

Introduction

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To celebrate its fortieth anniversary in 2006, the Strategic and Defence Studies Centre (SDSC), sponsored by Boeing Australia Holdings Limited, organised a series of seminars on what we judged to be some the key issues that should inform the future development of Australian defence policy.

Particularly in the first 20 years after its establishment, scholars at the SDSC played a prominent role in shaping the ideas and aspirations that eventually found official expression in *Defence of Australia* (the 1987 White Paper on the Defence of Australia) and the *Review of Australia's Defence Capabilities* (or so-called Dibb Review) that preceded it.¹ We did not select the title for our anniversary seminars out of a sense of nostalgia. Australian defence policy has never been far from the Centre's core interests. Moreover, we have a number of concerns about the manner in which adjustments to defence policy are being determined. One particular concern is the spontaneity (to characterise it politely) that has crept into defence policymaking and acquisition decisions, and the gap between declaratory policy and actual practice that has emerged as a result. A second is that much of the heated debate about expeditionary versus 'defence of Australia' capabilities seems unaware that this has long been the core dilemma confronting Australian defence planners and that there may be value in revisiting the answers arrived at in the past. And a third is the extent to which the specialist community has dissipated its energy advocating policy developments already agreed by government, while important judgements—such as whether expeditionary deployments in Australia's immediate neighbourhood and in distant theatres are equally important and probable, and call for a similar suite of capabilities—remain unexplored.

The papers assembled in this volume do not pretend to constitute a comprehensive coverage of the issues that defence policymakers need to reflect upon. Defence policy does not flow easily from a single political decision or determination. It is instead a construction, an edifice of judgements rather than a single insight. In a first step, these judgements must traverse the defining characteristics and possible sources of threat to Australian interests in the unfolding global and regional order. Judgements then have to be made about which of these threats or risks it would be appropriate and feasible for Australia to acquire military capacities to counter and which should be addressed through other policy instruments. For those residual risks where the option to use force is deemed essential, their relative importance has to be assessed before determining the broad mix of capabilities that offers the strongest fit with the

spectrum of risks. Finally, the broad force structure that flows from this edifice of judgements has to be reconciled with fiscal realities, a process that may require some iterative re-visiting of core assessments further up the chain.

For some 25 years, from 1975–2000, a defence policy centred on the self-reliant ‘defence of Australia’ doctrine enjoyed strong political, professional and public support. This volume begins with Paul Dibb recalling how Australia gravitated toward the conviction that it could and should aspire to defend itself, and the major challenges he faced in 1985–86 when he was tasked by the then Defence Minister, Kim Beazley, to develop the general thrust of ‘defence of Australia’ into a coherent and affordable capabilities program for the Australian Defence Force (ADF). Dibb stresses that his report was primarily about how to structure the ADF, not about how governments might wish to use it. The author of the concluding chapter, Hugh White, has a similarly ideal pedigree to explain how ‘defence of Australia’ worked in practice and to address the core question of where to from here? White was the senior defence official involved for most of the 1990s in using the ‘defence of Australia’ doctrine to guide the allocation of ADF resources and in advising government on whether and how this core policy should be adapted in the light of new circumstances, not least the end of the Cold War.

Both authors highlight that, while expressed differently at various points in our brief history, a central dilemma for Australia’s defence planners has always been where we envisaged the frontline for our defence to be, and it is this issue that has shaped the defence capabilities needed rather decisively. For a long time, this central judgement was buried under the acceptance in Australia of a semi-sovereign status, a community that deemed self-defence to be out of reach and was content to sub-contract its defence to the mother country or to our newer great and powerful friend. In other words, the frontline for Australia’s defence was wherever the United Kingdom or the United States deemed it to be and, except for 1942–43, this was never close to Australia.

Having finally resolved in the mid-1970s to aspire to the self-reliant ‘defence of Australia’, the determination on where we should position the frontline of our defence stood exposed as central to the relevance and effectiveness of our defence capacity. ‘Defence of Australia’ determined that our frontline (i.e., the primary geographical determinant of our air and maritime strike capabilities in particular) should be the sea-air gap across northern Australia. This national focus did not stem from a strategic assessment that the world had improved to such an extent that the traditional deployment of Australian forces to distant battlefields could be completely discounted. Nor was there a political decision that Australia would simply no longer countenance such deployments in the future. ‘Defence of Australia’ included the overt judgement that the forces acquired to address this core mission would be sufficiently large and versatile

to meet the other tasks that government could ask of them—including, in particular, UN or US-led operations.

