

URGENT STEPS TO DEFEND TAIWAN

ATT POTTINGER

EDITED BY

to come of Trustees of the Leland Stanford Junior University Ul rights use

Australia's Job Now

ROSS BABBAGE

In war, the victorious strategist only seeks battle after the victory has been won.

-SUN TZU, THE ART OF WAR, CHAPTER 4

Principles for Maximizing Australia's Deterrence Power

In Australia the goal of deterrence is mostly pursued in an ill-disciplined and incoherent manner. The selection, scaling, and operational employment of defense and other strategic systems are usually driven by the need to replace current capabilities, operational habits, a military service's preference, and domestic political imperatives or by budgetary allocations. Almost as an afterthought, selected options are often said to enhance deterrence. This behavior is flawed if one's primary goal is to deter military action by a major power.

There is a need for greater precision, especially when Australian decision makers consider how best to deter specific events, such as a Chinese assault on Taiwan. Planning to maximize combat power or achieve other goals may be laudable, but it is not the same as preparing to optimize deterrence. Deterrence involves using one's actions to deliver the strongest possible psychological impact on the opposing

decision-making elite so as to persuade them to desist, delay, or otherwise alter their operations to one's advantage. To maximize impact, deterrence operations need to focus on credibly placing at risk things that the opposing leadership values highly or considers especially sensitive. Such threats or pressures do not necessarily need to be overt or direct. Nor do threatening capabilities always need to be displayed. In some situations, it may be sufficient simply to assert or imply the existence of a capability that can threaten a high-value target for an opponent to be deterred.

For a medium power such as Australia, applying strong deterrence power against an opposing decision-making elite is a sophisticated form of signaling. It is the communication of a compelling message often using a combination of military and nonmilitary instruments so that the opposing decision makers become deeply concerned about the consequences that would flow if they act against the interests of Australia and its allies.

Not all types of deterrence work the same way. There are two main categories. First is offensive deterrence that, in its most basic form, threatens this way: "If you hit me, I will hit you back harder and you will regret hitting me in the first place." This might be called "cobra deterrence." The second main category is defensive deterrence. This involves sending a strong message: "If you strike me, you will get such a bloody arm that you will regret striking me." This might be called "porcupine deterrence." Both categories are relevant to Australia's security challenges, but careful planning is needed to get the balance right.

Also relevant is the leverage rating—or power—of a particular instrument or action to force an opponent to change course. How strong a leveraging effect will a particular initiative have on the opposing decision-making elite? When wishing to deter a Chinese attack on Taiwan, will "Option A" have a stronger psychological impact on Xi Jinping and his colleagues than "Option K"? It is important to note here that the views of the Chinese leadership should not be assumed to mirror-image those of allied leaders. The Chinese Communist Party's key players have mind-sets that are markedly different from those of Australian and other allied security planners and so any decision in this area needs to be made with great care. Assessments of options for delivering deterrence power should be made using the advice of expert analysts who follow the Chinese leaders' actions closely, can mimic their values and much of their thinking, and can accurately predict their next moves.

Then there is the question of the intensity rating of a particular deterrent measure and the manner in which it is expressed. For instance, if an Australian government document mentions that in the event of a military attack on Taiwan practical support would be delivered to the Taiwanese armed forces, the deterrence intensity rating might score 1 out of 10. However, if such a commitment to defend democratic Taiwan were publicly stated with strong emotion several times by the Australian prime minister, the intensity rating might rise to 3. Then, if such a commitment were delivered simultaneously with strong coordinated statements from the US president and the Japanese prime minister, the intensity rating might rise to 7 or 8. So in weighing the deterrence power of various Australian options, it is not only the specific action that is relevant but also the way it is expressed or delivered and by whom.

Other important factors in weighing deterrence options are costeffectiveness and the ease and speed with which they can be implemented. Some options would clearly be more demanding of human and financial resources than others. Preferred options may draw on extant skills and other resources and offer strong deterrence power quickly at modest cost.

A final and critical consideration when rating deterrence options is the level of shock that an action can deliver to authoritarian state decision makers by suddenly short-circuiting their offensive plans. Is there an option that could take the opponent by surprise by rendering a key pillar of its strategic stance crippled or useless? Do Australia and its allies have an option that unexpectedly changes "the rules," negating a key part of the opponent's defense in a way that cannot be effectively countered? In other words, does Australia, in partnership with its allies, have a "third offset" option—analogous to the American-led "first offset" in the 1950s and the "second offset" strategy in the 1980s?¹

If the answer is "probably yes," then this should be a core goal of Australian deterrence-led strategy.

