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# Australia's Grand Strategy and the 2016 Defence White Paper

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Australia has traditionally done without a grand strategy, relying on Defence White Papers to set out a military strategy that is largely subordinate to the grand strategy of its great power ally. However, three changes mandate that Australia should begin to develop its own grand strategy: the demise of uncontested regional unipolarity; the bifurcation between Australia's security and economic interests; and Australia's growing geopolitical importance. This article takes the 2016 Defence White Paper as a platform on which to ponder the challenges of Australia's grand strategising around five key issues: context, capability, constraints, coherence and competitiveness. It concludes by considering the political obstacles that lie in the way of forging an Australian grand strategy.

Grand strategy is not a term in much use in Australian strategic policymaking or commentary.<sup>1</sup> Part of the reason seems to stem from the pragmatic bent of Australian policymaking, a preference for getting on and doing things rather than coming up with abstract concepts and grand schemes. This is not to say, however, that strategy has been absent from Australian policy; indeed the practice of compiling Strategic Guidance papers as the basis of Australian defence policy planning began at the end of the Second World War.<sup>2</sup> Later, Defence White Papers were used effectively to plan and signal Australia's defence capabilities and thinking, and were on occasion joined by foreign policy, development aid, counter-terrorism and even 'Asian Century' white papers.

Grand strategy as a concept really flourished in the United States in the perceived strategy vacuum that followed the end of the Cold War and the consequent obsolescence of the strategy of containment. In the United States and Britain, there has been a vigorous debate about the utility, nature and purpose of grand strategy.<sup>3</sup> Strategists have become embroiled in extensive debates about whether the perceived failures in post-Cold War American foreign policy can be attributed to the lack of capacity to develop a grand strategy for the United States in dealing with the twenty-first century

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<sup>1</sup> There are some exceptions, for example Andrew Shearer, 'Changing Military Dynamics in East Asia: Australia's Evolving Grand Strategy', *SITC Research Briefs*, January 2012, <eprints.cdlib.org/uc/item/5sf691qt> [Accessed 11 April 2016].

<sup>2</sup> Stephan Frühling, *A History of Australian Strategic Policy Since 1945* (Canberra: Defence Publishing Service, 2009).

<sup>3</sup> See for example Richard K. Betts, 'Is Strategy an Illusion?', *International Security*, vol. 25, no. 2 (Fall 2000), pp. 5-50; Hal Brands, *What Good is Grand Strategy? Power and Purpose in American Statecraft from Harry S. Truman to George W. Bush* (Ithaca: Cornell University Press, 2011).

world.<sup>4</sup> Many of these discussions and debates have been closely followed in Australia, probably because as a close ally of the United States, Australia will be significantly affected by the presence and quality of American grand strategy.

Indeed, Australians' relative lack of interest in a grand strategy for their own country probably stems from a pragmatic realisation that Australian strategic policy has always been derivative of the grand strategy of its great power ally. Australian strategic policy has always taken as its starting point the grand strategic frameworks developed by the British Empire and then the United States. Where our major ally's grand strategy was seen to have incorporated Australia's interests and views of the world, Australia has been a willing contributor to the implementation of that grand strategy. And where our great power ally's grand strategy has been seen to ignore Australia's interests or is perceived to be mistaken in understanding global and regional trends, Australian strategic policy has formulated a compensating—though not independent—response.

For these reasons, Australian strategic policymaking has always been strongly invested in regional unipolarity: it has been most confident and stable when its great power ally held primacy in the Indo-Pacific. Conversely, periods when its ally's primacy has been challenged, such as by the growth of Japanese power in the Pacific during the inter-war years, have been periods of uncertainty and turmoil in Australian strategic policy. For a growing number of policy makers and commentators in Australia, there is a growing consensus that we are entering just such a period now. We have, paradoxically, drawn closer to our American ally even as our doubts about its ability to maintain or recapture its position of primacy in the region have mounted. It is at this time, when the power structure of our region undergoes profound transition from unipolar to bipolar or multipolar, that Australia must evolve more than a strategy derivative of the grand strategy of our major ally.