White, in particular, highlights how significantly the exclusivity of the sea-air gap frontline was whittled back to accommodate secondary but formally-endorsed guidelines to the ADF to also anticipate operating on frontlines that ranged somewhat vaguely up the East Asian seaboard. These adaptations of 'defence of Australia' resulted from efforts by both Labor and Liberal Governments to anticipate the probable consequences of the end of the Cold War; the achievement by most of Australia's Southeast Asian neighbours of high and sustained rates of economic growth which eroded both our technological edge and our relative strategic weight; the later 1997–98 Asian financial crisis which saw the Association of Southeast Asian Nations (ASEAN) lose much of its coherence and launched Indonesia on the difficult road to democracy; the rise of China; the East Timor experience; and the epidemic of stability concerns among the island states of the Southwest Pacific.

The process of formal and comprehensive re-evaluations of defence policy—that is, synthesising strategy, force structure and budgets—stopped in 2000 with that year's Defence White Paper, *Defence 2000: Our Future Defence Force (Defence 2000)*. Since then, we have seen three Defence Updates, each of which endorsed the enduring validity of *Defence 2000*. The qualifications to 'defence of Australia' endorsed up to 2000 (essentially authorising capabilities additional to the 'defence of Australia' mission) did not require the ADF to be able to operate independently beyond Australia and its most immediate neighbourhood—it was clearly specified that all such operations would be conducted with allies and/or friends. Even with this significant limitation on the desired capabilities, the Australian Government's undertaking to provide three per cent annual real growth in the defence budget (effectively ensuring that the ADF budget stayed at about two per cent of Gross Domestic Product (GDP)) meant a very tight fiscal environment for defence, with no scope for any indulgent excursions or significant mismanagement of major acquisition programs. Since 2000, of course, we have had the 11 September 2001 terrorist attacks on the United States. Endorsing the view that conventional military forces had a central role in confronting international terrorism has generated still more frontlines for the ADF—in Afghanistan and Iraq—all more distant from Australia than Southeast or even Northeast Asia.

A reasonable working assumption is that the ADF, with an annual budget of some A\$20 billion—representing a relatively stable resource allocation bargain within government and a relatively stable social contract between government and the people in respect of taxation and the provision of public goods and services—is being allowed and indeed encouraged to prepare to defend Australia and its interests on too many fronts. The question, as always, remains how many

frontlines can we sensibly task the ADF to defend, and on what basis do we construct the edifice of judgements that would allow us to separate the really essential frontline(s) from the merely desirable or even the important, and then to devise a logical and affordable set of force structure priorities?

The remaining essays in this volume show that if devising a coherent and affordable defence policy was difficult in the past, it is not going to be any easier in the future. In the first of several chapters on what we have termed global issues that should affect Australia's defence policy, Coral Bell takes a penetrating look at the international system a few decades hence and sees, alongside further significant population growth and a quite dramatic increase in urbanisation worldwide, up to a dozen states with a claim to the label 'major power'. As we are presently in a unipolar world, we face a complex, compressed and inherently stressful redistribution of power and influence. Two Asian states, China and India, are likely to constitute the epicentre of this transformation. Bell contends that, notwithstanding all the changes (nuclear weapons, the information and communications revolutions, and globalisation for example) that most analysts feel minimise the likelihood of hegemonial war (or one or more of these major powers resorting to force either to accelerate or retard the redistribution of power in the international system), the prospect of such a war remains the most destructive threat imaginable and its avoidance the first priority of statesmanship and diplomacy.

Bell proposes that something like the Concert of Powers that staved off hegemonial war for a century following the Napoleonic wars may be the only diplomatic institution capable of managing the crowded global leaderboard in prospect over the coming decades. In a later chapter, Brendan Taylor indirectly supports the decisive importance of the major powers consciously assuming prime responsibility for the stability of the international system. Taylor documents the luxuriant growth in multilateral security processes in the Asia Pacific but concludes that the impact of these processes has been, and will likely remain, quite marginal for a long time.

In a second chapter on global issues, Robert O'Neill takes a sobering look at the state of the campaign against international terrorism. O'Neill concludes that the first five years of this campaign have gone very badly, courtesy, in the main, of the war in Iraq. We should by now have had a far better security outlook on this front than is in fact the case. Although he considers that a number of important actors may have lost sight of the limited utility of military power, he concedes that military force will have an indispensable part to play in bringing this phenomenon under control. At the same time he is alarmed at how completely the lessons of past campaigns against irregular fighters have been forgotten, even as political and military leaders have watched the strong propensity for conventional military power to become a counterproductive blunt instrument

play itself out over and over again. O'Neill offers a list of thoughtful suggestions on the capacities and qualities that the armed forces of states opposing terrorism must be funded to acquire if they are to fulfil their limited but essential role in this long campaign.

