

Australia's Strategic Priorities: Challenges for a New Government

Rod Lyon*

Theme: This ARI deals with the key decisions on strategic priorities to be adopted by the new Australian Labor Government.

Summary: The Australian Labor Party came into power in November 2007 after a decade of shadow responsibilities on strategic matters. Now in power, its 'more of the same' approach to security and defence promised during the elections is facing new challenges. Some of the key ministers are almost newcomers to the strategic community and they will have to manage a controversial divide between those supporting a return to traditional defence priorities and those in favour of continuing the shift towards a broader security policy. The design of a new strategic policy is a demanding task that requires the definition and 'operationalising' of a new agenda.

This ARI deals with the key decisions to be adopted by the new Australian Labor Government regarding the orderly withdrawal of Australian ground forces from Iraq in 2008, the production of a new White Paper on Defence –and perhaps National Security as well–, strategic and procurement priorities, the Australia-US relationship and the tensions between Australia's global and regional roles.

Analysis: In recent years, a variety of controversies have roiled the waters of Australian strategic thinking, as commentators have disputed –often vehemently– the proper focus of national strategic effort. Those controversies have been especially heated in relation to strategic policy, guidance for capability development and defence procurement.¹ To some extent, arguments are inevitable about such topics: they reflect the internal debates that all polities have about strategic priorities and how best to address them. But the intensity of the recent debates in Australia increases the need for the current government to spell out its priorities, declaratory strategy and capability preferences.

* Program Director (Strategy and International), Australian Strategic Policy Institute

¹ Readers unfamiliar with the broad contours of Australia's recent strategic debates might usefully browse some of the following references: Allan Gyngell (2006), *Balancing Australia's Security Interests*, Lowy Institute, Sydney; Christian Hirst (2007), 'The Paradigm Shift: 11 September and Australia's Strategic Reformation', *Australian Journal of International Affairs*, 61, 2, p. 175-192; Peter Cosgrove (2005-06), 'A Perspective on Australian Grand Strategy', *Australian Army Journal*, 3, 1, p. 17-28; Rod Lyon (2007), *Australia's Strategic Fundamentals*, Special Report (6), Australian Strategic Policy Institute, Canberra; Hugh White (2006), *Beyond the Defence of Australia: Finding a New Balance in Australian Strategic Policy*, Lowy Institute, Sydney; Alan Dupont (2005), *Grand Strategy, National Security and the Australian Defence Force*, Lowy Institute, Sydney; Paul Dibb (2003), 'Does Australia Need a New Defence Policy?', Blake Dawson Waldron Public Policy Lecture, National Museum of Australia, 22 July; Richard Brabin-Smith (2005), *The Heartland of Australia's Defence Policies*, SDSC Working Paper nr 396, Strategic and Defence Studies Centre, ANU; Michael Evans (2005), *The Tyranny of Dissonance: Australia's Strategic Culture and Way of War 1901-2005*, Land Warfare Studies Centre, Canberra.

The time to do so is certainly ripe. In November 2007, the Australian Labor Party (ALP) swept to victory in Australia's federal election. Out of power since March 1996, the centre-left ALP spent much of the election campaign attempting to neutralise the centre-right Coalition government's traditional strengths on economic and national security issues, essentially by promising 'more of the same'. Its most publicised element of differentiation lay in a commitment to withdraw Australian ground forces from southern Iraq during 2008. But even then, ALP leaders wanted to reassure voters that the withdrawal would be structured and orderly, and conducted after close consultations with Australia's partners in Iraq. Further, they confirmed that they would maintain a substantial level of Australian military engagement in the broader Iraqi theatre.

Now in power, Labor ministers have found that the real problems begin. The new government faces a range of difficult challenges –many of them the challenges the former government would have faced had it been returned–. True, ministers are still reading their way into their new portfolios, and it is not yet clear how they propose to address particular problems. But continuing to offer 'more of the same' in the defence portfolio –Labor's election position– does not actually look like a good idea. Rather, the new government will have ample opportunity to put more of its own stamp on defence issues, by spelling out what it sees as Australia's strategic priorities, and saying how it intends to pursue them.

