

PERSPECTIVES

**THE NEW DEFENCE WHITE PAPER:
WHY WE NEED IT AND WHAT IT NEEDS TO
DO**

HUGH WHITE

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Hugh White

The First Principle of War

In Staff College they teach young military officers that the First Principle of War is ‘selection and maintenance of the aim’. It is a good precept: before launching a military operation, be sure you know what you are trying to do, and why. And it applies to other things too, including defence policy. The Rudd Government has started work on a new defence white paper.¹ They are absolutely right to do so; Australian defence policy needs a major overhaul. But to do a good job, it is important to start by working out exactly what needs to be done, and why. This *Lowy Institute Perspective* aims to contribute to this critical first step. Later in the year the Lowy Institute will look in detail at some of the specific questions and issues that need to be addressed.

What is a defence white paper for?

In the Westminster parliamentary tradition, a white paper is a detailed statement describing a new policy direction and providing arguments and evidence to support it. Such papers can be issued in any area of government, but they are especially important in defence, because it involves such long-term decisions, engaging critical national interests and committing huge sums of money, in circumstances of great uncertainty. Such decisions are inevitably based more on judgement than on hard data, and are often infused with murky, half-articulated hopes and fears. It is all too easy for momentous decisions to be made on flimsy grounds which would not withstand serious scrutiny. It is therefore especially important in defence for the Government to set out explicitly the evidence and arguments underpinning its defence policy.

Short of a major war, the biggest issues in defence concern the kinds of forces we need. These have the longest timeframes and the biggest financial and strategic implications. The primary

purpose of any defence white paper is therefore to present and explain the Government's decisions about the kinds of military capabilities Australia needs. This means that a white paper is much more than a public relations exercise.

The real work is in making the decisions themselves, and in assembling and testing the analysis and judgements that the decisions must be based on. A white paper needs to present a case for the measures it proposes that meets the high standards of rigour expected of good public policy. The arguments should be explicit, evidence-based and contestable, starting with a clear statement of policy aims, fully exploring alternative strategies, stringently comparing the cost-effectiveness of competing options, and reaching clear conclusions based on these analyses – all within a disciplined and realistic financial framework. These are the standards of public policy that the Rudd Government has set itself across the board. The white paper provides the opportunity to apply these standards to defence policy. If the Government takes that opportunity, it will be a significant achievement: far too often governments fail to apply these standards to defence decisions, or even recognise that they should try.

How can this be done? The essence of good evidence-based defence policy is the alignment of force plans with strategic objectives on the one hand, and funding realities on the other. That has four important implications for the way a white paper should be developed. First, it means that the process needs to start by articulating our basic strategic objectives – what is it we want our armed forces to be able to do – as clearly as possible. Often defence policy fails to do this, which makes it impossible to make rigorous choices about the forces we need and to assess the effectiveness of what we are doing. Unfortunately that means that both governments and defence organisations have a strong disincentive to stating their objectives clearly; it is hard to judge whether defence policy is working if we never say clearly what we are trying to do. This explains why white papers are often evasive and sometimes incomprehensible. Good defence policy must overcome this temptation.

Second, this approach to defence policy requires that capability choices should be determined by strategic objectives. We should build the forces that will achieve our strategic objectives most cost-effectively. This may seem self-evident, but in the absence of clearly-stated objectives other influences frequently dominate, including the institutional agendas and personal preferences of defence officials, military officers, industry interests and even state governments. Often, indeed, policy logic is completely reversed, and strategic objectives are selected to justify capabilities that have been chosen for other, less-avowable reasons. It takes

intellectual discipline and strong leadership to prevent this inverted logic dominating the design of our forces.

Third, this policy model, through the alignment of force plans with achievable funding levels, imposes essential discipline both on the force plans themselves and on the strategic objectives they are meant to implement. Every defence policy decision is a choice about money and how it is to be spent, and those choices necessarily balance costs and benefits. Governments have to set strategic objectives and capability priorities by weighing the costs – including financial costs – of different options against their benefits. The discipline of aligning strategic objectives and force plans with realistic funding ensures that governments weigh costs and benefits carefully before proclaiming strategic objectives and force plans. It keeps defence policy real.

