

Defence Spending

CHAPTER

11

BACKGROUND

Australia's defence policies have often been intimately tied with its foreign policy. Aside from brief fears in 1942, Australia has never faced the serious risk of invasion or attack on its homeland. Instead, the Australian Defence Force (ADF) has primarily been used to support Australia's allies and values overseas through a significant number of operations. The Asia-Pacific region today contains a number of both unlikely but potentially catastrophic traditional security challenges (such as great power conflict) as well as more likely but less dangerous non-traditional security challenges.

To manage these challenges Australia will need to decide what the proper balance of funding is across its entire National Security community, including the ADF, and intelligence services through to the provision of aid and diplomacy. The debate over which challenges to focus on and which agencies lead and direct Australia's actions overseas goes to the heart of the future directions for Australian foreign policy.

DEBATE POINT:

The world is becoming more hostile and Australia should increase its defence spending

ANDREW CARR—YES

The Asia-Pacific in the twenty-first century represents a dangerous new security environment for Australia. The region is changing rapidly, with a number of countries making significant investments in expanding the size and capacity of their militaries. Contests over control of resources and trade routes are rising. Meanwhile past guarantees of security protection for Australia by friendly countries like the UK and the US are no longer assured. The Australian government therefore needs to significantly increase its defence spending in order to continue to protect this rich and continent with its relatively small population. A larger defence force will also help Australia contribute to regional stabilisation and reconstruction should conflict occur

or a disaster befall a neighbour. Finally, a larger defence force will help strengthen the voice of Australia's diplomats helping our efforts to create an Asia-Pacific which is peaceful and prosperous in the twenty-first century.

■ PETER LEAHY—NO

Australia should focus its currently limited financial capacity on supporting the work of its security agencies above its defence agency. By expanding our definition of security to include non-traditional and emerging threats as well as protecting Australia from armed attack, we can better identify and respond to the main challenges Australia will face, whether or not the world is becoming more hostile. By shifting to a focus on security, with defence a fundamental but integrated part of that vision, Australia will be able to better allocate its spending and resources and better provide for the interests of the nation and its people.

AUTHOR BIO

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■ The defence dilemma

ANDREW CARR

The early twenty-first century is an increasingly hostile era and as a result Australia needs to increase its defence spending to ensure its security. There are three parts to this argument. First, the globe, but most especially Australia's region of the Asia-Pacific, is entering a period of instability and tension. There has been a shift of the global power balance, with new players, new conflicts, less authority, and a potential arms race occurring. Australia thus needs a strong defence force to protect itself. Second, as the region is changing, a larger Australian defence force will be necessary to help prevent the outbreak of conflict, bring to an end and stabilise any conflict that does occur and respond to natural disasters and other regional challenges. Finally, large defence forces are significant boosters of a nation's standing and diplomacy. With increased defence spending Australia will be able to assert a larger say in regional affairs, encourage confidence building measures between regional militaries and support its own diplomatic engagement on behalf of regional peace and cooperation. The best response to the increasingly hostile world Australia finds itself in is therefore a significant increase in the nation's defence spending.

A changing regional order

Australia's security and economic interests span nearly a third of the world. Australia has strong economic and political relationships with the US to our east, Asian countries from Indonesia to China to our north, and India to our west. Australia also has a 'non-discretionary' role ensuring stability in the South Pacific (Dibb 2012a: 14). In all directions, the world is changing and with it there are increased risks (as well as opportunities).

Beginning to our east, the US is no longer able to compel security and order across the Pacific as it has since 1945 (White 2012a: 6). With significant problems at home, including a gridlocked political system and a substantial budget deficit, Washington is not able to sustain the easy power projection it once enjoyed. In 2011 the Obama Administration announced it sought to overcome this and 'pivot' or 'rebalance' its attention towards Asia. However, evidence that this has led to significant changes in US foreign policy is scant. Crises in the Middle East (such as Libya, Syria and the perennial Israel-Palestine conflict) have continued to distract US attention. The US defence budget is seen as a ripe target for cuts and savings to help improve its financial position. The US military is also exhausted after the decade of fighting in Afghanistan and Iraq and so is reticent to embrace a new sustained presence, far from home.