My major preoccupation in this article is to ponder the major challenges a successful Australian grand strategy would need to address. The framework that I develop is then used to interrogate the 2016 Defence White Paper, a document that flirts with a bigger picture view of Australia's strategic imperatives, but ultimately retreats into a traditional vision of Australian strategic policy. I conclude by discussing some of the elements that must inform the development of an Australian grand strategy in the years ahead.

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<sup>4</sup> For example Daniel W. Drezner, 'Does Obama Have a Grand Strategy?', *Foreign Affairs*, July/August 2011; Rosa Brooks, 'Obama Needs a Grand Strategy', *Foreign Policy*, 23 January 2013.

## Grand Strategy: Its Nature and Functions

At its very basic foundations, grand strategy lifts strategy out of its traditional military setting and mandates that all elements of national influence need to be integrated into a plan or approach to statecraft. Colin Gray describes grand strategy as “the direction and use made of any or all the assets of a security community, including its military instrument, for the purposes of policy as decided by politics.”<sup>5</sup> This is surely a timely recognition that in the era of nuclear weapons, globalisation and deep economic interdependence, the military elements of statecraft have become relatively less important—even though the overall structure and distribution of force remains a foundational element of international affairs. Strategy in the twenty-first century must therefore be an integrative exercise, able to evaluate all facets and strands of influence and vulnerability and combine these into a comprehensive picture of national priorities, opportunities and risks.

A survey of the voluminous writing on grand strategy reveals that there are five essential elements that need to be combined to develop a grand strategy for Australia.<sup>6</sup> The first is *context*—a detailed, nuanced and intuitive understanding of the evolving circumstances that affect national interests. Colin Gray adopts a sweeping definition of context, arguing it must seek to incorporate political, military, sociocultural, geographic, technological and historical factors.<sup>7</sup> Arguably, such a laundry-list approach is neither necessary nor desirable; rather a first principles approach to national interests and the significant structures and trends that affect those will provide a much more immediately useful appreciation of a state's strategic environment. Some elements of context will be fixed or relatively predictable—such as geography or demographics—while others, like technology or relative economic performance, will be much less predictable. A focus on context takes grand strategy away from a focus solely on adversaries, to look at the grounds of competition, the bases of rivalry, and the positions and attitudes of allies and uncommitted stakeholders.

The second element of grand strategy are *capabilities*—the full range of instruments of influence available to the state, as well as a sober awareness of their limitations. Capabilities can be divided into attributes that are relatively immutable and those that can be modified by the state. In the context of defence planning, the former often take the form of geographic considerations; the latter are seen in terms of military capabilities that the state can invest in or disinvest from. Importantly, grand strategy takes the consideration of capabilities beyond the traditional strategic focus on military

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<sup>5</sup> Colin S. Gray, *The Strategy Bridge, Theory For Practice* (New York: Oxford University Press, 2011), p. 3.

<sup>6</sup> My five elements are adapted from F. G. Hoffman, 'Grand Strategy: The Fundamental Considerations', *Orbis*, Fall 2014, pp. 472-85.

<sup>7</sup> Colin S. Gray, *National Security Dilemmas, Challenges and Opportunities* (Washington DC: Potomac Books, 2009), p. 39.

capabilities, to include all levers of influence, actual or potential, available to the state. These include diplomatic relationships, patterns of economic interaction, knowledge relativities, and relationships of cultural solidarity.

The third element of grand strategy—and the counterpart to capabilities—are *constraints*. Constraints refer to the vulnerabilities of the state, the attributes of its position in and connections to the world that it believes confer advantages to opponents and which it feels compelled to defend. Too often strategists and defence planners concentrate on capabilities but ignore constraints. However, these two elements are intimately connected. The more vulnerabilities a state feels compelled to defend, the less of its entire strategic budget it has to invest in levers of influence that can deliver its strategic preferences. Conversely, the more secure a state feels, the more it can afford to invest in levers of external influence. My argument here is that influence and deterrence capacities draw on the same national capabilities, as bounded by the state's willingness to invest in instruments of statecraft, its access to advanced technologies and intelligence, and the willingness of the national population to support a given level of investment in international action.

