and only really needs one, when certain things come under attack or direct threat? There might be five such categories:

1. Australia and its resources, including Australia's maritime approaches;
2. Large concentrations of Australian citizens abroad; especially expatriates in neighbouring countries who may need evacuating at short notice;

3. Australia's own forces abroad which are there for necessary reasons and which may need additional assets deployed for their protection;
4. One or more of Australia's near neighbours where the challenge might come from within these countries rather than from without;
5. One or more of Australia's allies or very good friends especially when the danger is occurring in the region.

This is not to say that the ADF should only be available for these sorts of contingencies. But a focus on these tasks could help provide a consistent planning basis for the shape of the ADF. A defence force shaped around them *could* then also be used for responding to a crisis in Darfur or for continuing Australia's presence in Afghanistan, if that was the wont of Australia's leaders and people.

Some of these five categories might be more important to us than others. It is possible that the list could be shorter. To keep Ockham's Razor as sharp as possible we might start thinking again about Australia's *vital* interests. These are interests which if threatened would cause Australia to use force. This is an unfashionable way of thinking, but it could help bring clarity to Australia's defence priorities. Yet as one looks to the promised land of clear strategy it is important not to lose sight of the defence dilemmas mentioned in this article. None of them will be easy, or at times possible, for Australian planners to escape.

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