THE DEFENCE OF NEW ZEALAND:
THE FORMULATION OF DEFENCE POLICY IN NEW ZEALAND

by

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ABSTRACT

The research examines the processes by which defence policy has been formed in New Zealand and draws links between structure, process and outcome. The structure of the unified Ministry of Defence as it operated between 1970 and 1989 is examined in detail as are the processes by which declaratory policy is formulated and finance allocated to support policy. The effect of restructuring of the central Ministry (to separate the predominantly civilian 'policy setting' area from the uniformed 'operational' area) in 1990 is considered and the conclusion is drawn that types of outcomes will not change significantly as a result of the restructuring.

As part of the research, case studies from a range of issue areas are examined. The broad issue areas used are: policy formulation in times of change, the operational use of the armed forces and equipment procurement. Case studies include the events leading up to the effective demise of ANZUS, the maintenance of troops in South East Asia, decisions to deploy troops in support of foreign policy goals and a variety of equipment decisions. Declared policy and financial allocations to support declared policy are considered side by side with the outcomes revealed by the case studies.

The thesis concludes that the defence policy formulation process is flawed because of the structure of the organisation and the closed nature of the process. The organisation is overly hierarchical with too many decision levels and has not completely adapted to the changing roles which have been required by differing definitions of defence policy. A number of methods of improving processes are suggested.

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The study of the processes involved in the formulation of New Zealand's defence policies has not kept pace with prescriptive and descriptive analysis of those policies. There have been some case studies attempting to explain the background to specific issues, but apart from such studies the only serious analyses of defence policy processes date from the period before New Zealand had a unified Ministry of Defence; that is before 1970.

Since 1970 there have been several major defence policy issues raised and resolved. These have included, but not been limited to, the operation of a unified Ministry of Defence, withdrawal from Vietnam and Singapore, the ANZUS issue and the major changes implied by the Quigley Review of defence resource management. Some of these issues have been appraised; more have not. As often as not such analysis has been couched in normative terms.

We do not, in New Zealand, have any definitive body of published knowledge and thus no systematic understanding of how defence policy is formulated. We are not completely aware who the players are, the processes they follow or the determinants considered most important. We do not understand what degree of internal consistency or coherence is involved in the policy process over a range of issues and, when we consider policy outcomes, we do not have a clear picture of how processes and outcomes interact

This relative lack of academic interest in the formulation of a major area of public policy contrasts sharply, not only with the United States and British experience, but also with that of Australia. In this research the opportunity is taken to examine the relevance to the New Zealand experience of conclusions

drawn from those jurisdictions.

This research then is aimed directly at the processes underlying the specifics of defence policy. The work is based on the assumption that without a knowledge of processes our understanding of outcomes is likely to be seriously flawed. And conversely that such knowledge may be utilised to produce outcomes which are in line with the intentions of the policy makers. That has not always been the case in the past.

The research and writing of this dissertation has taken a number of years. Throughout the various versions of the work my supervisor, Rod Alley, has remained patient and understanding. For that I am grateful. I am also grateful to my other friends who have encouraged me to complete what at times seemed an endless task.

CORRECTIONS

The following typographical errors were not discovered during the
proof reading stage of this thesis:

Page iii   Heading should be PREFATORY
Page 4   Line 10 'one' should be 'One'
Page 21   Line 7 'looses' should be 'loses'
Page 34   Line 13 'Clark' should be 'Clarke'
Page 58   Line 27 'that' should be 'then'
Page 60   Line 12 insert 'pursued' after 'not'
Page 69   Line 29 'rationale' should be 'rationales'
Page 74   Line 21 'to' should be 'too'
Page 114   Line 21 'ossfication' should be 'ossification'
Page 128   Line 7 'compete' should be 'competes'
Page 154   Line 26 'although' should be 'Although'
Page 165   Line 25 insert 'as' after 'used'
Page 184   Line 20 'they' should be 'They'
Page 190   Line 24 'lead' should be 'led'
Page 202   Line 4 'immeidate' should be 'immediate'
Page 232   Line 26 'liaiason' should be 'liaison'
Page 245   Line 22 'principal' should be 'principle'
Page 253   Line 13 'where' should be 'were'
Page 257   Line 11 'lead' should be 'led'
Page 273   Line 1 'political' should be 'politically'
Page 311   Line 32 'Luttwark' should be 'Luttwak'
Page 313   Footnote 1 should read 'D.J.Filer, The New Zealand
                Armed Services: Their Development in Relation to
                Defence Policy 1946-72, MA Thesis, University of
                Canterbury, 1972.
Page 314   Footnote 15 'kingdom' should be 'Kingdom'
Page 348   Footnote 14 'it' should be 'its'
Page 372   Line 31 'Luttwark' should be 'Luttwak'

ABBREVIATIONS AND ACRONYMS USED IN THE TEXT

ABCA	Australia, Britain,Canada and America
ACDS	Assistant Chief of Defence Staff
AMDA	Anglo-Malayan Defence Agreement
ANZAC	Australian and New Zealand Army Corps (now used as shorthand for the general Australian/ New Zealand relationship).
ANZAM	Australia, New Zealand and Malaya
ANZCC	Australian New Zealand Consultative Committee
ANZDPG	Australian New Zealand Defence Planning Group
ANZUS	Australia, New Zealand, United States
AS	Australia, Assistant Secretary
ASEAN	Association of South East Asian Nations
CAS	Chief of Air Staff
CCD	Cabinet Committee on Defence
CDF	Chief of Defence Force
CDS	Chief of Defence Staff
Cdr	Commander
CEP	Capital Equpment Plan
CERSC	Cabinet External Relations and Security Committee
CGS	Chief of General Staff
CM	Cabinet Minute
CNS	Chief of Naval Staff
CofS	Chiefs of Staff
Col	Colonel
COSC	Chiefs of Staff Committee
DA	Defence Act
DC	Defence Council
DCDS	Deputy Chief of Defence Staff
Dep Sec Def	Deputy Secretary of Defence
DESC	Domestic and External Security Committee
Def	Defence
DFDC	Defence Force Development Committee
DDI	Directorate of Defence Intelligence
DM	Defence Manual
DRP	Director/ate of Resource Policy
DXC	Defence Executive Committee
EDP	Electronic Data Processing
FFG	Guided Missile Frigate
FPDA	Five Power Defence Arrangements
GCSB	Government Communications Security Bureau
GDP	Gross Domestic Product
Govt	Government
Gp Capt	Group Captain
HMAS	Her Majesty's Australian Ship
HMNZS	Her Majesty's New Zealand Ship
Hon	Honourable

Lt Col	Lieutenant Colonel
MAP	Mutual Assistance Programme
MBC	Management and Budget Committee
MERT	Ministry of External Relations and Trade
MFA	Ministry of Foreign Affairs
MOD	Ministry of Defence
MP	Member of Parliament
NZ	New Zealand
NZDF	New Zealand Defence Forces
NZERR	New Zealand External Relations Review
NZFAR	New Zealand Foreign Affairs Review
NZFORSEA	New Zealand Force South East Asia
NZPD	New Zealand Parliamentary Debates
ODC	Operations and Development Committee
P	Policy
PM	Prime Minister
Pol	Policy
PSC	Public Service Commission
RNZAF	Royal New Zealand Air Force
RNZIR	Royal New Zealand Infantry Regiment
RNZN	Royal New Zealand Navy
RPDC	Resource Policy Development Committee
RSA	Returned Services Association
Rt Hon	Right Honourable
SEATO	South East Asian Treaty Organisation
Sec Def	Secretary of Defence
US	United States (of America)
USS	United States Ship
Ty	Treasury
UN	United Nations
WW II	World War Two

Chapter 1

INTRODUCTION

Debate in New Zealand on wide issues of defence policy seems to rely on unspoken assumptions that policy is formed either by osmosis, 'it happens', or by some form of close (if, in the opinion of the commentator, misguided) examination of the issues, which may subsequently lead to a solution. Policy outcomes are scrutinised closely; but the methods used to achieve the results normally get no more that a cursory glance. Of course reality is not simple and it is often easier to examine concrete outcomes than the sometimes tortuous processes used to derive the outcomes.

But the factors involved in any policy issue are many and varied and, as with so many endeavours, competing interests force policy into shapes undreamed of by the protagonists. Policy outcomes do not just occur and nor are they necessarily the result of cool, objective analysis of clear factors with a rational result as the endpoint. The aim of this research is to explain the formulation of defence policy in New Zealand in terms of the processes used rather than the results achieved.

The focus of this research then is the process used to reach policy decisions rather than any examination of the outcomes in their own right. This does not mean, however, that the impact of previous outcomes is neglected. They are obviously a factor in the policy process and they will be examined as such, but in this study they are not the primary focus of our interest. Similarly, implementation of policy decisions often leads to results at variance from the intention of the decision makers; indeed it is a truism that outcomes are the

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sum of both formulation and implementation. Here the implementation process will be considered where relevant but it is not the primary focus of the study.

As part of the research, cases will be examined and some conclusions may be drawn about the appropriateness or otherwise of some of the processes described. It would be a mistake though to then attempt to draw any wider conclusions about the intrinsic merits of the policy and its applicability to the situation of the time. To draw proper conclusions about the policy itself a wider range of factors than those considered in this study would have to be examined in detail.

Such an examination is not conducted here. This study provides an overview of the whole defence policy making field in New Zealand, with some varied case studies used to give depth and colour to the study. At most, these cases will provide scholars researching aspects of the 'quality' of New Zealand's defence policies some detailed knowledge of the processes, actors and factors considered during the selection or rejection of a particular policy proposal. A scholar would then need to integrate that data with wider information relating to the security situation of the day, the options open to the government (whether considered or otherwise) and the relevant economic considerations, before valid generalisations or conclusions about defence policy overall could be attempted.

The study is explanatory rather than prescriptive. We do not set out to improve the policy making process (although some limited suggestions for change are made later). Rather we are attempting to understand it and to fill some *lacunae* in the literature. Also, the study is concerned only with the period from 1970 to 1989; the period for which New Zealand has had a fully unified Ministry of Defence. If we widened the time scale, for instance to include the

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whole period since the end of the Second World War, we would be examining processes against a variety of organisational settings, none of them now relevant to more current situations. We would then be in danger of drawing deductions about defence policy processes which are of some interest historically but of less value in attempting to understand the modern policy context.

Similarly we do not attempt to set defence policy and the armed forces into any kind of context within society. Such a study would need to focus on wider questions such as the role of the armed forces, the type of forces which exist, whether they are appropriate and how they shape and are shaped by the parent society. These are important questions (which also have not been investigated in New Zealand) but they belong to a different study. In this study such questions are ignored. Defence policy, the fact of the armed forces and the existence of a 'military sphere' within the wider society are treated as a given. We are concerned with how this is translated into the outcomes; the force structure and the deployments which are the visible face of policy decisions.

From 1989, as a result of a major review of defence resource management, the central defence structure has been split between a predominananantly civilian sector and a predominantly military one with, in theory, the civilian sector being responsible for broad policy and effectiveness auditing and the military being responsible for the conduct of operations to effect policy decisions. That split provides a logical end point for this research. We shall attempt to provide some assessment of the effect of that split on the policy process. Its implications for the conclusions drawn in this research will also be considered. This recent split is different in kind from that between pre and post 1970. From 1989 we will still have a centralised system, and for those elements outside and

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subordinate to the central bureaucracy there will appear to be little change either in process or in output. For that reason the study of system and process from 1970 to 1989 will be of continuing relevance to the student of defence policy formulation in the future.

Structure of the Study

The dissertation is presented in ten chapters grouped in four broad parts. Part One introduces the topic. It is theoretical, especially in this first chapter, and provides the intellectual foundation for the remainder of the study. Chapter One is an overview of and background to the research and a summary of the methodologies employed. In Chapter one there is also a discussion of process and outcome where various models are discussed as we attempt to arrive at the most suitable approach for research into the operations of public agencies in general and those dealing with the formulation of defence policy in particular. As well, the sources used in the research are indicated.

The second chapter moves from a conceptual to a more specific focus and gives an historical overview of New Zealand's defence policies since World War II. The purpose of Chapter Two is to provide an historical dimension to those defence policy issues subsequently discussed. The final chapter in Part One deals with the recently presented Quigley Report on defence management. Although it is too early to identify in detail the extent to which the report will alter the conclusions drawn here, it is still possible to examine the recommendations and draw some tentative conclusions from them. Necessarily, these findings will be affected to a large extent by the degree to which the report is implemented.

Part Two of the dissertation deals with formal structure and processes. In Chapter Four we examine the environment of defence policy making. The various

governmental and non-governmental actors are identified and their formal roles in the policy processes are explained. Information flows to and between the actors will be discussed, as will the other methods by which the actors maintain surveillance on the world. An understanding of information flows and sources is central to an understanding of policy processes, which in turn is indispensable for any understanding of policy outcomes. Chapter Four sets the scene for the rest of the dissertation; it explains the institutional framework in which defence policy is set.

The remaining two chapters in Part Two deal with the two major areas of defence policy production. The first is the formal determination of declared defence policy, the Defence Review. The second is the means by which declared policy is given the resources necessary for its implementation; the budgetary process. These two areas of defence policy formulation are the basis on which later examination of case studies will be founded.

Part Three of the dissertation deals with case studies. In three chapters we shall examine a range of cases, systematically grouped according to the type of issue area they represent. We shall attempt to determine if there are consistent approaches to the formulation of policy within and between issue areas.

The final part is the Conclusion. It draws the threads of the research together and establishes the consistencies and the inconsistencies of New Zealand's defence policy formulation system. In the conclusion we attempt to explain gaps and inconsistencies in the processes and attempt to form some judgement as to whether the New Zealand system for defence policy formulation is unique or whether it can be related to that of any other jurisdiction. It will

also be possible to determine whether the kinds of processes used to formulate policy have any bearing on the policy outcomes finally achieved.

By the end of the research the broad structure of the defence policy making process will have been mapped. We will have examined sufficient case studies spread over a range of areas to allow, with confidence, judgements derived here to be used in other analytical work dealing with the formulation of New Zealand's defence policies.

What is Policy

Policy as a concept necessarily has a variety of meanings manifest in context and interpretation. Deutsch describes it as 'an explicit set of preferences and plans drawn up in order to make the outcome of a series of future decisions more nearly predictable and consistent'.[1] Similarly Anderson: 'a purposive course of action followed by an actor or set of actors dealing with a problem or matter of concern'.[2] Others emphasise distributive aspects: '...conscious allocation of resources...according to explicit priorities'.[3] And still others define policy in terms which are less than purposeful: 'a series of decisions which taken together comprise a more or less common understanding of what policy is',[4] and: 'the sum of a congeries of only vaguely related or even entirely separate actions'.[5]

These illustrations represent just a selection of approaches to defining the nature of 'policy'.[6] There is no apparent reason, in terms of subject matter or jurisdiction, for the variations. For Dillon: 'any definition of policy reflects the author's view about how the collectivity for which it is formulated is organised, functions and makes choices'.[7] We may reasonably assert then, that no matter what definition is used it seems clear that policy formulation

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includes both decisions and actions and relates to the methods used by which intentions are translated from ideas and preferences to outcomes.