The fourth component of grand strategy is *coherence*—the ability to integrate all the components of grand strategy into a common, interdependent framework. On one side of the ledger, this requires integrating strategic preferences and vulnerabilities to develop a single picture of the state's external imperatives. On the other side of the ledger, coherence mandates the integration of all of the sources of national influence. Hoffman argues that coherence must be achieved horizontally—among the various levels of national influence—and vertically—among goals, means and resources.<sup>8</sup> The challenge of coherence is particularly acute given the functional differentiation that governs the organisation of government bureaucracies. Even in the age of proliferation of National Security Councils and other coordination mechanisms, defence, foreign policy, trade and investment, development aid and technology and innovation policies are often made in their own bubbles. The challenge of coherence becomes even more acute when there are significant elements of national influence that are managed by non-state entities—many of whom may be strongly resistant to viewing their activities as potential levers of state influence.

The final element of grand strategy is *competitiveness*—the ultimate imperative of placing the state in a position of advantage vis-a-vis others with competing strategic interests. This requirement has several components. Most obviously, this requires a clear understanding of who those competing states are, and what their grand strategies are. But beyond this, it also requires a clear understanding of the interests and strategic preferences of allies and non-committed stakeholders; while not necessarily competing with

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<sup>8</sup> Hoffman, 'Grand Strategy: The Fundamental Considerations', p. 480.

those of one's own state, they may not necessarily be complementary to one's own strategic interests. This broad range of understandings in turn forms the basis of the imperative to shape the conditions within which the competition for strategic influence takes place. The ability to shape the strategic conditions of competition confers enormous advantages on the state able to achieve this.

Taken together, these five imperatives pose a major challenge to a state's strategists, a factor that has contributed to the widespread pessimism about the perceived inability of the United States to 'do' grand strategy any more.<sup>9</sup> They pose particular challenges to the Australian system, which arguably has never had to develop a grand strategy of its own, having seen its strategic planning in the past as derivative of its great and powerful allies' grand strategies. However, as regional systemic change begins to open up major gaps between Australia's imperatives and those of its major ally, it is increasingly important for Australia to develop its own grand strategy. To this end, it is useful to reflect on Australia's most recent exercise in defence strategy planning, as a way of scanning the distance that will need to be travelled if and as it contemplates putting together an Australian grand strategy.

### **The 2016 Defence White Paper**

With some very important variations, particularly around budgeting, personnel and procurement decisions, the 2016 Defence White Paper has strong continuities with its predecessors stretching back over almost thirty years. It is strongly geographically-grounded, attempts to reconcile an independent defence capability with alliance interoperability, and invests heavily in Australia's maritime and air capabilities. As much a signalling as a planning document, the 2016 White Paper provides a *tour d'horizon* of Australia's official assessments of its strategic environment, as well as a conceptual framework marrying investments in defence capabilities with the challenges that have been identified.

Consistent with a thirty-year tradition, the Defence White Paper draws Australia's strategic environment into three concentric circles. The inner circle is "a secure, resilient Australia, with secure northern approaches and proximate sea lines of communication ... protected against attack and coercion and where Australia exercises full sovereignty over its territories and borders."<sup>10</sup> The White Paper extends Australia's interests in the inner circle from Australia's Exclusive Economic Zone and offshore territories to its northern approaches, the Southern Ocean and Australia's Antarctic territories. It also claims to cover keeping Australia safe from "non-

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<sup>9</sup> Adam Garfinkle, 'The Silent Death of American Grand Strategy', *The American Review*, May 2014.

<sup>10</sup> Department of Defence, *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016), pp. 68-9.

geographic” threats such as cyber attack, anti-satellite weapons and ballistic missile systems.

