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Sub 'self-reliance' a blank cheque to protectionists

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NO question in defence is more vital than "how much is enough?". But not according to Paul Dibb and Richard Brabin-Smith (The Australian, January 19, 2012).

For them, the key issue in the debate about Australia's future submarine program is "self-reliance", which, they say, trumps all other considerations.

The result is a blank cheque to local protectionists that would cost Australia dearly.

Dibb and Brabin-Smith define self-reliance as a policy that "minimises the potential compromise of Australia's independent capacity to look after its sovereign interests". This goal, they say, is "more important" than "the relationship between capability, cost, and risk", which are secondary "technical aspects". Reflecting its primacy, the self-reliance objective should exclude any submarine option we could not "operate and maintain by ourselves". On this basis, they criticise Ross Babbage and me for recommending that when government decides on the future submarine program, it consider all options, including the US Virginia class nuclear submarines.

Unfortunately, the Dibb-Brabin-Smith argument is factually incorrect and analytically flawed. It is incorrect to suggest we can "operate and maintain" the Collins fleet "by ourselves". Rather, achieving successful operation of Collins depends on collaboration between the RAN and the US Navy. For instance, the RAN and the US Navy are engaged in efforts to field and upgrade a US combat control system, the AN/BYG-1. We might be even more dependent on the US if we operated Virginia class submarines; but it is disingenuous to pretend our starting point is independence.

Indeed, across the full spectrum of our defence assets, the key Dibb-Brabin-Smith criterion - the "ability to operate" without "US technical support" during "a military conflict we deemed in our national interests, and Washington did not" - is an illusion.

It is an illusion for a simple reason: it is unachievable at anything approaching acceptable cost. And that comes to the analytical error Dibb-Brabin-Smith make: they treat what they call "strategic drivers", notably self-reliance, as if they could be pursued without concern for the burdens they would place on national resources.

Governments, in contrast, have to operate in a world where there is an inescapable tension between unlimited ends and insufficient means. There is no way to navigate that tension without balancing cost and consequence: without assessing what needs to be given up to achieve objectives and deciding whether the sacrifice is worth making. This is as true in national defence as in other areas of public policy. It applies not only to the high-level choice between guns and butter, but to defence self-reliance.

After all, self-reliance is inevitably a matter of degree. Getting more of it implies having less of something else. A weighing of gains and losses is therefore required. Yes, the benefits of self-reliance are difficult to express in dollars. But ultimately, government budgets come in dollars, and hence decisions about how self-reliant we should be must be reduced to dollar terms. So must the capability and procurement choices for any future submarine, as well as for the many other weapons systems promised in the 2009 Defence White Paper.

Yet this is an area where rational analysis is rare. In part, that reflects the difficulties of the task. Ideally, analysts would estimate the military value of the various weapons options, and ensure resources were allocated so as to get the most defence from a given level of spending or secure a given level of defence at least cost.

In practice, however, defence capability is frustratingly difficult to measure: it only has utility relative to that of potential adversaries and then only in the context of contingencies with hard-to-estimate likelihoods and outcomes. Ultimately, the test of military value is under battlefield conditions: but (fortunately) that opportunity only arises

intermittently. Even then, its lessons may not be conclusive and are rarely timely. Trapped between an ambiguous past and an unknowable future, defence planners struggle to measure costs and benefits.

All too readily, they fall back on defining "requirements" that are unduly conservative and unduly adventurous: unduly conservative in preserving long-established force configurations; unduly adventurous in seeking improved system capabilities that might provide an edge in combat, regardless of the resources required.

The result is a vicious cycle of unending increases in the complexity and cost of weapons systems, a continuing reduction in the number of items acquired and ever longer system lifetimes, as the high cost of new systems induces policy-makers to defer replacement. In turn, lengthy gaps between generations ensure each time a new system is planned, the services load it with as many capabilities as possible, pushing the technology frontier, magnifying risks and shifting costs on to future taxpayers. The Collins program's troubled history exemplifies these forces at work. Dibb and Brabin-Smith claim "the capabilities chosen for Collins were based on a careful analysis of Australia's unique geostrategic circumstances". In fact, as the RAND review found, "the operational and performance requirements were set very early", in a way that "greatly impacted overall design and build" yet "did not understand or plan for the risks involved".

The recent interim report on the Cole review of the sustainability of the Collins class is even more damning, concluding that "despite the fact that virtually all senior people were clear the Collins capability is 'strategic', there is no clear understanding of why": rather, thanks to problems that "originate from the project's very beginnings", the review team found "misunderstandings, ambiguity and a lack of common purpose".

With many billions of dollars at stake, it is vital those errors not be repeated. But it is not easy to be optimistic. The initial promise of 12 submarines to be assembled in South Australia was not based on proper analysis.

Now, powerful defence industry lobbies are mobilised to lock it in. And nothing would make their job simpler than allowing the chimera of self-reliance to exclude foreign sourcing, thereby eliminating competition. All that promises is yet another costly failure.

Faced with that danger, we need to broaden, rather than arbitrarily narrow, the options considered, subjecting them to careful cost-benefit appraisal.

And if some options exchange increased reliance on the US for lower costs or reduced risk, let them too be on the table.

Envisaging alternatives before engaging in action is the essence of sensible decision-making. The flaws in our defence procurement cannot be fixed without it.

Asking more of the right questions more of the time would be a great place to start.

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