What this discussion makes clear is that maximizing Australia's deterrence of a war over Taiwan would not be simple. It is unlikely to be achieved by accident. It requires a careful weighing of the type of deterrence, the leverage power and the intensity of a wide range of options, the cost-effectiveness of those options, the speed with which they can be delivered, and their potential to psychologically disarm the opponent's key decision makers.

Many deterrence options would require the involvement of not only Australia's defense organization and the country's national security agencies but also other government departments, business leaders, elements of broader Australian society, and, in most cases, allies and security partners. In contrast to Australia's military commitments during the last half century, maximizing deterrence of an expansionist China will require much more than contracting the task out to the Australian Defence Force to manage. It will need careful analysis of new multi-domain options, the fostering of a more innovative and fast-moving culture, a reshaping of some organizations, and operation within a society that is well informed, very supportive, and actively involved.

All this is possible, but it is far removed from current practice. This chapter considers briefly a menu of ten investment options that if delivered well could contribute significantly to Australia's deterrence of a Chinese assault on Taiwan and its potential escalation to a major Indo-Pacific war. A key question is which mix of recommendations promises the strongest deterrence power in a cost-effective and timely way.

1. Clarification of Goals and Disciplined Implementation of Strategy

Australia's 2020 Defence Strategic Update states that the country's Defence Strategic Objectives are to shape the country's strategic environment, deter actions against Australia's interests, and respond with credible military force, when required.² The Defence Strategic Review

of 2023 endorsed these objectives but stated that they needed to be viewed through the lens of a strategy of denial.³

Although this statement of strategic objectives is useful, it provides only the most general guidance. In particular, the logic for prioritizing investments to achieve optimal effects—especially maximizing deterrence—is missing.

More specific advice is needed to facilitate capability selection and employment for the primary categories of contingency. How are decision makers across government, industry, and civil society to judge what is needed urgently and what is of lower priority? Very little, if any, of this advice is currently being provided either formally or informally.

If deterrence is a primary Australian strategic goal and the national strategy is to be denial, there is a need to explore what this means not only for the Australian defense organization but also for other parts of government, for business, and for broader elements of society. The country's security challenges are multidimensional and so Australia's deterrence planning needs also to be multidimensional, engaging whole-of-nation and, in many cases, whole-of-alliance assets.

This is because deterring through a strategy of denial means not only blocking an opponent from physical, electronic, and other access but also denying the opponent's achievement of broader campaign goals, such as disrupting Australian and allied economies, undermining international supply chains, and damaging essential communication systems. If an opponent is to be deterred from launching such intrusive and disruptive operations by the specter of dismal failure or by the threat of disarming retaliation, carefully crafted plans are needed to develop these counters and then communicate the threat they pose to authoritarian opponents in appropriate time frames.

For example, one potentially powerful generator of Australian deterrence is the outsized strategic leverage provided by the country's role in international trade. Australia has some trade vulnerabilities of its own. But the country's role as a leading producer of many strategic materials (especially iron ore and natural gas) has produced a situation in which China has become heavily dependent on uninterrupted imported supplies.⁴ Were trade from Australia and other partners to cease, some

Chinese industries would slow within weeks and the economic impact could be far-reaching within months. Even a hint that a Chinese assault on Taiwan would bring such disruption could encourage the regime to tread cautiously.

If the deterrence of a major authoritarian power requires many parts of government, business, and Australia's broader society to be marshaled, means must be found to properly brief the community and help relevant parties understand the types of actions that may be needed and when. Some countries do this very effectively, especially in Scandinavia. Australia has much to learn from them.

Very little of this whole-of-nation planning, preparing, testing, and demonstrating deterrence and denial capabilities has been done in Australia thus far. A primary reason is that political leaders in Canberra and some other allied capitals have not wanted to disturb their electorates by discussing the risk of major conflict and the need to prepare. Some special-interest groups have also complicated the situation by working to prevent the diversion of budgetary, human, and technical resources to deterrence priorities. So until the national leadership takes the initiative, explains the need for these measures, and initiates practical steps, Australia's deterrence of a major Indo-Pacific crisis will be handicapped and unnecessarily weak.

Further clarifying the country's strategic goals and initiating a number of organizational and process steps have the potential to send a strong signal internationally that Australia is preparing itself to reinforce allied deterrence power. Some of these initiatives could surprise authoritarian leaderships and give them new reasons to be cautious.

2. Establish a Permanent Australia-US (and Other Allied) Strategic Planning Group

Australia, the United States, and other close allies have well-established mechanisms for strategic and operational consultation and cooperation. Coordination is close in many areas, personnel are routinely posted to serve in each other's organizations, and the level of trust is high. There is little doubt that the defense and broader security systems of the United States, Australia, the United Kingdom, and a number of other allies can operate effectively together at very short notice when required.