America's reduced role and capacity in Asia is not only driven by the decline of American power, but also the rise of a peer competitor, China. China has a population four times the size of America's (1351 million to 314 million) and its economy—assuming it maintains similar growth—is due to become the largest. Historically, growing economic power is closely correlated with growing political

and military power. Nations with larger economies can afford to invest more in their militaries, to research and upgrade their defence technology and influence the countries around them, directly or indirectly, because of the size of their trade and aid flows. China has benefited significantly from the current regional order but since 2008 it has begun a new phase of assertiveness (Shambaugh 2013) as it seeks to reshape and adjust the rules and institutions of Asia to suit its interests. In particular, China is seeking to guarantee its energy supply, via claiming oil reserves in the South China Sea. Beijing's claim is disputed by many regional countries, which also want access to these reserves. China is also rapidly expanding its military. This new spending is largely focused on defensive capabilities, along its borders and especially across the strait with Taiwan over which it claims sovereignty. Beijing is also investing in more aircraft, submarines, ships and even an aircraft carrier that could allow it to project power far from its shores.

Similar increases in defence spending are occurring across the rest of Asia. Some analysts fear that an 'arms race' is emerging. This is a situation where countries find themselves locked into ever higher defence spending just to keep up with the spending of other countries. This spending leads to increased concerns and worsening relations between the countries, and thus further defence spending. Asia has now overtaken Europe as the region with the largest annual military spending. After the twentieth century saw Europe tear itself apart through war, many fear the same could occur in Asia in the twenty-first century. As Richard Armitage, the former US Deputy Secretary of State, has said, 'It's unthinkable that we could wake up tomorrow and find that a major war has broken out in Europe; it's quite conceivable that we could wake up tomorrow and find that a major war has broken out in Asia' (Hartcher 2013a). This risk is particularly acute in the maritime domain, where there have been significant regional purchases of military vessels, with Indonesia, Vietnam, South Korea and the Philippines all investing in new submarines. Asia's waterways are also seen as more open for challenge for control of territory and the ownership of energy resources.

While the small states of Micronesia and the South Pacific are not able to afford such equipment or threaten Australia, they too pose security challenges for Australia. Many of the countries have unstable political systems, with the risk of coups, either by the military or from rival ethnic and sectarian groups. Despite a general economic rise in the South Pacific, climate change and population pressures are placing significant stress on the capacity of some of these small island nations. Though not always welcomed, Australia is expected to prevent conflict and help stabilise and rebuild these states if conflict does occur.

Following the sun to the west to end our tour of the region, India is also asserting a larger say in Australia's regional security environment. With 1.2 billion people, India is able to afford and staff a substantial military. Despite India's democratic and capitalist political system, it has no interest in joining a US-led alliance. New Delhi also has a number of areas where it would like to see changes to the current regional order. Like China, India is beginning to challenge the US designed order, an environment which has suited Australia very well for a long time. All of these trends, from a declining US,

rising China and India and arms and energy races in Asia create a much more hostile and risky environment for Australia.

Along with nation states, Australia's region is home to a wide range of groups and individuals who have the capacity to cause significant harm, or at the very least security headaches for the Australian government. This includes separatist movements in Indonesia, terrorist organisations in South-East Asia, drug smugglers and organised crime in mainland Asia, nationalist activists in North Asia, environmental activists in the Antarctic Ocean, pirates in the Indian Ocean and hackers and cyber-criminals in just about every country. Even if individuals have no subversive intent, the millions of people who cross national borders every day could bring with them new diseases or bugs, risking pandemics and food shortages.

Increased defence force to protect against armed attack

The best response to this increasingly hostile environment is for Australia to substantially increase its defence spending. In 2013–14, the Australian government spent \$AUD25.4 billion which is about 1.6 per cent of the nation's GDP, or 6.5 per cent of the total Australian government's budget. While defence spending in Asia has dramatically risen in recent years, Australia has kept its defence spending largely static and even made some cuts. In 2012 Australia accounted for only 8 per cent of all defence spending in Asia (IISS 2013a: 249). Australia does not have a tradition of significant defence spending, nor of seriously attempting to provide for its own defence. Its grand strategy has always been to secure the protection of a larger ally that could dissuade any nations that might look enviously at Australia's vast open spaces.