Fourth, seeing defence policy as the alignment of objectives, capabilities and funding emphasises its iterative quality. Strategic objectives must be considered in the light of costs, and vice-versa. Defence policy therefore requires a cyclical process. Objectives are set, capabilities needs are determined, and costs are calculated: then objectives must be re-examined to ensure their costs are justified. If the costs be too high for the strategic gain expected, we go round the loop again, until objectives, capabilities and resources all line up. The resulting discipline cuts both ways: it ensures that governments do not set strategic objectives we cannot afford, and also that they genuinely commit the funds needed to achieve the strategic objectives they proclaim.

Do white papers work?

It is sometimes argued that this whole approach to defence policy is misconceived, because we cannot predict the future, and cannot know what we will want our armed forces to do in future, so it is best not to pretend we can. Those who argue this way say that instead the best approach to defence policy is to build a force with a wide mix of capabilities and hope that it will be able to do what's needed when the time comes. Such a force is usually described as 'balanced and flexible', and it usually looks much like the existing force, only a bit bigger. It is a beguiling view in some ways, but I think it is wrong.

First, the white paper sceptics underestimate our ability to judge future needs. Of course we cannot predict the precise circumstances in which we might want to use armed force years or even decades into the future, and no white paper should try. The sceptics may be right to say that some earlier white papers did make this mistake to some degree. But that does not mean

we cannot do better, and that we should not try. We can identify a range of enduring strategic interests and objectives which will shape the kinds of military operations Australia is most likely to need to undertake in future decades. Other countries show how it can be done. British strategic policy, for example, has been guided for centuries – quite successfully – by a remarkably stable set of enduring strategic objectives which have shaped its force structure and its operational choices in many different situations. We should aim to provide Australian defence policy with a similarly durable foundation. This is what the previous government attempted to do, first in its Strategic Policy Review of 1997², and then in its 2000 Defence White Paper.³ Chapter Four of the 2000 White Paper identified five enduring strategic objectives as the foundations for long-term defence decisions. This was not by any means the last word on the subject, and many might disagree with elements of it. But the 2000 White Paper at least showed how the task might be approached, and why it is so important to try.

Second, the White Paper sceptics tend to overstate the adequacy of their alternative approach, which depends on our confidence that the ‘balanced force’ will be able to do what we need if and when a crisis strikes. This is a doubtful proposition. By its nature the ‘balanced force’ spreads our defence effort rather than focuses it. It avoids hard (and often unpopular) choices by having a bit of everything, which is why it is popular with some in the services. But it runs the grave risk of preventing our building strategically-decisive forces in any type of capability: it preserves flexibility at the cost of weight. This works as long as nothing too serious happens: naturally, a force composed of small quantities of many different kinds of capability can deal with many different kinds of small-scale contingencies. But it is prone to fail catastrophically in more serious and demanding situations – the ones in which we really need our armed forces. In particular, the ‘balanced force’ is fine for providing small contingents to coalition operations in support of our allies, but much less adequate for independent operations to protect our own direct interests. In this respect the sceptics’ position is profoundly conservative. It presupposes that the force structure we have today will remain adequate, because the strategic challenges we will face in the future will look much like those we have faced in recent decades. It thus discounts the possibility of serious deterioration in our strategic circumstances, and repudiates the responsibility of defence policymakers to try to shape Australia’s defence forces in the light of the possibility that things might turn out worse than we hope and expect.

What a white paper should, and should not, do

The account I have given here of the purpose of a white paper carries some implications for what it should and should not attempt to do. First, it suggests how it should differ from the

three Strategic Update papers published by the Howard Government since 2003. These papers talked mostly about short-term changes in Australia's security environment. They did little more than sketch what those changes might mean for Australia's long-term strategic objectives, and did not relate strategic objectives in a rigorous way to capability priorities. Important choices and judgements were avoided by evasive drafting. Money was hardly mentioned, and the interconnections between strategy, capability and dollars were not explored at all. In the end the Defence Updates amounted to little more than essays on current strategic events and Australia's short-term response to them. Such statements may have their uses, but they should not be confused with serious defence policy.

Second, this account suggests that there are many important areas of defence policy that a new white paper should not aim to cover. Most of the day-to-day business of defence concerns the maintenance of current capabilities, the conduct of current operations, and the implementation of decisions about future capabilities that have already been made. Recruitment and retention of personnel, management of major projects, efficient administration of the defence bureaucracy, the role of defence industry and many other major concerns are absolutely central to the effective performance of the defence function. But they do not necessarily belong in a defence white paper, because they relate to how we deliver capabilities, not how we decide which ones we need.