As a branch of public policy, defence policy does not stand alone. It has close relationships with both foreign and domestic policies. The deployment of troops, the purchase of equipment, who the troops train with and what they train for are all statements of foreign policy as much as they are of defence policy. Similarly, defence policies will have a great impact on domestic policies. Expenditure for military purposes is expenditure foregone for domestic purposes and this is likely to be a cause of political controversy as special interest groups attempt to divert resources for their own uses. Interest groups also bring defence policy into the domestic arena as they attempt to achieve one type of defence output at the expense of another. This is seen most clearly in the United States, but has also been a feature of New Zealand domestic politics at different times; most recently with attempts to divert the role of the Navy from that of having a Pacific wide capability to having a local resource-protection role only.

Defence policy then will have characteristics of both foreign and domestic policies. But it can be categorised as neither, for the factors which influence specifically foreign and specifically domestic issues can not be applied directly to the defence policy arena. Clearly defence policy straddles the boundary between foreign and domestic policies but has important properties of its own.

Unless we can reach an understanding of the specific nature of defence policy we will be in some danger of falling between two stools as we conduct our analysis. On the one hand we may commit the error of mistaking foreign policy

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actions which involve the use of military force as defence policy *per se*, and then discursively analysing various broad foreign policy behaviours as defence policy. Alternatively we may fall into the trap of becoming too involved in the detail of those internal processes which influence defence policies. We may for example become engrossed in the various details of public expenditure practices and be unduly sidetracked into analysis of the relationship between defence expenditure and other forms of public expenditure in the belief that we are examining defence policy as a complete issue.

These are areas of considerable interest and indeed are examined in some detail in later chapters. But although important they are at the expense of perspective and thus they are not the complete answer to the question 'what is defence policy?'

The Attributes of Defence Policy

Generally we know what we mean when we talk of defence policy. We intuitively include policies relating to the establishment, equipping, training and possible use of the armed forces by or on behalf of the state. But this outwardly simple categorisation begs as many questions as it answers. Does defence policy include, for example, the use of the armed forces in a search and rescue role? Does it include the policies within the armed forces for the conditions of service under which the servicemen and women are employed? Does it include the provision of humanitarian assistance in response to a natural disaster, either at home or overseas?

It may include all of these but the suspicion is that although they are important, and the military may spend much time and resources in conducting studies and operations in these areas, they miss the central point of what the

armed forces are for in terms of a wider defence policy. That is, to be prepared
to conduct military operations on behalf of the state in pursuit of external
goals.[8] The other types of armed force activity may better be seen as the
policies of the defence forces themselves rather than the defence policies of
the state[9].

Some additional clues are given in the literature. Downey writes of
defence policy as being:[10]

> essentially a reconciliation of three sets of factors-how the
> nation assesses threats to its security or its policies, to
> what extent it sees a military response as necessary and
> justified, and third, what manpower, equipment and military
> organisation can be provided with the money and other resources
> allocated

Downey has introduced the concept of threat and hence of national
security.[11] Other scholars regard the allocation of resources as the core
defence policy issue. Harries-Jenkins states that defence policies are based on
perceptions of need, cost and choice.[12] Kolodziej, in turn, describes military
policy as being the 'use, threat and control of organised violence by states and
elites to affect and control the internal and external environment',[13] with one
desired outcome being, amongst others, defence.[14]

All of these definitions implicitly or explicitly recognise the role of
the state. The state provides the means of mobilising resources, establishes
bureaucratic structures (required to administer and deploy large forces),
provides funding for high technology equipment and, most importantly, oversees
the increasing professionalisation of the armed forces, (a necessary adjunct of
bureaucratic control and political purpose).[15] These aspects of state behaviour
form the infrastructure against which defence policy is formed and they provide
a continuing backdrop to any analysis of defence policy. Even though the

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policies of the state may change the form of this infrastructure, it will continue to exist and may therefore be analysed.

Huntington argues that examination of concepts such as security, threat and control of the environment is essentially mis-directed. His thesis is that although these operational issues (of policy) are the focus of public debate, the real issue relates to the institutional framework which establishes the nature of decisions.[16] The important questions are about who gets access to the decision centres, who wields influence and what factors determine the way decisions are made. Huntington is arguing that the decision structures will directly influence the type of decision which is made and thus that the important first step is to ensure that scholars are aware of the type and role of the structures which are in place to make and advise on defence policy issues.

In summarising the work of researchers in this field, we may safely conclude that although the core security objectives of the state must be included in any study of defence policy, at the same time we must also be aware of the perhaps hidden determinants of policy. As part of the research, we must draw out the structures and the processes to determine whether they influence policy outcomes and, if so, in what ways and to what extent.

A Definition

For the purposes of this research defence policy will be defined as:

> The sum of those decisions, practices and outcomes which define the posture of the defence forces in their relations with the external world as they act to achieve stated defence objectives and to maintain the military security of the state

Defence policy thus includes both declaratory policy, in the form of stated defence objectives, and related actions which may or may not be directed at a stated policy aim. It is often through actions and their outcomes, rather than through statements, that defence policies may be determined.

The policy definition takes into account the recognition that defence policy is an aspect of the security of the state but it does not attempt to define national security in purely military terms. The scope of defence policy is outward looking and is thus quite clearly related to the foreign policy of the state. Indeed defence decisions can do as much to shape foreign policy as can foreign policy decisions shape defence policies.

At the same time, the decisions which establish defence policies are taken by policy makers operating in an internal environment in which resources have to be allocated, competed for and traded off against other demands.[17] Defence policy will thus be formulated with some concept, in peacetime at least, of the allowable cost that society will bear, or that politicians are prepared to defend, in the pursuit of those policies. It is this consideration, of perceived cost against benefit, that lies at the heart of the debate over defence policy and its formulation.

Policy Models

In this research we are attempting to describe a particular reality and draw some conclusions about its nature. To assist us it is sometimes useful to construct models of that reality. Models reduce the complexity of organisation or process to a manageable level of simplicity such that our understanding of the system may be materially assisted. From that initial understanding we can

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then add to the basic model such accretions of the real world as may be necessary to widen our understanding of that world.

The merit of clarifying initial thoughts about reality in this way is that it helps to determine what is considered important conceptually before cases are examined. When cases are examined variations from the model may be considered in the light of whether the variations are caused by omissions from the model or whether the reality being examined is to some extent *sui generis* and thus allowances must be made when general theories are being considered.

A simple policy process model is described by Agger.[18] The model describes the process of producing policy as having seven linear steps:

    Policy formulation
    Policy deliberation
    Organisation of policy support
    Authoritative consideration
    Decisional outcome
    Promulgation of outcome
    Policy effectuation

This kind of model is sensible, but in its simplicity it has obvious shortcomings. It gives no place to the role of preference for example and it does not take account of the possibility of negotiated outcomes. It assumes complete rationality, which does not necessarily occur in the real world, and it does not make allowance for a process in which, perhaps for reasons of speed or secrecy, steps are omitted.

This does not necessarily invalidate the model for all purposes. But it does raise a warning to the researcher to be aware of the cases in which the model may not be valid, and it allows the researcher to adapt the model or prepare another to explain those cases in which policy is formed by an alternative method. This process of adaptation and amendment will tend to be

continuous as the processes are studied in greater detail and the model is drawn closer to reality.

There are a variety of other models, of varying complexity, proposed for the study of the public policy process. Although some authorities discuss multiple model systems, describing in some detail minor variations in the decision process, this approach is less satisfactory for our purposes.[19] The problem here is that the model will tend to become an end in itself as we attempt to ascribe process to the correct model rather than a means to the end of attempting to understand the processes.

Allison, in his studies of the 1962 Cuban missile crisis and the United States response to it, describes three basic models for the analysis of policy.[20] Model 1 is described as a 'rational unitary actor' model with the state as a purposive actor maximising value from the available alternatives. For Model 2 Allison describes an 'organisational process' model in which policy outputs are seen as as incremental results of government organisations acting according to routine procedures and with policy and strategy changing only slowly. Model 3 is described as a 'bureaucratic politics' model in which outputs are the result of bargaining between institutional actors acting according to their own self interest rather than according to any form of higher goal.

Allison is using a situation of 'crisis management' within the US system for his case study and his models may not be directly transferrable to more routine decision situations or to other political jurisdictions. Other authorities criticise these models as being too limited and unable to explain certain important relationships, for example that between the President and his

Secretary of State.[21] Still others propose alternative models which they believe will aid our understanding of the policy process more effectively.[22]

No matter how many alternative model types are postulated all authorities seem to accept that there is a case, (if only to demolish it), for describing a variant of two basic types of model. The first is a version of Allison's rational model. Steinbruner describes the rational paradigm of policy decision process as providing a basic framework for interpreting evidence.[23] Anderson in turn describes the rational model as involving competing choices with goals identified as the first step and with the aim being to solve the problem.[24] In Steinbruner's words 'decisions will be taken which maximise value given the constraints of the situation'.[25]

The second common model discussed in the literature is most commonly described as the 'bureaucratic' model. This model again described initially by Allison is one in which the interests of the organisation are considered by policy elites to be of equal or greater importance than any wider interest related to the specific problem under review. Halperin, writing on the US system, describes bureaucratic politics in terms of processes leading to policy:[26]

> The decisions and actions of government result from the interplay among executive and legislative organisations, public and private interests and of course personalities. This interplay becomes a determinant of foreign policy no less than events at home and abroad...
>
> Participation in the decision process does not occur at random. There are numerous written and unwritten rules governing how an issue may enter the system, who can become involved, who must be consulted etc...an unwritten code of ethics determines how a participant must relate to others in the bureaucracy. This code is constantly evolving.

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Both of these model types have their critics. Of the rational model Anderson states that the information processing capabilities (of any system) are rated too highly and the model neglects social interactions which occur between actors.[27] Lindblom in his study of rational as opposed to limited rational (or incremental) methods of policy formulation concludes that policy formulation is normally incremental rather than means/end rational. Lindblom coined the phrase 'muddling through' to characterise the system in which policy makers choose limited goals, take into account relatively few factors, use compromise between alternatives and make many small steps to achieve desired outcomes.[28] Later Lindblom describes the choice between scientific analysis and any other form of strategic analysis as being the choice simply between 'ill considered, often accidental incompleteness on the one hand and deliberate, designed incompleteness on the other.'[29]

Criticisms of the bureaucratic model include those of Beard ('the bureaucratic politics model narrowly defined can not be correct') who comments that case studies used are most often idiosyncratic in nature, involving crises, at high level and spread over short periods of time.[30] Haffner notes that bureaucratic theory fails to differentiate between organisational interest and organisational function.[31]

The literature relating to the New Zealand system reflects alternative views of these models. Throughout the literature discussion revolves around either the role and interests of the bureaucracy or else the role of the political elite, (normally Cabinet collectively or the Prime Minister individually), in decision making.[32] In those few cases where other actors are discussed they are generally dismissed as being at best one influence amongst

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many and at worst irrelevant.[33] Very little of the literature attempts to go beyond a descriptive discussion of the roles of the various actors.

In our study of defence policy processes we have two practical choices. We can concentrate on the directions issued by the executive, and follow the trail of direction to implementation in case studies, or we can attempt to widen the study to assess the influence that the bureaucracy casts as it advises the executive and as it implements government direction.

The first approach has the advantage of simplicity, cause and effect are apparently clearly defined and can be identified and described. But a problem occurs when we attempt to explain why actual outcomes, after implementation, do not correspond with intended outcomes at the time political direction was given. If we intend to attempt to explain, rather than merely describe, the policy processes we need to look further than at just the decisions and directions given by the executive. We need to take account of the actions of the other major player; the bureaucracy.

In New Zealand, as in other complex societies, government decisions are translated into action by a complex of administrative procedures controlled by the Departments of State. The bureaucracy is involved at most stages of the policy process, the only stage that it is not directly involved being the formal deliberations of the Cabinet.[34] For this reason alone we need to consider the operations of the bureaucracy in our study of processes. Another reason, if reason is needed, is because of the size of the Ministry of Defence and the fact that in New Zealand it has a virtual monopoly on technical expertise relating to the employment of the armed forces.

For the purposes of this research we will generally follow Garnett:[35]

> The fact that decisions are often made by bureaucratic organisations means that policy inevitably reflects the habits, procedures and perspectives of those organisations. So pervasive is this limitation that it affects not only the policies that emerge, but even the way in which problems are formulated in the first place...

This does not mean that we are adopting, as a given, the kind of bureaucratic model of competing players described by Allison. Rather, it is an acceptance that the bureaucracy is an always important sometimes predominant component of the policy process. In our consideration of policy issues we will attempt to integrate the actions, motives and procedures of all players to produce a model which closely describes reality.

Approaches to Defence Policy

Models specifically related to defence policy have been produced. Perhaps the most relevant for our purposes is described by Hugh Smith. In his study of Australian defence policy, Smith presents three approaches to (the provision of) defence which will produce certain types of outcome. These are efficiency, overseas examples and rationalism.[36]

The efficiency approach focuses on the inherent capabilities of the armed forces. The criterion by which quality is measured is the capacity to win in combat against any likely or perceived enemy. Typically defence policy will be aimed at equipment acquisition and organisation and at 'scientific management' of personnel all with the aim of maximising the 'effectiveness' of the armed forces. Many of these aspects are of course important for a defence organisation (indeed any organisation) but they need to be balanced with sound strategies and effective defence relationships with other states.

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The second approach described by Smith, 'overseas examples', centres on the armed forces of other, admired, countries which are used as models. Innovations and developments in those countries are observed and closely emulated. The extreme example of this approach is where a client state adopts completely the organisation, culture and equipment of the role model regardless of need or circumstances. For a small country it is to some extent inevitable. Techniques and technology tend to flow from the large to the small, from the rich to the less rich. But when the orientation becomes obsessive there are dangers. If there is an automatic assumption that because the United States has a piece of equipment then New Zealand needs it also, then the danger is that completely irrelevant equipment will be acquired to satisfy that assumption. Balanced defence outcomes require that proper analysis of needs is undertaken before equipment is purchased or organisational solutions adopted.