With the changing order, however, the two nations with the most overlap in national interests and culture—the UK and the USA—are declining in their willingness and capacity to offer a clear guarantee of Australian security. Australia could try and find alternative allies, though the list of potential candidates is short. China might be the emerging great power of our region but it has no interest in an alliance and the clash of interests between Beijing and Canberra make the idea implausible. Likewise India, while more culturally similar to Australia—both are former British colonies—is unlikely to see benefit in allying with a country that is remote from its core South Asia focus and has only 1/50th of its population. Indonesia is a more enticing possibility, but still unlikely given the cultural differences and emerging political system. Any such agreement is at least a few decades away.

In order to protect Australia's main strategic interest, that is the security and sovereignty of the continent, the Australian government will have to sustain, alone, a compelling defence force. In the worst case scenario this force will need to fight to defend the continent. Though the possibility might seem remote, Australia is a particularly attractive target. It covers nearly 10 per cent of the world's surface, including the third-largest maritime zone and sixth-largest continent. Yet it has only the 52nd-largest population. Australia also has substantial natural resources and is culturally and linguistically remote from most of its region. While these factors stoked

racial fear and tension in the nineteenth and twentieth century, we can't discount the eternal logic of geography: Australia is a rich, large and sparsely populated country.

Australia has two military disadvantages that it can, with appropriate funding and training overcome. First, it has to protect a large geographic area. This suggests Australia should invest heavily in resources that can take advantage of that space, such as fighter planes and artillery, in order to project maximum force over significant distances. Such forces are likely to be centred in the north of Australia around the so-called 'Air-Sea Gap', the ocean strait between Australia and the archipelagos of South-East Asia. Crossing this gap will present a challenge to any invading army and so represents Australia's best chance of slowing and denying a safe landing for an enemy. The other disadvantage Australia faces is its small population, which means a small military force. Again, high defence spending can help overcome this, both through training and technology to ensure that the capacity of Australian soldiers to plan, fight and adapt to the conflict is superior to any opponent. Australian soldiers will need to be supported with the latest technology from tanks and vehicles on the ground to unmanned aerial vehicles and missile defence above.

Since the likelihood of invasion of the Australian continent is remote and non-traditional security challenges have increasingly occupied the attention of policy makers, some have suggested that other Australian agencies, such as the Australian Federal Police or AusAID, should be at the forefront of Australia's security planning. While these agencies have many skills that Defence does not, the problem, as the establishment of the Australian Civil-Military Centre testifies, is that regional security crises are often multidimensional, needing a coordinated approach that can move significant resources quickly and efficiently. This is an area where the ADF excels. Even with major new funding, Australian agencies which deal with overseas challenges like lawlessness, health or development still need the support of the ADF in order to do their job. As such, moving significant resources from the ADF to these other agencies, rather than improving their ability to work cooperatively, would be counterproductive.

Increased defence force to encourage regional stability

Australia's economy and security are dependent upon a stable regional order. The fundamental way Australia helps to keep its region peaceful and restore any breakdowns, whether between or within regional countries, is via its military. With its reputation for quality and efficiency, the ADF has increasingly become the go-to resource for the Australian government. More importantly, only Australia has the capacity in the South West Pacific to conduct major stabilisation and reconstruction efforts. Even coalition operations with contributions from New Zealand and the major Pacific islands are likely to succeed or fail based upon the extent of Australian involvement. Key regional security tasks that require a large defence force include peacekeeping and conflict prevention forces, often in tense situations. Australian forces have been highly active over the last two decades including operations in East Timor, Solomon Islands, the South West Pacific, Afghanistan, Iraq, the Middle East

and South Sudan. These stabilisation missions require the resources and worst-case-lethal-capacity that only the military possesses, while also involving constabulary and rebuilding work. In such missions, the Australian government is able, via its defence force, to help prevent the spread of conflicts and bring an end to hostilities.

