

## How much is too little? Learning to live with a smaller force

by Mark Thomson

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A good number of commentators have expressed dismay with the government's recent handling of defence. It's not just that defence funding has been reduced substantially over the next few years, most observers conclude—probably rightly—that the government's long-term commitment to strengthen Australia's defence has evaporated. To add to their concerns, there are few signs that the opposition is any more willing to do so should it win power.

But how much does it really matter? Would Australia's security be compromised if we settled on a less ambitious plan for our defence force than that set out in the 2009 Defence White Paper? I don't think so.

To start with, we've just been through a decade of steadily growing defence spending which saw the army expanded and modernised, and major capabilities replaced and upgraded in the navy and air force. And there're a number of new capabilities already under contract that will arrive over the next five (or on past experience ten) years. Of course there are a number of serious problems with our defence capabilities—take the [submarines](#) for example—but these have more to do with the way that [defence is run](#) rather than the scale of the enterprise.

Even taking current shortcomings into account, Australia's defence force is better equipped and prepared for action than at any time since the end of the Vietnam conflict. And that's good, because it has a real job to do. Everyone agrees that Australia needs the military wherewithal to deal with instability in the fragile states in our immediate region and, if necessary, to deal with risks that might emerge from Southeast Asia. Events in East Timor in 1999 demonstrated the former and highlighted the potential for the latter.

Fortunately, we have adequate forces available today to deal with both these risks—even though we also have more than 2,300 troops on operations in the Middle East and central Asia. Far from being enfeebled, our defence force is in reasonable shape. We can take care of problems close to home and still make contributions to US and UN operations further afield when required.

But what about China, I hear you say. Surely the rise of China means that we need a larger and more sophisticated defence force? As compelling as this might sound, I'm not persuaded. And it's not because I have a sanguine view of Asia's future; [Hugh White](#) is very likely correct about the potential for great power conflict in our time.

But here's the thing: even if we boosted our defence spending to 2.5% or even 3% of GDP (lots of luck trying in the current political environment) we would remain irrelevant to the balance of power between China and the United States. The future of Asia won't be decided in Canberra. Rather, the balance of power in the Asia-Pacific will be resolved by the United States, China and perhaps Japan and, at the margins, India and Russia.

Bad things may happen, very bad things. But there is nothing that we can do about them, certainly nothing that we can do by the use of armed force. Even if the government had stuck with its plans to build its so-called *Force 2030*, we would remain bit players amid the emerging giants of the Asia Pacific.

Nonetheless, the argument has been made that we should contribute our 'fair share' to support the US pivot to Asia. How much of an ante do we need to pay to stay in the game? This brings us to the unspoken core issue at the heart of Australian strategic policy: our free riding on the United States.

It is a testimony to the profound human capacity for self-deception that so much is written about Australia's defence that sidesteps this issue. And make no mistake; we are free riding. Numbers don't lie; the United States is spending 4.7% of GDP on defence while we have been cruising along below 2% for the past 18 years. Looking further back, it's clear that we've been free riding at each and every stage of our sixty plus years of formal alliance with the United States, including through the disproportionately small contributions we made to conflicts in Korea, Vietnam, Iraq and Afghanistan.

When challenged on the relative level of Australia's defence effort recently, our defence minister Stephen Smith [rattled off a list of statistics](#) that showed that Australia is in good standing internationally. Well done whoever wrote his talking points, that's the right response. But it only works because everyone else is also free riding on the United States, and many of them do so even more egregiously than we do.

Countries free ride because it would be illogical to do otherwise. Because the contributions of junior alliance members can rarely make any difference, they have no incentive to do anything more than the minimum needed to keep in favour with their larger partners. The result, to paraphrase the economist [Mancur Olsen](#) who [pioneered our understanding of burden sharing](#), is that alliances are the exploitation of the strong by the weak.

That's not to suggest we should take the alliance for granted, far from it. We need to carefully cultivate our relationship with the United States. First and foremost we need to be willing to lend a hand when it asks for help—as we did in Iraq and Afghanistan. Fortunately, the dues are small thanks to the free riding by other US allies. Provided that we make a contribution commensurate with what others do, all will be well. And so long as Japan, the United States' key ally in Asia, spends a miserly 1% of GDP on defence, the bar is set very low.

Consistent with this, the [relative scale of our contributions](#) to both Iraq and Afghanistan puts us in good stead among even the most stalwart of US allies. Add to this our hosting of US marines and Darwin and the critically important joint facilities on Australian soil, and it's safe to conclude that the alliance remains robust.

Ultimately, the US does what it does for its own purposes, and in most cases the contributions of allies are the icing on the cake. The callous fact is that it's a seller's market for alliance contributions. [Richard Armitage](#) can huff and puff all he wants about us doing more; [similar exhortations](#) have been made to the European members of NATO for half a century to no effect. And with the US already slashing its own defence budget, the argument is only getting harder to make.

If this all sounds cynical, fair enough. But I make no apology for being calculating about Australian blood and treasure. Alliances are subject to evolving expectations and ongoing negotiation; we should drive as hard a bargain as we can. We should not spend one extra cent, or risk a single additional Australian life, just to be able to brag about 'punching above our weight'.

But what if things go really bad? What if, for some reason, the United States abandons the Western Pacific and leaves us to our own devices? My instinct is that the likelihood is so remote as to be ignorable, especially given that a more plausible strategy for the United States would be to fall back onto Australian territory if North Asia became untenable. And even if I'm wrong, it's difficult to see how we could effectively hedge against such a turn of events—short of renouncing our 1973 commitments under the Nuclear Non-Proliferation Treaty.

Quite apart from this dark possibility, there are limits to what we can rely on the US to do for us. In particular, it has at most a marginal interest in the stability of the fragile states in our immediate region, and it might have conflicting interests if squabbles emerge within Southeast Asia. That's why these are areas where we need to be ready to act alone to secure our interests. Free riding only works when the larger party shares the interests of the smaller.

In this regard, it's worth remembering how carefully calibrated (read limited) US assistance was back in 1999 in East Timor. The lesson is that we need sufficient defence capability to take care of business close to home. Making sure that we can do so in the years ahead should be the aim of the 2013 White Paper. To achieve this with the diminished financial resources that are likely to be made available by the government demands two things.

First, the sprawling Defence empire must be reformed root and branch. Recent experience with the so-called Strategic Reform Program shows that this task cannot be left to the generals and mandarins. Outside intervention and independent oversight will be needed to reshape the enterprise so that it can be trusted with taxpayers' money.

Second, some of the remaining big-ticket items from the 2009 White Paper need to be discarded in favour of more modest alternatives. Think along the lines of an air force built around 60 F/A 18 Superhornets rather than 100 F-35 Joint Strike Fighters, 6 modest off-the-shelf submarines rather than 12 bespoke trans-Pacific leviathans, or one rather than two operational amphibious vessels. One way or another, hard decisions will be needed.

Two wrongs rarely make a right. But the government's abandonment of the 2009 Defence White Paper might just qualify—provided we take the opportunity to prepare for contingencies where we can make a difference, rather than grandiose schemes that cost a lot but will deliver no appreciable measure of additional security.

### **About the author**

**Dr Mark Thomson** is a senior analyst at ASPI, specialising in Defence Economics.

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ASPI

**Tel + 61 2 6270 5100**

Fax + 61 2 6273 9566

Email [enquiries@aspi.org.au](mailto:enquiries@aspi.org.au)

Web [www.aspi.org.au](http://www.aspi.org.au)

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