However, the coordination of contingency planning does have limitations largely because the political leaderships of each ally are hesitant to precommit their countries to conflicts well in advance. In Australia's case, political leaders appreciate that the circumstances of future crises will vary greatly and they want to decide how best to act in the national interest in the particular circumstances of the time.

Although this stance is understandable, it does place constraints on the speed and effectiveness with which some allied deterrence operations can be launched. It can also constrain the extent to which contingency plans can be developed and tested across the allied community prior to a crisis arising.

If Australia and its allies wish to maximize their deterrence of a Chinese military assault on Taiwan, there is a need for more extensive combined planning of contingent operations, and of deterrence signaling in particular. Political leaderships would always retain the right to approve campaign goals, generic deployments, rules of engagement, and suchlike, but there is a need for allied military commanders and other security leaders to be authorized to develop combined planning well in advance. They need to be well placed to move quickly and with strong effect should a crisis threaten with no warning. This would be achieved most effectively by establishing a permanent Australia-US (and potentially other allied) strategic planning group.

A public announcement of this combined planning group not only would strengthen allied operational coordination, but also would signal to potential opponents that the allies are united in the Indo-Pacific and are well organized and prepared to counter any authoritarian state adventurism immediately and in ways that are truly formidable.

3. Strengthen and Demonstrate Regional Security Partnerships

One activity that has the potential to help shape the Indo-Pacific in positive ways and also contribute to stronger Australian and allied

deterrence is a further development of security partnerships with likeminded states across the region.

Successive Australian governments have worked hard to build networks of countries willing to stand together to resist authoritarian state subversion, coercion, and territorial intrusions. The emerging Indo-Pacific architecture is a layered series of overlapping partnerships tailored to specific needs and fully respecting local sensitivities. At the highest and most intimate level is Australia's exceptionally close alliance with the United States and the other Five Eyes partners: the United Kingdom, Canada, and New Zealand. Not far behind is the Quad, linking Australia with the United States, Japan, and India. Then there is a broader network of trusted relationships with other formal allies of the United States, especially South Korea, the Philippines, and the member states of NATO. There are also special partnerships with most members of the Association of Southeast Asian Nations (ASEAN) and the island states of the south and central Pacific. Beijing's aggressive international behavior during the last decade, its seizure and militarization of most of the South China Sea, its repeated intrusions across India's and Bhutan's northern borders, and its staunch support for Russia's invasion of Ukraine have accelerated the development of these counter-authoritarian networks. This has troubled the Chinese leadership, fanning fears of being surrounded and internationally isolated.5

Working closely with its allies and partners, Australia could further strengthen these counter-authoritarian partnerships and simultaneously warn Beijing of much worse to come if it launches a war to seize Taiwan. Early steps could include coordinated counters to Beijing's lawfare in the South China Sea and along India's northern borders. China's information warfare offensives could be thwarted more effectively by combined regional action. Other possibilities include sustained programs to prevent China's manipulation of international agencies. Upgrades could also be considered for more conventional security cooperation, especially intelligence sharing, exercise and training programs, the supply of military equipment, and the development of new security technologies. One of the most powerful contributions to deterrence within this framework would be for Canberra to publicly assure key regional neighbors and friends that in the event of their facing direct coercion and territorial incursions, Australia will stand with them to do whatever it can to support them in their time of need. Reinforcing this strong declaratory support, Australia could offer to work closely with regional governments to strengthen their defense resilience against authoritarian state attacks. Beijing would certainly notice this growing regional security cooperation and China's leaders could be brought to realize that if they attacked Taiwan, a likely consequence would be a much stronger antiauthoritarian alliance and a more complete isolation of China from most of the world.

4. Accelerate the Large-Scale Deployment of American and Other High-Leverage Allied Military Capabilities to Australia

One option that potentially offers much stronger deterrence of a Chinese assault on Taiwan is to accelerate programs to welcome American, British, and other allied forces in much larger numbers to Australia. This requires many things to be done quickly, including substantial expansions of military and dual-purpose facilities across the country.

For the United States, this would relieve the pressure on its long-standing basing structure in the Western Pacific and provide exceptional opportunities to disperse high-value assets across a relatively secure landmass of comparable size to the continental United States. Once these assets are located in Australia, extensive support would be available from well-educated, supportive communities. Australia offers the United States a very strong southern anchor of great strategic depth for its military operations in the Western Pacific.

