



Australia's military spending: a sceptical view

By John Quiggin
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Australia's purchase of nuclear submarines under the AUKUS agreement has been framed in terms of the jobs that would be created in submarine construction, rather than the security benefits that would flow to Australia from their deployment some decades hence.

This is a longstanding tradition. Because defence is an essential function of any national government, military spending has rarely – if ever – been subject to benefit-cost analysis. And in the absence of any specific rationale for particular defence expenditure projects, such as a current or imminent war, a variety of economic benefits have been cited as reasons for approving those projects.

Decision-making with respect to military expenditure should begin with a single central objective, that of national self-defence against invasion, with other possible uses of military force being regarded as peripheral. In any such assessment, expenditure that significantly reduces the existential risk of invasion, air attack or naval blockade can be regarded as essential.

Any other use of military power needs to be assessed in terms of opportunity costs and benefits. That is, military spending should be compared to alternative public and private expenditures – ideally those with comparable benefits. For example, contributions to Ukraine's resistance to the Russian invasion could be compared to civilian forms of overseas aid. Such an assessment could include both direct benefits, such as protecting civilians from war and hunger, as well as global public goods, including upholding international law and reducing the instability associated with mass poverty.

Various claims are frequently made to present a strong case for military expenditure, but they are rarely subject to careful scrutiny. The Australian Government's assertion that the AUKUS nuclear [submarine purchases](#) are needed to protect vital international shipping routes, such as to Singapore or through the South China Sea, is one example of such a claim.

Generally, such shipping routes are convenient rather than vital. Except for trade with China itself, all shipping that currently flows through the South China Sea could take alternative roundabout routes if necessary. In the worst case, shipping from Europe to East and Southeast Asia could travel south of Australia.

This is not merely hypothetical. The Suez Canal was long regarded as a vital route, but when it was blocked shipping had to go around the Cape of Good Hope. The [resulting cost increases](#) were large relative to the shorter route, but tiny in relation to the national income of the countries involved in trade. Similar points can be made with even more force about problems such as piracy.

By contrast, a full-scale naval blockade – of the kind seen during the world wars aimed at starving the target nation into submission – does represent an existential risk. But the risk of such a blockade for Australia is negligible except in the event of a new world war, which would probably involve the use of nuclear weapons, against which no current defence is feasible.

Claims about the usefulness of military power to seize resources are obsolete, as observed by Norman Angell in his 1911 book, *The Great Illusion*. Though Angell's arguments were ignored, the First World War proved his point in disastrous fashion for all of the major participants. A century of subsequent experience has yielded ample confirmation that war never yields net economic benefits.

This is particularly true of the oil, gas and fishery resources of the South China Sea, which have been the subject of disputes for decades. Despite regular sabre-rattling and occasional low-level conflict, the actual conduct of the countries in the region reflects the fact that these resources are [not worth fighting over](#).

The crucial issues for Australia arise in relation to expeditionary forces, typically deployed as part of operations undertaken by the United States. Before considering the possible benefits of such deployment, it is worth observing that outright failure – as seen in Afghanistan and Vietnam – has been the most common outcome and that successes, such as in Iraq and Syria, have been equivocal at best.

The number of expeditionary operations is large enough to consider benefits and costs. To evaluate the benefits, Australia's relationships with regimes where expeditionary forces were defeated can be compared with those where forces were 'successful' in military terms. It is hard to see a difference sufficient to justify the loss of lives and money.

On AUKUS, approaches to public investment, whether military or civil, based on counts of

'jobs created' are rarely satisfactory. In most cases, the workers filling these jobs are diverted from other, higher-value activities, with no effect on the level of employment and unemployment. In this context, it is perhaps churlish to observe that the estimated cost of AU\$18 million per job [created by AUKUS](#) is massively more than in a typical domestic boondoggle.

The real question yet to be answered about the AUKUS deal is how, [if at all](#), the submarines that Australia is buying will protect us against the fortunately remote threat of foreign conquest.

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