

## **Crisis? What Crisis? Policy Perspectives and Strategic Coherence**

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This is an edited version of an address to the Sir Richard Williams Foundation Conference on the Multi-domain Requirements of an Australian Maritime Strategy

My thanks to the [Williams Foundation for the opportunity to speak](#).

I asked the organisers to add the phrase “Crisis? What crisis?” in front of the title “Policy Perspectives and Strategic Coherence.”

Some of you with historical tastes might remember the phrase from Britain’s 1978 winter of discontent.

A lengthy general strike, power cuts and a freezing winter was battering the country. Jim Callaghan the Labor Prime Minister, had been overseas on business and managed to squeeze in a few days holiday swimming in the Bahamas.

He arrived back to a press conference at Heathrow, joked about his swimming in the Caribbean and got angry with the press for exaggerating Britain’s domestic woes.

The following day the [Sun newspaper ran with a full front-page headline](#): “Crisis? What crisis?”

It defined the rest of Callaghan’s political life. Not in a good way.

By the way, Crisis? What Crisis? Was also the title of Supertramp’s fourth album released in 1975.

It wasn’t very good. [Bassist Dougie Thomson said](#): “We thought that the Crisis album was a little bit disjointed and the band as a whole at that time didn't really like the album.”

That is where I come out on the current state of Australian defence policy. Its disjointed, and I don’t like where we are going with it.

The focus today is on the “Multi-domain requirements of an Australian maritime strategy” and I will get to that in the next 20 minutes.

But it is important to start by talking about the strategic context.

What defence policy needs to do is to act as a coherent response to our strategic outlook.

Almost every government defence speech and statement since Scott Morrison’s Strategic Update in mid-2020 has said in very precise terms that our strategic outlook is worsening.

The [2020 Strategic Update](#) said that the so called ten year warning time was finished. Previous planning had assumed we would have a decade of warning time where we would identify if a hostile power was building military capability to threaten Australia.

Scott Morrison [famously said in 2020](#) that he was worried the current era felt like the late 1930s. He meant that we were risking a slide towards conflict.

Labor in opposition and government has agreed with this assessment. It informed the Defence Strategic Review done by Sir Angus Houston and Stephen Smith. And our worsening strategic outlook is a constant theme in Defence Minister Richard Marles's speeches.

Here is Mr Marles' [comments at the Sydney Institute on April 4](#):

“Recorded military spending in the Indo-Pacific region has increased by almost 50 per cent in the past ten years, with China engaging in the biggest conventional military build-up in the world since the Second World War.

“In the year 2000, China had six nuclear-powered submarines. By the end of this decade, they will have 21. In the year 2000, China had 57 major warships. By the end of this decade, they will have 200.

“These investments are shifting the balance of military power in new and uncertain ways. We are in an environment where the risk of miscalculation increases, and the consequences are more severe.

“And as China's strategic and economic weight grows, it is seeking to shape the world around it.

“For a country like Australia this represents a challenge.”

In these comments Mr Marles is absolutely right.

If you don't understand that Australia is facing an increasingly threatening strategic environment, one where the risks of war in the mid-2020s is substantially growing, well, either you must be paying no attention to international developments, or you might conceivably be working in DFAT.

I last spoke at the Williams Foundation in March 2022.

Russia had just staged its second intervention in Ukraine and had already received a bloody nose at Hostomel and in the destroyed military convoys north of Kyiv.

I don't think then that there were many people – I was certainly not one – who anticipated that the war would metastasise into a long and bloody stalemate.

It is certainly clear that NATO countries – now augmented with the joining of Sweden and Finland – remain deeply concerned about the prospects for the war in Ukraine to expand.

The Baltic and northern European countries are absolutely convinced that Russia presents an existential threat to them.

Europe has not been as worried about the serious risk of conventional war since, I would say, the 1950s.

Something which is also new since my last Williams talk is the expansion of cooperation between Russia, China, Iran and North Korea.

My friend Mike Kelly talks about the rectangle of ratbags. This is a new and deeply concerning development.

China is effectively enabling Russia's capacity to sustain the war in Ukraine.

North Korea is supplying Russia with huge volumes of artillery ammunition. Iran is supplying drones.

All four countries are enabling the military capabilities and furthering the political aspirations of each other.

A consequence for Australia is that we don't just have to worry about China and war in the Indo-Pacific. We need to be concerned about the risk of a three front conflict involving our region but also Europe and the Middle East and drawing the United States into all three.