Finally, rationalism as an approach attempts to relate specific means to given ends. Policy is reduced to a paper exercise in which threats are identified and quantified and a force constructed to counter those threats. An element of this approach is obviously necessary as part of defence policy. There must be an attempt to set the possible tasks for a force against its organisation and equipment. But an absolute reliance upon it must fall down because ultimately it relies on quantitative judgements about the real world and consequent quantitative attempts to establish policy options, all in an arena in which quantitative analysis is limited by such imponderables as skill and morale and in which judgements as to the political ability to bear costs are continually being made. Eventually, with this approach, judgements will be seen to be not precise, the real world does not behave predictably, and the policies will have to be readjusted to take account of wider factors.

To these three types of approach there seem to be opportunities to add at least two more which we may call 'compromise' and 'irrational'. Compromise seems to be the type of policy approach which may occur as a result of bureaucratic processes. It would be characterised as an approach which ensures outcomes that all parties can accept (and even be happy with) because an undesirable alternative has been forestalled, yet which leaves the parties vaguely dissatisfied because they have not achieved any specific goal. This type of approach would seem to be most likely in periods of peace or low tension when the armed forces have to compete for resources against other domestic priorities and the needs of the armed forces are considered the same in kind to domestic needs.

Irrational defence approaches are those which have no relationship to national security policy at all and would be adopted for reasons other than national security ones. The use of military forces, as a matter of policy, in aid to the civil power tasks in routine circumstances (such as assisting with the annual harvest) may in some cases be seen as an example of an irrational approach to defence policy.

As we examine cases in later chapters we will assess the type of approach to the provision of defence being followed.

Research Methodology

There are many different approaches which may be used in the analysis of policy. We have discussed some different models and other focuses of attention are described in the literature.[37]

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The literature on theoretical approaches to the study of policy provides a number of alternative methodologies which may be used as a tool for analysis. The two main alternatives may be broadly characterised as 'scientific' or as 'intuitive'.[38]

The scientific approach has been described as an American centred behaviouralist approach.[39] The main research process involves a reliance on quantitative data and empirical results. The aim is to deduce relationships between variables which will allow future political and policy behaviours to be predicted as a result of previously drawn conclusions. This is achieved by collating statistical data so that comparisons may be made, formal hypotheses tested and conclusions extrapolated. The behaviouralists are generally concerned with the lack of specification of the behaviour outcomes being examined by other approaches.[40]

The proponents of the contrasting intuitive approach describe themselves as traditional or classical in their methods. They argue that to attempt to be 'scientific' in the field of human organisation is futile. There are, they believe, too many variables in the production of policy and that policy is made by humans who are intrinsically inconsistent and individualistic. As such, individual preferences and values will inevitably colour behaviour over policy. This means that attempting to derive settled criteria for the evaluation or comparison of policy processes is, if not impossible, then so difficult as to be unrealistic. This school does not however reject system. Indeed systematic evaluation of differing policy approaches lies at the heart of the approach. Theories must be stated, hypotheses tested and the theory either accepted, modified or rejected.[41]

The traditional theorists make the point that, although with the scientific method understanding does lead to prediction in the physical sciences, it is possible to understand the determinants of previous behaviours in social science fields (such as policy analysis) without necessarily being able to predict behaviours in the future.[42] A general conclusion is pronounced by Bull who argues that by rejecting judgement and perception the scientific approach looses a major part of the basis of international relations - the moral dimension.[43] Defence policies do of course make up a significant portion of the field of international relations and that judgement may perhaps be applied to the study of defence policy.

A summary of the differences between these schools was made by Haas and Becker writing of the period in the late 1960s when the controversy was at its height. They concluded that 'where the traditionalists rely on intuition, perception and judgement the behaviouralist prefers to test for statistical correlation to determine whether behaviour is coincidental or otherwise'.[44] More recent scholars are less concerned with discovering great differences between various schools of research and Dunn has concluded that 'the study of international relations is entering a new phase...the present position is one of ferment and transition marked by pluralism in values, methods, techniques'.[45]

Dunn's conclusion, so far as it goes, is common sense. There is clearly room for a variety of approaches within the discipline. For this research a systematic approach rather than the scientific has been chosen as the preferred methodology for this research. This is for several reasons. The first is that in any case there is a paucity of quantitative data available in New Zealand of a kind suitable for a research project of this kind. Indeed, it is noteworthy that

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even in the United States research projects using quantitative methods tend to concentrate on the outcomes of policy rather than on the processes.

Secondly my own inclinations lead me to the belief that, although we should attempt to understand the actions of our policy makers and we should be aware of the determinants which affect their actions, we are unlikely, on the basis of some form of quantitative conclusion, either to be able to predict their future actions with any degree of certainty, or to derive any universal relationships between the various determinants which make up defence policy outcomes. The statistical data available on state behaviour does not yet allow us to ascribe, with any confidence, a type of behaviour to a specific factor. There seems therefore little point attempting to research a relatively restricted area, the outcome of which is most likely foredoomed. Our primary task is to explain what exists and why that matters for policy outcomes.

Roherty proposes one system for examining defence communities.[46] His method is to gather systematically information on each community in terms of actors, channels, constraints and outputs. This is a useful approach but appears to suffer from two problems. There is no examination of inputs, other than of the actors involved in the processes, and thus conclusions drawn will tend to miss at least one important part of the defence policy process; that is resource allocation. The second criticism relates to the examination of outputs as part of the general study of the policy process. It would seem more logical for our purposes to study the processes of formulation and then the process of implementation which leads to types of outputs and eventual outcomes.

Keeping these points in mind, it is intended to examine the New Zealand processes using a common system of determining the actors involved, the inputs,

the channels used, the implementation process and the constraints which appear during the operation of the system. Outcomes will then be examined in light of these factors.

Comparative Defence Policies

The most cursory examination of defence policy formulation, even if restricted to those democracies which share similar political attributes and philosophies, reveals that defence policies are produced by a variety of methods. The factors considered, the relevant actors and their relationships and even the importance given to the issue are all treated quite differently in different political jurisdictions. This is true whether the Western European democracies are being compared with each other or whether they are being compared with the United States or Canada.

Despite this, there is some value in attempting to gain an understanding of the workings of New Zealand's defence policy processes from an examination of the processes used by other countries. This is so because, at the least, the questions which have to be faced in the production of a defence policy are broadly similar.

As well, an examination of the processes of other states, insofar as they can be deduced in a paper of this kind, may reveal insights, if not answers, which will be missed by restricting the research purely to the New Zealand jurisdiction. Proper use of comparative examples will allow us to compare New Zealand with other jurisdictions for answers to the problems of whether policy is 'rational goal setting and attainment', or is 'muddling through; a series of bargained outcomes'. By discovering how policy makers in other countries have coped we may be able to make deductions both about the New Zealand processes and

also about the generality or otherwise of defence policy processes and the value of using examples from other areas.

A further reason for using comparative examples is to some extent provided by Gresham.[47] In an early study of New Zealand's overseas linkages he discovered that Defence is very strongly influenced, in policy formulation matters, by overseas linkages. And in a reversal of the process, that Defence also tries to influence its overseas counterparts in policy matters. From this we may take as a working assumption that the strong reciprocal influence may lead to similarity of solution or structure to achieve policy ends.

Comparative studies are seen by many scholars not only as being of value in their own right but, more strongly, as being the only valid method for conducting policy analysis; certainly in the field of foreign policy. McGowan states that 'the central aim of scientific enquiry in foreign policy is to explain observed relationships between variables. Comparative analysis makes it possible to accomplish this task'.[48]

This comparative approach was a necessary offshoot of the scientific approach to the analysis of policy, as students of foreign policy found that their research methods were unable to provide knowledge in a form which was able to be applied irrespective of time, place and observer.[49] Hermann and East reinforce the preference for comparative studies 'simplistic explanations are not likely'.[50] Although these comments are aimed at the study of foreign policy behaviours, they would seem to have direct relevance at least to these areas of defence policy which are directed at 'relations with the external world'.

There are a number of authorities who have advocated a comparative approach specifically for the analysis of defence policies.[51] But most of the defence policy literature concentrates on the procedures used within a single country. And even when some form of comparison is attempted it is often at the level of the anecdotal rather than the more scientific approach advocated by Roherty and others.[52]

This single case, or country study approach, is not necessarily inferior to the comparative and scientific methods. In research where there is no desire to do more than elicit the processes of a single state rather than to make broad generalisations about defence policies, the less ambitious approach may be all that is necessary. But it would seem to be self evident that to some extent the experiences of other jurisdictions should not be ignored completely. At the least they should be examined and only then discarded if found to be not relevant to the research task at hand.

If this approach is accepted, then the question of which examples to use is raised. There is presumably more value for us in attempting to compare the New Zealand process with the British rather than with the Soviet Union. But with some other jurisdictions the question is not so clear cut. Is there, for example, clearly more or less value in comparing New Zealand processes with Britain rather than with Australia; or is each of equal value?

Any attempt to select appropriate countries to use for comparative purposes must keep a number of points in mind. For valid comparisons to be made the political system should be broadly similar and the closer the system possibly the more valid the comparisons. Thus at one level any Western liberal pluralist democracy has a similar political system when compared with the states

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of Eastern Europe. But there are big differences between the Western democracies. New Zealand has a very centralised system of government, more like that of the UK or the Nordic states than the federal systems of the US, Australia or Canada, which in turn differ considerably with each other.

On the other hand the political cultures of the Nordic countries have little in common with New Zealand when the latter is compared with Australia and to a lesser extent the US and Canada. Other factors to take into consideration include geography as well as size. If geography is to be the main determinant then Australia is the starting point for comparisons. If size then perhaps once again the Nordic countries or even the Republic of Ireland.

There is obviously no simple solution which will allow any one country to be selected as the only valid model for comparison with another. Indeed, for fully effective comparisons, a range of countries would seem to be more rather than less desirable. In practice, depending on the policy area under consideration, different countries may be chosen, to draw out from their procedures examples which can help to illuminate the New Zealand experience. It must also be kept in mind that comparisons can only be drawn if the case studies are available in the literature. Generally the US and UK dominate the literature with Australia leading the rest of those countries which can possibly be of relevance to the New Zealand situation.

A number of countries may be selected empirically and intuitively as being appropriate for comparison with New Zealand. Different choices will have varying advantages and disadvantages. Selection of a British example may be better than a US one for the same topic because New Zealand, on that type of procedure, is more closely allied with the British model. But similarly the British model may

be less valid than the Australian for the same reason. It must be kept in mind that the aim throughout is to attempt to illuminate the New Zealand experience rather than to increase the body of knowledge relating to comparative defence policy processes.

The closest country to New Zealand, physically and culturally is Australia. The two countries share similar historical backgrounds and have important constitutional and political attributes in common.[53] The two military forces have a common British heritage and their operational doctrines involve considerable commonalities of practice derived from joint operational experiences and training procedures. Both countries have a similar world view, although Australia, and especially its military, places a greater credence to some form of threat emanating from Southeast Asia. Since at least 1984 Australia and New Zealand have had differing perceptions as to the validity of the nuclear deterrent and its role in shaping national security policies.

Despite their many similarities there are differences which will affect the validity of comparisons. One has been touched on. Australia does believe in some form of potential threat from the North.[54] This perception in turn leads to defence decisions in deployment and equipment terms which New Zealand would not consider making. The other major difference between Australia and New Zealand lies in the relative sizes of the two countries and the resources which each is able and willing to devote to defence matters, especially in the field of equipment procurement.

Australia and New Zealand derive a common heritage from Britain and it is from Britain that other useful examples and comparisons may be derived. New Zealand's military staff systems (apart, since the mid-1970s, for some

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nomenclature) are almost totally British. The organisational principles of the respective Ministries of Defence are similar and the organisational culture is heavily influenced by the British model. Any New Zealand officer with the appropriate level of experience and training is capable of operating in a British unit and the reverse is also true.[55]

But there are dis-similarities which need to be kept in mind. The most obvious of these are size and commitments. British interests are wide, they involve types of operational commitments which New Zealand can never expect to be involved with and so her armed forces are of a size which make New Zealand's irrelevant in terms of comparisons of military strength. Operational systems also are less obviously derived from Britain, especially in the Navy where ANZUS and Pacific operations have seen a concentration by New Zealand upon US practices. Additionally, there is now very little likelihood of New Zealand and Britain being involved in joint combat operations.

The size and the capabilities of the British forces will inevitably lead to different factors being considered when policy is being formulated. Britain's international responsibilities, both as a middle ranking world power and as a residual colonial power, means that her world view is quite different from New Zealand's and thus that defence needs and capabilities will be viewed quite differently.[56]

Comparisons may usefully be made with US practices in some fields as there has been a shared pool of experiences since the end of World War II.[57] Common membership of the SEATO grouping and of ANZUS, US pre-eminence in the Pacific, and common participation in the Vietnam war (1965-72 for New Zealand) has meant that, especially in operational and doctrinal terms, the United States has had a

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major influence on New Zealand forces. Although this operational influence has not extended to any great extent into staff procedures it has meant that for many New Zealand policy makers, at least until 1984, there has been a generalised acceptance of the United States world view, especially in the Pacific.

But the differences are also great. The US political system is completely different from New Zealand's as are its military procedures. The US military institutions in Washington are organisational actors in the political game in their own right, in a manner which could not be emulated by the Services in Wellington. The US military ethos also, although derived from the British model, is now sufficiently evolved to draw few responses from the New Zealand policy maker. Finally the size and impersonality of the US military means that processes and perceptions are quite different from those held by New Zealand.

The similarities and differences with the US mean that although policy outcomes may be influenced by US strategic perceptions, the processes will bear little relationship to those followed in the US. Despite this, there are still areas where the US model may illuminate New Zealand processes. These may include the relationships between bureaucratic actors, the impact of domestic factors on defence planning and the part that organisational systems play in determining policy outcomes.

As well as similarities of cultural values, history, or geography, New Zealand shares similarities with other countries because of size. In the literature this factor - however defined - is considered by a number of scholars to be a major determinant of policy.[58] Valid lessons may thus be learned about the New Zealand model by examining the policy process in other small states. In

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attempting to draw comparisons with other small states, however, the problems of determining which behaviours are caused by size and which by other factors, and the relative weighting to be ascribed to each, arises.[59]

The states examined in the literature (typically the Scandinavian countries, Ireland, Iceland) lead to such a variety of conclusions about small state behaviour that attempting to generalise is dangerous. The most common assessment of similarity in defence polices relates to the need for a small state to belong to some form of alliance (or the reasons for joining it) and the ability of that small state to influence events relating to the operation of the alliance and the policies of its allies. But even here it is difficult to draw common conclusions from observed empirical behaviour. Other behaviours, such as the likelihood of or propensity for being involved in inter state conflict, or the allocation of resources to defence purposes, are even more difficult to assign authoritatively to small states.