The second concentric circle encompasses “a secure nearer region, encompassing maritime Southeast Asia and the South Pacific”.<sup>11</sup> The White Paper states that

Australia cannot be secure if our immediate neighbourhood including Papua New Guinea, Timor-Leste and Pacific Island Countries becomes a source of threat to Australia. This includes the threat of a foreign military power seeking influence in ways that could challenge the security of our maritime approaches or transnational crime targeting Australian interests. (para 3.7)

It also states that “Instability or conflict in South East Asia would threaten Australia’s security and our vital and growing economic relationships in that region.” (para 3.8) The vectors of threat through an unstable maritime Southeast Asia are identified as transnational crime and terrorism and threats to Australia’s maritime trade routes.

The third concentric circle refers to “a stable Indo-Pacific region and a rules-based global order”.<sup>12</sup> Despite the geographic ambit of the first part of this phrase, it is clear that Australia’s Indo-Pacific stability interests are strongly oriented towards concerns about the sanctity of trade routes. The White Paper also makes it clear that the references to the rules-based global order are also largely motivated by concerns about challenges to freedom of navigation and territorial settlements:

A stable rules-based regional order is critical to ensuring Australia’s access to an open, free and secure trading system and minimising the risk of coercion and instability that would directly affect Australia’s interests. A stable rules-based global order serves to deal with threats before they become existential threats to Australia, and enables our unfettered access to trading routes, secure communications and transport to support Australia’s economic development. (para 3.9)

There are three “strategic defence objectives” that relate directly to these three concentric circles of strategic interests. In response to the inner circle, the White Paper sets the task of “Deter[ing], deny[ing] and defeat[ing] attacks on or threats to Australia and its national interests, and northern approaches.” The second strategic defence objective, relating to the second concentric circle, is to “[m]ake effective military contributions to support the security of maritime South East Asia and support the governments of Papua New Guinea, Timor-Leste and of Pacific Island Countries to build and strengthen their security.” To address the outer concentric circle, the third defence strategic objective is to “[c]ontribute military capabilities to coalition operations that support Australia’s interests in a rules-based global order.” (para 3.11)

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<sup>11</sup> Ibid., p. 69.

<sup>12</sup> Ibid., p. 70.

## Australia's Grand Strategy Imperative

Australia has had little incentive until now to invest in creating a grand strategy, and has not suffered as a result. It has a strong tradition of developing Defence White Papers as statements of military strategy which is undoubtedly a strong foundation for developing grand strategy. At this point in time, Australia has no government process or document for developing or articulating a grand strategy; and so the Defence White Paper, as the closest thing we have to grand strategy, needs to establish a framework on which grand strategy can be engaged with, debated, developed and articulated.<sup>13</sup>

However, there are three reasons why Australia can no longer afford for its strategy to be derivative of its great power ally's grand strategy. Whereas for all of Australia's strategic history, its great power allies' grand strategies were mostly compatible with Australia's own strategic interests, leaving a small number of cases in which Australian policy had to compensate in areas where its interests diverged from its allies', the three trends occurring at present are likely to tip this balance, to a position where Australia may well find its strategic interests increasingly differ from that of its ally on more and more occasions.<sup>14</sup>

The first shift is the demise of regional unipolarity. While the United States remains the most powerful military force in Asia and the Pacific, there are two trends that have eroded its superiority to the extent of ending regional unipolarity. The first is the growing investment by Asian countries in anti-area access denial (A2AD) weapons. The major mover in this area is China, whose development of maritime and missile forces has significantly raised the risks for the US Navy operating in the western Pacific; but other regional states, in response to China's own military build-up, have also begun to invest in these capabilities.<sup>15</sup> The second development is the displacement of the United States and Japan as the leading economies of the region by the rise of China and its increasingly central role in the regional economic order. At this stage, it remains unclear whether the end of unipolarity in Asia and the Pacific will yield to a bipolar or a multipolar order; where the region's medium-term strategic structure lands depends heavily on economic trajectories and strategic choices among Asian states in the decades ahead.

The second shift is the bifurcation of Australia's security and economic interests. For much of Australia's history, our security and economic relationships reinforced each other, first within the British Empire trading system, then within the Asia-Pacific trade cycle linking the United States with Japan, South Korea, ASEAN, Australia and New Zealand. The reform and

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<sup>13</sup> My thanks to an anonymous reviewer for suggesting this point.