So, a great deal has happened since 2020 and since my 2022 Williams Foundation talk which adds to the increased risk of conflict in our own region.

The more our governments seem to talk about strategic risk, the less it seems that we are actually able to take practical steps to strengthen the ADF to present a deterrence to conflict.

This goes to my 'Crisis? What crisis?' title, and to me a fundamental puzzle at the heart of defence policy.

Everyone seems to recognise the problem but the capacity to engage the warp drive to make change fast seems to be beyond our ability.

Richard Marles actually touches on this in his Sydney Institute speech from last week. He says:

"Some commentators have been fixated on the precise level of Australia's defence capability in the short term, in the event of a worst-case contingency. This analysis lacks wit. It misses the point that no middle power in the Indo-Pacific is solely capable of developing or deploying the scale or breadth of military forces that powers like China and the US can.

"This is obviously not the strategic cat that we are trying to skin.

"Australia's challenge lies in the future beyond this. And here we must invest in the next-generation capabilities the ADF needs to address the nation's most significant military risks in the cyber, space and missile age."

I don't know what strategic cat Mr Marles is trying to skin. Nor do I know of anyone who is saying that Australia should arm to fight China alone or to attain the military might of the United States.

What I do know is that, if one is facing a realistic risk of regional military conflict in the relative short term – and that is a widely held assessment in defence forces, intelligence agencies and think tanks in the democracies – if that is the risk, then a focus on next

generation capabilities – things that we won't see for a generation – that is the very definition of stupidity.

So, Mr Marles's strategic cat has no clothes, or no fur, or no skin. It's a kind of Schrodinger's cat – there is nothing in the box! Nothing that we won't see until the late 2030s anyway.

Most people here are familiar with Schrodinger's cat – a "thought experiment" in quantum mechanics developed by the Austrian physicist, Erwin Schrodinger. [Here is a description](#):

"Schrödinger's Cat, as a thought experiment, states that if you seal a cat in a box with something that can eventually kill it, you won't know if the cat is alive or dead until you open the box. So, until you open the box and observe the cat, the cat is simultaneously dead and alive."

This is the perfect description of Mr Marles' next generation ADF. The future ships and submarines are in the box. You can read the policy statements. But none of us know if they will emerge from the box alive or dead. That French submarine died in the box.

Governments can and do promise to spend unbelievable quantities of money on the future force but you only know what you get when you open the box.

Not one cent of it buys deterrence today.

From a deterrence perspective there is potentially some risk in promising strong deterrent capabilities in the future while maintaining the military capabilities of a skinned cat in the present day.

That is the risk of pre-emption. Indeed, one reason why analysts are so worried about a mid- to late-2020s risk of conflict against Taiwan, or in the South China Sea, is that Xi Jinping may calculate that he faces a 'use it or lose it' choice with the PLA.

Xi's best chance of strategic success to achieve unchallenged military dominance in the Pacific are maximised by early action before his opponents' next generation military capabilities are realised and while the democracies are internally distracted and divided.

The tragedy is that there is so much which could be done with a bit of political and Defence push to strengthen ADF and national capabilities in the relative short term.

For example:

- Ramping up domestic ammunition production and stockpiling.
- Establishing offensive drone capabilities on the basis of existing technology – not everything has to be quantum, AI, hypersonically joint and enabled.
- Funding some of the incredibly smart military capabilities that have been developed by Australian businesses.
- Researching some of the remarkable military and operational achievements which the Ukrainians (with allied help) and the Israelis have used in recent months.
- Here I'm not just talking about drones; but also optimising air defence capabilities; integrating intelligence and battlefield situational awareness; finding the right

balance between exotic and more prosaic technology; working out how to get things in production in less than a decade.

There is so much that could be done, so much so, in fact that our failure to do any of this makes me wonder if it is not the case that the government and Defence establishment is actually getting what it really wants?

Here I present my own “thought experiment.” Imagine a situation where a government and a Defence organisation came to the view that the prospects of a regional conflict were so unthinkable that the best solution was not to think about it.

What would one do in this totally hypothetical scenario?

Well, you could rewrite your defence policy settings, dramatically narrowing the scope of where one might plan to operate the ADF.

You might conclude that a narrowly conceived defence of Australia strategy focused on our maritime approaches would reduce the strategic importance of the wider Indo-Pacific.

In those circumstances, we wouldn’t necessarily need to send a ship to the Red Sea to protect shipping moving towards the Pacific.

One might also conclude that quickly strengthening the ADF was a waste of time. That it was better to focus on the next generation – dare I say the post-War force.