When viewed from Beijing, the growing allied military presence in Australia creates a stronger immediate response capability to any Chinese adventurism in East Asia and also a new level of logistic resilience and sustainability for prolonged allied operations in the theater. Moreover, senior Chinese decision makers realize that forces operating from Australia can readily swing their focus from the Western Pacific



On March 13, 2023, Australian prime minister Anthony Albanese, US president Joe Biden, and UK prime minister Rishi Sunak met to announce the specifics of submarine acquisition set forth by AUKUS. *Official White House photo*

to operations across the Indian Ocean to help control maritime traffic west of the Indonesian straits, support India's northern defenses, and, potentially, threaten sensitive parts of Southern and Western China. There are serious concerns in Beijing about the threat of encirclement and of potentially needing to fight on more than one front.⁶ A buildup of allied forces in Australia would underline the risk that launching an assault on Taiwan could quicky escalate into a much larger conflict in which the Chinese Communist Party might be placed under great pressure in unexpected ways and locations. This could have serious consequences for the regime.

The Australian, American, and other allied governments have already agreed to expand military operations on and from Australia. As part of AUKUS, the 2021 security partnership between Australia, the United Kingdom, and the United States, the US Navy plans to increase submarine visits to Australia starting in 2023 and the British Royal Navy will do the same in 2026.⁷ Then, starting in 2027 the US Navy will routinely operate up to four nuclear-powered attack submarines from Australia, and the Royal Navy one similar submarine.⁸ In the early 2030s the Royal Australian Navy is expected to commission its first three nuclear-powered submarines to supplement US and British subsurface operations in the theater, with a further five boats joining the force in the early 2040s.⁹

In addition to this, key airfields are being upgraded across Northern Australia to support more substantial US and allied air operations, and the US Army is planning to stockpile stores of military equipment in Australia to equip much larger numbers of troops should they need to be flown into the theater.¹⁰

These and related initiatives are already sending strong signals to Chinese political leaders that should they launch a major assault on Taiwan, the United States and its allies have strong capabilities close at hand that are able to intervene on short notice. Were Australia to further accelerate these programs, the risks of an immediate and very strong allied intervention could be elevated to higher levels. The deterrent effects on the Chinese leadership could be substantial.

5. Strengthen Australia's Role as a Fully Integrated C4ISR Hub and Theater Headquarters

A potentially powerful way for Australia to strengthen its deterrence of a Chinese assault on Taiwan is to offer to host one or more allied theater headquarters, complete with the full range of advanced communications, command, control, computer and intelligence, surveillance, and reconnaissance (C4ISR) systems.

This option builds on a long-standing strategic logic. During the early stages of World War II, Australia was seen in the United States as being an ideal location for the allied Pacific theater headquarters. Operations launched from Australia into the Western Pacific, Southeast Asia, and adjacent maritime areas were far easier and quicker than those launched from the continental United States. Because of Australia's vast size, terrain diversity, and strategic depth, it was considered a formidable bastion. It was politically reliable, shared America's war aims, and possessed a well-trained English-speaking workforce.¹¹ It was an

ideal command location, and this remains the case in the twenty-first century.

Since the 1950s Australia and the United States have built an extensive array of regional surveillance, intelligence, and space support facilities across the continent, and further developments in these fields are now underway. In July 2023 a program of Enhanced Space Cooperation was announced "to increase space integration and cooperation in existing operations and exercises."¹² Agreement was also reached to establish a Combined Intelligence Center–Australia within Australia's Defence Intelligence Organisation by 2024.¹³ When these are added to the wide range of US, Australian, and other intelligence assets already operating in the theater, Beijing will face increasingly strong deterrence by detection and direct observation.

Australia has the option of further enhancing these capabilities and making it crystal clear to key Chinese decision makers that they will have diminishing scope for achieving surprise and information superiority should they decide to launch a major assault on Taiwan. If done well, this has the potential to make the Chinese Communist Party leadership rethink its campaign plans.

6. Accelerate the Deployment of High-Leverage Military Capabilities

When developing the Australian Defence Force (ADF) during the coming five to ten years, Australia should place much stronger emphasis on "game changing" and other high-leverage deterrence options than has been done in the past.