Not all regional crises are the result of deliberate aggression, and often the militaries' unique organisation, logistics and engineering skills are more important than its lethal capabilities. Some economic crises such as the 1998 Asian Financial Crisis or 2009 Global Financial Crisis can have particularly acute effects on specific countries. In the case of the 1998 crisis, the financial effect on Indonesia was enough to bring to an end to President Suharto's 31-year rule and usher in a new democratic system. A country in a similar position may ask for regional assistance to help stabilise its system, or in the case of larger nations like Indonesia or Thailand, Australia may offer the use of its military to help ensure any violence or chaos does not spread to neighbouring countries or regions.

Similarly natural disasters can completely overwhelm a nation's ability to house and feed those affected as well as begin rebuilding. This includes Australia where the ADF is increasingly called upon when floods or major fires occur, as well as in the region such as helping Indonesia after the 2004 tsunami (see AAP 2005). With climate change creating increasingly wild weather conditions, Australia can expect to be asked to provide assistance to a rising number of humanitarian crises. While other Australian agencies such as AusAID or the Australian Federal Police may be able to offer complementary skills and assistance, often the size and mixed challenge of responding to these problems means that the ADF is the only logical authority to lead the response. Australians obviously want to be able to help their regional friends and neighbours avoid suffering and harm. But the nation also benefits as a whole from using our military to lead overseas restoration efforts. These types of missions help build trust and confidence between countries. This leads to the final argument for increased defence spending, the benefit to Australia's diplomatic capacity from increased defence spending.

Increased defence force to support Australia's diplomacy

Even if military spending in Asia declined substantially over the next decade and there was resolution to the main territorial disputes, it would still be of significant advantage for Australia to possess one of the largest militaries in the region. This is because militaries provide nations with important diplomatic resources, from building regional confidence and trust to improving the chances of the nation's voice being heard.

Militaries spend a lot of time learning about their region and practising their skills. Other than in the most sensitive of cases, both of these efforts can be undertaken in coordination with other military forces. This includes placements and educational visits to other countries, potentially building lifelong contacts and understandings which can then be used to avoid future conflict. In 1999 the friendship between senior members of the Australian and Indonesian militaries is credited with helping to prevent

a shooting conflict emerging between the two countries along the Indonesian and East Timor border. Joint exercises, when conducted between militaries that regularly come into contact (such as patrolling common sea areas) can help the development of codes of conduct which then reduce the risk of conflict occurring due to small scale errors or mistakes. Given it has no competing claim in the most contentious sea areas of Asia, an Australian military with sufficient funding could help host and support regular confidence building measures in the region.

A strong military also helps Australian diplomats and leaders argue for and promote their own vision for regional organisation. This is not to suggest Australia begins using threats or coercion to get its way, but rather the larger the capacity (measured in military and economic terms) of a nation, the bigger its influence often is. While it is imperative that the Australian government significantly increases the current funding of its core diplomatic resource, the Department of Foreign Affairs and Trade, the ADF is also a vital diplomatic force and should be supported and encouraged in this area. Australians may take comfort in the old claim that the nation 'punches above its weight', but for the economic size of our nation (twelfth-largest in the world) we actually have a much smaller diplomatic voice than might be assumed. In part that's due to an underinvestment in Australia's military forces. As the mid-sized states of the Asia-Pacific are developing, they are also starting to (rightly) insist on a larger say in how the region operates. Where Australia used to have an advantage in many diplomatic discussions due to the quality of its bureaucracy, now most countries in the region have good levels of expertise and negotiating skill. There are more voices and more expert voices to contend with. Canberra will therefore need to spend more, just to retain its current status, let alone build up its voice and reach.

Conclusion

Asia in the twenty-first century promises to be a tense and complex security environment for Australia. For three reasons Canberra should substantially improve its defence spending. First, it should do so to ensure the security of its continent and deter any would be attackers, especially if our allies are increasingly less able to help. Second, it should do so to help Australia 'do its fair share' in contributing to regional stability, development and recovery, whether caused by regional conflict, a breakdown of law and order or environmental disaster. Finally, a strong military will support and strengthen Australia's diplomatic capabilities. Together these steps will ensure Australia's voice and values are heard and its prosperity and security achieved even in a more hostile Asia-Pacific.