New Leaders

The key figures in the security portfolios for the new government are highly capable people, but relatively unknown quantities within their specific areas of responsibility. Joel Fitzgibbon, the new Minister of Defence, is relatively new to the defence area: he was appointed shadow Minister for Defence only in December 2006, after Kevin Rudd won the party leadership. His previous shadow ministry appointments had straddled a range of responsibilities, including small business, tourism, resources, mining, energy and forestry, treasury, finance, and banking and financial services, but the defence appointment was his first real foray into a security-related portfolio. He has a large and difficult portfolio to master. Stephen Smith, the new Minister for Foreign Affairs, is similarly mastering a large and complex portfolio. His previous shadow minister appointments –trade, resources and energy, communications and immigration– also signal that the foreign affairs appointment is his first real foray into a security-related portfolio.

The Prime Minister, Kevin Rudd, is better known for his foreign affairs background –and his mastery of Mandarin– than for his defence credentials. But he looks likely to do much to shape the new government's policies in both defence and foreign affairs. Before he assumed the mantle of party leader, he was the shadow Minister for Foreign Affairs, Trade and International Security, and so will bring to the cabinet table considerably greater expertise in the national security area than other ministers.

Moreover, Fitzgibbon cannot be indifferent to the lessons of history about the fate of previous Defence Ministers, and must contemplate his own future with some anxiety. After all, the Howard government burned through five Defence Ministers (McLachlan, Moore, Reith, Hill and Nelson) during its 11 and a half years in office. The portfolio is a demanding one and has typically proved a graveyard for aspiring political figures. Since the Whitlam government in early 1970s, only one Defence Minister (Kim Beazley) has ever moved on to another ministerial appointment. And few have ever seemed comfortable with their responsibilities in relation the large, sprawling department that

Defence has become.² So, for at least the first six to 12 months, the new government is likely to be feeling its way forward in relation to its major challenges.

A New White Paper on Defence

The first challenge takes practical shape in the government's promise to produce a new White Paper on Defence. The last one was issued in 2000, and considerable water has flowed under the bridge since then (indeed, even more has changed since 1996, when Labor was last in power). The former Coalition government, led by John Howard, was reluctant to attempt a grand rewriting of Australian strategy in the post 9/11 world, and instead embarked upon a series of 'Defence Updates' (in 2003, 2005 and 2007) and policy speeches to explain its own re-positioning of Australian strategy during that time. The Updates became the small siblings of the traditional White Papers; somewhat akin to earlier Strategic Reviews, they allowed the government to put down some markers about a shifting security environment and a new set of pressures on the Australian Defence Force.

Not too surprisingly, each of the Updates generated its own wave of controversy. The 2003 Update, which attempted to re-position Australia in the wake of the 9/11 and Bali terrorist attacks, was broadly condemned by the supporters of the old Defence of Australia doctrine, who believed the document pulled Australian priorities away from defending Australia and its near approaches in order to fight small-scale and ephemeral wars – wars of choice, rather than wars of necessity– in distant parts of the globe. The 2005 Update was seen by its critics as an advertisement for the Australian Army: launched by the Prime Minister at a major Army base, and in conjunction with a smaller pamphlet touting the virtues of a 'Hardened and Networked Army', the document undoubtedly reflected the government's support for the service that was carrying the burden of Australian engagement in Iraq, Afghanistan and a number of South Pacific missions.

The Howard government gradually became more confident about its own doctrinal position, and the 2007 Update represented a much more considered articulation of its position.³ It attracted support from a wide range of commentators, and was intended to be the final stepping stone to a new defence White Paper had the government been returned at the 2007 election. Now that broader task has fallen to the Labor government. So Labor needs, as a priority, to spell out its own vision of Australian strategic policy. That is a demanding task, and it is not yet clear that the new government thinks with one mind on the issue.