Australia's 2023 *Defence Strategic Review* addresses part of this logic when it states:

Maximising the deterrent effect and response options from ADF capabilities is critical. To achieve the maximum benefits from our capability investments, the ADF force structure must become not only focused, but also integrated.¹⁴

The *Defence Strategic Review* then says that the ADF must harness effects across all five domains (maritime, air, land, cyber, and space) by applying the following ten "critical capabilities":

- undersea warfare capabilities (crewed and uncrewed) optimised for persistent, long-range sub-surface intelligence, surveillance and reconnaissance and strike;
- an enhanced, integrated targeting capability;
- an enhanced long-range strike capability in all domains;
- a fully enabled, integrated amphibious-capable combined-arms land system;
- enhanced, all-domain, maritime capabilities for sea denial operations and localised sea control;
- a networked expeditionary air operations capability;
- an enhanced, all-domain, integrated air and missile defence capability;
- a joint, expeditionary theatre logistics system with strategic depth and mobility;
- a theatre command and control framework that enables an enhanced *Integrated Force*; and
- a developed network of northern bases to provide a platform for logistics support, denial and deterrence.¹⁵

Each of these capabilities could contribute significantly to meeting Australia's defense challenges. And, as a group, they could also help field a fully integrated force. However, not all these capabilities carry strong deterrence power.

What is needed is a sharper assessment of the investment options that have the potential to stop even a major power in its tracks. Particularly valuable are high-leverage investments that can be revealed in whole or in part prior to any kinetic conflict so as to undermine the opposing leadership's confidence that they can prevail on the battlefield.

Australia has some options that potentially possess strong deterrence leverage, and it should have even more when it plans combined

operations with the United States and its other close allies. This chapter argues that these special capabilities deserve a disproportionate share of investment attention if the country is serious about maximizing its deterrence of serious threats in the period ahead.

7. Develop Australia as the Indo-Pacific Arsenal for National and Allied Needs

Australia has the potential to redevelop and markedly expand its munitions manufacturing and servicing capabilities, not only to provide priority weapons for the Australian Defence Force, but also to contribute significantly to the supply of munitions to US and other partner forces operating in the Indo-Pacific theater.

Australia has been able to manufacture a range of munitions since World War II, including several types of small- and medium-caliber ammunition, artillery rounds, aircraft bombs, a few guided munitions, and a range of special-purpose weapons.¹⁶ Building on this foundation, the Australian government announced in March 2021 the creation of a new and much expanded Guided Weapons and Explosive Ordnance Enterprise with a substantial initial budget.¹⁷ Raytheon Australia and Lockheed Martin Australia were subsequently announced as the initial strategic partners for this program.¹⁸ The intent is to manufacture a suite of advanced munitions starting with coproduction of Guided Multiple Launch Rocket Systems by 2025.19 Regulatory, intellectual property, and other constraints are being removed in Washington, and production of other systems, including some sourced from other partner countries, is expected to follow promptly. Most Australianmanufactured munitions are planned to fully meet allied standards and to be interchangeable with those manufactured in the United States.

This and related military industrial initiatives have the potential to significantly boost the strategic contribution Australia makes to allied operations in the Indo-Pacific. In particular, these investments should add depth to America's hard-pressed munitions production base and substantially boost the resilience and endurance of forward-deployed allied units.²⁰

From Beijing's perspective, accelerated Australian investments in large-scale munition manufacturing will heighten concerns that Washington and its allies are moving rapidly to reinforce their strategic posture in the region and their capabilities to engage with powerful force both at the outset of any major conflict and through its full duration. In combination with other initiatives, this program has the potential to undermine any Chinese view that allied forces would run out of munitions within days. As Australian and allied munition initiatives accelerate, China's leaders will be forced to face the reality that in any major war in the Indo-Pacific, they are unlikely to have an easy or quick path to victory. Launching such a war in the face of this changing strategic outlook will be an increasingly daunting prospect.

8. Accelerate Restructuring of Strategic Supply Chains to Underpin National and Allied Resilience and Endurance

During the first two decades of this century, the United States and its allies drove for greater economic efficiency by exporting many of their materials-processing-and-manufacturing capacities to lower-cost countries—most notably to China.²¹ This process of globalization and sweeping deindustrialization of the West has resulted in America's manufacturing output falling from more than twice that of China in 2004 to only about half that of China in 2020.²² A key consequence is that the United States and its allies lost control of the supply chains of many strategically important products—from steel to pharmaceuticals and machine tools to laptop computers. American and allied governments and businesses voluntarily delivered a substantial strategic advantage to Beijing. In the event of major war, the allies' loss of industrial supremacy could play a key role in determining the side that prevails.

Some important remedial steps have now been taken in Washington and other allied capitals, but many more are needed. The United States, Japan, South Korea, the Netherlands, and a number of other countries have already moved to restrict the transfer of advanced semiconductor and other sensitive technologies to China.²³ The Biden administration has also placed curbs on American investment flows into Chinese

companies seeking leading-edge semiconductors, quantum computing, and artificial intelligence.²⁴ These restrictions will likely be extended further, and additional countries can be expected to enact similar restrictions in coming years.