Finding the right balance

PETER LEAHY

This section disagrees with the proposition that Australia should increase its defence spending. Instead, Australia should increase its *security* spending. It might seem an odd thing that an ex-Army officer who spent six years as Chief of Army would argue against the proposition that Australia should increase its defence spending. There are three primary reasons; on balance it is not certain that the world is becoming more hostile, the problems that Australia is likely to face in the future are security problems not defence problems and the money currently allocated to defence can be spent in a more appropriate and efficient manner.¹ This section argues that emerging and non-traditional security threats are a significant problem and they are best addressed by enhancing the capabilities of Australia's security agencies. By viewing Australia's spending as a whole-of-government security budget that includes defence against armed attack as well as preventative diplomacy, aid and constabulary work in the region, Australia can best protect itself and more completely serve its national interests.

The argument for increased defence expenditure, at first glance, is strong. In 2013 Australia's current defence expenditure, measured by percentage of GDP, is at generational lows and neither side of politics seem inclined to reverse the trend (Thompson 2013). Australia's current financial situation is unlikely to improve. When launching the National Security Strategy in January 2013, the prime minister warned the Australian public that years of fiscal stringency lay ahead (Gillard 2013a). At the same time the Defence Minister, Stephen Smith, was sponsoring relentless internal savings programs and seemed inclined to raid the defence budget to contribute to an elusive federal budget surplus.

Since the Treaty of Westphalia in 1648, defence has been the responsibility of governments and their efforts have been directed towards the sovereignty and integrity of the nation state. The major instruments of national power have been diplomats, spies and the military. Realists argue that the first responsibility of any government is to provide for the defence of the nation and this is best done through a strong defence force. They ask how a nation can survive if they don't spend enough on defence. Some hawks in the United States are already questioning the adequacy of Australia's level of defence expenditure (Joye 2013).

With the emergence of globalisation, nuclear deterrence and international organisations such as the United Nations the incidence of state on state warfare has reduced. Rather than state on state warfare most modern conflict is either within states based on economic, religious and ethnic tensions or is waged by non-state actors such as terrorists. New threats and challenges to the nation state such as climate change, pandemics, cyber-attacks and food, energy and water shortages have emerged. These new threats broaden the debate beyond 'defence' into the complicated, contested and more broadly defined concept of 'national security'. Australia should still spend

money on defence, but the question that must be asked is what does it get for its defence dollars and how appropriate the skills and capabilities acquired are for the national security of Australia.

A more hostile world

In its 2012 Yearbook the Stockholm International Peace Research Institute (SIPRI) analysed information on organised violence (war and armed conflict generally with a threshold of more than twenty-five deaths) from around the world. Their assessment was that at the end of the decade, in 2010, the extent of organised violence was lower than at its beginning. While admitting that the decline was not dramatic they did detect a downward trend (Themner and Wallenstein 2012).

SIPRI also reported on military expenditure in 2011 and concluded that, 'World military expenditure did not increase in 2011, for the first time since 1998' (SIPRI 2012). Admittedly it would be foolish to presume a long-term trend line as there are external factors such as the impact of the global financial crisis, which have caused many governments to reduce military expenditure. There are also regional differences. In Australia's region, the Asia-Pacific, there was an increase of 2.2 per cent in military expenditure focused on countries in East and South East Asia (SIPRI 2012).

There is other evidence to indicate a less hostile world. Harvard psychologist, Steven Pinker (2011: xxi) argues that the recent retreat from violence may be the most significant and least appreciated development in the history of our species and that today we might be living in, 'the most peaceable era in our species' existence. Pinker suggests that the world is moving away from violence and that statistics show a reduction in war deaths and other forms of violence. He cites evidence such as the reduction of the number of people killed in battle, the decreasing rate of genocide, the growth of democracy, and fewer murders worldwide. He also argues that civil wars, genocide, repression by autocratic governments and terrorist attacks have declined since 1989. He is tentative in his conclusion but is prepared to call these developments a 'New Peace' (Pinker 2011: xxiv).

Andrew Mack and Sebastian Merz support this view by stating that, 'major wars are becoming less deadly and less frequent'. They attribute this partly to 'the large upsurge in peacekeeping and peace-building policies since the end of the Cold War' (Mack and Merz 2012). The former Australian Prime Minister Julia Gillard agreed. When launching the Australian National Security Strategy, in January 2013, she said, 'Some twelve years on (*from 9/11*) our strategic outlook is largely positive. We live in one of the safest and most cohesive nations in the world. We have a strong economy. A major war is unlikely' (Gillard 2013b: ii).