To intrude issues of capability delivery into the core argument about capability priorities risks confusing the issues and diverting attention. This is not to say that these issues can be ignored. There is a profound need to drive Defence to deliver capability more efficiently. This goes to the whole way Defence works: the issues are deep and complex, and they will require years of focused effort. There are no quick fixes. To weigh the white paper down with these issues would only make it harder to do its essential job, without offering much chance of achieving significant improvements in efficient delivery of capability.

Third, my account of the functions of a white paper has implications for the way it fits in with other policy documents and processes. A defence white paper should follow a National Security Strategy (NSS). The NSS needs to say which of our wider *national security* objectives we wish to regard as *strategic* objectives – i.e. those for which armed force will be a principal policy instrument. This need not be hard to decide, nor need it take long. The key is to acknowledge, first, that Australia faces many kinds of threat to national security, of which military threats are only one, and second, that armed force will have at most a subordinate role in responding to most of these threats, but will have leading role in some

specific and highly demanding circumstances. Those circumstances are the proper focus of defence policy.

Finally, this way of thinking about the purpose of a defence white paper has clear implications for the timeframes in which it works. A white paper is not about next year's budget. The decisions it should embody will typically not bear fruit in the form of operational capability for at least a decade, and their implications will shape the ADF for three, four or even five decades to come. Those making the decisions must therefore look ahead a long way. They must do all they can to ensure that their judgements and analysis still look sensible decades into the future. They must therefore clearly distinguish between what Sir Arthur Tange called tides and eddies – between long-term trends which our force planning must address and the short-term perturbations which we should allow to pass. Being able to tell the difference is one of the marks of good strategic policy.

Why do a new defence white paper now?

If this is what a defence white paper is all about, why exactly do we need a new one now? It is an important question which requires a more searching response than simply that the new government has promised one. We need to understand what is wrong with the present defence policy, so we can make sure the new white paper does what is needed to fix it.

Australia's defence policy today is still based on the white paper produced by the Howard Government in 2000. *Defence 2000: Our Future Defence Force*⁴ made a serious attempt to develop the kind of rigorous long-term basis for defence capability choices that I have described in the preceding sections. It introduced some important innovations in the way defence policy has been done in Australia. These included, as we have noted, an attempt rigorously to define and prioritise Australia's strategic interests and objectives, as well as a more tentative effort to identify key operational priorities. It broke new ground by creating a ten-year Defence Capability Plan. Most importantly, for the first time it provided the basis for the government to make robust long-term defence funding commitments. Why then does it need to be replaced?

One obvious and important reason is simply that *Defence 2000* will be eight years old in December, and it has lost currency and credibility. Since 2000 we have seen the Global War on Terror, continued instability in Australia's immediate neighbourhood, and the rise of China and India. All of these developments have potential implications for Australia's strategic objectives and capability priorities. What those implications might be has been hotly debated,

but no firm conclusions have been reached. The result has been growing confusion in defence decision-making. Clearly a new white paper is needed to resolve these issues and allow defence policy to move on.

A second reason why a new white paper is urgently needed now is the likelihood that, notwithstanding the generous funding provided to Defence since 2000, our current long-term capability plans have fallen out of alignment with funding projections. We cannot afford what we plan to build.⁵ This needs to be fixed, restoring the alignment between capability plans and fiscal realities, by deciding whether we should expand our budget or trim our plans, and if so, what should go.

These are both significant issues, but there are other more fundamental reasons to do a new white paper now. To see this, it helps to glance back at Australian defence policy over the past few decades. The primary driver of the 2000 White Paper was the need to resolve a long-term misalignment between objectives, capability plans and funding which had built up since 1976, when the Fraser Government published the first of Australia's modern defence white papers, *Australian Defence*.⁶ It was a revolutionary document which finally moved beyond the forward defence policies of the post-war decades and placed the self-reliant defence of Australia at the centre of defence policy. This historic shift carried profound implications. Instead of concentrating, as we had done hitherto, on what our forces could *help others* do, we had to focus on what they could *do themselves* to achieve the clear, if limited, strategic objectives they had been given.

