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Defence policy: One clear objective

At least since the end of the Cold War, and arguably since the US withdrawal from Vietnam, Australian defence policy has suffered from a lack of clear objectives. A combination of inertia and the political interplay between the different branches of the armed services have led to the maintenance of a force structure more relevant to the past than to the future.

The Federal government has recently undertaken an attempt to clarify future directions for defence policy. The process began with the issue of the Defence Review 2000¹ which was followed by an extensive exercise in public consultation, culminating in the release of a Defence White Paper². The White Paper sought both to clarify the objectives of Australia's defence policy, and to provide the basis for a consensus on the need for increased defence spending.

In practice, however, confusion over the objectives of defence policy persists. The Defence Review 2000 sets out a number of possible objectives, which are implicitly given roughly comparable weight. These are:

- Defeating attacks on Australia;
- Regional security;
- International coalition operations; and
- Military operations other than war.

It is also clear that domestic objectives including industry policy, disaster relief and youth training and employment play a significant role in defence policy.

In the rhetoric of the White Paper, and the broader defence debate, these objectives play different roles. The 'pure' defence objective is used to present defence expenditure as a necessity, not subject to the normal cost-benefit analysis. On the other hand, the strategic situation is largely interpreted in terms of regional security and stability, regardless

of whether insecurity and instability present any military threat to Australia, or whether any military response is feasible. Finally, in the absence of any likelihood of an attack on Australia, or of Australian participation in a war in our region, the force structure recommended by the White Paper is constrained by the activities in which the armed forces are actually likely to be engaged, namely, international coalition operations and military operations other than war.

The purpose of this paper is to argue that defence policy issues can and should be clarified by the explicit adoption of a single core objective, that of national self-defence, with other possible uses of defence forces being regarded as peripheral. It would be perfectly reasonable for Australia to abstain from any military activity other than self-defence, and many countries in fact do so. By contrast, defence of the national territory is a core function of government. Hence, the appropriate starting point for analysis is the explicit recognition that the defence of Australia is the core function of the defence forces.

The argument draws on the debate over the role of foreign aid policy. Whereas in the past, aid was seen as having a number of roles, including, for example, the promotion of Australian exports through ‘tied’ aid, the Simons Committee concluded that aid should focus solely on reducing poverty.³

The paper is organised as follows. The first section is a discussion of the relative importance of the defence and other objectives, aimed at justifying the claim that the defence of Australia against foreign invasion is overwhelmingly more significant than other possible defence objectives. Hence, it is argued in the second section that the appropriate approach to defence planning is based on a distinction between core and peripheral objectives. Implications for defence expenditure are discussed in the third section.

The relative importance of the defence and other objectives

The argument for one clear objective in defence policy is based on the claim that our interest in self-defence completely dominates any 'strategic interest' we might have in influencing military and security developments outside Australia, except insofar as the latter interests indirectly affect the likelihood of a future armed attack on Australia.

It would be absurd to place a dollar value on the defence of Australia against future invasion. Nevertheless, it is clear that should such an invasion be attempted, we would be compelled to resist it even at the cost of great loss of life and economic deprivation. Hence, even protection against invasion events of quite low probability justifies substantial defence expenditure.

By contrast, it is difficult to see how any of the indirect strategic interests discussed in the White Paper would justify the annual expenditure of even one per cent of gross domestic product (GDP). It is worth considering a number of such interests separately, including:

- (i) Australia's interest in international security against aggression;
- (ii) Australia's interest in regional security and stability;
- (iii) Protection of Australian citizens and property overseas;
- (iv) Participation in coalition operations; and
- (v) Domestic objectives including industry policy, disaster relief and youth training and employment

Undoubtedly, Australia has an interest in the peace and prosperity of the world as a whole, and should therefore contribute to international efforts in this direction, such as the peacekeeping operations of the United Nations. But there is no reason to suppose that our contribution to our international obligations should be primarily military. Since our total commitment to civilian foreign aid, including our special obligations to Papua New-Guinea, is less than 0.4 per cent of GDP, no substantial portion of our defence expenditure can be justified by such considerations.

Similar comments apply to contributions to regional security and stability. Regional

security in the present and foreseeable future must be distinguished from the situation during World War II and the Cold War. In earlier periods, regional security referred to collective defence against an actual or potential aggressor seeking to conquer the entire region. In the present context, disruptions such as those currently taking place in Indonesia and Fiji affect our interests as a trading partner and raise humanitarian concerns, but raise no threat of a region-wide military conflict, let alone an invasion of Australia. Hence, military assistance in the maintenance of relative stability must be tested for cost-effectiveness relative to the alternative of increased civilian aid.

In most situations involving regional instability, military intervention is simply not feasible. For example, although the military coups in Fiji in 1987 and 2000 were rightly deplored by the Australian government, there was no serious suggestion that the Australian armed forces, alone or in coalition with other countries, should seek to restore the legitimate government.