Not everything is rosy. Rather than being concerned about a more hostile world, some in Australia are rightly concerned about a more hostile region. China is growing rapidly and is becoming more diplomatically and militarily assertive, especially in pursuing territorial claims in the China Seas. To support this growth China has increased its defence expenditure by 10.7 per cent to a total of USD \$114.3 billion or 1.6 per cent of GDP (Erjie 2013). This compares to US defence expenditure of USD \$701 billion or approximately 4.7 per cent of GDP in 2013 (IISS 2013b: 71).

It is wise to be concerned about the prospects for hostility in the Asia-Pacific region. North Asia remains a flash point. Tensions over competing territorial claims in the China Seas show few signs of early resolution. China has criticised the US decision to pivot or rebalance to Asia as a means of containing China's growth. The region contains a number of nuclear powers and their intent, control measures and attitude towards proliferation are difficult to determine. Australia has a role to play in this volatile environment but there are clear limitations on its national power and ability to intervene. Australia should determine whether it wants to play in this big league, where its contribution is likely to be symbolic rather than decisive. An alternative approach is to focus on more attainable and realistic issues closer to home such as concerns about the security and stability of Australia's closer neighbours where development paths are uncertain.

Defending the nation

Australia's focus on defence is shaped by its strategic culture, which in turn is influenced by its culture, history and society. Over time Australia's approach to defending the nation has been remarkably consistent. It has focused strategic and capability development on the risk of most consequence, a direct armed attack on Australia by a state sponsored conventional military force. However, in practice, apart from deterrence, the Australian Defence Force has not been used to defend the sovereignty of the nation.² Despite plenty of fears, the 'enemy' has not attacked Australia. Contradicting the declaratory policy of continental defence has been the actual and frequent practice of forward engagement or expeditionary operations in support of alliances, values and interests overseas.

As an island trading nation Australia's prosperity and security depends on the security, stability, cohesion and prosperity of the global community. Thus, it is in Australia's national interest to promote a favourable international environment shaped towards its interests. As a self-proclaimed 'creative middle power' Australia has readily engaged on the world stage for more than a century. To bolster its defence the country has engaged in successive alliances with two great and powerful friends; first Great Britain and then the United States of America. Along with 'alliance' reasons Australia has also conducted forward engagement in support of national values. In colloquial terms the 'Fair Go' test has been applied and Australia has acted as a responsible international citizen to support beleaguered and at risk populations and communities. These can best be referred to as wars of choice rather than wars of necessity in defence of the homeland.

Unfortunately in Australian government documents the terms defence and security are used interchangeably and neither is adequately defined. Demonstrating the confusion in the 2009 Defence White Paper the Defence Minister, Joel Fitzgibbon, thanked those who contributed to the Defence White Paper and said it was, 'an outcome that protects the security of all Australia' (DOD 2009: 9). In the 2013 National Security Strategy security was presented as a 'broad and evolving concept'

being, 'fundamentally about protecting Australia from harm' (DPM&C 2013: 3–5). This is an inadequate description.

Increasingly, security encompasses notions of: economic well-being, political stability, resource sufficiency, resilience, good governance and social cohesion. Security should be seen as a broader and more demanding concept than defence and in a hierarchy of effects should rate above defence as an objective of government. This is only partly reflected in the current, somewhat slow and halting efforts of the Australian government to introduce a national security community, culture and leadership framework to Australia.

Securing the nation

The emerging notion of security and especially human security provides an opportunity to rethink the problems of both the state and the individual. At the core of the notion of human security are the rights of individuals and communities to live 'free from fear' and 'free from want'. Human security proponents recognise that the state has not always been able to protect or support its population and argue that in situations such as genocide, war crimes, ethnic cleansing and gross human rights abuses the international community has a 'Responsibility to Protect' individuals and communities at risk (ICR2P 2013).

On the international front, adopting human security as a strategic approach means a change in focus towards more soft power, preventive diplomacy, developmental aid, humanitarian assistance, and disaster relief. There are some strong proponents. APEC has recognised that 'human security is essential to economic growth and prosperity' and is committed to enhance 'cooperation on challenges to human security' (APEC 2007). This will require a more strategic and interventionist approach, from the international community, to states at risk.