So what can we expect from the new government? Clearly, we should expect a degree of re-orientation in strategic policy, in both a geographic and a thematic sense. The former Howard government was distinctly globalist in its views. The new Rudd government looks likely to be more regionalist in its emphasis, placing a higher level of commitment onto the broader Asia-Pacific region, and shunning some of Howard's more 'expeditionary' policies. And thematically, we might expect a lower emphasis on the War on Terror. Defence traditionalists were never happy that terrorism was accorded such a degree of strategic prominence in the post-9/11 environment, and they will be trying to persuade the government that traditional inter-state threats should remain the bread-and-butter of defence responsibilities.

² On this point, see Hugh White (2006), 'Defence: The Graveyard of Political Ambition'. *The Age*, 24 January.

³ Rod Lyon (2007), 'Assessing the Defence Update 2007', *Policy Analysis* (12), Australian Strategic Policy Institute, Canberra.

There is a burgeoning argument in Australia about the relative weightings to be accorded to traditional and non-traditional security threats –and the respective roles that Defence and other Government departments ought to play in relation to the different threats–. Interestingly, the new government also seems attracted to the idea of producing some kind of formal document on National Security, as a complement to the White Paper on Defence. National security is a much broader concept than defence, and would allow the government the opportunity to broaden its engagement across a range of security activities even as its defence priorities contract. The dimensions of the national security policy remain to be explored, but this also seems likely to be a field where contentious voices –and competing interests– will be raised.

Those areas of national security that have direct implications for how we use our military forces will, of course, be especially contentious. And in lieu of other instruments, defence faces the prospect that its capabilities will increasingly be called upon to perform a range of more non-traditional missions. In short, the centrifugal forces of a broadening security agenda might well counter the centripetal effects of the government's attempts to define defence's responsibilities more narrowly.

'Operationalising' the Strategy

Of course, the second major challenge for the new government will be to address the issue of 'operationalising' its new declaratory strategic posture. Here the decisions that need to be made are just as big as those in strategic policy area and, moreover, they tend to have large dollar signs attached to them. Some voices will certainly be counselling the new Government that capability development needs to return more definitively to the guidance derived from the old Defence of Australia standard. That guidance included the need for Australia to maintain a 'clear regional technological advantage', and –in an age of quickening regional arms modernisation– that could be an expensive objective to pursue.

Defence of Australia advocates were especially concerned by the effects that the shift in strategic priorities under the Coalition government seemed to be generating on procurement policies, as the government purchased a number of heavy Abrams tanks and invested in heavier sea- and air-lift capabilities, the better to allow the Australian Defence Force to operate on a sustained basis in distant theatres. So what might the new government do in this area? Here the evidence is more mixed.

Professor Hugh White, Head of the Strategic and Defence Studies Centre at the Australian National University, was formerly a ministerial staffer for both Kim Beazley, Minister for Defence under an earlier Labor government, and Bob Hawke, the Labor Prime Minister for the bulk of the 1980s. A fair indication of the advice that White is probably now counselling to the new Labor government can be sensed by skimming the newspaper columns that he wrote during the Howard years. Those columns contain a number of judgments, including:

- That the Howard government had been misled into believing that terrorism posed an important strategic danger to Australia, when terrorism was merely a troubling but persistent nuisance which should not determine force structure.
- That it had been misled into a series of unwise defence purchases.
- That it had been misled by a fondness for the ANZAC (Australian and New Zealand Army Corps) tradition and service lobbying into supporting the Australian Army as its dominant service, when the Army in fact offered relatively poor strategic 'weight' in Asia.

- That Australian high-technology naval and air assets offered much better strategic 'weight' in the emerging regional security environment.
- That the Howard government had been misled into thinking of the Navy and Air Force as support services for the Army, hence the decision to purchase air-warfare destroyers and large amphibious-lift vessels and C-17s.
- That it had been misled into the development of large surface ships for the Navy when the future of sea power really lay with submarines.
- That it had been misled into supporting the use of armed forces to promote Western values far from home, a mission that military forces were poorly equipped to fulfil.

