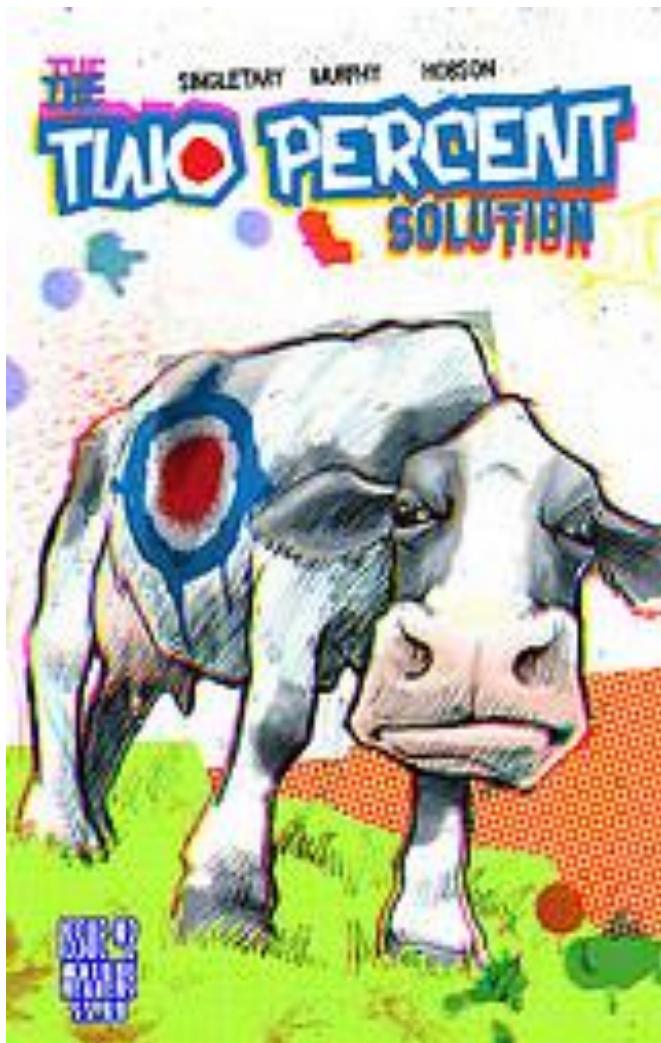


Two-per centers and defence spending

Paddy Gourley

At a book launch in Parliament House last year, Canberra identity Bill Stefaniak asked a contributor to the volume, former [Major-General Jim Molan](#), if Australia should be spending 2 per cent of its GDP on defence. It was a full toss on the leg stump that Molan should effortlessly have swatted over the boundary. Alas, it clean bowled him.

Molan said that, yes, the answer to the question about the level of defence spending was 2 per cent of GDP. That's precisely the wrong answer, although Molan is not alone in misunderstanding how the proper amount of defence spending should be calculated.



Indeed, before the last election the now Prime Minister Abbott promised that 'within a decade defence spending will be restored to 2 per cent of GDP'. As he often does, Abbott has given himself generous wriggle room here. There must be a fair chance he'll escape accountability for his promise; that is to say, he might well not still be serving electors a decade from now, as regrettable as that prospect might be for some.

But the Abbott-Molan view is supported by an academic, Geoffrey Till, from King's College in London who has [recommended](#) that Australia 'build the joint capabilities required for a truly outgoing maritime strategy by turning the aspiration of 2 per cent of GDP defence spending level into a reality.'

Come off it, guv. If there's a case for the 'outgoing maritime strategy' on which you're so keen, please make out the funding case for it on its merits, as is required for all others who want calls to be made on taxpayers' funds.

(Source: <http://www.thetwopercentsolution.com/>)

The 2 per cent of GDP school gets things exactly around the wrong way. It starts with an answer without bothering about trying first to construct a rationale. It's intellectually lazy and it's dangerous.

For example, what would the Abbotts, Molans and Tills of this world have done during World War II, when Australia was trying to make its best contribution against rampant military fascism by spending a lot more than 2 per cent of GDP on defence? Would they have stuck to the 2 per cent of GDP line and said, 'That's it, folks, and if that's not enough we'll simply have to run up the white flag'. The stupidity of the position doesn't bear contemplation.

The point is that the consideration of the resources to be devoted to defence needs to begin at the beginning, not the end. Governments and their advisers must:

- look in a coolly dispassionate way at possible military threats to Australia and its interests now and over the longer haul;
- consider acceptable risks in the strategic environment;
- place the consequent demands of defence spending in the context of other calls on the public purse; and
- when all of this is done, set out a long-term plan for defence priorities and resourcing, a plan that should be regularly reviewed to take into account changes in strategic and other circumstances.



Royal Australian Navy personnel returned from Vietnam march through Brisbane, 1971 (source: National Archives of Australia, A1500, 11651088)

All this is so trite that it hardly seems worth saying, except for the fact that it is a process that the 2 per cent school relegates to the back seat. It's prepared to say that 2 per cent will do when 1, 1.5 or 2.5 per cent might be needed. It's happy to waste money or perhaps spend too little.

Moreover, the 2 per cent school moves the burden of defence policy from a careful, detailed analysis of strategic threats and risks to spending a pre-determined bucket of money on equipment and personnel that may or may not be warranted. It can help develop the aircraft carrier mentality, a foolish desire to repeat the Collins Class submarine history or to index military pensions to increases in average weekly earnings, in each case for no sensible reasons.

The Abbott Government 2 per cent of GDP pledge does not create a happy or conducive environment for the new Defence White Paper. The Rudd Government's paper was bad enough; it's to be hoped that the distorting effects of the 2 per cent pledge do not consign Abbott's to a similar fate, although it will increase that risk.

Resources for other areas of government activity – aged pensions, education, the ABC or the Australian War Memorial – are not determined on the basis of proportions of the country's GDP. To do so would be a recipe for chaos, as governments would impose pointless limits on the extent to which they could control their budgets and lessen the extent to which expenditures are based on needs.

That's what defence spending should be based on – real needs, not the arbitrary and ill-informed nomination of a proportion of GDP.

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