Case Studies and Issue Areas

We have determined the conceptual approaches which we will be taking in our examination of defence policy processes. We are concerned with examining the range of behaviours of both the executive and the bureaucracy as policy is formulated. As part of our study we will be examining the behaviours of other jurisdictions to see how they grapple with similar issues.

A careful selection of case studies is needed to ensure that the whole topic of 'defence policy' is covered without the problems involved in trying to deal with defence policy as a single and discrete topic. But policy writ large subsumes a range of behaviours which affect and are affected by each other. Each of these behaviours, or groups of behaviours, has characteristics of its own and

they are not necessarily directly comparable with other types of behaviour which may also come under the general rubric of 'defence policy'. To make valid comparisons, case studies need to be grouped into broadly comparable issue areas. As Rosenau concludes: 'different types of issue do elicit different sets of motives on the parts of different actors.'[60]

Rosenau is distinguishing foreign policy as an issue area separate from domestic policy. Art extends this to the study of issue areas within the general field of US foreign policy. He divides US foreign policy decisions into three issue areas:[61]

Decisions to intervene with military force

Decisions marking major policy shifts

Decisions revolving around primarily institutionally grounded matters

Art, in this case, was discussing foreign policy analysis in which the use of military force was subsumed as an issue, and he recognised that his categories were not comprehensive; but they fitted the needs of his preliminary analysis. He described their validity as being 'because they enable us to separate out past decisions and to determine what factors weighed most heavily for the choices made in each category'.[62]

Similarly, issue areas may be devised for the study of defence policy. An issue area needs to meet a number of criteria to warrant selection for examination. Firstly it needs to be central to the topic of defence policy. There are undoubtedly many events which might be examined but which will in the end throw no light on the central topic as defined earlier.

Secondly the issue area needs to be capable of being defined sufficiently tightly so that individual case studies quite clearly fall within one issue area rather than ambiguously within several. If this is not possible then the validity of any conclusions made about policy processes within an issue area are suspect. Finally there should be a range of case studies able to be examined within the issue area. If there is only a single case issue then the case is probably not an issue area and any conclusions drawn will be so difficult to verify that they can not be used to draw general conclusions.

Keeping these criteria in mind, three broad issue areas seem appropriate for the examination of case studies:

Decisions relating to major changes in the thrust or emphasis of defence policies.

Decisions relating to the operational use of the armed forces.

Capital equipment purchases.

As well as case studies relating to these issue areas, we will examine the broad given topics of organisation and budget setting as separate topics in their own right.

Not all of the examples used are susceptible to the form of comparative analysis discussed above. But it is possible to deduce from our examination of the literature that Australia and Britain will provide examples of higher defence organisations which are sufficiently similar to New Zealand's to allow worthwhile comparisons to be made. Also, we can compare New Zealand practices with Australian for operational and deployment matters, and we can use US studies on organisational behaviour to gain insights into New Zealand's defence organisations. Finally, the literature on small state behaviour, especially in alliances, may provide insights into the New Zealand case.

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Policy: Process and Outcome

Outcomes are as important to the analysis of the policy as are processes

as inputs, because policy as earlier defined relates not only to decisions and

the way that they are achieved but also to the outcomes of those decisions as

modified by the implementation process. It is apparent that an outcome may be

either the policy decision itself or else a consequence, possibly unintended or

unanticipated, of the implementation of the decision.[63]

In the defence literature, outcomes are commonly neglected as an area for

analysis. They tend to be relegated to the situation of a 'given' and are

treated as the endpoint of the process without being examined for any form of

systematic characteristic which may relate to the type of situation or the type

of process involved.

Ball discusses factors which influence outcomes in defence decision making

without relating them to process at all.[64] Kolodziej makes the fairly self

evident point that to achieve desired outcomes policy actions and decisions must

be integrated.[65]

The relationship between process and outcome in policy formulation is

complex and diverse. Tracing the explicit linkages between them may well be

complicated by considerations that impinge upon, but are not directly related to

the formal processes being considered. Over time, moreover, the processes of

policy formulation may be altered by the outcomes they themselves have earlier

produced. And when specific or discrete policy outcomes are under review, as

distinct from ongoing programmes, the impact of presumably 'normal' policy

processes has to be weighed against such special circumstances as timing, the

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pressure of competing objectives and the quality of advocacy by Ministers in Cabinet - not to mention important foreign policy or economic considerations as well.

Although the focus of this research is more within the province of policy formulation and less with implementation, the division can be both arbitrary and artificial. As Lindblom describes, policy making is an extremely complex process 'without beginning or end whose boundaries remain most uncertain'.[66] In other words we might conclude that formulation and implementation are parts of the same cycle which interact with each other to produce policy outcomes. Lindblom continues that 'one cannot confidently make stable generalisations about which differences in the policy making system result in significant differences in policy output'.[67]

Smith and Clark, in their examination of foreign policy processes, have also examined the problems of cause and effect in policy behaviours and have extended Lindblom's analysis so that policy outcomes are seen explicitly as the end result of the totality of behaviours and not just of decisions alone. They argue that this point is of critical importance 'since it is the behaviour and not the decision, to which other states' decision-makers have to respond'.[68] Decisions, in their model, should be seen as a determinant, albeit important, of policy behaviour rather than the sole cause of such behaviour. This point is especially important with questions of defence policy where the scope for error in implementation is large and the consequences correspondingly severe.

Policy is not simply made. This point is central to the thesis presented by Hawker in his discussion on Australian policy processes.[69] He demonstrates that although processes show muddle, conflict, complexity and disjointedness the

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outcomes are not necessarily muddled. He also demonstrates the point, central to this thesis, that policy outcomes are part of, and not merely subsequent to, the policy making process.

Conclusion

In this chapter we have surveyed the literature relating to policy analysis in general and defence policy in particular. We have discussed various methods available to us for such analysis and we have made some preliminary assessments of the ways in which process and outcome may be characterised. These assessments will later be tested against specific cases.

In general we have decided that our examination of the policy formulation process needs to consider not only the actions of the political elite but also the interactions of the bureaucracy between its various elements and as it relates to the political elite. We have also determined that our study of the policy process must include some consideration of outcomes as they relate to intentions and as they are produced by the implementation process.

Defence policy is a complex topic having characteristics of both domestic and foreign policies. The factors which influence defence policy and the processes which shape it are equally complex. In our attempts to understand the New Zealand defence policy process we will draw examples and comparisons from all areas of public policy and from all appropriate jurisdictions. By using this wide approach we run the risk of losing sight of the tree of defence policy in the wood of public policy. On the other hand, without the use of the wider ranging examples, we run the equal risk of examining defence policy processes in isolation and losing or ignoring the knowledge which is already available. On balance that seems to be a greater risk.

It may readily be seen that the use of international comparisons in the study of defence policy processes, and outcomes, presents many difficulties. The fact of differing polities, strategic perceptions, organisational methods and even methods of determining defence expenditures means that comparisons need to be treated with care in research of this kind. Despite this comparisons can be useful to illuminate the working of the institutions.

It might be considered by some that there is too great an emphasis on theory and not enough on practical analysis in this chapter, and indeed in the whole research. This is understandable, after all the examples are what make the system work not some impractical idea about why the examples occurred as they did. In prior defence I would argue that the role of the researcher is to go beyond the observed and attempt to explain it by reference to some overarching construct related to the system under examination. This is as true for the social sciences as for the physical and if anything this present research does not go far enough. Professor Nye has expressed the need for theory well:[70]

> Why not focus simply on the current policy agenda? The answer
> lies in the complex relation between theory and policy. Theory
> ties facts together. It helps the policy-maker to understand
> and predict. Even the most pragmatic policy-makers fall back on
> some theoretical constructs because neither all the facts nor
> their relationships are ever known. Poor theories can lead to
> poor policy prescriptions. Simple models, taken without
> context, can be easily be mistaken for the real world. In a
> changing world, theories help us to adapt to those changes...

A Note on Sources

The main sources for this research are threefold. Firstly the literature has provided some theoretical underpinning of the research and it has also provided insights into the operation of the defence policy process in other countries. These insights have been valuable in suggesting avenues and ideas

relevant to the New Zealand model.

The literature does however have to be handled sceptically. Much of it is written primarily from an American perspective with lesser contributions from Great Britain, and lesser still from Australia and other countries. Literature from or about New Zealand and relating to the New Zealand situation is rare in the defence policy field, although there is a body of literature relating to both descriptive and prescriptive aspects of foreign policy.

Problems exist in accepting the relevant literature from other jurisdictions. Not to accept it leads to the charge that the wheel is being reinvented. To accept it uncritically is to fall into a trap of assuming that American, British, or Australian experience is transferable to New Zealand. This may apply in some circumstances, but each case needs to be examined with a critical eye to its merits.

The second source has been from individuals to a greater or lesser degree involved in the policy processes concerned. During the research, senior officials, politicians and others with an interest in and knowledge of New Zealand defence issues were interviewed. The interview process was unstructured and free flowing. Participants were asked preliminary questions and a discussion ensued from their responses. The interviewees were generally remarkably frank in their assessments of processes and of other participants in the policy arena and many of the judgements subsequently made would have been different if the documentary record had to be relied on as the sole source of information.[71]

A third and major source has been from official records within the
Ministry of Defence. The writer has had complete access to the filing system
and, within the bounds of security classifications, been able to use the
information so gained. These documentary sources have been invaluable, not only
because they allow the path of a policy issue to be charted, but also because
the procedures used are also documented.

Necessarily, notes of warning are justified. The written record,
especially when it relates to the minutes of meetings, is not always complete or
accurate. This is because minutes may well reflect the thoughts of what the
chairman believed was said rather than the considered opinions of those actually
present. There is also some evidence that the Official Information Act has led
officials to being less open for the record than might be desirable for
completeness. On that subject Dean Rusk is reported as describing the written
record as being:[72]

> only a portion of the thoughts in the minds of those who are
> making decisions and of the content of discussions amongst
> themselves...

These factors have been taken into account where possible by cross
checking with other documents or through the recollections of participants in
the processes concerned. Given these warnings, the record is as complete as can
be made within the limits of this type of research.

Chapter 2

NEW ZEALAND'S DEFENCE POLICIES SINCE WW II

Introduction

The major military events in New Zealand's history are well known. Since the end of WW II New Zealand has been involved in operations successively in Korea, Malaya, Thailand, Borneo and Vietnam. Troops have been stationed overseas almost permanently since 1945 and in that time changes to a greater or lesser extent have occurred in the size, shape, orientation and equipment of the armed forces.

But these are largely external and visible events and tell us only a little about those underlying factors which are the preoccupations of policy makers and which shape defence policies. Concerns such as perceived threats, economic conditions and alliance requirements are not necessarily deduced from an examination of the events themselves, even though they are a reflection of both policy and concern.

One approach to setting a taxonomy of defence policy involves dividing the period concerned by event and time. This allows the student to see at a glance the various phases through which the policy has evolved. By setting out the events in this manner, patterns may be derived and a lead given to areas for further research that might determine relevant causes and consequences. An example is found from Filer who, in his examination of the development of the New Zealand armed forces in the period between the end of WW II and 1972, identified four broad time zones into which the development of policy could be divided:[1]

1946-49 Continuation of the British Commonwealth security system

1950-54 Formation of new alliances

1954-64 Commitments in South East Asia

1965-72 Changes in South East Asian commitments.

To bring the classification up to date it would be possible to include for instance:

1972-84 Increasing interest in the Pacific, (particularly South West Pacific), region and increased military training cooperation with the United States

1978- Recognition of the importance of the ability to operate independently if necessary in the South Pacific.

1984- Actions taken which lead to the breaking of ties with the USA and the subsequent attempt to forge even closer links with Australia.

Classifications such as this are useful, indeed necessary, as they allow us to place specific events in time against a broader framework. Such classifications also indicate the generally incremental nature of defence policy. But these brief descriptions do not in themselves explain, for instance, the nature of the Middle Eastern defence commitment, or the altering major power involvement which saw

New Zealand operating first with the British and then with the United States between 1954 and 1972. It should be possible to analyse events in terms of policy outcomes in more detail; to describe defence policy not only in terms of temporal divisions but in terms of functional.

The purpose of this chapter, then, is to examine the major trends and preoccupations in New Zealand's defence policies in the period since 1945 so that the continuities and discontinuities of policy issues may be identified, along with the factors which have influenced these policies. This chapter will

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provide a basis for our subsequent examination of policy formulation and will provide insights about how previous decisions have influenced more current policy actions.

An initial examination of the literature reveals some broad themes which have been a part of New Zealand's defence policies in the post-war period.[2] These have included:

    Alliance arrangements
    Self reliance
    Overseas orientations
    Connections with Australia
    Military professionalism
    Financial stringencies

These are of course artificial themes selected relatively arbitrarily. Some of the themes could be combined. Alliance arrangements, overseas orientation and Australian connections all have factors in common. They have not been so combined because they do have features which make them distinctive and worthy of further examination.

Others might wish to add or omit themes. It could be argued for instance that 'forward defence' was a continuing aim of defence policy for much of the period. I have chosen to subsume that concept under the heading of 'alliance arrangements'. Similarly, 'military professionalism' could be seen more as an infra-structural rather than a policy theme because it is a manifestation of policy rather than an act of policy as such. Nevertheless, the move from a reliance on citizen conscripts and part time volunteers to meet defence commitments to relying on professionals has occurred and because it has the type of commitment deemed possible has also altered.

The choice of themes for analysis was also made because of their continuing relevance to our later examination of case studies. Each theme

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discussed in this chapter could stand in its own right. Analysis would then take account of the diplomatic, political, strategic and economic factors which led to the policy, and also an assessment made about relevance, appropriateness and effectiveness. That kind of analysis is not carried out here. Rather, the themes are introduced to give our later study of policy processes a context against which they can be considered.

Alliance Arrangements

Filer's classification immediately identifies the major continuity of New Zealand's defence policies: the use made by New Zealand of a larger power, or grouping of powers, within which security arrangements were made.

The reliance on a larger power has become a commonplace of the literature dealing with New Zealand's defence, foreign and security policies. The implications are touched on by McCraw '...policies...were greatly influenced by the attitudes of the country's closest friends',[3] and Aitchison claims that in New Zealand's response to the Suez crisis in 1956 'The policy adopted by the government was little more than a frank expression of the realities of the existing interdependent relationship between New Zealand and the UK at the time of the crisis'.[4] New Zealand responded not as a small state on the international stage, Aitchison is arguing, but more as a client state responding to the realities of the situation.[5]

New Zealand's approach to alliances has also been considered by Harrison, who states that New Zealand has always aimed at producing a region of friendliness and stability in the Pacific region and that in pursuit of this end alliances have been sought as an indemnity for isolation and lack of economic strength.[6] And in 1977 Olsen and Webb wrote that:[7]

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New Zealand has always attempted to establish conditions for
security away from her shores...shares in groupings with common
cultural and ethnic backgrounds. Alliances have been with the
major naval power.

