

## **Australia, America's too-frugal ally**

Rory Medcalf and James Brown

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Much attention is focused right now on how America will execute its strategic pivot toward Asia, especially in light of ongoing budgetary feuding in Washington. The main question is whether the U.S. will effectively refocus its energies on the challenges posed by a rising China at odds with many of its neighbors. But a key point is in danger of getting lost here: America can't rebalance by itself. It will need support from its longstanding allies in the region, and that support can't be taken for granted. For evidence, look no further than Australia's newly released defense strategy.

Canberra on Friday released a major defense white paper, the first since 2009. The document offers a glimpse into the current state of official thinking on the threats facing Australia and how to deal with them. It reveals a government that seems less than fully convinced about the seriousness of Asia's strategic challenges, with potentially significant implications both for Australia and for its allies.

One point jumps out in particular. The government of Prime Minister Julia Gillard uses the white paper to present a subtle line on China, declaring that Australia "does not approach China as an adversary." The paper describes China as a military partner, and holds out the prospect of bilateral exercises and an Australia-China Military Culture and Friendship week.

This marks a big rhetorical change from the last white paper, released by Ms. Gillard's predecessor Kevin Rudd in 2009. That spoke of fending off "a major power adversary" (code for China) through a much stronger Australian Defense Force armed with new-generation submarines, cruise missiles and joint-strike fighters. Beijing certainly got the message, and the white paper's release and clumsy diplomatic handling exacerbated the political mistrust between the two.

In some respects, the change is more in form than substance. Alliance commitments still feature prominently in Canberra's military strategy. The latest paper says Australia will uphold a rules-based order, and is prepared "to conduct conventional combat operations to counter aggression or coercion against our partners." The paper also commits to buying electronic-warfare aircraft that could help in such a war.

Ms. Gillard also confirms steps to use Australian territory in support of the Obama administration's Asia pivot, beyond the presence of U.S. Marines in Darwin. Airfields in northern Australia and the Cocos Islands in the Indian Ocean will be upgraded, marking the way for their possible future use by the U.S. military.

And in an intriguing twist, the white paper makes Australia the first country officially to define its region of strategic interest as the "Indo-Pacific." This is semantics with a punch, since the term not only reflects East Asia's economic and energy dependence on Indian Ocean sea lanes but also affirms that India belongs in the Asian power game.

But there is one major problem that could undo all these alliance-friendly aspects of this white paper -- how to pay for it all. The funding for Mr. Rudd's ambitious white paper never materialized. And the new white paper sends confusing messages about how Australian governments, including a new one likely after September elections, will cope with alliance-burden sharing.

The problem is acute given the political pressure to keep Australian defense spending below levels that a challenging strategic environment requires. Since 2001, Australian defense spending hovered at around 1.8% of GDP. But last year it was slashed to just 1.56%.

Australia's Defense Minister Stephen Smith speaks of extracting a "peace dividend" akin to America's now that U.S. involvement in Afghanistan, and with it Australia's, is winding down. But while Washington is cutting its defense budget from a relatively high 4.7% of GDP, Australia's spending was already so low that the new cuts put it barely above Luxembourg on a per-capita basis.

In launching the white paper, Prime Minister Gillard acknowledged that Australia's defense spending needed to move back toward 2% of GDP in order to fund long-term plans. The opposition, too, has talked loosely of aiming for this level, but neither side seems dedicated to making that happen.

This could have a significant impact on Australia's ability to stand alongside the U.S. and others as a confident ally at a time when other defense budgets in a turbulent region are rising rapidly. For example, Canberra is showing itself in no rush to acquire new submarines, even though it says it will press ahead with building 12 to replace its troubled fleet of six. If American force planners were counting on a big Australian submarine contribution to coalition operations, they may have to wait until the new boats are ready probably in the 2030s.

So far American officials have been polite about all this, at least in public. One reason may be that, in place of its own strengthened maritime capabilities, Australia is expanding US access to strategic real estate on its western and northern coasts. But this substitution of territory for capability can go only so far, especially when the Australian public may have mixed feelings about expanded US basing and access arrangements. And bases cost money too.

Australians have fought alongside the United States every time it has fought a major conflict since the First World War. Their ability to do so in future will come under increasing question unless an Australian leader proves willing to turn around the decline in defense spending, and soon.

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Mr. Medcalf is the director of the international security program and Mr. Brown is the military fellow at the Lowy Institute in Sydney.