<sup>14</sup> This is briefly acknowledged in the White Paper, which states that "the interests of Australia and the United States will not always align", *ibid.*, p. 124, para 5.30.

<sup>15</sup> Michael Wesley, *Restless Continent: Wealth, Rivalry and Asia's New Geopolitics* (Melbourne: Black Inc. Books, 2015).

internationalisation of the Chinese economy has broken the US-Japan-based Pacific trade cycle. China has emerged as the major trading partner of every major Asia-Pacific economy, central to many of Asia's distributed manufacturing networks, and a major influence on the prices and flows of commodities and energy. With one of the world's most complementary economies with China, Australia has experienced this shift dramatically in its own economic interests. The Sino-Australian economic relationship now contributes about 5 per cent of Australia's GDP. However, in line with many other countries in its region, Australia has been steadily tightening its security relationship with the United States. The bifurcation of Australia's security and economic interests poses difficult choices for Australia in a way that rarely occurred when its security and economic interests aligned; as discussed below, this poses major challenges for the coherence of Australia's grand strategy.

The third development is the shift in Australia's geopolitical significance. For most of Australia's strategic history, it has comfortably existed a long way from the main eras of strategic competition, in the North Atlantic and North Pacific. This meant that Australia had the luxury of choosing when and when not to become involved in conflicts, and when it did become involved—for example in the Middle East—without worrying about serious complications in its relations with its near neighbours. However, China's A2AD challenge to US primacy in the region has ended this period of relative geopolitical space for Australia. China's raising of risks for US forces in the western Pacific has motivated the dispersal of these forces so that now the United States and its allies have developed a dispersed defence perimeter in places such as Guam, Diego Garcia—and Australia. Australia's emerging role as a base for US forces has increasingly complex strategic implications as the region evolves.

## **Australia's Challenge of Grand Strategising**

If Australia is to embrace the imperative of developing a grand strategy, the 2016 Defence White Paper provides a good demonstration of the challenges involved in achieving the five tasks of grand strategy identified in the first section of this article. In the interests of simplicity, we can see the White Paper as a piece of defence strategy; whereas grand strategy must include and integrate all elements of national influence and vulnerability. The White Paper provides a useful platform for thinking about the outlines of a future Australian grand strategy.

In terms of *context*, the White Paper argues that:

Six key drivers will shape the development of Australia's security environment to 2035: the roles of the United States and China and the relationship between them, which is likely to be characterised by a mix of cooperation and competition; challenges to the stability of the rules-based global order, including competition between countries and major powers

trying to promote their interests outside of the established rules; the enduring threat of terrorism, including threats emanating from ungoverned parts of Africa, the Middle East and Asia ... ; state fragility, including within our immediate neighbourhood, caused by uneven economic growth, crime, social, environmental and governance challenges and climate change; the pace of military modernisation and the development of more capable regional military forces, including more capable ballistic missile forces; [and] the emergence of new complex, non-geographic threats, including cyber threats to the security of information and communications systems. (para 2.6)

While this list provides a clear statement of the most prominent threats Australia faces at the moment, it is less useful as a clear statement of Australia's strategic context. Nowhere in the White Paper is the passing of regional unipolarity mentioned; yet this more than any other factor will be the key shaper of Australia's strategic environment into the future. Whether the region transitions to a bipolar or a multipolar system—or indeed whether the United States and its allies are able to restore uncontested unipolarity—will be the central and guiding shaper of Australia's grand strategy into the future. As it stands, the White Paper makes the highly problematic assumption—unstated and unjustified—that regional unipolarity continues, though under some challenge, and can be restored uncontested given the correct coordination of allied strategy.