At the same time, the United States and several of its allies have started to encourage the onshoring and friend-shoring of strategically important supply chains for key raw materials, material processing, priority manufactured goods, and system support capabilities.

In order to coordinate and accelerate these processes, Australia has worked closely with the United States and twelve other countries to establish the Indo-Pacific Economic Framework (IPEF) Supply Chain Agreement that authorizes the creation of a "world class Crisis Response Network." This network is tasked to

facilitate faster collective responses to critical shortages and supply chain disruptions. This will help ensure . . . access to critical goods and reduce market instability. . . . In addition, an IPEF Supply Chains Council will start work on action plans to address vulnerabilities and chokepoints. This will provide a lasting platform to mobilise investment and boost value-adding opportunities for . . . industry in areas such as critical minerals and clean energy technologies, strengthening our economic resilience.²⁵

If these and related initiatives can overcome political resistance in their home countries, they stand to insulate the allies from the threat of supply shocks imposed by Beijing.

Australia has a particularly important role to play because of its abundant reserves of rare earths, lithium, copper, silver, and many other strategic minerals and the country's potential to process these resources economically. With modest international investments, Australia could markedly reduce the allies' current dependence on China for a wide range of priority products. This would be a key step in removing Beijing's effective control of an array of strategic supply chains, and it would help restore the industrial strength and resilience of the allies and their trusted partners. This rapid recovery of the allies would send a strong signal to Beijing that in a major crisis or war, it could no longer expect to have sustained industrial dominance. To the contrary, within a few years it is possible that coordinated action by a range of allied and partner countries could result in China's industrial base stalling and becoming more vulnerable to international pressures.

9. In Close Partnership with Allies, Demonstrate a Next-Generation Ballistic Missile Defense System

One of the key features of China's military forces is its strong and sustained investment in short- and medium-range ballistic and cruise missiles, a large proportion of which are based in China's coastal provinces.²⁶ In the event of a large-scale assault on Taiwan, many of these weapons are likely to be launched against leadership, command and control, and other targets, not only in Taiwan but also potentially against American, Japanese, and other allied bases in the region. The People's Liberation Army's Rocket Force is structured to incapacitate and effectively disarm key Taiwanese and many allied units in the first hours of a kinetic war.²⁷

For Washington and its allies, this large Chinese missile force poses a serious threat but also a strategic opportunity. If the allies could effectively counter this force of ballistic and cruise missiles, Beijing would lose much of its offensive power and be forced to halt most types of offensive operation.

Although the prospect of countering China's theater missile forces might be enticing to the allies, such a "game-changing" advance would be difficult to achieve. Shooting down ballistic missiles is akin to shooting down bullets in flight. Moreover, China's ballistic and cruise missile programs are some of the most active in the world, with several types of hypersonic missiles (i.e., Mach 5+) and other advanced systems currently being introduced into service.²⁸ Nevertheless, this has not dissuaded American, Australian, European, and other allied defense organizations from working intensively to develop capable missile defenses.

Some capabilities to intercept and destroy short-, medium-, and intermediate-range ballistic and cruise missiles are already deployed in the region. They include SM-3 and SM-6 missile systems aboard American ships and SM-3 missiles aboard Japanese ships. Advanced Patriot missile systems are operational in Japan and South Korea, and Terminal High Altitude Area Defense (THAAD) missile defense systems are deployed in South Korea and Guam.²⁹ These systems are useful, but now strong efforts are being made to develop a new generation of advanced ballistic and cruise missile defense systems that promise to be far more cost-effective.³⁰

Modern wide-area ballistic and cruise missile defenses typically include prelaunch detection capabilities, then in-flight tracking and categorization systems that are mostly space based, and, finally, missile or directed-energy interception systems. Australia possesses extensive experience in several of these fields and has been working closely with the United States on hypersonic missile and defensive technologies for decades. There is thus some prospect that Washington and its allies may be able to progress a much more effective missile defense system into advanced development and test in coming years. The demonstration of such a capability, followed rapidly by initial deployments, would undermine China's advantage in theater ballistic and cruise missiles and seriously complicate, if not prevent, any large-scale Chinese military offensives for several decades. If assessed to be practical, this type of development should be prioritized as a "game-changing" deterrent.

10. Threaten to Expose Leadership Corruption

The extreme concentration of political power in China has generated an extreme vulnerability. There have been periodic reports over more than a decade of senior Chinese leaders gaining unexplained wealth and squirreling large sums in "bolt-hole" investments overseas.³¹ If Australian and/or allied researchers were able to verify these stories and gather other evidence of leadership corruption and illegal and/or immoral behavior, they would have produced a powerful deterrent. The

230

public release of this information, or the threat of doing so, may deter international adventurism by the most determined authoritarian leader.