This statement, which sums up much of the analysis, does not, however,

give the complete picture, and may now be seen to have become, temporarily at

least, outdated. New Zealand's security has normally been defined in inter-

national terms. If the world in general is peaceful then the immediate region is

likely to be peaceful and this by definition is good for New Zealand.

In pursuit of the ideal of international peace, New Zealand has been a

strong promoter of international organisations such as the League of Nations and

the United Nations and has actively participated in regional military alliances;

all with the aim of attempting to maintain military security for the world

generally and for New Zealand in the immediate region. There has been a general

notion of international collaboration for collective security on the basis of

agreed principles for the conduct of international relations.

In these moves, alliances have been with the most relevant power or

powers, but not necessarily with 'groupings with common cultural and ethnic

backgrounds'. And rather than with the major naval power, alliances appear to

have been formed with the most appropriate power to achieve the desired ends.[8]

That may or may not have been the major naval power, and certainly since 1984

has not been.

In pursuit of world and regional security New Zealand has been involved in

a number of alliances and security groupings of different forms since the end of

WW II. The 1957 Defence Review, described one of the most important lessons from

WW II as being 'the need to seek our security in collective defence

arrangements'.[9] For this reason New Zealand 'strongly supported the establishment of the United Nations'.[10] These moves should be seen as an outcome of 'lessons learned' whereby, in a world of major powers, small states needed a protector against other predatory powers.[11] In 1957 memories of WW II followed by the advent of the Cold War were still at the forefront of military security concerns.

But the United Nations could not of itself guarantee security.[12] In the period from 1951 through to 1972 New Zealand involved itself in a series of treaties, agreements and arrangements which saw it committing itself to action in first the Middle East and later South East Asia in return for a more or less explicit guarantee of reciprocal assistance should it be needed.[13]

In the immediate post war years New Zealand considered that military security lay within the context of the Commonwealth. This led to an agreement to provide troops to the Commonwealth Strategic Reserve for service, if there was a major change in the strategic situation, in the Middle East.

Later, in 1951, the ANZUS Treaty was established in an attempt to ensure security in the Pacific region. In 1954, after a perception of threat from Communist armed aggression in South-East Asia, the Manila Treaty was signed. In 1955, in a further re-ordering of priorities, the commitment to the Middle East was withdrawn and replaced with a commitment to a newly formed Commonwealth Far East Strategic Reserve. From the mid-1950s troops were stationed in South East Asia and treaty arrangements made through Britain with Malaya (later Malaysia) and Singapore.[14]

The only commitments left intact today are those implicitly made by membership of the United Nations and the various forms of cooperative arrangement under the Five Power Defence Arrangements.[15] The Manila Treaty has lost its military capability and most recently ANZUS, as a tri-lateral arrangement, has been made defunct by the continuing disagreement between the United States and New Zealand over the access of US warships to New Zealand ports.[16]

This reliance on treaties and alliances for national security has had a number of effects on the shape and the style of operations of the armed forces. Most obviously equipment has been chosen so that it can complement the equipment operated by allied nations. Thus the Royal New Zealand Navy is considered by some commentators to have operated anti-submarine frigates as the main fighting vessel, in pursuit of an alliance role rather than in any attempt to define a strictly national self interest.[17]

New Zealand has been involved in military operations because of her commitment to regional alliances. Operations in Malaya during the Emergency, Borneo during Confrontation and in Vietnam were all conducted in the name of alliance membership. It has been argued that operations in Vietnam at least were not in New Zealand's interest and that they were carried out reluctantly and only because because of the need to maintain the alliance relationships; especially, perhaps, that with Australia.[18]

Alliance membership has also dictated the operating procedures of the armed forces. Methods for conducting all types of military endeavour are detailed in a range of documents and agreements which derive from membership of ANZUS and from the multi-lateral grouping of western forces known as the ABCA

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group of countries.[19] The aims of the collaborative programmes have been defined as to:[20]

ensure the fullest cooperation and collaboration

achieve the highest possible degree of interoperability among the signatory Armies through materiel and non-materiel standardization; and

obtain the greatest possible economy by the use of combined resources and effort.

These sub-themes of operational commitment, equipment procurement and compatability all in the name of 'alliance needs' recur throughout this study. Their effects on New Zealand's defence policies and the weighting given to them as factors during the policy formulation process will be examined in the relevant sections of the study.

It seems apparent that alliances are entered into because a need is perceived by one state to be associated politically or militarily with another. Once entered into, alliance membership may bring both advantages and disadvantages. The arguments for and against membership can only be noted here. Ultimately they are resolved at a political level. We merely must recognise that New Zealand has placed great reliance on formal and informal alliance relationships in the four decades since 1945.

The Australian Connection

The geographical focus of New Zealand's defence interests has been from the Middle East through South East Asia towards New Zealand. But one aspect has remained constant; the relationship with Australia.[21] McLean states that:[22]

It is fundamental that, if in subsequent years (after 1918) New Zealand and Australia have gone their separate ways, in a strategic sense these ways have never diverged very much.

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In 1944 the language used in the Canberra Pact was designed to underline the closeness of the two countries in strategic matters: 'Having met in conference...and desiring to maintain and strengthen the close and cordial relations between the two governments...'[23] That closeness has never lessened and indeed, with New Zealand's attempts in the 1980s to establish a degree of self reliance separate from the major powers, the relationship with Australia has become all important:[24]

> The New Zealand-Australian defence relationship has always been close and remains a key element in New Zealand's defence strategy...The ANZAC military ties have a long and honourable history. Those ties will continue into the future not just because of the close and friendly political relations we enjoy with Australia, but more importantly in defence terms because we recognise that in the South Pacific region New Zealand and Australia have shared strategic concerns...
>
> The withdrawal of United States military cooperation with New Zealand has made our defence relationship with Australia more important, but it has not substantially changed its nature.

Given the suspension of military ties with the US since 1985 it is probably inevitable that New Zealand has sought closer ties with Australia. In effect this has been to run down the link with an international superpower for a reinforced link with the predominant regional power.

The two countries will undoubtedly continue to cooperate closely in the military field to the extent that it is not inconceivable that current procedures for close consultation may be extended into a more permanent arrangement.[25]

Overseas Orientations

New Zealand's defence interests have been primarily concerned with the external environment. In part this has been a reflection of an assumption that

any military threat could only come from overseas; in part it has been a perception that military force used in a neighbouring region to assist in stability and security will in turn reinforce stability and security in the immediate region. This orientation is in direct contrast to that of many other countries which maintain armed forces for the immediate defence of the borders.

Since the end of WW II, New Zealand has maintained forces outside the country. Over those years however New Zealand has progressively interested herself in areas closer and closer to her own shores. In 1949 New Zealand committed herself to providing an infantry division and other forces for service in the Middle East under the auspices of Commonwealth planning.[26] In 1955 this commitment was formally transferred to the South East Asian area, making explicit what was already implicit in the commitments made under ANZUS, SEATO and ANZAM.

In 1972 the south-west Pacific was recognised as the area of 'immediate and primary concern' along with the contiguous countries of South East Asia.[27] The 1978 Defence Review, in recognition that the Pacific rather than South East Asia should be the focus of military interest for New Zealand, announced that troops would be withdrawn from South East Asia 'at a time to be mutually agreed'[28] and this was confirmed in the 1987 Review which stated that all troops would be withdrawn by the end of 1989.[29]

Overseas orientations are also demonstrated by the Military Assistance Programme (MAP). In 1973 a number of existing aid schemes were amalgamated into what has now become the MAP scheme. Initially the main focus of assistance was to the ASEAN states and Fiji, Tonga and Papua New Guinea. By 1988 the scheme was extended to include Western Samoa, Vanuatu the Cook Islands and the Solomon

Islands. The scheme is mutual in that New Zealand provides training and aid projects and in return has the use of training areas and gains experience in operating in the local environment. MAP has been a further recognition of the movement of interest from South East Asia towards the immediately surrounding region.

The long connection with South East Asia and the South Pacific has meant that New Zealand's armed forces and defence policy makers have developed a breadth of interests and regional contacts which would not have otherwise been achieved. It is believed, by senior officials, that the connection has aided New Zealand's foreign policy interests in the region in that the defence presence has had a positive effect on the perceptions of the region's political elites.[30] Regular deployments to the Pacific also mean that New Zealand forces are familiar with the conditions of operating in that area and thus do not need to rely on other states for advice or information. Such familiarity does not mean, of course, that any scope for unilateral military action necessarily exists.

Independent Operations

Since at least 1978 domestic criticism of alliances, especially of ANZUS, and a general focusing of the defence debate within New Zealand has seen the potential advantages of alliance relationships downplayed and the merits of an independent capability canvassed.[31]

The 1983 Defence Review described a variety of options designed to give New Zealand a certain degree of independence in military operations. These included submarines for the Navy, the formation of a Ready Reaction Force based upon an Army battalion group and air to air refuelling for the Air Force.

Not all of these specific initiatives have been pursued, but the general

concept (of an independent operational capability) has been. The Army has

designated a group of units as the 'Ready Reaction Force' and a naval tanker has

been purchased so that the RNZN has the capability to operate into the South

Pacific without requiring extensive logistic support from the navies of other

states.[32]

But the process of moving to a capability to operate independently is not

one which is designed to exclude any concept of operating in conjunction with

the forces of other nations. Rather, the independence is more a case of lessened

dependence than full independence. Complete independence in these matters is

likely to be neither a cost effective nor a militarily efficient result. Also it

is apparent that there are very few occasions on which New Zealand would need or

wish to deploy armed forces operationally which would not involve the armed

forces of at least Australia.

Professional Armed Forces

The changing concepts of operations since 1945 have produced major changes

in the overall make up of the armed forces.[33] Compulsory Military Training was

in force throughout the 1950s (although the Navy and Air Force ceased to

participate from 1957) and New Zealand was committed to maintain an Army

Division of troops (from 23000 to 33000 troops at different periods) with a

brigade ready for immediate mobilisation on the outbreak of war. There was a

permanent commitment to the Commonwealth Strategic Reserve of an infantry

battalion, and one or two warships and squadrons of aircraft were permanently

based in South East Asia.

These deployments reflected the perceptions of the times that:[34]

the direct threat to the South-East Asia area was greatly increased by the victory of Communism in continental China...there can be no disputing the fact that the extension of Communist rule to any country in South-East Asia would tend to increase the direct threat to New Zealand...

To achieve these wartime commitments the Services, especially the Army, relied heavily on reserve forces. In the mid 1950s there were ten times as many non-regular forces as there were regular. By the mid 1960s the ratio was two to one and today the ratio is one to one with apparently no serious thought that the non-regular forces will be deployed overseas on operations.[35] Although not as dramatically, the Navy and the Air Force have also altered the focus of their activities. Forces are not now permanently stationed overseas and there is virtually no reliance on non-regular forces. Most of the change from a reliance on professional as opposed to volunteer and reserve forces occurred before 1970 (that is, earlier than the main research focus of this study) and was to all intents and purposes completed in 1972 when the Labour Government ended the National Military Service scheme.

Cause and effect for this change are inter-twined. Military technology and military operations have become steadily more complex and have thus demanded longer periods of training to provide a serviceman capable of performing efficiently. Simultaneously society within New Zealand has rejected the concept of having large reserve forces able to respond to the demands of mass call up in case of general war. The perception seems to be that the kind of operations that New Zealand forces could conceivably be involved in are likely to be small scale and to occur at a speed which can only be met by professional forces in being.[36]

There are two potential problems for the armed forces with this trend. The first is that demographic studies show that there is going to be a decreasing pool of manpower available to recruit from in the 1990s and thus competition from other employment sectors may mean that there is not enough manpower to achieve the tasks given to the armed forces.[37] Secondly there is no flexibility to provide for the kind of event which is not planned for; that is the manpower intensive operation which requires large numbers of reserves for an extended period of time.

The problem affects all countries which do not practise some form of conscription. A cursory analysis leads to the conclusion that there are only limited solutions available. Either technology must be adopted which allows labour intensive military tasks (such as crewing warships) to be done with less labour, or commitments must be reduced so that they match the resources available.[38]

Financial Matters

Defence takes a significant proportion of national resources and if there has been one consistent aspect of New Zealand's defence policies it is the belief, held in many circles, that the minimum amount of money possible should be spent on the armed forces and their activities. Indeed the first attempts at forcing self reliance, and a sense of the costs involved, onto New Zealand occurred from the mid-1860s as decisions were made to withdraw imperial troops because the New Zealand government was reluctant to pay for them.[39]

Baker makes the fairly self evident points that New Zealand's is a small

economy and that there is a high foreign exchange component in defence expenditure.[40] It is, he says, normally a case of diverting resources rather than taking up the slack, and defence has to compete with expectations of high living standards and a habitual balance of payments deficit. For New Zealand we can determine that for the period from March 1970 to March 1990 inflation as measured by the Consumers' Price Index has risen by 797.40% while over the same period the defence budget has increased by 1513.6%, a 'real' increase of some 79.9%.[41] From this we may make an initial assessment that defence has at the least received its due.[42]

Using the indices of expenditure on defence as a percentage of GDP and of government expenditure, the rate of spending on the armed forces has been relatively consistent since 1970 in terms of the percentage of GDP spent for defence purposes and generally declining as a percentage of government expenditure. The figures are given in Table 2.1. As well Table 2.1 gives data to relate annual variations in defence expenditure to variations in the rate of inflation thus allowing us to determine real annual variations in defence expenditure, using the same method as above of comparing variations in the level of Vote:Defence with changes to the CPI. Large variations in the real rate of change for Vote:Defence may be seen.

In attempting to determine the reasons for the variations in levels of expenditure we need to examine events both external to and within defence. Obvious events external to defence are involvement in wars, changes in the strategic environment and changes of government. Any of these types of event might have an effect on the amount of money the government is prepared to spend to purchase an 'adequate' level of defence.