Australia will find it difficult to refrain from this trend and will maintain a forward-looking strategic approach. This will involve Australia in more conflicts of choice in support of troubled communities. This tendency is likely to be accentuated while Australia is a member of the UN Security Council (in 2013 and 2014) and seeks to show leadership and commitment. Conflicts of this nature will not require the full war fighting capabilities of the Australian Defence Force. The security discussion will also prompt a debate on what security means to Australia. Australia is a prosperous and stable country so freedom from want and fear are relative terms. Thus it means more about the maintenance of the nation's standard of living and welfare and the way the population live in their community.

New threats require a new approach to security

Alongside the decrease in state on state warfare new threats and challenges to the state have emerged. While unlikely to immediately threaten the territorial integrity of the state they do provide a real and immediate threat to the security of the state and the way the population live their lives.

Threats such as climate change, cyber-attacks, terrorism, pandemics and resource scarcity offer a significant threat to the national well-being and in time may have an impact on the survival of many states such as low lying Pacific islands. Recently Admiral Samuel Locklear, the Commander of the US Pacific Command, declared climate change as the biggest long-term threat in the Pacific region (Bender 2013). Cyber has been declared the fifth domain of warfare and the current sparring between the United States and China can be seen as the initial skirmishes of the 1st Cyber War. Terrorism is also a powerful threat and while the consensus is that it does not threaten the survival of the modern state it certainly has an impact on how citizens live their lives free from fear. Terrorism must be countered and it is clear that while a defence response is a component of the overall counterterror strategy a security based approach, incorporating intelligence and police capabilities and counter-radicalisation programs, has better long-term prospects of containing the problem.

In 2011–12 the Australian Defence Force was allocated \$26,289 million amounting to 68 per cent of Australia's national security and aid expenditure budget, which totalled \$33,546 million dollars (DPM&C 2013: 15). Given the balance of threat between defence and security this allocation is skewed towards defence, which in response resolutely defends its budget against outsiders. A continuation of budget ratios of this nature will constrain how much security Australia can achieve in the future.

There are three clear examples, of serial underfunding, where an increased security approach is difficult to achieve. First, the Department of Foreign Affairs and Trade have been classified as in 'disarray' and 'disrepair' by the Lowy Institute think tank (Oliver and Shearer 2011). Second, the International Deployment Group of the Australian Federal Police is severely limited in capability and is unable to meet their full potential. Third, the Australian Agency for International Development (AusAID) has been disbanded and aid funds have been reduced.

A national security approach: More security and less defence

While defence might want more money, security needs more money. Adopting a more broadly defined security approach is in Australia's best interests and within a narrow and shrinking budget it should take priority over defence. Security fits well with Australia's creative middle power approach and emerging national security culture, which recognises the utility of soft power over hard power. To be blunt Australia needs more security rather than more defence.

In a budget context, there are two broad options: government should allocate new money to security, which it has done over the last decade by dramatically increasing the national intelligence budget; or it should divert funds from the defence budget. In an era of fiscal stringency new money is unlikely. The funding envelope now defined, by the former prime minister, as a 'national security and aid budget' should be treated as a total budget and funds for both security and defence should be allocated from within this budget through a formal national security budget process (DPM&C 2013, 15). This should be authorised by the National Security Committee of Cabinet

and based on an all hazards approach to security. The existing funding stove pipes must be broken down and funding based on need rather than historical precedent.

Potential outcomes are that defence will be allocated less money or will have to make do with their current and projected budgets. Either way it will hurt defence and they will have to make hard decisions and prioritise capabilities to deal with both the highest risk and most likely defence events. At the same time government will have to realise that they can't keep demanding more and more of the defence and security community and should pay proper attention to the strategic equation of balancing ways and means to achieve ends. Government can't just keep asking for more and spending less.

This chapter has argued Australia should focus its currently limited financial capacity on supporting the work of its security agencies above its defence agency. By expanding our definition of security to include non-traditional and emerging threats as well as protecting Australia from armed attack, we can better identify and respond to the main challenges Australia will face, whether or not the world is becoming more hostile. By shifting to a focus on security, with defence a fundamental but integrated part of that vision, Australia will be able to better allocate its spending and resources and better provide for the interests of the nation and its people.