As Grant Newsham and others have argued, the exposure of flagrant corruption by the Chinese Communist Party's most senior leaders is not likely to be tolerated in Beijing for long.³² Were Western researchers, intelligence agencies, or others to signal that they hold such highly incriminating evidence and that they are ready to broadcast it to ethnic Chinese communities globally if Beijing launches an attack on Taiwan, the regime would be forced to recalibrate its tolerance of risk. Regime leaders may conclude that the release of such damaging information to the international community might trigger serious domestic unrest, a revolt, and, potentially, the demise of the Chinese Communist Party regime itself.

This type of deterrence option need not be linked directly to the Australian, American, or any other allied government. But some Australian and American journalists have shown themselves to be dogged pursuers of the truth over the origins of COVID-19, the incarceration of large numbers of Uyghurs and Kazaks in Western China, the suppression of dissent in Tibet, and other sensitive stories. There is certainly potential for Western researchers to uncover deeply incriminating information about the behavior of China's leaders. This material might be a powerful and cost-effective deterrence option for Australian security planners to hold in their arsenal.

Getting the Job Done

In Australia there has long been a gap between official statements on defense strategy on the one hand and the strategic and operational capabilities that are actually delivered on the other. The government's declaration that the nation's security will be driven by deterrence viewed through a lens of denial will be of little account unless it is implemented with sincerity, rigorous analysis, strong discipline, and sustained determination.

There is a great deal at stake. If Australia and its close allies carefully select and then fully develop a powerful set of deterrence options, they should be capable of preventing a Chinese invasion of democratic

Taiwan and a rapid escalation to a major war between China and its supporters on one side and the United States and its allies and partners on the other. This would save the world untold suffering and the probable loss of many thousands of lives. It deserves to be much more than an afterthought. The performance of Australia's entire national security system should be judged in large part on whether powerful deterrence is actually delivered.

Difficult decisions on resource allocations will be necessary. Strong cases can be made for investments in capabilities that have not been mentioned in this chapter. There is an array of new technology opportunities, logic in strengthening the sizes of permanent and reserve forces, a strong case for modernizing and expanding mobilization planning, and obvious needs to strengthen national infrastructure. All these and other possibilities may warrant significant funding. But if the government is to be true to its chosen strategy, all options must be shown to have strong potential to change the mind-set and planning of China's leadership elite.

Whatever deterrence options are chosen, a planning framework of this kind cannot be operationalized without extensive involvement by many government agencies, large parts of industry, and much of the broader Australian community. So for deterrence through denial to be more than a bumper sticker or just a convenient catch-all label for government reports, national leadership must explain openly the international challenges the country faces and the need to take precautionary steps. The hesitancy of successive governments to take the community into their confidence and encourage citizens to work together to build the country's security preparedness is unnecessary and counterproductive. Australians have a track record of responding well to such frankness, taking up the cause and working as a team to reinforce the nation's security. But until government ministers explain the need and the broad framework for action, little of substance will change. The ball is firmly in their court.

232

NOTES

- 1. The first American offset strategy was President Eisenhower's decision in 1953 to deploy tactical nuclear weapons to Europe to counter the Soviet Union's overwhelming conventional military advantage in that theater. The second offset strategy was the US decision to demonstrate Assault Breaker and Follow-on Forces Attack capabilities in the late 1970s and early 1980s that could defeat any attempted Soviet military assault into Western Europe. For further discussion, see Robert Work, "The Third U.S. Offset Strategy and Its Implications for Partners and Allies" speech delivered by the deputy secretary of defense, Washington, DC, January 28, 2015.
- 2. Commonwealth of Australia, 2020 Defence Strategic Update, Department of Defence, Canberra, 2020, 24–25.
- 3. Australian Government, *National Defence: Defence Strategic Review*, Canberra, 2023, 37–40.
- 4. For details, see the table in Ross Babbage, *The Next Major War: Can the US and Its Allies Win against China?* (Amherst, NY: Cambria Press, 2023), 186.
- 5. For further discussion, see Chris Buckley, "The East Is Rising: Xi Maps Out China's Post-Covid Ascent," *New York Times*, March 3, 2021.
- 6. Buckley, "The East Is Rising."
- For details, see Senator Penny Wong, Minister for Foreign Affairs, "Joint Statement on Australia-United States Ministerial Consultations (AUSMIN) 2023," July 29, 2023.
- 8. Wong, "Joint Statement on Australia-United States Ministerial Consultations."
- 9. Wong, "Joint Statement on Australia-United States Ministerial Consultations."
- Wong, "Joint Statement on Australia-United States Ministerial Consultations." See also Charles Edel, "The AUKUS Wager: More Than a Security Pact, the Deal Aims to Transform the Indo-Pacific Order," *Foreign Affairs*, August 4, 2022.
- For further discussion, see Peter Edwards, "Curtin, MacArthur and the "Surrender of Sovereignty": A Historiographical Assessment," *Australian Journal of International Affairs* 55, no. 2, July 2001, 175–85, and Peter Edwards, "From Curtin to Beazley: Labor Leaders and the American Alliance," lecture, John Curtin Prime Ministerial Library, Curtin University, October 2001.
- 12. For details, see Wong, "Joint Statement on Australia-United States Ministerial Consultations."
- 13. Wong, "Joint Statement on Australia-United States Consultations."
- 14. Australian Government, National Defence, 54.
- 15. Australian Government, National Defence, 54-55.
- For details, see Chris Coulthard-Clark, Breaking Free: Transforming Australia's Defence Industry (Kew, Victoria: Australian Scholarly Publishing, 1999), 37–90.