This shift had direct capability and budgetary consequences. Self-reliance meant we had to be able to do more ourselves, and we had to spend enough to make sure we could do it. For the first fifteen years after 1976 this was not too hard; the Cold War seemed far away, Asia as a whole was at peace, and so was our immediate neighbourhood.⁷ But by 1990 things had started to change. The end of the Cold War, new strategic currents in Asia, growing air and naval capabilities throughout the region, burgeoning peacekeeping missions around the world, and growing instability among our closest neighbours all put pressure on the alignment between objectives, capabilities and resources that had evolved since 1976. The scope of our strategic objectives and their capability implications started to grow, but the Defence budget did not. The strains were addressed in a preliminary way through a major Force Structure Review carried out in 1991⁸, but this proved at best an unsatisfactory holding operation. Some of the capability decisions – such as cutting the army from six infantry battalions to four – proved strategically unsustainable. And attempts to cut costs through large-scale efficiency reviews and contracting-out programs provided only temporary respite.

By the late 1990s, it was clear Australia could no longer sustain its existing range of military capabilities at a level of quality that would make them strategically effective against regional capabilities, and in quantities adequate to our expanding strategic objectives, if the Defence budget did not grow in real terms. The Government of the day therefore faced a simple choice: to realign the key elements of defence policy it had to reduce Australia's strategic objectives or increase the defence budget. After carefully reviewing Australia's strategic objectives, and drawing on the still-vivid experience of the East Timor crisis of the previous year, the Government decided to maintain and develop the full range of existing capabilities, and to expand some significantly. To fund these forces it committed to 3% per annum real growth in defence spending over a decade. Later it extended this commitment by a further five years to 2016.

So where do we stand today? Fundamentally, the basic question remains the same as it was in 2000: can our long-term budget expectations sustain the capabilities we need to meet our avowed or implied strategic objectives? But the immediate problem we face in 2008 is rather different. Thanks to seven years of sustained growth in defence spending, and another eight years foreshadowed out to 2016, the most pressing problem for a new defence white paper is not shortage of money. As noted above, there are nearer-term budget concerns which need serious attention, but the more pressing problem today is how the money is spent. This is a problem because since 2000 disciplined processes of force planning have collapsed. These processes were built up in the 1970s under Sir Arthur Tange, in order to meet the new demands placed on our defence policy by the move to self-reliance. They were further developed in the 1980s by Kim Beazley and Paul Dibb.⁹ Important progress was made towards a rigorous approach to setting capability priorities. Much however still remained to be done: many of the strategic concepts which evolved were rather crude, and too much of the work focused on the tactical and operational rather than the strategic level of analysis. Then, by the late 1980s, some of the key ideas on which they were constructed – including the focus on the defence of Australia itself – started to lose credibility as they were overtaken by the end of the Cold War and the economic transformation of Asia. So already by the early 1990s some of the policy discipline that had been established since 1976 started to fray.

In 2000, as we wrestled with the fundamental mismatch between strategy and resources, the White Paper process sought to rebuild a disciplined basis for force planning. It adopted a wider view of Australia's strategic objectives, based on a more expansive but still quite specific conception of our strategic interests. It also tried to define clearly the operational options and capability priorities needed to defend those interests. This effort was however

curtailed when, midway through the process, Howard himself directed that all capabilities then in the ADF were to be preserved and upgraded, without considering whether the resulting force would be cost-effective. The opportunity to build a rigorous basis for defence policy in 2000 was to a large extent lost. Things have got even worse since then, for several reasons.

First, the failure of Governments to resolve the major questions that have arisen since 2000, and especially following 9/11, has created deep uncertainties about basic questions: Is conventional conflict still the core business of the ADF? Is armed force the best way to stabilise failing states? Does geography still matter? Seven years after 9/11, these questions have still not been clearly answered, and the resulting uncertainties have undermined force-planning discipline.

Second, the War on Terror shifted the focus of Australian defence thinking away from independent operations back towards a primary focus on contributing contingents to coalition forces, especially in the Middle East. It has seemed (to some) that in future the key role of the ADF will be to help the US military implement the Bush Doctrine. This shift of emphasis took us back to the pre-1976 'forward defence' era, in which we worried less about what our forces could do independently because their main role was to contribute small contingents to efforts led by others. This made disciplined force planning seem unnecessary, because as a junior coalition partner it does not matter much what kind of forces Australia sends.