In a somewhat analogous fashion, Greg Fealy brings out the fact that beyond the battlefield, in the realm of hearts and minds, the very special challenges posed by jihadism requires policy to be guided by the most careful and nuanced analysis. Fealy focuses on Indonesia where jihadism is present but still so marginal that a military counterterrorist campaign is neither underway nor necessary. Australia is doing what it can to encourage and assist the Indonesian Government to win the 'battle of ideas' and to strengthen further the country's evident inhospitality to jihadist theology and solutions. His analyses of attitudes in Indonesia toward descriptors like fundamentalism, radicalism, extremism and jihadism mirror O'Neill's views on the complexities of the modern battlefield. It is distressingly easy to mis-diagnose the situation, to resort to generalisations, and to pursue policy settings that, at best, have no effect or, at worst, prove counterproductive, as Fealy believes may be the case with Australia's current approach to Indonesia.

In two further chapters on global issues Wang Gungwu and Ron Huisken look at China and the United States respectively. In what was initially an address to the dinner that opened the anniversary seminars, Wang reminds us that China is unique among the current crop of major powers in having experienced both the highs and lows of power and influence several times. The thrust of Wang's analysis is that China is constructing the current revival of its fortunes with great care and seriousness, and, among other things, drawing on a careful study of both its own history and that of other powers so as to minimise the risk of jeopardising the strong positive trajectory that it has achieved. While China's phenomenal development has already complicated the management of Australia's relationships with key players in the East Asian arena, it has thus far not figured prominently in the debate on Australia's defence policy.

America's resolve and capacity to continue to play a decisive role in preserving the strategic order in East Asia has always been a core issue in the formulation of Australian defence policy. Huisken tries to account for the Bush Administration's tragic decision to invade Iraq, and to identify the scope of the costs that history will attribute to this decision. While he concludes that Iraq has shortened America's 'unipolar moment' (not least because it has given China a very favourable environment in which to expand its power and influence) and probably prolonged the era of virulent terrorism, Huisken remains confident that the United States will recover its equilibrium and continue to be a decisive force in shaping the future order. Clearly, however, the United States will play

a different and less dominant role than seemed would be the case just a few years ago and its allies will have to be cognisant of this fact.

On regional issues, other than the papers on jihadism in Indonesia (Fealy) and multilateral security processes in the Asia Pacific (Taylor), Graeme Dobell examines the current characterisation of the band of Melanesian states to the North and East of Australia as an 'arc of instability'. Dobell confirms the likelihood that these states will be the source of recurring politico-military challenges for Australia. He also looks into how this most proximate of external frontlines has played into the long-running debate between expeditionary versus continental forces. How strongly should geography shape Australian defence policy, and how does this arc play in the politics of alliance management with the United States? In a concluding anecdote, Dobell points to the dilemma that the capability imperatives for dealing with possible challenges in the 'arc of instability' are likely to be quite distinct, both from the 'defence of Australia' and from the 'defence of Australian interests on more distant frontlines'.

In the concluding set of chapters on Australian strategic and defence issues, Mark Thomson shows that, even when there is clear strategic guidance, strong budget discipline, and a rigorous capability development process, maintaining and developing the most effective defence force possible is an extremely complex and difficult task. If one or more of these basic ingredients is weak or missing, which Thomson believes to be currently the case, we can quickly lose our way, at great cost and in a manner that may take years to fix. David Horner sets out to explain, in non-technical terms: (1) the centrality of the command structure to the effectiveness of a defence force; and (2) the cautious, always contested, evolution of arrangements to accommodate, first, a single defence force (rather than three separate Services), then a defence doctrine (emphasising the centrality of operations in or from Australian territory), and finally, the incidence of operations far from Australia as part of international coalitions. This process is endless: the command structure is perpetually a 'work in progress'. Changes in defence policy, in technology and operational concepts will always point to adaptations that seem desirable yet challenge existing power relationships and require the prolonged negotiations, incremental steps and periods of experiment that have characterised the process to date.

Fittingly, the final chapter by Hugh White, already outlined above, concludes with the acknowledgement that the continuing authoritative text on defence policy, *Defence 2000: Our Future Defence Force*, does reflect tensions that the Ministers and senior officials who crafted it could not (or did not wish at the time) to resolve, but which have since been used to undermine the integrity of the capability development process. White acknowledges, for example, that *Defence 2000* reiterates the centrality of 'defence of Australia' to capability development while at the same time it: (1) endorses the doubt than an ADF

focused on this mission will also be able to meet other demands that government may make of it; (2) proposes the development of capabilities for strategic tasks beyond the defence of Australia; and (3) states that the ADF's top-end air and maritime capabilities should also be assessed in the context of major power conflict in East Asia rather than only against the mission of defending the sea-air gap.