The example of East Timor may seem to contradict this general judgement. However, East Timor presented an almost uniquely favourable case for intervention. Australia intervened on the basis of a UN mandate and a clearly recognised moral obligation, based on our shameful complicity in the Indonesian annexation of 1975. The intervention had the support of the overwhelming majority of the East Timorese people and the acquiescence of the Indonesians. The only opposition came from the militia, a collection of poorly armed groups with no serious capacity for resistance following the Indonesian withdrawal. Finally, there was a well-defined exit strategy. The likelihood that any future regional crisis will present such favorable conditions for intervention is minimal.

It is clearly desirable, where possible, to protect Australian citizens and property overseas from civil disturbances, terrorism, crime and other threats. However, cases where armed force can be used to offer such protection are the exception rather than the rule. In any case, by far the greatest threats of this kind to Australian citizens come from the actions of criminals and others operating in Australia. In this respect, the primary

responsibility of the Australian government is to ensure that people in Australia, whether or not they are Australian citizens, are safe from such threats, rather than to intervene by force in cases where foreign jurisdictions fail to fulfil their corresponding obligations.

The term ‘coalition operations’ applies to participation in operations, possibly undertaken to enforce resolutions of the United Nations, but under the direct military command of the United States. Examples of coalition operations in which Australia has previously participated include the Korean, Vietnam and Gulf wars. Possible future contingencies include a renewed Korean conflict, a military confrontation between China and Taiwan, or action against a ‘state of concern’ to the United States which might arise following the rise of a dictatorial and potentially aggressive government somewhere in the region.

It is important to observe that the primary importance of Australian contributions to recent coalition operations has been as a symbolic gesture of support for the United States. In military terms, the Australian commitment made little or no difference to the outcome of, for example, the Gulf War. It follows that, where participation in coalition operations is in our national interest, it is the fact of a commitment rather than the particular forces committed that will be of most importance. Hence, the appropriate policy is to structure our forces for the core objective of national defence and then to make whatever commitment is feasible in the circumstances of a particular operation.

While most US-led coalition operations in the recent past have merited at least symbolic support, it is important to maintain the right to decline to participate in operations where US and Australian strategic interests differ, or where US policy is driven by domestic policy concerns rather than a correct perception of strategic interests. An example of the former case would be armed US intervention in a conflict between China and Taiwan. Although it would be necessary to make an assessment at the time, it would seem unlikely that intervention in such a conflict, other than to encourage a peaceful resolution, would be in Australia’s interests. An example of the latter case is the proposed

Nuclear Missile Defence system. Expert opinion is almost unanimous that the system will be technically unworkable and will provoke a hostile response from China, but US policy on the topic is driven by the unwillingness of political leaders to state the facts to the US public. Australia should follow the example of the United States' European allies and decline to provide any support to the system.

Finally, while the activities of the defence forces may yield domestic 'spinoffs' of various kinds, it would be a serious mistake to distort defence policy in the pursuit of such objectives. The way in which such spinoff benefits can be addressed is discussed below.

Defence planning – core and peripheral objectives

A good deal of recent literature on public administration has dealt with the problems that arise when public sector organisations operate with ill-defined and diffuse objectives. Although it is not always feasible, the most appropriate response in many cases is to define a core objective for the organisation, and then to deal with peripheral objectives on a primarily commercial basis.

The core objective

The detailed design of a defence against an armed attack on Australia is best left to experts. Nevertheless, some observations may be made with respect to the threats against which it is appropriate to prepare, and the defence force structure that is best suited to respond to such threats.

The Defence White Paper discusses both developments in South-East Asia and developments in continental Asia (notably China and India) with the implication that Australian defence policy should respond to both. Developments in South-East Asia could pose a military threat to Australia over the next thirty years. The most obvious possibility is the rise to power of a hostile government in Indonesia or a breakup of the

present Indonesian state resulting in some hostile successor state.

On the other hand, there is little justification for a military response to developments in continental Asia. While defence policy must deal in low-probability contingencies, the prospect that China or India would seek to attack Australia (except as a response to Australian involvement in an Asian war) seems too remote to justify a response. Neither China and India has ever made any territorial claim which could affect Australia, and both have pressing concerns close to home. Although both countries are building up military capacities, and are likely to have increased economic capacity to finance military spending, neither shows any sign of developing the kind of long-range capacity that would be needed to mount an attack on Australia. Moreover, since both India and China are nuclear powers, it is even more implausible that hostile action on their part would take the form of a conventional attack to which Australian defence forces could respond. To the extent that any defence response to developments in China and India is merited, it should take the form of civil defence preparations against nuclear attack.

