

Why Australia's strategic situation is far worse than we think

by **Hugh White**

Australian Financial Review, 06 July 2020

Link: <https://www.afr.com/policy/foreign-affairs/why-australia-s-strategic-situation-is-far-worse-than-we-think-20200705-p5594m>

For all the dire warnings in last week's defence review, its chief fault lies in being far too optimistic.

The federal government's new [Defence Strategy and Force Structure Review](#), released last week, paints a gloomy picture of Australia's strategic circumstances. It warns of rising strategic rivalry, expanding military capabilities, and a growing risk of high-intensity conflict. But in fact, the [review is not nearly gloomy enough](#), because it still makes a lot of unrealistically optimistic assumptions about what is happening strategically in Asia, and how Australia should be responding. That leaves the government's new defence policy quite inadequate to the challenges ahead.

The problems start with the review's ideas about where Asia is heading, and the scale of the strategic risks and challenges that presents to Australia. It paints a complacent picture of the countries of the region uniting with America to successfully resist China's ambitions for regional hegemony. Australia's key strategic task, it therefore suggests, is to play our part as a contributor to a united and successful regional effort to preserve a congenial, secure, rules-based order in Asia.

That takes a lot for granted. It assumes America has the strength and resolve to confront China effectively in Asia. It assumes the countries of the region will unite to support America in doing so. And it assumes that as a result China will be convinced or compelled to back off and abandon its ambitions.

But this is not the most likely outcome. It is far from clear that America has either the means or the will to resist China's bid for regional hegemony. For all the big talk in Washington about a new cold war with Beijing, there is no sign of a coherent strategy to win it. US policymakers are underestimating China's power and resolve, and what it will cost America to defeat it. They have made this kind of mistake before. So we cannot assume, as the review seems to do, that America can be relied upon to lead the region effectively against China.

Nor can we assume the countries of Asia will follow America if it does choose to lead. The defence review paints a cheery picture of the entire region from India to Japan acting together to resist China. However, that underestimates the widely differing

interests and priorities that different countries have, and Beijing's formidable capacity to use both carrots and sticks to divide them. We might hope to see Asia united against China, but we'd be unwise to expect it.

That points to a much more serious strategic future for Australia than the defence review suggests. Instead of preparing to play our part as one of many partners in preventing Chinese regional hegemony, we should be thinking about how to protect ourselves if China wins the contest and emerges as the dominant power in east Asia, because that is the most likely outcome of the contest now under way. That is the hard reality we have to face.

Amount of funding 'absurd'

That brings us to the second way in which the Defence Review is far too optimistic. It assumes that the defence forces we have been planning and building until now will be sufficient to keep us secure in the much more dangerous decades ahead. The review talks of a new defence strategy and capabilities to meet new risks, but it makes only the most marginal changes to the existing force-development plans, many of which date back decades.

For a start, it assumes we do not need to spend any more on defence. The \$270 billion the review claimed would be spent to bolster our defences is almost all money that has already been committed. So the government expects that the 2 per cent of GDP that seemed enough in the benign 1990s will still be sufficient in the hard and dangerous years ahead.

This is absurd. In the Forward Defence years of the 1950s and 1960s we spent 3.5 to 4 per cent of GDP on defence – at a time when our GDP was as big as China's and India's. We will need to spend at least that in the decades to come, when the government now says we face the biggest risks since the 1940s.

And that will only be enough if we spend it very shrewdly. The review talks a lot about radical changes in the nature of warfare, but by keeping all the old plans intact, it locks in massive investments in platforms that will not survive a modern maritime battle. This is true above all of the politically driven program to build big fleets of surface warships, designed to project power by sea around Asia.

These ships could not be sent into the kind of high-intensity conflict we must prepare for, because they are so easy to find and sink. To waste tens of billions on them is the opposite of shrewd. And so is the government's willingness to persevere with a submarine replacement program which will not see our submarine fleet grow until well into the 2040s.

But the review believes that deterrence can keep us safe. In a key passage it argues that rather than preparing to fight battles, we can deter our adversaries from ever

taking hostile action in the first place, by being able to mount long-range strikes against their forces and infrastructure.

But there are two problems. First, the review says nothing concrete about building the forces to mount such strikes. The only missiles it mentions are simply longer-range versions of the anti-ship missiles we've deployed for decades. They won't support the kind of deterrence the review is proposing.

Second, and much more seriously, the review seems not to understand that deterrence is a game two can play. We might plan to deter China by threatening to strike their infrastructure, but they can threaten to strike us back, and they can strike much harder. The government is very optimistic indeed if they think we can win this kind of game.

So behind the grim warnings, the new defence review is in fact a very complacent document, which shows how far our political leaders and defence hierarchy are from understanding the task that confronts them. That is a shame, because there are things we could and should be doing to face the challenges ahead, if only we start to take them seriously.

Hugh White is Emeritus Professor of Strategic Studies at the Australian National University in Canberra. He is also an Advisory Council member of China Matters.