In short, events and interests have exposed these tensions and have rendered *Defence 2000* inadequate to the task of providing clear guidance for the development of ADF capabilities. We are therefore back to the issue of where we should position the frontline for the defence of Australia and its interests. Moreover, if prepared to bear the costs, we need to determine the priority order of those frontlines we believe we must be able to defend with military force. Alternatively, can we devise an organising principle for the ADF that moves away from the notion of frontlines without generating a different set of tensions and ambiguities?

The US military, for example, studied the transformation possibilities of the information revolution relentlessly during the 1990s, but hesitated repeatedly because of the risk that the envisaged lighter, faster, easier to deploy and support, networked forces might falter against the traditional heavy armoured forces that the United States could still encounter in the future. Eventually, confidence developed to deem this risk to be trivial, provided transformation was pursued to its full potential and included sensitive areas such as re-thinking the basic shape of military formations; command and control arrangements; and how intelligence is collected, analysed and disseminated. As we have seen, this confidence was fully justified (at least for traditional force-on-force encounters), but is a similar path feasible for Australia? Would it allow us to again say that 'one size fits all'—that a force optimised for continental defence could conduct major expeditionary operations just as well or vice versa?

*Defence Update 2007*² offered something to each of the major schools of thought. It endorsed all the front lines in play and offered support for advocates of each of them. Continental defence and the capacity to be a decisive influence in our immediate region seemed to get top billing and thereby confirm the basic validity of *Defence 2000*. However, a military threat to the Australian continent now looks so improbable that it offers only weak guidance on the appropriate size and shape for the ADF. Therefore two other yardsticks have been given a stronger profile: making a bigger contribution to international coalitions in distant theatres like Iraq and Afghanistan; and ensuring that the ADF is qualitatively on a par or better than the best armed forces in our region. The first yardstick suggests the vice versa noted above: a robust expeditionary capability will ensure a force capable of defending Australia and of taking the initiative when necessary to address challenges to stability in our immediate

region. The second yardstick looks more to an ADF that will contribute fully to Australia being taken seriously in the region in the continuous posturing for influence over the direction of regional affairs. It is worth noting that this will be a growing challenge given that Australia's relative strategic weight within the region looks set to decline inexorably.

Either yardstick (or more probably both) could transform the ADF into a force that could reasonably be portrayed in this inexact science as adequate for continental defence. Whether this latest prescription will constitute the basis for a durable consensus on defence policy between government, the military and the general public is another matter. The apparent tilt toward expeditionary capabilities could mean that the ADF will be shaped by missions over which Australia has the least political and military control. Australia has always been a quite marginal player in international coalitions and no re-balancing of effort within a basically stable overall defence effort will alter this fact. Ensuring that the capacity to take the lead in contingencies in our area of paramount defence interest gets priority over contributing to coalitions in more distant theatres will require careful discipline.

The second yardstick, which might be termed credibility, also asks for a great deal of discipline in the force development process. Comparisons with the capabilities of other military forces is an inescapable element of the defence 'game', but making it too explicit could become tantamount to delegating control over our defence budget and over the balance of capabilities within the ADF to those states in the region against whom we choose to benchmark ourselves.

Defence Update 2007 reiterated the three primary mission areas (international, regional and national) for the ADF. Can we afford, on about two per cent of GDP, to avoid having to choose between them? Can we convince ourselves that an ADF is within reach that is equally competent in each mission area? What degree of concurrency must we sensibly plan for, both within and between these mission areas? And, if we have to at least list them in priority order, what rank should be allocated to those mission areas? The debate on defence policy looks set to have a robust future. The themes in this volume are offered as a contribution to this debate.

ENDNOTES

¹ For an overview of the Centre's activities since its establishment in 1966, see (eds) Meredith Thatcher and Desmond Ball, *Essays Commemorating the 40th Anniversary of the Strategic and Defence Studies Centre (SDSC)*, Canberra Papers on Strategy and Defence, CP 165, Strategic and Defence Studies Centre, The Australian National University, Canberra, August 2006.

² Department of Defence, *Australia's National Security: A Defence Update 2007*, Canberra, Commonwealth of Australia, June 2007, available at <http://www.defence.gov.au/ans/2007/pdf/Defence_update.pdf>, accessed 24 October 2007.