Turning to the implications of a core defence mission for the structure of the defence force, there appears to be general agreement that the highest priority must be placed on the maintenance of air superiority and that the lowest priority should be allocated to the surface navy. In the absence of air superiority, naval forces are largely useless for defensive purposes, while in the presence of air superiority they are largely redundant. The traditional role of naval forces has been to project power in aggressive or 'forward defensive' operations. Such operations should play no role in Australian defence policy.

As far as the army is concerned it is necessary to maintain a force sufficient to respond to any successful landing of hostile forces in Australia and also to operate against hostile forces in the immediate region. Given the low probability that such attackers would deploy armoured forces, the current force structure, designed to respond to lightly and moderately armed adversaries, seems appropriate.

Finally, it is worth considering the balance between current and future capabilities. The White Paper indicates a balance in which about two-thirds of resources are allocated to current capabilities and one-third to future capabilities. However, it also indicates that there is no foreseeable prospect of an armed attack on Australia in the near future, and that our armed forces are substantially superior to those of any other country in the region. This suggests that it would be appropriate to shift the balance of expenditure towards future capabilities.

If resource allocation were shifted, over time, so that more resources were allocated to future capabilities, it would be possible to increase our capacity to defend ourselves against attack in the future, while reducing total defence expenditure. Taking, as an illustration, a budget of \$12 billion per year, current priorities imply that only \$4 billion is allocated to future capabilities. A budget of \$10 billion, divided equally between current and future capacities would imply an allocation of \$5 billion to each goal.

Peripheral objectives

Given a force structure designed to provide the most cost-effective possible defence against current or future armed invasion or attack, the allocation of resources to peripheral objectives should be assessed through a comparison of benefits and avoidable costs. Avoidable cost is the cost associated with meeting the peripheral objective that would not be incurred as part of the core objective.

The concept of avoidable cost may be illustrated by considering the case of international peacekeeping operations. The avoidable cost of such operations includes the cost of maintaining forces in the field rather than in barracks, and additional payments to troops on active service, but it does not include the basic wages of the troops or the cost of equipment that would have been used in any case. Any benefits accruing to the core defence objective, such as training benefits, should be offset against avoidable cost.

The balance between benefits and avoidable costs may be achieved by requiring

external funding for peripheral objectives. For example, if increased costs of domestic defence procurement are justified on industry policy grounds, the defence budget should be based on least-cost procurement with the avoidable costs of domestic procurement being funded by subsidies from an industry department. Similarly, the use of defence forces to achieve foreign policy objectives should be funded by the Department of Foreign Affairs and Trade, which would have an incentive to ensure that the same objectives could not be met at lower cost, for example through civilian aid.

Although similar arrangements have been applied to other government agencies, it seems doubtful that such a radical reform will in fact be applied to the defence forces. A partial implementation can be achieved through internal budgeting procedures designed to implement an appropriate distinction between core and peripheral objectives.

The approach recommended here would entail a gradual reduction in the capacity to pursue peripheral objectives. Nevertheless, the need to maintain significant armed forces even during periods like the present, when there is no threat of invasion in the near future, implies that there will be frequently be a capacity to allocate defence force resources to peripheral objectives at low avoidable cost. Thus, for example, it should be possible to make contributions to international peacekeeping forces on appropriate occasions.

Implications for Defence Expenditure

The maintenance of a multi-objective defence force would require a substantial increase in expenditure. On the other hand, current expenditure is more than sufficient to achieve the core objective of defending Australia for the immediate future. Even if, as projected, the costs of defence technology rise over time, it should be possible to reorient expenditure to the core defence objective at the expense of a gradual diminution of capacity to pursue peripheral objectives. The following observation should form the basis of defence planning:

If it was decided that Defence should take a narrower focus on maintaining the capabilities needed only to defeat credible attacks on our territory, then it is possible that these limited goals could be achieved from within the current level of funding (Defence Review 2000, p 59):

The core defence budget should be maintained as a constant proportion of GDP, while peripheral objectives should be funded from appropriate non-defence sources.

Concluding comments

There is a chronic gap between the objectives governments wish to pursue and the revenue resources available to pursue those objectives. If growing needs in new areas are to be met, it will frequently be necessary to sacrifice lower-priority objectives that may have been affordable in the past. In all areas of public expenditure, it is necessary to distinguish between core and peripheral objectives and to set expenditure priorities accordingly.

Australia is in no position to undertake greatly increased defence expenditure in order to pursue objectives unrelated to the core function of defending Australia against armed attack. Future defence policy should be based on this single clear objective.

¹ Department of Defence, *Defence Review 2000—Our Future Defence Force*, Public Discussion Paper, Canberra.

² Department of Defence, *Defence 2000—Our Future Defence Force*, White Paper, Canberra

³ Simons Committee (1997), *One Clear Objective: poverty reduction through sustainable development*, Report of the Committee of Review, AusAid, Canberra.