National security dilemma: New threats, old responses
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In the quarter of a century since the fall of Soviet communism, defence and foreign policy elites have struggled to define and label the current era. The term “Cold War” seemed a perfect evocation of the intense, often shadowy struggle for global supremacy between the United States and the Soviet Union in the second half of the 20th century. Regional proxy wars were tolerated and sometimes encouraged by both Washington and Moscow, but none were allowed to become sufficiently hot to ignite another global conflagration after the devastation of two world wars. The stakes were simply too high, with both protagonists in possession of thermonuclear weapons, although the 1962 Cuban missile crisis was a perilously close call.

Since 1989, prominent academics, commentators and politicians have variously proclaimed “the end of history”, “a new world order” and the US “unipolar moment”. Despite their catchy appeal, none of these terms endured because they failed to adequately distil, or convey, the essence of today’s complex, fluid and diffuse security environment.

However, a new label for the times looks like sticking. We are now living in the “national security era” if judged by the frequency with which the term “national security” is invoked by commentators and governments alike.

But what is national security, why is it important and what are the distinguishing features of the national security era?

The term connotes a distinctive, whole of government approach to security, incorporating a much broader policy agenda than that of the Cold War, and is best illustrated by the raft of emerging, largely non-military issues which routinely appear on today’s national and international security agendas. Transnational organised crime, pandemics, natural resource depletion, malicious cyber attacks, climate change and unregulated population movements are representative.

Many of these transnational challenges are becoming intertwined with traditional geopolitical concerns over interstate conflict, power balancing and territorial disagreements. A case in point is the growing tension between China and its Asian neighbours over the ownership of contested islands in the Western Pacific. This is being driven by a potent mix of sovereignty disputes and anxieties about protecting, or exploiting, the rich oil, gas and marine living resources that lie under these islands and the surrounding seas.

Another hallmark of the national security era is the emergence of powerful new players who owe allegiance to no state, do not respect territorial boundaries and directly challenge the traditional monopoly of the state over taxation and organised violence. The leaching of power from the territorially-bound state can be seen daily in the activities of cyber hackers, people smugglers, money launderers and transnational terrorist groups. In keeping with this trend, the destructive interstate conflicts, which once dominated security thinking as they wreaked havoc across the world have been largely superseded by messy, post-modern conflicts in the developing world that require a judicious and carefully calibrated mix of military and civil responses, placing a premium on effective co-ordination and collaboration with diverse coalitions of the willing. States have responded by moving away from the narrow, defence-dominated structures and agendas of the Cold War to establish national security communities, strategies, responses and even budgets aimed at understanding and better managing these risks through a more integrated, joined-up approach.

Few Australians comprehend how extensive these changes have been and what they portend for the future. As security challenges have multiplied and become more diffuse, so have the players with a stake in national security outcomes as more and more departments, agencies and non-government organisations are co-opted, or buy into the national security process and policy debates. By some estimates, the Australian national security community now comprises as much as 30 per cent of the federal bureaucracy and includes departments and agencies ranging from Customs and Border

Protection to Immigration and Citizenship, Agriculture, Fisheries and Forestry, Attorneys-General, AusAID and the Australian Federal Police. Other influential members are the states and federal territories, business groups and a select handful of defence and foreign policy think tanks.

One consequence is a reduction in the influence of the once dominant Defence Department as other departments and agencies jostle for their slice of a national security pie which totals 8 per cent of Commonwealth budget outlays. This is reflected in the significantly reduced proportion of national security spending allocated to Defence.

While Defence still receives the lion's share of what has become a national security budget in name, as well as fact, its $26 billion annual budget represents only 68 per cent of the money allocated to national security compared with more than 90 per cent during the Cold War. Another shift is the grouping of AusAID's $4.86 billion budget with national security expenditure, the rationale being that aid, properly directly and applied, can help prevent conflicts and ought therefore to be included in the national security budget.

Australian governments of all political persuasions have been slow to codify these changes, or provide a cohesive political and strategic narrative for national security spending. A major gap has been the absence of a road map identifying core national security interests, priorities and objectives which Prime Minister Julia Gillard attempted to fill in late January by releasing Australia's first ever national security strategy.

Unfortunately, the strategy has received only cursory public examination, swamped by election talk, the proliferation of government announcements and the Coalition's preoccupation with exploiting the government's economic vulnerabilities.

This is short-sighted because the strategy will have far-reaching implications for the next government's economic and strategic policy, as well as Australia's long-term security. The reality is that national security spending decisions on projects such as new submarines and combat aircraft will consume tens of billions of dollars over their life cycles while national security decisions affect many more areas of government than was the case even a decade ago.