On that basis, why not cut current capability, so as not to find that we are being awkwardly pressed by our ally and regional friends to assist. We could, for example, not buy armed drones; reduce the Army’s protected mobility; cut helicopter troop lift capability – why would we ever need that!

We might decide, against independent advice, not to rearm the ANZAC ships, the ships that we have. Let’s focus instead on the ships that we don’t have – you know, the ones in Schrodinger’s box with the skinned cat.

We might decide to keep ammunition and missile stocks so low that our inventories wouldn’t last for more than an afternoon.

We might decide not to release the Houston and Smith chapter on mobilisation.

This is the opposite of Xi Jinping’s “use it or lose it” problem. It’s the “lose it so we don’t have to use it” strategy.

I submit to you that the government has the defence policy it wants.

So much for that purely hypothetical policy choice. Normal programming is about to resume and I am going to bring you back to comforting stories about the generationally long, joint and enabled, ADF journey.

I will finish with some thoughts on multi-domain requirements of an Australian maritime strategy.

Successive recent Australian Defence ministers have been right to emphasise the point that the bulk of military arms racing in the Indo-Pacific in the last couple of decades focuses on the maritime domain, broadly defined if that domain also addresses space and aerospace and land littoral capabilities.

From the point of view of our interests, the United States remains the centrally most important maritime strategic power.

Absent the US it comes down to Australia and Japan to try to protect our shared strategic interests. We can't afford to be in that situation.

So, the Albanese government is absolutely right to put emphasis on AUKUS and I think the AUKUS countries have made the right move to [bring Japan in under AUKUS Pillar two](#).

It is frankly ridiculous to hear our government insist, as [Mr Marles did on Tuesday's ABC 7.30 program](#), that AUKUS is purely about technology sharing, not a security alliance.

It most assuredly is the technology end of an established security alliance and the time really has come to bring Japan in as a full ANZUS partner. We have a critical security interest to make Japan a central part of a tri-lateral alliance with the United States.

It also means that we and Japan need to plan carefully for a Trump Presidency. On balance Trump's election is a realistic possibility and one we should prepare for.

We need to persuade Trump that we are doing everything possible to hold our own weight on security. I don't think our current defence policy approaches will pass the Trump test.

Trump is shrewd enough to know that the AUKUS submarines is a Schrodinger's box future promise. He will want to know what are we doing today.

Point two about a maritime domain strategy is that we shouldn't allow the pretence of a defence of Australia concept to undermine the reality that what the ADF brings to a coalition is the most critical factor to strengthen.

I think its time to loosen up some of the doctrinal thinking which emphasises joint and enabled ADF operations. Mr Marles is right, we are not going to be fighting alone.

One reason we are seeing in policy documents a reversion to an old school defence of Australia strategy and that this helps the government and Defence avoid awkward conversations about how we deal with an assertive China.

Mr Marles is the only member of Cabinet courageous enough to talk in candid terms about the China threat. For everyone else its Pandas to the front in our stabilised relationship.

But a modern Defence of Australia plan for a narrow "moat" is strategically incoherent. Virginia class and future AUKUS submarines will be not be used to protect our maritime approaches. Unless you include all of the Indo-Pacific in that definition.

Point three is that there are surely vital lessons to be learned from Ukraine's operations against the Russian black sea fleet.

Can it really be the case that the most imaginative thing we are going to do with the planned six Large Optionally Crewed Surface Vessels [is to put human crews on them?](#)

We do not want to open Schrodinger's box to [find the Moskva in there.](#)

Australia really should engage in a crash program to field an array of drone technology relevant to the maritime domain. There is existing capability available – including Australian proprietary IP which we could bring into service this year or next.

Imagine how motivating for Defence and industry it would be if the Government said there was a billion dollars available for the rapid development of TRL level 9 -- System Proven and Ready for Full Commercial Deployment – drones.

The challenge would be to have fielded capabilities in 2025, let's say before the next federal election.

Impossible I hear you cry? The Ukrainians are doing it every week.

Our enemies – everyone from the PLA through to the other authoritarian powers, organised crime and the people smuggling cartels – these groups show themselves to me more agile and faster technology adopters than we are in Australia.

We need to think fast and laterally about how to respond. By definition that means current policy processes in Defence are not well adapted to this task. Not fit for purpose as the DSR said.

Hopefully this conference will be able to surface some new and creative ideas for Australian maritime strategy and that those ideas will get a fair hearing.

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