Table 2.1

Defence Expenditure Indices

Year to March	Gross Expenditure $(m)	% GDP	% Govt Expenditure	Annual Change %	Real Change %
1970	89.70	1.90	6.10		
1971	109.07	1.94	5.85	21.50	13.0
1972	121.17	1.76	5.60	11.00	1.5
1973	129.82	1.66	5.08	7.10	0.6
1974	140.51	1.53	4.70	8.20	-1.1
1975	166.85	1.65	4.46	18.70	6.3
1976	193.46	1.66	4.12	15.90	0.4
1977	214.83	1.53	4.19	11.00	-4.5
1978	252.17	1.65	4.08	17.30	2.6
1979	299.51	1.69	4.06	18.70	0.0
1980	346.09	1.66	4.19	15.50	6.8
1981	455.94	1.91	4.65	31.70	13.4
1982	593.65	2.06	4.85	30.20	12.6
1983	652.13	2.03	4.60	9.80	-4.7
1984	672.98	2.10	4.61	3.10	-2.0
1985	756.41	1.92	4.74	12.30	3.5
1986	870.46	1.94	4.62	15.00	-0.1
1987	1095.96	2.07	3.1	25.90	9.9
1988	1278.49	2.15	3.9	17.00	2.8
1989	1390.70	2.2	3.1	8.0	3.5

Sources: Derived from data in annual Defence Reports with the assistance of the Reference Section, Parliamentary Library.

There has been no significant involvement in wars or warlike operations in the period covered in this research. Most New Zealand troops were withdrawn from South Vietnam in 1970-71 and other potentially warlike operations such as involvement in the Commonwealth Truce Supervision Team in Zimbabwe-Rhodesia were of too short a duration and involved too few troops to have any effect on the defence budget.[43] Warlike operations thus can not be said to have had any effect on variations in budget sizes.

The major changes in the strategic environment have been the occupation of Kampuchea by Vietnamese troops in 1978 and the effective disengagement by New Zealand from ANZUS. The general situation in South-East Asia was of

concern to successive governments from the time of withdrawal from South Vietnam. The 1971 Report of the Ministry of Defence notes that 'we live in uncertain times...conditions which prevail in Asia...will have an important bearing on our future security'[44] and in 1981 the report comments on the unpredictability of the international scene and especially the events in South-east Asia.[45]

But the relationship between the perception of momentous external events and the level of defence expenditure is tenuous at best and can not readily be identified from Table 1. The major external defence policy since 1970 has been the series of decisions, or non-decisions, which kept troops in Singapore until the end of 1989. But this did not involve variations in expenditure; rather a maintenance of current expenditure.

What correlation there is between the recognition of strategic changes and any variation in expenditure is indistinct and displaced by several years. Thus although Kampuchea was invaded in 1978 there was no large increase in defence spending until the 1980-81 financial year and by 1982-83 expenditure was declining despite Kampuchea still being occupied by Vietnamese troops. Similarly defence expenditure had begun to increase after two declining years before the ANZUS crisis and the break with the United States and has subsequently increased in real terms, although this increase turns into a decline from 1990.

Also there does not appear to be any clear link between the identity of the political party in Government with levels of defence expenditure. Expenditure had increased in real terms before the advent of the third Labour government in 1972 and varied slightly between mild increase and

decrease over the term of that government. During the following nine years of the National government expenditure rose and fell without any obvious stimulus from strategic events, and since the return of Labour to government in 1984 that pattern has continued. There is no obvious correlation between party in power and expenditure on defence.

If there is no external event which can be identified to account for fluctuations in defence expenditure then the causes must be searched for internally, within the economy and within defence. The major statement on defence policy and changes thereto is the Defence Review.[46] Reviews have been produced at intervals over the period and it is possible that defence expenditure will change direction as a result of a deductions on the strategic environment, or on the need for a specific type of defence policy as part of the review process. Defence White Papers have been published in 1972, 1978, 1983 and 1987.

It could be expected that any change in defence expenditure would occur in the years immediately following the publication of the White Paper. This is because we would expect that a significant change in the direction of defence expenditure would signal a change in policy which would be made public as a result of the review process. In practice we find that a change in the direction of spending occurred in 1971 before the Review, in 1975 which was unacknowledged by any White Paper, similarly in 1981, and in 1983 which preceded the Review.

In the two periods that defence spending began to decline significantly a White Paper was published the following year and a tentative conclusion may perhaps be drawn that a decline in expenditure will begin as a result

of general economic stringencies and will then be justified by a review of policy, whereas an increase in expenditure will not necessarily be signalled by a formal review of policy.

Some support for this preliminary conclusion can be drawn from the official record. In his introduction to the annual Report in March 1972 the Minister wrote of 'unavoidable financial restraint at home...Therefore less finance was available during 1971-72 to meet other defence requirements'.[47] Less emphasis is made in the 1983 Report. It talks of the fact that 'we cannot afford forces which are large or are equipped for all contingencies...' and later of 'working within realistic budgetary levels'.[48]

Curiously, in the years of increase the talk within the relevant report is still of restraint; '...we still face acute economic difficulties and it is vital that government expenditure should be restrained in all fields'.[49] It is not however valid to draw more than the preliminary conclusions already made without further research. For instance we should expect a Review to be undertaken, or a change in commitments announced, if the cap on spending is maintained after, say, 1990.

The most debilitating effects of expenditure patterns of the type shown in Table 1 are related to the problems of long term planning set against short term changes in the amount of money available for equipment projects and for routine activities.[50] Whenever a cut, or indeed an unplanned increase, is made to expenditure there is a consequent reordering of priorities which tend to result in reduced efficiencies, either because planned maintenance or training is not carried out or because the system,

which operates on a three year planning cycle, can not easily cope with a short term influx of money.

The factor of defence costs has weighed heavily with successive governments and they have normally elected to defer equipment purchases or to make do with equipment older than desirable to achieve the various roles assigned to the armed forces. This is presumably because, unlike personnel costs, equipment can be deferred with the immediate saving of relatively large sums of money. The statement in the 1961 Review of Defence Policy is typical of the continuing attitude:[51]

> The purchase of new equipment is therefore a direct drain upon overseas exchange; it does not assist the economy by stimulating local production...
>
> Had the government decided to re-equip the armed forces in all the roles at present performed and on the scale recommended, the cost of defence in the present financial year would have risen to 30.6 million (pounds)...
>
> Faced with steeply rising costs, sadly depleted overseas funds, and a depressed market for New Zealand's export produce the government has examined all practicable methods of holding expenditure on defence...

An argument such as this can only be sustained through some belief in the 'need' or otherwise for defence forces equipped and organised to a certain level. It is the perception of a lack of an immediate use for the armed forces which leads to such attitudes. When the perception is reversed, either through a change in the strategic situation or through a recognition that the armed forces have become so depleted that they may become a political liability, that a reversal in the level of expenditure will be found. A consistent perception of the last two decades has been that:[52]

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> The times in which we live give no cause for confidence, but are not those of immediate threat. Economic rather than strategic security is today obviously New Zealand's most pressing challenge.
>
> In these difficult circumstances the Government has resolved that Defence expenditure should be kept at about current level...

For much of the period the Services may have been their own worst enemies as they attempted to acquire new equipment. They were not unified and 'distribution of resources between services was according to custom because they could not agree a unified plan.'[53] Although Filer was writing about the 1960s the problem has continued to some extent, although the formal management of defence expenditure has become more systematic.[54]

But the basic problem of attempting to balance spending for defence purposes against competing demands from other sectors remains unchanged. Cleveland emphasises this '...the New Zealand armed services are in the same situation as other government agencies, they have to bargain for a share of public resources.'[55] For defence, the bargaining chips are an assessment that the roles performed are necessary, that they can not be achieved by other means and that if a certain minimum is not paid then the roles can not be carried out. The reasons why resources are allocated to defence purposes are fundamental to our understanding of the policy processes and will be examined in greater detail as we continue our analysis.

Conclusions

In this examination of the themes of defence policy we have identified some of the continuities and dis-continuities which have been a feature of New Zealand's defence policies since 1945. In the period since 1970 we have

seen a non-specific strategic environment. That is, there has been no readily identifiable direct threat, no specific military task to take responsibility for, and thus no external concrete factor against which to identify necessary defence expenditure. This has led to what appears to be a policy of consistent parsimony. Defence will receive money when it can be afforded or when it is unavoidable. Otherwise it will merely receive sufficient to ensure that there is something for the government of the day to defend as 'adequate defence' and which can be increased if necessary.

Throughout the period New Zealand has continued to attach itself to a larger power. Whether this is because of a realistic assessment of threats, costs and advantages or because of a lack of self confidence is not clear. What is clear is that despite rhetoric at various times New Zealand has not and has no intention of pursuing an independent defence policy. The attachment to other powers and the general interest in both the South Pacific and South East Asia has meant that the armed forces have developed a breadth of understanding of the region which would be useful if an operational commitment became necessary.

In our case studies these themes recur, sometimes explicitly as in the case of ANZUS, and sometimes implicitly as when equipment purchases are being discussed. It is through these themes that the fabric of New Zealand's defence policy is discovered.

Chapter 3

THE QUIGLEY REVIEW

Introduction

At different times in the 1980s both the New Zealand and the Australian

governments chose non-defence bureaucrats to advise them on aspects of their

defence policies. The terms of reference of each study were similar; the reports

were not.[1] In Australia the government chose an academic, Paul Dibb, with a

strategic studies and intelligence background to report on defence planning,

capabilities and the proper balance between resources allocated to defence

purposes. The New Zealand consultant was a professional management consultant,

Derek Quigley, required to report on how to achieve efficient and economical

management in defence.

The reports reflect the respective backgrounds of the consultants. Dibb

argues from a strategic perspective, Quigley from an organisational theory

perspective. It is not the task of this study to analyse the different

approaches. It will be clear though, as we proceed, that the Quigley approach is

not completely convincing in its conclusions.

The Quigley Review has the potential to alter the relationships between

the bureaucratic players in the defence policy process considerably. It is not

yet clear to what extent the Review will be implemented. But the key findings,

presented in this chapter, should be kept in mind as further progress is made in

reading the dissertation. To the extent possible, an assessment of the possible

consequences of implementation of the Review will be given at the conclusion of

those chapters dealing with structure and process. A general conclusion may be

presented immediately. That is, it seems most unlikely that the type of outcomes which may be produced in the future will be different in kind, merely as a consequence of any form of restructuring brought about by implementation of the Review.

In its 1987 Budget the Government announced its intention to review all aspects of defence administration and resource management and to use a private consultant for the process. The Review commenced in November 1987 with objectives:[2]

> to assess current levels of expenditure on various defence
> activities and to make recommendations on changes that will be
> necessary to achieve the Government's new defence
> priorities...to assess current resource allocation procedures
> and make recommendations on methods that would better achieve
> the goal of more efficient allocation. The review will impinge
> on all aspects of management, including the use of personnel,
> land, buildings, facilities and finance. Inevitably, it will
> have implications for the distribution of resources amongst the
> Services in the years to come.

The Review was presented to the Government in December 1988 and released to the public in early 1989. As presented the Review was even more wide ranging than designed. In five parts it covered:

> The context of analysis
> The environment for defence planning
> The fundamentals of reform
> The resources of defence: putting them to better use
> The trans-Tasman relationship

Within those parts the Review not only examined resource usage and management questions but also attempted to analyse and set into priority New Zealand's defence objectives. It also examined in some detail various force structure issues. The additional aspects were analysed because:[3]

> The terms of reference do not refer to defence policy or force
> structure. However, they do specifically require an assessment
> of personnel issues, land and military equipment. These account

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for much of Defence spending and are driven by policy considerations and force structure. For these reasons it quickly became clear to the Review Team that policy and force structure had to be considered if the Resource Management Review was to be a meaningful exercise.

The Review found major areas of Defence administration to be in need of change and concluded that if the changes recommended were implemented not only would:[4]

the New Zealand defence system run more smoothly with far fewer wasted resources, but it will be possible to fund the Armed Forces' major equipment purchases from current spending levels and enhance operational effectiveness.

These are strong claims to make about any system and they were backed up by some recommendations for the 'rapid introduction of several key changes' which were necessary if the wider proposals were to be successful. These were:[5]

Re-organisation of Defence Headquarters;

Decision making based on defence-wide rather than single Service thinking;

Rationalisation of locations;

Introduction of proper financial management information systems and computerisation of many other key areas, such as stock control;

Imbuing the whole defence system with an understanding that cost is not just a function of the purchase price of goods, but that labour, existing goods, land, buildings and money all carry a cost. This should provide an incentive to the desirable and logical use of more commercial contractors and more civilian personnel.

These are major areas of defence operations and for that reason alone the Review must be considered to be an important document. The Review is also important for other reasons. It is the first 'zero base' examination of Defence and its

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processes since the establishment of the unified organisation in 1970. As well it was conducted by an outsider who was able to bring a completely fresh eye on to the system.

But these are in themselves potential causes of problems. A zero base examination of a complex organisation is certainly likely to find many areas of organisational inefficiency. But when radical recommendations for change are made such change is likely to be less than effective purely because the cost of change, in terms of disruption as well as financially, is potentially greater than the benefits to be received.

Also an outsider, although able to bring a fresh eye to the system, is more likely to misinterpret events either through a misunderstanding of the processes or inter-relationships, or through lack of time to be able to evaluate detail. As we examine the Review in detail in subsequent chapters we will need to keep these points in mind.

The purpose of this chapter is to examine in outline those major areas of the Quigley recommendations which impinge on the topic of our research. There are three broad areas of the Review which are of relevance to us. They are: 'defence objectives', 'the organisation of Defence', and 'financial management'. We do not examine the recommendations in detail and we do not, in this chapter, make any examination of the effect of the recommendations on the processes we are studying. That examination, to the extent that we can do it, is carried out in subsequent chapters.

Any more detailed analysis of Quigley will need to await accurate knowledge of the degree to which his recommendations have been implemented by the Ministry of

Defence. We do know for instance, that the Ministry as a policy body is being split from the Defence Forces as an operational body, and we may draw certain conclusions from that. But it is not yet clear that the detail of the split is the same as suggested by Quigley. If it is not, then perhaps different or additional conclusions might be drawn. Also new organisations and systems introduced as a result of Review recommendations have not yet had a chance to develop their inter-relationships with other players and their procedures. Until this occurs detailed and authoritative analysis is not advisable and our findings must remain tentative.

Defence Objectives

The Review states that since the 1987 White Paper[6] New Zealand has operated under a new strategic concept which will ensure New Zealand's 'core security and regional strategic interests'.[7] The new strategic concept is seen as a replacement to a concept which had New Zealand making a 'contribution to the strategic objectives of an alliance'.[8]

The Review discusses various regions and issues such as the South Pacific, Australia, UN Peace-Keeping, Southeast Asia, the Southern maritime region and Antarctica and the need for the Armed Forces to be able to expand in times of emergency. This section of the Review concludes that: 'Defence of New Zealand's sovereignty is dependent on meeting two fundamental objectives: the security of the South Pacific and defence cooperation with Australia.'[9] Other regions and tasks are described as being of less importance although account does need to be taken of them.