- 17. Hon. Scott Morrison MP, "Morrison Government Accelerates Sovereign Guided Weapons Manufacturing," media release, March 31, 2021.
- 18. Hon. Peter Dutton MP, "Australia Takes Next Step to Delivering Guided Weapons and Explosive Ordnance Enterprise," media release, April 5, 2022.
- 19. For details, see Wong, "Joint Statement on Australia-United States Ministerial Consultations."
- 20. For details on the stresses facing US munitions production, see Mark F. Cancian, *Industrial Mobilization: Assessing Surge Capabilities, Wartime Risk and System Brittleness*, Center for Strategic and International Studies, 2021; Joe Gould, "Lockheed, Aiming to Double Javelin Production, Seeks Supply Chain 'Crank Up," *Defense News*, May 9, 2022; Conrad Crane, "Too Fragile to Fight: Could the U.S. Military Withstand a War of Attrition?," *War on the Rocks*, May 9, 2022; Gordon Lubold, Nancy A. Youssef, and Ben Kesling, "Ukraine War Is Depleting U.S. Ammunition Stockpiles, Sparking Pentagon Concern," *Wall Street Journal*, August 28, 2022.
- 21. These issues are discussed in Babbage, Next Major War, 101-08.
- 22. Babbage, Next Major War, 101-08.
- 23. "US to Expand Semiconductor Export Controls on China," Kyodo News, June 23, 2023.
- 24. Andrew Duehren, "US Bid to Hamper China's Military," *The Australian*, August 10, 2023.
- 25. Senator the Hon. Don Farrell, Minister for Trade and Tourism, "IPEF Supply Chains Agreement—More Resilient Supply Chains for Uncertain Times," joint media release with the Hon. Ed Husic MP, Minister for Industry and Science, Canberra, May 28, 2023. See also US Department of Commerce, "Ministerial Statement for Pillar II of the Indo-Pacific Economic Framework for Prosperity," September 9, 2022, https://www.commerce.gov/sites/default /files/2022-09/Pillar-II-Ministerial-Statement.pdf.
- 26. Office of the Secretary of Defense, *Military and Security Developments Involving the People's Republic of China 2020: Annual Report to Congress*, US Department of Defense, 57.
- 27. These issues are discussed in Babbage, Next Major War, 29-31, 48, 49, 131-39.
- 28. Holmes Liao, "China's Development of Hypersonic Missiles and Thought on Hypersonic Defense," *China Brief*, October 21, 2021.
- 29. For details, see International Institute for Strategic Studies, *The Military Balance* 2023 (Abingdon-on-Thames, UK: Routledge, 2023), 47–49, 259, 268.
- US Department of Defense, "Missile Defense Agency Officials Hold a Press Briefing on President Biden's Fiscal 2024 Missile Defense Budget," March 14, 2023.

- 31. See, for example, Marina Walker Guevara, Gerard Ryle, Alexa Olesen, Mar Cabra, Michael Hudson, Christoph Giesen, Margot Williams, and David Donald, "Leaked Records Reveal Offshore Holdings of China's Elite," International Consortium of Investigative Journalists, January 21, 2014; Celia Hatton, "Panama Papers: How China's Wealth Is Sneaked Abroad," BBC News, April 6, 2016.
- 32. Grant Newsham, "The Way to Take On China Is to Make It Personal," Fox News, August 3, 2023.