It is uncertain how much of this agenda will be picked up by the new Labor government. The Prime Minister has frequently suggested a broader view of Australia's defence than the one outlined above. In a speech to the Australian Strategic Policy Institute on 8 August 2007, for example, Rudd spoke of globalisation 'changing Australia's defence reality'. But the breadth of White's criticisms of the Howard government's policies scarcely squares with a Labor policy of 'more of the same'. The new Defence Minister, Joel Fitzgibbon, has already signalled his commitment to a follow-on submarine force beyond the current Collins-class vessel. And the government has already signalled its determination to revisit current procurement projects, especially the contentious air-combat capability requirements. Still, he has also indicated the new government's support for the purchase of two large amphibious vessels and three air-warfare destroyers, decisions which were contentious when the Howard government first made them.

Interestingly, one of White's newspaper columns written before the appointment of Brendan Nelson as Defence Minister in early 2006, suggested the new minister should have two primary objectives: to produce a new defence White Paper and to drive defence to do business more efficiently. Both of those would appear to be early priorities for the new government, but both are difficult and demanding exercises.

The Australia-US Relationship

At least some of the government's supporters will be hankering for a more moderated relationship with the US. Cosiness with Washington is the norm in Australian strategic policy, but the Howard government took the Australia-US relationship to a new level of intimacy, and some 'rollback' from that peak should be expected. In the broad context of foreign policy, the ALP has been arguing for some years for a three-pillared approach: (1) maintenance of the close alliance relationship with the US; (2) closer Asian engagement; and (3) a restoration of Australia's multilateral diplomacy via the United Nations. This approach suggests the government will be attempting to place greater reliance on Asian engagement and multilateral efforts, the overall effect of which will be to dilute the fraction of effort devoted to the bilateral relationship with the US.

But it is not merely an issue of fractions that we ought to be looking at here: Labor will want a different 'quality' to the relationship. Some evidence of that is already available in the new government's willingness to move Australian effort in Iraq into more of the non-military field, by an increase in aid monies. Rudd, of course, will be hopeful that some of the readjustment in relationship quality will occur as a natural result of the evolution of US politics, given the looming 2008 presidential election. The neo-conservative peak is now well past its prime in Washington, and there are already signs that the Bush Administration, in its final year, is trying to portray itself as more of an honest broker in the Middle East. Both the National Intelligence Estimate on Iran's nuclear weapons capabilities and Bush's own recent trip to the Middle East can be seen as evidence of that.

A post-Bush Administration might well be trying to put a softer face on US global leadership, and that would suit well Rudd's attempt to shift the Australia-US relationship to that same ground. Naturally, the Australian Labor government would probably feel a higher degree of political sympathy with a Democratic Administration rather than a Republican one, but the degree of bipartisanship within Australia for the US alliance is still such that any Australian government could work reasonably happily with any US one. Affinities between particular leaders can add a special icing to the cake of the bilateral relationship –the Bush-Howard relationship certainly did– but the cake is there anyway. No breach of the relationship between Canberra and Washington is in prospect.

And while the government wants to position itself as the staunch defender of Australia's right to say no to its main ally, when push comes to shove this is not an easy position to maintain. Whatever the logic of strategic theory might say about the importance of determining Australian priorities from geography, the practice of statecraft usually dictates otherwise. As Michael Evans has observed: 'the truth is that, in times of conflict and crisis –from the two World Wars through Korea, Malaya, Borneo and Vietnam to East Timor in the 20th century to Afghanistan, Iraq and the Solomons in the 21st century– the requirements of pragmatic statecraft have always demanded that Australia fight overseas. Moreover, despite a theoretical focus on air and sea forces, Australia's practical commitment in times of war and crisis has usually involved a heavy dependence on troops for overseas service.'⁴

Of course, the US is also likely to remain an important advocate of the idea that terrorism is a strategic worry for Western countries. So the ANZUS alliance will remain an important shaping influence upon Australian strategic policy in a number of ways. It will press a counter-terrorist agenda into Australian strategic thinking, solicit Australian contributions to distant theatres and influence those debates over where, when and why Australian forces ought to be deployed abroad.