This problematic assumption affects the strategic judgements concerning each of the concentric circles of Australia's strategic interests and their accompanying strategic defence interests. The decline of regional unipolarity has brought new interests into the South Pacific, and the consequent evolution of greater activism and engagement with Asian powers on the part of countries that formerly looked to Australia, New Zealand and the United States as the only relevant powers in the region.<sup>16</sup> The deterrence imperative identified in the White Paper's first strategic defence objective becomes highly problematic in this context, where the growth of outside interests in Australia's near region is the result of mutual engagement between Asian powers and Pacific countries, often with Australia's encouragement. Asian powers' engagement in the South Pacific also calls into question the other side of Australia's traditional deterrent posture in its northern approaches and the South Pacific: that of being the primary provider of outside support to these often fragile states.<sup>17</sup> As the intense Cabinet debate over Australia joining the Asian Infrastructure Investment Bank showed, the dual-use strategic/commercial nature of infrastructure building makes it unclear whether the development of these relationships represents virtuous commercial cooperation or serves as the bridgehead for a threatening presence in years to come.

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<sup>16</sup> Stewart Firth and George Carter, 'The Mood in Melanesia After the Regional Assistance Mission to Solomon Islands', *Asia and the Pacific Policy Studies*, vol. 3, no. 1 (2015), pp. 16-25.

<sup>17</sup> Joanne Wallis and Michael Wesley, 'Unipolar Anxieties: Australia's Melanesia Policy After the Age of Intervention', *Asia and the Pacific Policy Studies*, vol. 3, no. 1 (2015), pp. 26-37.

The intention to “support the security of maritime Southeast Asia”<sup>18</sup> as part of the second strategic defence objective also appears increasingly problematic. During the era of regional unipolarity, Southeast Asian states invested their security dollars predominantly in internal security, confident that their external security environment would be kept benign by American power. As unipolarity has waned, however, Southeast Asian states have followed a general trend across the region towards investing in their external security, particularly in maritime weapons systems.<sup>19</sup> No longer passive consumers of security provided externally, Southeast Asian states are increasingly producers of security—and insecurity. Against this contextual background, the White Paper’s considerable investment in maritime weapons capabilities looks like part of this general trend. As maritime Southeast Asia increasingly becomes part of a power-balancing dynamic in Asia and the Pacific, it is hard to see what role Australia can play in supporting the stability of maritime Southeast Asia.

This regional arms build-up bears heavily on the White Paper’s claims regarding *capabilities*. The White Paper claims that the investments that are to be made in defence capabilities will result in a Defence Force “more capable of operations to deter and defeat threats to Australia, operate over long distances to conduct independent combat operations in our region, and make more effective contributions to international coalitions that support our interests in a rules-based global order.” (para 4.3) The White Paper acknowledges the trends in arms build-ups occurring in the region—noting that Asia’s defence spending is now larger than Europe’s, and that in the next two decades over half the world’s submarines will be in the Indo-Pacific—adding up to the judgement that “the defence capability edge we have enjoyed in the wider region will significantly diminish.” (para 2.38) However, the major implications of this judgement are simply avoided. Defence capabilities in an era of regional unipolarity for an ally of the regional security provider are a very different proposition to defence capabilities in an era of regional bipolarity or multipolarity. If the intent is to contribute to the restoration of the *status quo ante*—regional unipolarity—the capabilities outlined in the White Paper are inadequate; if the intent is to prepare for a bipolar or multipolar order (two very different strategic propositions), the White Paper’s acquisitions look more rational—but lack the accompanying strategic logic.

The evolving regional context also bears heavily on Australia’s *constraints*. As the White Paper acknowledges, Australia’s geography—suspended between the world’s two largest archipelagos, collectively separating the Pacific from the Indian Ocean—confers vulnerabilities as well as

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<sup>18</sup> Department of Defence, *2016 Defence White Paper*, p. 74.

<sup>19</sup> Siemon T. Wezeman, ‘The Maritime Dimension of Arms Transfers to South East Asia, 207-11’, in *SIPRI Yearbook 2012: Armaments, Disarmament and International Security* (Oxford: Oxford University Press, 2012).

advantages. It means that Australia's security will always be affected by the coherence, stability and geopolitical orientation of its island neighbours, many of which struggle to maintain state capacity. The White Paper also identifies Australia's trade dependence, and thus reliance on maritime corridors through the Pacific and Indian oceans and air corridors across Asia, as a key vulnerability, and notes repeatedly the concern that these are increasingly under challenge. In Asia's coastal waters, uncontested US sea control is slowly succumbing to multiple interlocking spheres of sea denial. How Australia's defence capabilities will respond to these two major vulnerabilities is an element of grand strategy that is missing from the White Paper.