The purpose of this section, for Quigley, is to try to set priorities for New

Zealand's defence objectives in the light of the strategic context outlined. From these priorities should flow decisions about force structure and resource allocation.

The Review divides New Zealand's defence objectives into three priority sets: primary, secondary and supplementary. Supplementary objectives are defined as those which can be carried out without any major change to force structure. Secondary objectives are those which presume less favourable circumstances and a greater degree of preparedness than the strategic environment currently warrants. While primary objectives are not defined directly we may deduce that they are those objectives which must be met in the current geo-political strategic environment.

The primary objectives identified by Quigley are:

-to maintain the security of New Zealand and to contribute to the security of the South Pacific through the twin approach of denial to hostile elements and assurance to our friends in the region;

-to maintain a credible defence relationship with Australia; and

-to contribute to UN peace-keeping.

Interestingly, although a UN commitment is defined as a primary defence policy objective, Quigley sets the ANZUS commitment as a secondary objective and FPDA commitments as supplementary.

The Review then defines the requirements flowing from the objectives and, as part of this exercise, the 'likely situations' for deploying into the South Pacific. These are:

the aftermath of natural disasters;

to deal with terrorist attacks; and

to assist with the evacuation of New Zealand nationals or the quelling of disorder in a South Pacific state.

The purpose of this section is to attempt to provide a basis for proper planning of the appropriate structure and equipment of a deployable force.[10]

Requirements identified include intelligence, maritime surveillance, the ability to respond to seaborne threats, maritime strike capability, a counter terrorist capability and a deployment capability.

Quigley determines that, from a consideration of primary and secondary requirements, there are some areas, such as maritime surveillance and deployment of a battalion group into the Pacific, which require a full capacity to respond.

Other areas, such as the defence of New Zealand soil, do not require resources allocated because the events against which the capabilities provide are extremely unlikely. In between these poles lie a number of capabilities which must be assessed in more detail.[11] The need to match planning and resources to requirements lies at the heart of this section of the Review. This need is fundamental to the defence policy formulation process and we will discuss it in some detail in later chapters.

Defence Organisation

A number of recommendations of relevance to the policy setting process are made by Quigley. The most radical and the one which deals most directly with Defence structures relates to the higher organisation of defence; specifically

the position of the Defence Council and the relationship of the Chief of Defence Staff (CDS) and the Secretary of Defence.[12]

Quigley recommends the abolition of the Defence Council, with its responsibilities split between the Minister, the Secretary and CDS. In place of the current unified diarchy where a number of responsibilities are held jointly by CDS and the Secretary he recommends the separation of the diarchy and the formation of two agencies; a Ministry of Defence controlled by the Secretary and responsible for 'policy' and a Headquarters for the New Zealand Defence Forces commanded by CDS and responsible for 'operations'.

The Secretary of Defence would be the Chief Executive of the Ministry and would be the principal adviser to the Government on 'defence policy'. The two main policy directorates within the Ministry would be 'Programmes and Budgets' and 'Policy'.

The Programmes and Budgets Directorate would bring together the total financial package, the annual budget, for Defence. It would prepare the Indicative Defence Resource Plan and the Capital Equipment Plan and within Government constraints it would allocate the total budget so that priorities established by the Policy Directorate would be met.

The Policy Directorate would be involved with strategic analysis and force development with functions including: analysis of the strategic environment, reviewing capabilities required to meet defence objectives and preparation of an Annual Defence Assessment.

CDS would exercise command over the Armed Forces and would be the principal military adviser to the Government. His Headquarters would have an Operations Branch, a Plans Branch and an Administration Branch.

The Operations Branch would have functions such as the coordination of day to day activities of forces under command of CDS and contingency planning. The Plans Branch would prepare force analysis plans, advise on international military links, provide military input into the Annual Defence Assessment and conduct long term military studies into options for force and equipment development.

These changes are seen as a solution to the 'problems of the current structure' which are defined as:[13]

> Civilian/Military Overlap. There is too much duplication of effort in Defence Headquarters...In practical terms the twinned relationship between the Secretary and CDS means that no one person is actually in charge of the Ministry...
>
> Top-heavy Decision Making. Defence Headquarters' perceived need for control means that routine decisions are being taken at too high a level. Those who are capable of making the best choice are too often left out of the decision-making process. There are too many layers of management in Defence Headquarters...
>
> Over-Staffing. Over-staffing is chronic. In a large organisation work can always be found for more people, but that often means the creation of work and the involvement of staff in greater numbers than is either necessary or efficient...
>
> Confusion of Policy and Command. Under existing legislation the Defence Council is paramount. Its twin role of policy advice and higher command lead to organisational distortion and confusion

The rationale for the structure recommended to solve these structural deficiencies are:[14]

To separate policy from military operational tasks.

To be able to clarify objectives and define capabilities.

To elevate the concept of civilian control to be of equal influence with the military aspects of defence policy.

To ensure that all factors are able to be considered during the policy formulation process.

To define management responsibilities clearly.

To ensure that proper lines of accountability are defined.

These are clear objectives. It is not yet clear whether the changes recommended by Quigley, if implemented, will achieve them. In later chapters we will discuss the necessity for the recommendations, the underlying concepts of contestability and transparency of advice and the degree to which these objectives are capable of achieving them.

Resource Management

In its analysis of the Defence resource management system the Quigley Review Team identified four basic objectives specific to resource management:[15]

> To ensure adequate resource allocation within an effective and efficient modern Defence Force which is directly responsive to appropriate and defined objectives;
>
> To put in place a management and command structure which is oriented towards meeting operational requirements within the resource constraints imposed by economic conditions;
>
> To create structures within the defence system which are capable of independent cost-centred resource management.
>
> To develop a structure of pay, conditions, and personnel policies, which ensures that Defence attracts Service people in the numbers and with the skills it needs.

Quigley does not talk about the mechanics of budget setting and resource allocation as such. The Review is more concerned with establishing the principles against which reform should be made and allowing the reformed

structures and procedures to operate under proper principles of financial management. With these conditions extant the detailed procedures adopted will, it is assessed, achieve the objectives.

The principles of reform established by Quigley are clear. And they are derived from the general principles adopted for wider public sector reform in New Zealand. Those that relate to the questions of financial management and budgetary practice include:[16]

> Policy and advisory roles ought to be separate from the administrative and operational aspects of each department. This is so that advice, and eventually resource allocation, is tailored so that it meets the needs of the consumer rather than the needs of the operational agency.

> Objectives ought to be stated in such a way that all parties involved in the provision of public goods and services are absolutely clear as to their role. This allows resources and objectives to be properly matched.

> Accountability should be maximised. This forces periodic reviews of objectives and their achievement or otherwise.

Although, as statements of principle these are conventional wisdom we need to be aware that they represent a theory of management rather than an absolute truth. An alternative management theory could, for example, recommend that policy advice and its operational implementation should be combined on the grounds that the advice giver should be responsible and accountable to some degree for the consequences of such advice.

Quigley also identifies some major and characteristic resource usage faults. These occur because structures are deficient and the deficient structures lead to flawed decision making:[17]

An incentive to spend up to budget level because benefits of efficiency cannot be captured by decision makers;

An excessive degree of centralised authority...;

The difficulty of assigning meaningful priorities to major items of expenditure...;

The lack of appreciation that inputs have a cost...; and

The blurring of accountability for policy formulation and resource usage. Because of the overlapping functions of the Secretary and CDS, there is no one person responsible for the management of the total Defence structure...

As we examine the cases relating to resource allocation we will see some of these problems occurring and re-occurring.

Conclusions

The Quigley Review makes major recommendations for change. When we commenced this examination of the Review we warned of the problems involved in making such recommendations. A number of Quigley's recommendations are now being adopted and it is fair to ask why, if the deficiencies are as glaring as Quigley describes, had not the Ministry of Defence recognised and made the necessary changes itself without an outside consultant being necessary? The answer seems to lie in the realms of organisational behaviour. It is unlikely that the Ministry itself would ever have undertaken the root and branch examination conducted by Quigley. Partly this is because of bureaucratic inertia, and the pressure of more immediate requirements, and partly because change is always uncomfortable and is hard to implement from within.

Another possible reason is given by Robert Art in his reflections on the military applications of new technology:[18]

Because the stakes of combat are so high and the uncertainties so numerous, the pressures to fix upon the known and the familiar are great; the inclinations to stick with the tried and the

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proven strong; the willingness to rely upon the "untested," therefore, small...They (peacetime military organizations) will select the newest *version* of a familiar weapon because the increment in performance can make the difference between success or failure, but they will reject the *newest weapon* because they do not want to gamble in order to find out how useful it can be. Thus, because by nature military organizations are conservative, when radical peacetime changes in structure or doctrine occur, they are usually imposed from without [emphasis in original].

Finally we need to keep in mind the thought that perhaps the recommendations made by Quigley are not necessarily appropriate when more detailed examination of the problem is carried out. In a number of later chapters possible flawed outcomes are indicated.

THE POLICY ENVIRONMENT

Introduction

In Part 1 of this paper we examined some of the values and attributes which are ascribed to the processes which shape public policy in general and defence policy in particular. We also examined the historical background of New Zealand's defence policies since WW II to determine the enduring themes, the pre-occupations, of those policies. Finally in Part 1, we examined the thrust of the Quigley recommendations into defence resource management and into policy, higher defence organisation and force structure.

Part 1 provided the necessary intellectual background to our understanding of the policy process in New Zealand. In Part 2 we turn our attention to the formal structures and processes which shape defence policy.

Fundamental to any understanding of the policy process is an understanding of the environment in which it is formulated. This environment encompasses not only the formal structures within the bureaucracy, but also the players themselves and their attitudes, formal and informal relationships with colleagues and their relative influence on the process.

But this environment is constantly changing; both in structure and in personnel. The people change through the normal course of military postings and civilian job mobility. This aspect alone has great effects on the shape of policy. As individuals change so to do opinions about the correctness or otherwise of specific courses of action. Also there is potential for tension between the generally longer serving civilians and the more mobile military. The

claim is made by some (generally military) observers that because the civilians remain in their positions for longer, they are able to shape the policy agenda towards their own interests or the interests of the agencies they represent.[1] We do not discover any real evidence for this in New Zealand although it may be true for other jurisdictions.

Structures also change. The ostensible aim of reorganisation, whether in the defence system by the Government or of internal structures by the defence hierarchy, is to improve efficiency. The purposes ascribed to British reorganisation efforts over the last 20 years: 'to ensure value for money and effective defence',[2] are equally true of New Zealand efforts at reorganisation.

Whether this is achieved in New Zealand remains an open question. Appendices 1 and 2 to this chapter discuss the formation of the Ministry of Defence and subsequent organisational changes within the Ministry. Every time such change occurs new information networks have to be established, or reshaped, and the new structures have to develop their procedures.[3] In this Chapter we do not examine the effects of change, except to note that at different times contrasting structures have meant that more or less emphasis is given to different aspects of the policy process and to the players within the process.

The purpose of this chapter is to describe the environment in which defence policy is made, outline the main actors- political, bureaucratic (military and civilian) and non-governmental and describe the methods and procedures by which the primary actors derive their particular world view which helps shapes their perceptions of the need for particular defence policies.

Constitutional Arrangements

The formal constitutional framework, which authorises the relationships of the senior actors to each other, and their formal powers has been the Defence Act 1971 (as amended) and more lately the Defence Act 1990. The Defence Act states that 'there shall continue to be a Department of State, known as the Ministry of Defence...and shall comprise the armed forces...'.[4] The Governor-General may 'continue to raise and maintain armed forces...for...:[5]

> The defence of New Zealand.
>
> The protection of the interests of New Zealand, whether in New Zealand or elsewhere.
>
> The contribution of forces under collective security treaties, agreements or arrangements.
>
> The fulfilment of obligations undertaken by New Zealand in or under the Charter of the United Nations.
>
> The provision of assistance to the civil power either in New Zealand or elsewhere in time of emergency or disaster.
>
> The provision of such public services as may from time to time be required by or for the Government of New Zealand.

These purposes are wide ranging and allow the Government, if it is so minded, to use the armed forces for any task described as a public service. Such uses, which could include strike breaking, civil defence operations and disaster recovery operations, are not defence policies as defined earlier and will not be considered further.

The armed forces are also defined as the New Zealand Naval Forces, the New Zealand Army and the Royal New Zealand Air Force.[6]

The Main Players

Defence policy, like other forms of public policy in New Zealand, is 'closed' in its production.[7] That is to say there are relatively few actors, and

most of them are governmental. There is little scope for the public at large to influence policy or even to become aware of the trend of official thought until after the event.[8]

The actors may conveniently be divided into three distinct groupings: political, bureaucratic and the interested public. As we examine these groupings in detail we will see that they may be refined considerably, with, for example, sub-groupings of the Prime Minister and Defence and Foreign Affairs Ministers, other Ministers, the caucus of the government party, the parliamentary select committee responsible for defence matters and other MPs as distinct groups within the broad category of 'political'. These sub-groupings will be examined as we discuss each broad group.

Political Actors

The Prime Minister has little day to day input into defence policy processes, however his opinions are ultimately important whenever a major initiative with foreign policy implications is proposed, whenever there is a major shift in defence policy, or whenever large amounts of capital expenditure are likely to appear on the budget. The ability of the Prime Minister to involve himself in an issue derives more from his position of general authority as Prime Minister rather than through any specific authority which may be held by him, for example as Minister of Finance or Minister of Foreign Affairs both previously held by the Prime Minister of the day.[9]

The Prime Minister is also the final arbiter in disputes between the Minister of Defence and his Chiefs of Staff and as such may overrule the Minister in favour of a Chief of Staff over matters which the Chief of Staff must have considered to be of 'exceptional circumstances'.[10]

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The Prime Minister is advised by the Prime Ministers' Advisory Group, established in 1976, which provides a mixture of independent and departmental advisers to the Prime Minister on a range of subjects including foreign affairs and defence. The Group has as its main role the gathering of information on areas of concern to the Prime Minister and of following up, through the departments, action on those areas. The Advisory Group also functions as a trouble shooter for the Prime Minister by acting as a neutral arbiter between conflicting interests within and outside Government.[11] the Advisory Group has been described as 'a virtually indispensable element in the Prime Minister's advisory network'[12].

The Minister of Defence is described by the Act as having control of the Ministry of Defence.[13] As such he sets the political agenda for the operations of the Ministry and, depending upon the personality of the Minister, involves himself to a greater or lesser extent in the operations of the Ministry, particularly in approvals for expenditure.[14] The Minister is chairman of the Defence Council and as such has immediate responsibility for all policy recommendations which are passed to the Government.[15]

Within Cabinet the Minister is a member of the Cabinet Domestic and External Security Committee (DESC). This committee, normally chaired by the Prime Minister, was established in 1987 and is an attempt to coordinate those functions of the state relating to security in its widest sense.[16] At this committee therefore not only defence and foreign affairs matters will be raised, but also topics relating to economic and trade affairs and to civil defence.