A Revival of Regionalism?

Australian strategic policy has long been torn between competing imperatives. Three distinct 'schools' have emerged, each of which has argued for a prioritisation of a different geographic area. Globalists have insisted that Australian security depends primarily upon a benign, Western-shaped global order; regionalists have insisted that Australia can only be secure when it comes to terms with its geographical location in the broader Asian context; and continentalists have insisted that Australia must aim at the self-reliant defence of its own continent, without having to rely on the armed forces of any other nation in order to achieve that objective.⁵

Within the ALP, the traditional thrust has been to rely on multilateral instruments and the relationship with the US to manage the global level, to build a specific set of relationships with Asian countries backstopped by the ANZUS alliance just in case events take a turn for the worse in the region, and to nurture a sense of independence and nationalist self-reliance in relation to the continental level. Thus, a competent, proficient ADF has been seen as a mechanism for reducing Australia's strategic reliance upon the US, and special efforts have been made over the years in order to build Canberra's relationship with Jakarta (of which Paul Keating's security agreement with the Indonesian President Suharto was only one manifestation). In recent years, Labor on the opposition benches in

⁴ Michael Evans, *The Tyranny of Dissonance*, p.42.

⁵ For a fuller description of the schools and the different ways in which they think about Australia's strategic needs see Rod Lyon (2007), *Australia's Strategic Fundamentals*, Special Report (6), Australian Strategic Policy Institute, Canberra.

Parliament has repeatedly attacked the Howard government for being too close to the US, and for allowing US global priorities to shape the way Australia thinks about its own defence needs.

The repositioning of Australian strategic emphasis to the regional level will have one important ramification: it will automatically dilute the level of concentration on terrorism as a principal strategic threat. At the regional level, the issue of terrorism does have traction, but not nearly the same level of traction that it has at the global level, where it is the vehicle for an asymmetrical conflict between the global superpower and jihadist extremists. That conflict has special resonance in the Middle East, Afghanistan, Pakistan and North Africa, and across a range of Western countries. It also has resonance in South-East Asian countries with substantial Islamic populations. But no part of Asia has genuinely emerged as a 'second front' in the War on Terror, despite fears in Washington in 2001 and 2002 that such a development might occur.

Instead, Asian strategic worries tend to be focused on the traditional great-power relationships between the region's emerging powers. China and India are both rising powers, and Japan, the region's 'status quo' power, is starting to feel itself more strategically marginalised. The three countries have no history of being strong simultaneously, and no history of security cooperation with each other. They all need greater practice at jointly 'managing' the issues of regional security. Some want to create a new North-East Asian security structure –perhaps a follow-on structure to the Six-Party Talks– for that purpose. Others want Japan and India to become permanent members of the UN Security Council, but that change would be much harder to make.

Conclusion: Australian strategy is likely to be the subject of debate and change under the Labor government. It will not just be a case of 'more of the same'. It would be reasonable to expect a tighter redrawing of Australian strategic priorities, with an emphasis on regional issues, and some will be arguing vigorously for a return to Defence of Australia guidelines for force development. Broader issues will probably be hived off to a new Office of National Security, for a whole-of-government response. But there are a number of 'known unknowns' that might yet have a formative impact on Australian strategic thinking. One of those would be some future, large-scale terrorist attack on Australian territory. Another would be a terrorist attack with weapons of mass destruction on the US. Others would cover the possibility for heightened levels of regional conflict in Asia, indeed in the worst case some form of great-power clash. The Howard government found itself driven into new strategic terrain by global events; so too might the new Labor government.

Rod Lyon

Program Director (Strategy and International), Australian Strategic Policy Institute