Third, an abundance of money has made undisciplined choices seem seductively easy. The years since 2001 have been unusual ones in the history of Australia's peacetime defence forces. In 2000 the Government had committed to increase the budget steadily for years into the future. Strong economic growth, high tax revenues and large surpluses over the following years made this promise easy to keep. Indeed, the Howard Government found it fiscally painless to go beyond the promised increases and fund further substantial additional expenditure. Moreover, in the highly-charged atmosphere of the War on Terror, there were clear political benefits for a Government demonstrating a strong commitment to national security through high-profile defence purchases. As a result, over the past seven years the Howard Government was much more willing than any peacetime predecessor to commit funds to major defence acquisitions without careful analysis of costs, benefits and trade-offs. Sadly, the more money the Howard Government spent on defence, the less trouble they took to think carefully about how it was spent.

Fourth, within the Defence bureaucracy a combination of organisational weakness and other preoccupations has diverted energy and attention away from long-term capability planning. Under Tange and his successors the central Defence bureaucracy, military and civilian, made rigorous long-term capability planning their top priority. In recent years that has clearly ceased to be the case. In some ways that is hardly surprising; the ADF has been heavily committed to operations in recent years, and many on Russell Hill would say that they have of necessity given more attention to supporting deployed forces on current operations than to long-term planning. I think this explanation only goes so far: in 1999 and 2000 Defence proved capable of supporting both a major deployment to East Timor and the production a major new white paper, and Defence surely has the resources to do both jobs at once. A more telling reason for the eclipse of long-term planning on Russell Hill may be a shift in the balance of power between the central Defence Headquarters and the individual services. An integral element of Tange's reforms of Defence had been to concentrate authority for force development from the single services to the centre. This was essential if the ADF was to be planned and developed as a single integrated force adapted to Australia's strategic needs, rather than three separate and competing forces developed largely in isolation from one another. For a number of reasons, in the years after 9/11 the balance of power on Russell Hill swung back to the single services to a degree not seen since the early 1970s, and disciplined force planning has suffered.

Finally, and perhaps most fundamentally, Australia's capacity for rigorous long-term capability planning has been eroded by weak political leadership from successive Ministers for Defence since 2000. In the end the Minister is responsible for making sure that Defence's huge long-term investments are properly directed towards meeting long-term objectives. In recent years, weak Defence Ministers and acquiescent ministerial colleagues have been willing to indulge the wishes of the individual services without deep consideration about whether these wishes aligned with Australia's long-term priorities. Only sustained and concerted pressure from Ministers will ensure that the deficiencies of recent years are corrected.

Why it matters now

The most pressing reason, then, to do a new defence white paper in 2008 is to restore, refine, strengthen and embed a rigorous, evidence-based process for deciding Australia's long-term capability priorities. Doing this now is especially important because the failures of force planning in the past few years have occurred at a critical time for Australia. In several ways, the long-term strategic trends in our region and in the wider Asia-Pacific are moving against

us. The Asian international order which has underpinned our security since the 1970s is under new stresses. At the same time, Australia's strategic potential – our national capacity to sustain armed forces, determined primarily by our population, the size of our economy and the lead we can expect in technological and managerial capacity – is in long-term decline relative to our most important Asian neighbours. This means the scale of risks we may face is increasing at a time when in relative terms the resources we can devote to managing those risks is declining. Australia thus needs more than ever to ensure that we get as much security as we can for every dollar we spend. Those dollars will need to be spent very carefully indeed if they are to provide us with the forces we need. Finding the most cost-effective defence options is therefore not just matter of fiscal prudence: it is a strategic necessity.

This leads us to a second, deeper reason to do a white paper in 2008. Notwithstanding the budget growth since 2000, the basic question which the previous government faced in 2000 is still there to be answered today: are we spending enough on defence to achieve our long-term strategic objectives? The answer is not a foregone conclusion. Since 2000 Defence spending has not grown significantly as a share of GDP, and remains very near the low point reached in the late 1990s, which was itself the lowest since the 1930s. As a share of Commonwealth Outlays, Defence has not grown much, which means defence spending has increased only slightly faster than the Government's overall spending, and remains only a little above typical post-Vietnam levels.¹⁰ Viewed historically, defence spending since 2000 has only grown about as fast as the long-term average rate of real growth over the past 60 years.¹¹ We cannot assume that this level of spending will be enough to achieve our strategic objectives over the next few decades if Asia is strategically transformed by economic growth. It is therefore vital to determine whether we are spending enough, and to decide how to respond if not. Do we spend more on defence, or scale back our strategic objectives?