So how does our first national security strategy shape up? While the strategy makes generally sound judgments about the security environment and challenges confronting Australia there are significant failings, which may be summarised as a lack of supporting funding, unclear priorities, ambiguity about terrorism and overly optimistic strategic judgments.

On the first point, the document fails the core test of a workable strategy because it does not match its ambitious ends and increasingly limited means. The strategy asserts that we live in an era in which diplomacy is a critical national security imperative. Yet there has been no serious attempt to rectify the chronic, two decade's long underfunding of the Department of Foreign Affairs and Trade and the concomitant blurring of the department's mission, both of which have been well chronicled in *Australia's Diplomatic Deficit*, the Lowy Institute's Blue Ribbon Panel Report on DFAT.

Furthermore, the budget of the Department of Defence, a key enabler of national security, has been reduced to its lowest level in 75 years as a percentage of gross domestic product. This casts doubt on the ambitious strategic goals of the 2009 Defence white paper, particularly the mooted purchases of 12 new submarines and 100 advanced, joint strike fighters, which have been designated as core capabilities for the future Defence Force by both the Rudd and Gillard governments.

Second, in an age where security concerns are central to the business of government and involve a multitude of departments and agencies other than defence and DFAT, the strategy ought to prioritise the main security risks and identify the most effective instruments and policies for managing these risks and achieving the stated national security objectives.

However, no priorities are accorded to the seven listed national security risks and there is little explanation of the rationale for singling out three areas for increased effort over the next five years – effective partnerships, enhanced regional engagement and cyber security.

Why is cyber security the only risk worthy of special attention? Does this mean that cyber security is more critical than the other major risks? Or does it reflect a previous lack of effort? If cyber security is to be prioritised why has the much anticipated white paper on cyber security been shelved? A white paper would have allowed the government to better articulate its cyber security policy by explaining in far more detail, how states, criminals and terrorists are exploiting the security vulnerabilities of the internet for political, economic and strategic gain.

The strategy should also have made the point that the loss of government secrets and business intellectual property has become sufficiently serious that unless it is stemmed, Australia risks losing international competitiveness over time.

Other security risks have been inexplicably downplayed. People smuggling, which has consumed the Gillard government and tied up a significant part of the Australian Navy in recent years, surprisingly merits only a brief mention. Climate change, identified by the Rudd government as a major security challenge for Australia, has been relegated to a subordinate category called “broader global challenges with national security implications”.

Third, there is a perplexing ambivalence about the future significance of terrorism. Gillard invokes the spectre of international terrorism, particularly the events of 9/11, to explain the need for a national security strategy. But she implies that terrorism’s high point has passed by speaking of a 9/11 “decade” and declaring that “states, not non-state actors, will be the most important driver and shaper of Australia’s national security thinking”.

It would be a mistake to believe that terrorism’s strategic impact or longevity will be confined to a single decade or that terrorism can be understood in isolation from other transformational developments, notably the marked increase in lethality and power that non-state actors have acquired in the national security era. States and non-state actors inhabit the same security universe and do not act independently of each other. To single out one as more important than the other betrays a surprisingly compartmentalised view of security that flies in the face of Gillard’s own admonition to the national security community that “if you see a silo, dig it up”.

It also underplays the way in which terrorist and criminal groups are evolving into different but no less virulent kinds of threats, both on the ground and in cyber space. The alarming spread of al-Qaeda-inspired terrorist groups into north-west Africa and ungoverned spaces in the traumatised Middle East, illustrates how quickly terrorists can regroup and become a strategic threat. Closer to home, any complacency about the apparent triumph of the Indonesian state over Jemaah Islamiyah ought to be tempered by the resurgence of terrorist activity in Sulawesi and central Java, and the rise of soft violence among a new generation of Indonesian fundamentalists.

Fourth, the judgment that “our strategic outlook is largely positive” is contestable and one that the government may come to regret. What the strategy should have highlighted are the rising tensions between Asia’s great powers; the increase in the frequency and seriousness of incidents at sea throughout the Western Pacific; the worrying progress in developing nuclear weapons by serial provocateur, North Korea; the continued militarisation of space; the destabilising impact of chronic fiscal imbalances in Europe and the US, including on the US defence budget; the heightened vulnerability of global supply chains to resource shocks, and the possibility that future temperature increases and ice melt globally may be trending towards the higher end of scientific forecasts, meaning the long-term security effects of climate change may have been underestimated, rather than exaggerated.

When these negative trends are weighed against positive developments such as the enduring strength of the US alliance, the reduction in major wars and the weakening of al-Qaeda, the picture that emerges is of a more challenging, unsettling and volatile security environment, which gives far less cause for optimism.