KEY DOCUMENT

In January 2013, then Prime Minister Julia Gillard launched a new National Security Strategy. Below is an extract of from *Strong and Secure: A Strategy for Australia's National Security*

Australia's national security activities combine to form eight pillars that reflect the evolution of our national security environment:

- Countering terrorism, espionage and foreign interference.
- Deterring and defeating attacks on Australia and Australia's interests.
- Preserving Australia's border integrity.
- Preventing, detecting and disrupting serious and organised crime.
- Promoting a secure international environment conducive to advancing Australia's interests.
- Strengthening the resilience of Australia's people, assets, infrastructure and institutions.
- The Australia–United States Alliance.
- Understanding and being influential in the world, particularly the Asia-Pacific.

In strategic terms, these pillars encapsulate our activities—that is, what we are doing now to meet our national security objectives. Australia has invested substantially to build and maintain these pillars to meet the challenges and requirements of the 21st Century. National security expenditure has grown from approximately \$18,600 million in 2001–02 to \$33,546 million in 2011–12 (excluding aid) ...

Defence dominates our national security expenditure, representing 68 per cent or \$26 billion of total spending in 2011–2012. This reflects both the importance and cost of maintaining a strong defence force. Homeland and border security accounts for around nine per cent of the total spend, with law enforcement and border security being the most significant elements.

Each of the eight pillars typically involves a concerted and coordinated effort across government, often with involvement from states, territories, business and the community. Together they help support our efforts to achieve our national security objectives. We will maintain our efforts across each of these pillars, as they will continue to underpin our national security.

www.dpmc.gov.au/national_security/national-security-strategy.cfm

End notes

- ¹ Two prime ministerial statements detail the nature of the security problems. First the National Security Statement delivered by Prime Minister Kevin Rudd on 4 December 2008 and second, the National Security Strategy 'Strong and Secure' launched by Prime Minister Julia Gillard on 23 January 2013.
- ² In 1942 the Japanese army came close, bombing the town of Darwin, but the Japanese army did not intend to invade Australia at that time.

DISCUSSION QUESTIONS

- 1 Is the world becoming more hostile? Is the Asia-Pacific in particular?
- 2 Is Asia entering an arms-race period or is the increased military spending a process of modernisation? Does this difference matter for regional security?
- 3 What do we mean when we use the term 'security'? Can Australia prioritise which threats and interests are more important?
- 4 Could disaster relief or peacekeeping roles be handed over to other Australian agencies, such as the Federal Police or AusAID, or is the ADF the best choice?
- 5 Should the Australian government increase overall spending on security and defence issues, or can better management between the two prove more effective?

FURTHER READING

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Good International Citizenship

CHAPTER 12

BACKGROUND

Good international citizenship is not the first formulation of an ethical dimension in foreign policy. It is important to understand some of this history not least to grasp what challenges and opportunities are presented to leaders looking to advance duties beyond borders. Back in the mid-1970s the US was increasingly adding a moral dimension to its foreign policy—through the Helsinki Process in which the Soviet Union's hegemony over Eastern Europe was recognised albeit with certain conditions of humane governance being tagged to the agreement. Later that decade, US President Jimmy Carter came into office with a promise of pushing human rights up the foreign policy agenda. While his period in office was short-lived, the 'genie' of the struggle for human rights was out of the bottle—a struggle that contributed significantly to the fall of the Soviet Empire.

The demise of the Cold War opened up new possibilities for ethical state action. Good international citizenship was one of these orientations although there were others—notably the 'good state' ethos associated with small European social democracies that promoted internationalist causes such as global distributive justice and environmental sustainability. Yet internationalism had failed to take route in the Anglosphere, that is, until Gareth Evans became Australia's foreign minister (1988 to 1996) during a period in which the Labor party was in office under the leadership of Bob Hawke and Paul Keating. Evans saw good international citizenship as providing a moral loadstar for state leaders to follow in the knowledge that world politics was a realm of competing interests and values. It was Evans who coined the phrase 'good international citizenship' which has, ever since, been subjected to a critical analysis by academics, policy makers and activists.