Much is at stake in our answer, because the kinds of strategic objectives we are willing or able to support will determine what kind of strategic power Australia will be in the Asian Century. The strategic objectives set out in the 2000 White Paper envisage that Australia will exercise the strategic weight to protect our direct security and influence the shape of our wider international environment through the conduct of independent military operations. They project Australia as a middle power, able to shape our own strategic future by force of arms if necessary. But the margin is fine. If Australia scales back its strategic objectives significantly, it will quickly find itself slipping from being a middle power to a small power, without the military capacity to shape their own strategic future. Which are we to be? At the start of the Asian century this is a critical question for Australia. It is the kind of question that all governments prefer to evade, but good governments do not. No government wants to

spend more on defence, and no government would want to admit to reducing Australia's strategic objectives and diminishing our strategic weight. But either is preferable to proclaiming strategic objectives without funding the forces needed to secure them. The white paper must ensure we do not commit this all-too-common mistake.

Ministers must decide

These are big questions. Ministers will be tempted to ask officials to do most of the work in answering them. A white paper produced this way would run a strong risk of simply affirming the current muddled policy and evading the questions that need to be answered, because they are questions that only ministers *can* answer. The task of officials is not to offer precooked solutions but to provide ministers with the information and analysis required for them to make up their own minds.

This is not how it has usually been done. Most previous defence-policy documents have been essentially drafted in Defence and presented to ministers for approval. But the more successful white papers – the 1987 and 2000 documents – were both driven very directly by ministers. In 2000 the NSC was very actively engaged. It had a total of perhaps eight or nine substantive discussions from December 1999 through to the approval of the final text and the DCP in November 2000, including several all-day meetings in which many major issues were addressed at length and in detail through free-flowing seminar-style discussions. In these discussions ministers were not considering formal submissions or drafts of the document, but specially-prepared options papers designed to provide them with the information needed to make the key judgments themselves. As we have seen, the opportunities offered by this approach were not all taken up, but the process nonetheless marked an important step forward in the way ministers make strategic policy. This time around it is essential that ministers on the NSC should have the same opportunity, and make better use of it. That will eat into their busy schedules. But what will they be doing that would be more important?

And it would be a mistake to rush things. The Government has said that the white paper will be finished by the end of the year. It will almost certainly slip into early next year, but even that may be too soon. It will take significantly longer than nine months to produce a white paper that would achieve the aims set out here. The drafting of the published document itself is not what takes the time. The real work lies in assembling the evidence and analysis that ministers need to make their decisions, and in giving them the time to examine, test, and develop the ideas that are put to them and the conclusions they reach before they make final

decisions. It would take closer to two years to do the job properly. Doing it well is much more important than doing it quickly.

What issues does the new white paper need to address?

This is not the place to start canvassing answers to the major policy questions that a new white paper will need to address. But it might be helpful to finish by sketching the nature of those questions. In thinking about them it is important to remember that they all need to be considered in timeframes that stretch out 30 years at least. To expose and elucidate the policy logic of capability decision-making it is best to break the process into five steps, which are here set out in linear fashion but which in practice, as we have seen, would need repeated iteration.

The first step is to redefine Australia's strategic objectives: that is, what do we want to be able to achieve with armed force? To do this the white paper will need to answer these questions:

- What role will armed forces play in non-traditional roles like fighting terrorism, responding to global warming, stabilising and rebuilding weak states, guarding our borders and disaster relief?
- What priority do we give to preparing the ADF for major interstate conflict, whether directly defending the continent or beyond?
- How do we balance priority for independent operations against the priority to be able to operate in coalition with allies?
- How do we define the range of operations we need to be able to undertake independently of major allies?
- What kind of support do we need to be able to provide for allies in different scenarios?

Addressing these questions moves us beyond the barren debate between 'Defence of Australia' and 'Expeditionary' concepts, and focuses instead on the key task of defining and prioritising Australia's strategic objectives beyond the defence of the continent. This must be done as specifically and precisely as possible if it is to provide the foundation for an effective defence policy. It is essential that strategic objectives are set down and prioritised in a way that is explicit enough to provide a foundation for deciding what kinds of forces can most cost-effectively achieve them. This work might draw on and build on the positions reached in

the 2000 White Paper, but other approaches need to be explored, and at the minimum it will need to go further in many places and take full account of the events and debates since 2000.