The next national security strategy needs to do a better job of explaining the key features of the contemporary security landscape, starting with an acknowledgement that we live in a vastly more interdependent and hyper-connected world, which is best characterised as a set of subsystems within

a single, over-arching system. These linked subsystems may be defined by size – local, national and regional – and by function – economic, strategic, financial, infrastructure, social. But however they are disaggregated it should never be forgotten that they are all elements of a unitary system.

While proximity still matters, distance is no longer the central strategic consideration in assessing the significance of a particular conflict or development for a nation's security. Perturbations at the global level can have much more serious security implications than those closer to home, as terrorism reminds us.

The significance of events and trends for Australia's security cannot be determined by geography alone. Nor should we allow them to be subjectively prioritised by value-driven labelling such as "hard" or "soft", implying that military conflict is necessarily more dangerous or difficult than other security problems. On the contrary, many of today's military conflicts are limited in scope and consequence while so-called soft security challenges (economic, financial, environmental or criminal) may be more destructive, probable and systemic in their destabilising impact.

Extending the systems analogy, national security thinking should focus on illuminating the connections between the various security challenges, rather than drawing up unenlightening lists of key national security risks or putting them into discrete and seemingly disconnected boxes.

This would provide the government with a much richer, nuanced view of the security landscape and ensure that money and resources are spent more wisely on effective responses.

Seen through a systems lens, drug trafficking and money laundering are not only criminal enterprises. They can be exploited by terrorists in pursuit of their political aims just as cyber attacks can be carried out by state and non-state actors alike, sometimes in collaboration, as the recently released Mandiant report (see extract, left) by an American computer security firm makes clear, exposing how the Chinese military employs private hackers to steal other countries secrets.

And scarcity of fresh water is not just a pressing social and health concern for the world's poorer, water deficient states. It also has the capacity to sharpen interstate rivalries and exacerbate wider regional and global concerns about food security.

Assessing risk in the national security era is further complicated by the complexity of the global system as well as its connectedness. As any systems analyst knows, a dynamic system generates positive and negative feedback processes which amplify or dampen the effects of certain changes leading to unpredictable behaviour and system changing tipping points.

Author Malcolm Gladwell describes this as "little things making a big difference". Thus, a sudden melting of the northern permafrost might trigger a massive release of greenhouse gases accelerating global warming and pushing the world's climate into an irreversibly hotter phase. A rerun of the global financial crisis might have a comparable effect, severely weakening the foundations of the international financial system, plunging the world into a full-blown depression and ushering in an extended period of social and political instability.

The problem here is that the Australian national security community does not yet have the analytical tools or rigorous methodologies for assessing and prioritising complex risks and anticipating system-threatening tipping points. The need for new analytical tools and methodologies was clearly identified by the Rudd government but there is no evidence they have been developed or applied. We need to do so urgently.

Having groups of experts sit around a table making best-judgment calls about national security risk and priorities guarantees sub-optimal outcomes. This is especially the case when the risk universe has expanded to include a multitude of connected security challenges, none of which fit neatly into boxes and all of which require new ways of thinking. As to what former US Defence secretary Donald Rumsfeld once memorably called "unknown unknowns", here anticipation must give way to adaptation. The less one knows about a risk the more important adaptation becomes.

The current buzz word for this is resilience, meaning the ability to withstand shocks and maintain the functionality of a system even under high stress conditions. As the number and permutation of potential shocks to the global system grows the need for resilience can only increase.

Unfortunately, it's becoming more difficult to build resilience. As societies become more sophisticated they also become more vulnerable to systemic shocks because of their interconnectedness and rapid speed of events, transactions and communications in the modern world. As any user of the internet knows, a computer virus can proliferate with alarming speed and infect huge numbers of other computers until whole systems are unusable. And in the biological world, infectious diseases can spread with fecund rapidity as the SARS epidemic of 2003 demonstrated.

The phenomena is compounded by global supply chains with their just-in-time philosophy. Often there are insufficient reserves of essential items at strategic locations to enable quick responses to supply - disruptions or a sudden surge in demand.

While successive governments have taken some steps to strengthen strategic supplies of critical vaccines, resources, infrastructure and knowledge networks, we have a long way to go before Australia can claim to be a truly resilient nation.

Finally, we come back to money. A declaration of intent, without the funding to match, is not a strategy but a recipe for confusion, inaction and ultimately, insecurity. Unless Defence and DFAT are better resourced, or the government's strategic ambitions are scaled back to match fiscal realities, it is difficult to see Australia's first national security strategy making much of a difference. And that would be a profoundly disappointing epitaph to write.

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