

Gillard can't ignore defence much longer

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In May, just before the federal budget, the Gillard government promised to produce a new defence white paper in 2013, one year ahead of schedule. I'm willing to make a small bet that the government will break that promise and leave Australia's defence policy drifting for another year, and probably more. And to cover the gap, it will splash more money on high-profile, voter-friendly projects that make no strategic sense.

My reasons for thinking there will be no white paper next year are pretty simple. It's a simple clash of fiscal realities and political imperatives. The fiscal reality is that the budget this year cut defence by 5 per cent. Even before this, the government's long-range plans for Australia's defence capabilities were clearly unaffordable. Now, after this year's cuts, they are totally fanciful.

So the officials responsible for drafting the white paper have quickly come to realise that either defence spending will need to grow steeply, by several billion dollars each year for the next few years at least, or the government will have to make real and serious cuts to its plans for Australia's future armed forces. This would have major implications not just for the next few years, but for the capabilities we will have over the uncertain decades ahead.

Which brings us to the political imperatives. No doubt the government would be happy enough to cut future capability if it thought it could get away with it. After all, that is what it has been doing almost since it got into office under Kevin Rudd in 2007. But the public likes a strong defence and will punish a government that is seen to be weakening our forces. The government has got away with this politically until now because it has been able to rely on voters' understandable bewilderment at the complexity of defence policy. There are few areas of government in which it is easier to fool most of the people most of the time.

Government has been believed when it has claimed that defence budgets can be cut year after year without affecting operational capacity because the savings are all being found from waste and inefficiency. This is absurd. Of course there is huge waste in defence, but it is absurd to claim that this government has done anything serious to fix it.

But the government can only get away with this absurdity if the people the voters really trust are willing to support their claims that all is well. There are two groups the government relies on to reassure the voters. One is the Australian Defence Force itself, especially its senior leadership, and the other is Washington.

This year the politics of defence cuts have suddenly got much harder because both these groups have made it clear they will not keep singing the government's song any longer.

At the Australia-United States Ministerial Consultation talks this month, the Americans fired a shot across the government's bow. The US sent a clear message that Washington will turn up the heat in public if the defence budget doesn't start growing again.

And the government must realise that it has lost the confidence of the defence senior leadership. The bitter fallout between Defence Minister Stephen Smith and the service chiefs over the Australian Defence Force Academy Skype affair has only deepened strains built up over years.

The chiefs have already begun to speak out. Like the Americans, they will be quick to condemn any white paper that doesn't contain firm commitments to very big spending increases. That would be a gift to the Coalition, and a disaster for Gillard.

Which brings us back to the government's fiscal bind.

With so many other big promises already gnawing at the surplus, and real strain on revenue, the government simply cannot afford to commit to sustained large increases in defence spending without radically recasting fiscal policy, and no one has the appetite for that.

At the same time, it cannot afford the political consequences of bringing out a white paper that does not make such commitments. So the easiest thing to do will be to shelve the whole thing.

After all, the government only announced a white paper for next year to distract attention from this year's defence cuts. It has never had any appetite to tackle the really fundamental challenges that beset our defence policy today.

So it may be no great loss if next year's defence white paper never appears, because there is no sign that it would have fixed the huge problems left behind by the last one. But it does leave one wondering when we will find a government that is prepared to take defence seriously.

Meanwhile, the government will look for a big and splashy defence announcement to distract attention from its failure to deliver the white paper, just as it announced the white paper to spin the budget cut.

My guess is that the government will announce a decision to extend the Air Warfare Destroyer program by building a fourth ship in Adelaide.

The problem is that these ships are a complete waste of money, because they have no coherent strategic rationale. One more expensive and unnecessary warship will just make our problems worse.

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