The second step is to identify the kinds of military operational options Australia would want to have available to achieve the strategic objectives defined in Step One. This is difficult and complex. It is not sufficient to simply list all the different kinds of things we might want to be able to do in different situations: we need to identify the operational options which are likely to be most cost-effective in meeting our objectives in the widest range of circumstances. This will not be easy. Defence has done some work in this area in recent years but it is unlikely to be sufficiently rigorous to provide a robust foundation for capability choices. Reaching decisions on these issues requires both analysis and judgement. It is important that the analysis be clear and rigorous, and that the judgements be explicit and contestable.

The third step is to identify the capabilities which can most cost-effectively deliver the operational options selected in Step Two. This too is complex, and will require quite a lot of new work. Again it is easy to list all the ways we *might* deliver different operational options, but harder to identify the set of capabilities which delivers the widest range of viable operational options in the widest range of circumstances. That is what we need to do. This again will require a major analytical effort and hard judgments.

The fourth step is to identify how we can best deliver the capabilities selected in Step Three. This will require the white paper to review the current state and future trajectories of each of the major types of capability we have selected, taking account of judgments about their current state, existing development plans, new technological risks and opportunities, potential adversary capability trends, preparedness and warning times, and costs, including personnel and operating costs. The output from this step should be a series of long-term (probably 30-year) capability-development master plans for each major type of capability.

The fifth step is to integrate the long-term capability-development master plans from Step Four into a new version of the Defence Capability Plan, and bring it all together with judgements about Defence's substantial overhead costs to establish an overall funding trajectory for Defence.

Conclusion: Success and failure

How will we know if the white paper process has succeeded or failed? To succeed, the Government must produce a document that unambiguously identifies the strategic objectives

that it is committed to being able to achieve, produces an evidence-based argument for the most cost-effective operational options and consequent capabilities required to achieve those objectives, and commits to long-term funding to deliver them. It will frankly discuss the broader implications of the choices it has made for Australia's strategic weight and national security in the Asian Century. Its judgments will not assume that the world will stay as it is today, that today's force structure is the most cost-effective, or that the defence-funding projections inherited from the last government will build all the forces we need.

A failed white paper will be one that does not seriously address the key issues we have explored here. Such failure might take two forms. It might simply reaffirm the status quo without searching analysis, reproducing from the Defence Update of 2007 the Howard Government's last ill-defined statement of strategic objectives, replicating with only marginal changes the force structure plans of the present Defence Capability Plan, and simply extending current defence-spending projections for another few years. We will have ended exactly where we started. Alternatively, it might announce radical new force plans for the ADF – perhaps an aircraft carrier capability for example – without providing robust arguments explaining how this provides the most cost-effective way to achieve our strategic objectives. Either way, we will have got nowhere.

¹ Joel Fitzgibbon, *New Defence White Paper*, Press Release, 22 February 2008: <http://www.minister.defence.gov.au/Fitzgibbontpl.cfm?CurrentId=7444>.

² Commonwealth of Australia, *Australia's Strategic Policy*, Department of Defence, Canberra, 1997 p.8.

³ Commonwealth of Australia, *Defence 2000: Our Future Defence Force*, Department of Defence, Canberra, 2000, Chapter Four.

⁴ Commonwealth of Australia, *Defence 2000: Our Future Defence Force*, Department of Defence, Canberra, 2000.

⁵ Mark Thomson, *The Cost of Defence: ASPI Budget Brief 2007-2008*, ASPI, Canberra, 2007.

⁶ Commonwealth of Australia, *Australian Defence*, AGPS, 1976.

⁷ For a fuller account of this issue see 'Four Decades of the Defence of Australia: Reflections on Australian Defence Policy over the Past 40 Years', in Ron Huisken and Meredith Thatcher (eds.), *History as Policy: Framing the Debate on the Future of Australia's Defence Policy*, ANU E Press, The Australian National University, Canberra, 2007, pp 163-187.

⁸ Commonwealth of Australia, *Force Structure Review: Report to the Minister for Defence*, Department of Defence, Canberra, 1991.

⁹ Commonwealth of Australia, *Review of Australia's Defence Capabilities*, AGPS, Canberra, 1986.

Commonwealth of Australia, *The Defence of Australia 1987*, AGPS, Canberra, 1987.

¹⁰ Mark Thomson, *The Cost of Defence: ASPI Budget Brief 2007-2008*, ASPI, Canberra, 2007.

¹¹ Mark Thomson, *The Cost of Defence*, p 126.

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