The central task of grand strategy—achieving coherence among all elements of national power and vulnerability—is completely absent from the White Paper. This is because bringing coherence to these elements is arguably beyond the capabilities of the Australian political system. It would mean confronting the bifurcation between our strategic and economic interests. Put very plainly, there is a gaping contradiction at the heart of Australia's grand strategy. Our economic activities have and continue to play a central role in facilitating the rise of the single greatest challenge to American power since the Second World War—meaning that our economic interests are directly undermining our strategic interests in continuing uncontested regional unipolarity. For the past twenty years, Australia has tried to square this contradiction diplomatically, by trying to 'socialise' China into complying with, rather than contesting regional unipolarity. This has plainly failed. China has demonstrated that it will at all turns contest the American role in the region, including through the institutions originally designed to socialise it. Yet confronting and reconciling this contradiction is something for the Australian political system to confront and resolve—and one must be pessimistic about the ability of our political class and business community to confront this squarely. In the meantime, we comfort ourselves with the belief that 'hedging'—contributing to China's rise but clinging to a United States in relative decline—is a grand strategy.

The final task of grand strategy is achieving *competitiveness*—the imperative of placing Australia in a position of relative advantage in its strategic posture, so as not to be competing on one's opponents' terms. There are two causes for concern here. One is, as mentioned above, Australia's declining capability lead over regional states. Amid a regional arms race, Australia will be a decreasingly significant security player in the decades ahead. The other cause for concern can be labelled the paradox of liberal strategy. The White Paper pledges itself to uphold the regional and global liberal "rules-based order" on repeated occasions. It points out, correctly, that many elements of the commons—be it maritime, cyber or space—are increasingly under challenge by assertive powers such as China and Russia. Defending the liberal order places the United States and its allies in a paradoxical position of having both limited and unlimited commitments. Because of the

liberal nature of the order, their commitments to illiberal allies—such as Egypt’s Hosni Mubarak—are necessarily limited, and often they need to sacrifice key upholders of the liberal order. On the other hand, their commitments are unlimited in the sense that they feel compelled to defend the order wherever it is challenged, and often a long way from their core national interests. This places the defenders of the liberal order liable to imperial overstretch, to use Paul Kennedy’s phrase, while their challengers have no commitments to uphold and the luxury of choosing the timing and location of their challenges at will.

## Conclusion

It is very unfair to judge the 2016 Defence White Paper according to the exacting standards of grand strategy, because it clearly is not intended to be an exercise in grand strategy. And yet the discipline of grand strategy is not a task Australia can avoid for much longer. The contextual conditions that have allowed Australia for so long to have a strategy that is derivative of a great power ally’s grand strategy are eroding quickly. As Asia and the Pacific transition from uncontested regional unipolarity to contested regional bipolarity or multipolarity, the rigour of grand strategy will increasingly be necessary for the maintenance of Australia’s security. If the 2016 Defence White Paper is read through this lens, it forms a useful foil for pondering the tasks of grand strategy for Australia. The most basic tasks that must be achieved are a clear understanding of Australia’s strategic context, and achieving coherence with respect to the contradiction that pulls our strategic and economic interests in different directions.

These challenges remind us of that most Clausewitzian of all strategic imperatives—that strategy is ultimately a political act. Confronting both our changing regional context and the contradiction that pulls our strategic and economic interests in different directions is a task that is perhaps beyond the capabilities of our political system. The political price to be paid by any leader of a major party who clearly articulated these uncomfortable truths would surely be political ridicule and perhaps oblivion. But until such an honest conversation is possible, the best we can hope for will be strategy as outlined in the 2016 Defence White Paper—and the hope that hedging will allow us to muddle through.

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