Prior to the establishment of the Domestic and External Security Committee, Cabinet had operated with either a Cabinet Committee on Defence or on Foreign Affairs and Defence combined.[17] In either case, the focus of the Committee was much more clearly related specifically to Defence matters traditionally conceived rather than to any wider consideration of 'security' issues.

The Cabinet Committee considers those security issues which require a decision by the government and which can not be decided by the Minister operating alone. The types of issues which will be considered as being necessary to take to Cabinet or the committee will include those relating to major policy changes; such as the withdrawal from Singapore, proposals for major equipment purchases and drafts of the periodic White Papers produced to define defence policy. Generally a paper will be prepared for Cabinet consideration because the Minister considers that course of action to be necessary.[18]

Although the committee makes the initial examination of papers it will not normally make a final decision (unless given formal 'power to make decisions' by Cabinet) and will forward the papers to Cabinet with a recommendation. Cabinet has no compunction in altering or ignoring a recommendation from its committees.[19]

Cabinet DESC is serviced by an officials' committee counterpart known as Officials DESC. Officials DESC is chaired by a full time senior official, DESC Coordinator, (since late 1989 this task has devolved upon the Chief Executive of the Department of Prime Minister and Cabinet) and consists of the chief executives of the departments concerned with the issue at hand. Normally for defence related issues this will include the Coordinator, The Secretary of

Defence, Chief of Defence Staff, Secretary of External Relations and Trade, Secretary to the Treasury, Chairman of the State Services Commission and the Director of the New Zealand Security Service.

Parliamentary oversight of defence matters is achieved through the Parliamentary Select Committee on Foreign Affairs and Defence. Until 1985 there were separate select committees for defence and for foreign affairs. As well as considering bills relating to defence, the Select Committee routinely examines the estimates of expenditure presented by the Ministry of Defence. The Committee holds hearings on subjects which are proposed by the members and presents written questions for answer by the Ministry annually at the time of the estimates examination. This is the only form of systematic Parliamentary examination of defence activities. Less systematic oversight occurs during the annual parliamentary debate on the Estimates of the Ministry of Defence.

The Select Committee suffers from a lack of research facilities which limits its effectiveness in providing any coherent form of oversight.[20] The Minister is not a member of the committee and it has little input into the policy process.[21] The major role of the committee is to act as a forum in which members can educate themselves in defence matters and as such provide expertise in debates or privately to Ministers. The degree to which even this limited input occurs will be dependent upon the interest and influence of the person chairing the committee.

Parliament at large has even less input into defence policy than the select committee. Thakur describes its role as being reactive rather than formulative, as the forum for ratifying the government's foreign policy decisions and explaining their rationale.[22] Marshall that 'the short answer to

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any question on the involvement of New Zealand's Parliament in foreign policy matters would probably be that it is negligible'.[23] Members of Parliament have no reliable sources of information and they do not have formal access to policy makers.[24]

Formal effective political input into the defence policy process then may be seen as limited to the Prime Minister, because of his overseeing role in Government, the Minister of Defence and those other Ministers who are members of the Cabinet DESC. In certain special cases recommendations of that committee may be overturned in Cabinet, but given that the Prime Minister is a member of the Committee this must be considered to be an uncommon event, or they may be delayed. Delay will most likely occur because of the desire to avoid a politically sensitive issue or because of financial stringency which forces the postponement of expenditure.

The Bureaucracy

The primary bureaucratic actors are the Ministry of Defence, The Ministry of Foreign Affairs (now the Ministry of External Relations and Trade) and the Treasury. Other Departments become involved in different aspects of defence policy at different times, but not routinely and to no great extent. For example the Ministry of Transport may become involved in operational flying aspects of the RNZAF and the Ministry of Trade and Industry (before its amalgamation with Foreign Affairs) with aspects of capital equipment purchases.

Of these Departments the main actor is clearly the Ministry of Defence. The Ministry, in the form of its senior officials and committees, is the only organisation directly and statutorily responsible for advising the Government on defence matters.

The Ministry in something approaching its present form was formally established with the passage of the Defence Act 1964.[25] The history of the evolution of the current relatively unified higher defence organisation has been of attempts to bring greater and greater centralisation onto a system which has jealously guarded what might be considered as tribal loyalties between the Services.

Centralisation and its problems has been an enduring theme of the British, American and Australian experience. In both Britain and Australia the initial steps from independent single Services to a more or less unified and centralised Defence system occurred, as with New Zealand, in the 1960s and the 1970s. The moves, which were made for the same reasons as they were in New Zealand, have been described by a British commentator:[26]

> Their...motives were varied...but ultimately each had the common objective of strengthening control over defence policy and execution at the centre, not merely for sound democratic reasons that Parliament and politicians are accountable...but ...that the the whole exercise of ensuring the most effective defence of the realm with the most efficient use of scarce resources would most likely result.

The United States' system of centralised control, which is not based on the joint responsibilities of a diarchy, but on two separate offices, that of the Secretary of Defense and of the Joint Chiefs of Staff, is criticised as ineffectual because of:[27]

> the inability of the Service dominated joint organization adequately to perform their primary functions...the impotence of the joint organizations stems from...Joint Staff subservience to Service interests...

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As we shall see later similar criticisms are made of the Australian system. New Zealand has, until 1989, followed the British model of centralisation based on a diarchy. The problems identified with the US and Australian systems are not apparent to any degree. Undoubtedly some single Service players do believe that the centre is too strong. Often their viewpoint alters when they take up a position in the centre.

Organisation of the Ministry of Defence

The Ministry of Defence, as the 'head office' for the armed forces, has had various internal organisational shapes. At all times however it has had some form of Policy division as the central policy definition grouping. At this stage we need only note that despite the specific form the higher defence organisation has taken, the principles of the sharing of responsibility between military and civilian officials and the gradual centralisation of policy, away from the single Services, have been followed.

Since late 1989, formally since the passage of the Defence Act 1990, the Ministry of Defence as a policy organisation has been separated from the operational New Zealand Defence Force. The change is more of form than of content and the separation will be discussed in detail later. Here we need only note that we discuss the organisation as it evolved under the Defence Act 1971 and we may further note that the new organisation is unlikely to alter significantly the shape of defence outcomes.

The roles, functions and inter-relationships of the senior officials of the Ministry of Defence are defined by statute. The two senior officials are the Chief of Defence Staff (CDS) (since 1990 known as the Chief of Defence Force) and the Secretary of Defence. The CDS commands the single Services through their

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respective Chiefs of Staff, is the principal military adviser to the Minister and is responsible for the direction and control of all military and civilian personnel employed in respect of his functions.[28]

The Secretary is appointed under the State Sector Act 1988 and in terms of that Act and the Public Finance Act 1989 he is the Chief Executive of the Ministry of Defence.[29] The Secretary's major functions include:[30]

principal civilian adviser to the Minister;

responsible for efficient administration, control and accounting of all expenditure and revenue in the Ministry of Defence;

responsible for the coordination of long term financial planning within the Ministry of Defence

Of these, of critical importance in terms of the ability to influence Defence policy directions, is the responsibility for financial planning.

As well CDS and the Secretary have joint responsibilities:[31]

Supervise the execution of decisions of the Defence Council and make such arrangements as may be necessary to ensure the coordination of the activities of the Ministry of Defence;

On behalf of the Defence Council, coordinate the preparation of policies, plans and programmes governing the composition, maintenance, training, equipping and management of the Armed Forces in accordance with such policy as may from time to time be laid down or approved by the Government of New Zealand;

Keep under continuous review the policies functions, organisation and procedures of the Ministry of Defence

The joint operation of CDS and the Secretary is known as 'diarchy' and is similar to methods adopted in both Australia and the United Kingdom.[32] In practice the diarchy means that two key individuals are jointly responsible for the broad shape of policy with the Secretary administering and controlling the

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finance and CDS undertaking the command and control (through the single service Chiefs of Staff [CofS]) of the armed forces. There is potential scope for conflict in this division if there are any areas of disagreement between the CDS and the Secretary.

In practice there have been few disagreements in recent years.[33] CDS and the Secretary have adjoining offices within the Ministry of Defence, with a connecting door, and they coordinate their approach to policy questions before airing the issues in open forum. This form of diarchy, where there is joint responsibility for policy advice, means that when the two senior officials agree on an issue there is little that single Service CofS can do to oppose them. When the diarchy was first established this fact was well recognised:[34]

> As time wore on it became obvious that if CDS and the Secretary combined at the top and we were at one then there was no way that the Defence Council was going to challenge us. I was quite happy to share that role on a formal basis so long as we each had our clear responsibilities. We drew up the terms of reference for the diarchy. We made the line of command as coming equally from each of us. If we had not done that the diarchy would not have worked.

A system such as this can only work effectively with mutual trust and respect. This has been a feature of the senior relationship since 1970. But there are potential disadvantages. Because of the joint responsibilities the processes may take longer to be worked through than they would in a unitary system. Subordinate staff officers may be confused by the shared responsibilities (but there is little if any evidence for this) and there are areas of overlap which potentially can cause work to be administered inefficiently or worse to be overlooked completely.

The individual CofS (Chief of Naval Staff [CNS], Chief of General Staff [CGS] and Chief of Air Staff [CAS]) are responsible for the day to day command

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of their Service, for advising the Minister, through the CDS, on any matter relating to their Service and for the implementation of policies, plans and programmes prescribed for their service.[35]

The position of the Service Chiefs, in theory, is one of subordination to the policy direction of the centre, and for some:[36]

> we are over centralised. For policy it (centralisation) is not unsound but it (the central Ministry of Defence) has too much time...The Services feel heavily circumscribed by the machine.

In practice the position is not so clear cut. The CofS are members of the Defence Council, the Defence Executive Committee, and the Chiefs of Staff Committee. As well all the Services maintain their own policy and plans staff departments and much of 'Defence' policy in fact emanates from these Service policy staffs and is refined by the central Defence staff. The single Services also retain a near monopoly on their ability to define Service requirements for equipment.

These factors mean that even if, in the case of a straight disagreement, the centre is likely to prevail over single Services, in routine matters the Services have sufficient input into the course of the policy process to ensure that policy is not made in isolation from their requirements. But the general trend has been inexorably towards centralisation of policy setting.

The corporate operations of the Ministry of Defence are controlled by a a central policy committee, the Defence Council, a number of subordinate advisory and consultative committees, and three operating divisions, the three Services. There are seven formal Defence committees of one star (Brigadier equivalent or Assistant Secretary level) status or higher and very few subordinate standing

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committees. This top heavy formal structure is balanced at the 'working level' by ad hoc arrangements of committees and consultation which shape policy issues before they reach the senior structures.

The Defence Council is the senior statutory body directly responsible for the armed forces. It consists of the Minister, as chairman, the Chief of Defence Staff the Secretary of Defence and the three single Service Chiefs of Staff. The Secretary of Foreign Affairs is an associate member and the Defence Council may appoint any other officer of a department of state as an associate member.[37] The Defence Council has as its functions:[38]

> Through officers appointed for the purpose to command the armed forces.
>
> To administer the armed forces.
>
> To assist the Minister in formulating defence policy or recommendations thereon.

Membership of the Defence Council may lead to conflicts of interest. On the one hand the Service members are responsible for the formulation of defence policy. On the other they are responsible for the command and operation of their own Service and its well being. We have seen these responsibilities conflict in the US system to the detriment of central control.

In New Zealand there is no evidence of this. Undoubtedly the potential for conflict occurs. For instance where a member of the Defence Council has to become a party to policy which, although in the interests of the defence forces as a whole, is not necessarily in the interests of his own Service. This could occur where financial savings must be made and the collective decision is that they fall directly on one Service. The Chief of Staff of that Service would have no choice but to accept the decision, indeed he would have helped make it, even

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though it may hurt his Service. We examine later why this acceptance of 'central good' occurs in the New Zealand system.

There are two other senior committees responsible for policy formulation within the Ministry of Defence. The first is the Chiefs of Staff Committee (COSC) which consists of CDS and the three CofS and acts a committee of the Defence Council.[39] It is convened under the authority of the Defence Act, but it has no statutory duties or responsibilities other than those given to it by the Defence Council. In practice COSC is used by the military members of the Defence Council, with DCDS as an associate, to discuss and resolve matters of purely joint military interest prior to their presentation at Defence Council. For those command issues which are not going to be discussed by the Defence Council, CDS will make a decision based on the tenor of the COSC discussion.[40]

The second senior committee, the Defence Executive Committee (DXC), is non-statutory and is established under section 32 of the Defence Act which allows for committees to be established jointly by CDS and the Secretary. The DXC was originally established in 1978 when it was recognised that there was no formal forum for the Secretary to become involved in staff discussion of policy issues before they appeared at the Defence Council.[41]

The DXC thus consists of the Defence Council less the Minister and acts as a review body for policy before it is formally considered by the Defence Council or by the Minister alone. Most items of policy go to DXC prior to being considered by Defence Council. Staff from Defence and from single Services may attend DXC meetings and policy issues are fully discussed before a resolution for Defence Council is agreed. By this process a final joint officials' approach on policy can be formulated before political input is required.

Both of these senior committees act to some extent as forums for consultation, bargaining and position setting. At each step of the process there is an attempt to reach agreement on issues so that at the next step there is no need to rehearse positions which are already well known, and no need to conduct internecine argument in the presence of 'outsiders'. There is no evidence of explicit bargaining of the kind 'you support my ships this time and I will support your tanks next time'.[42] This alternative step by step support building process has obvious advantages for the organisation as it maximises participation in and support for the outcome. The process mirrors the British system again, where in Hobkirk's phrases 'defence by bargaining' has given way to 'defence by discussion'[43]

But the process to this stage only involves officials and there are problems in presenting the Minister with a *fait accompli* in policy matters. The Minister has no access to the processes of these subordinate committees and is not necessarily aware of their agendas or decisions, although any decision with policy implications will be presented to the Defence Council with the Minister present. If the Minister does not agree with the policy being proposed when it reaches him, he is in the position of having to either accept it or reject it as a whole, without having been able to influence it before the event so that it is acceptable when presented for decision. There is little scope for amending policy proposals in detail once they reach the Minister or Defence Council for decision. The only realistic solution is then to re-commence the process with new instructions.[44] This is an extreme manifestation of the closed policy process.

To service the corporate policy machinery the Ministry of Defence deploys

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a large staff, both military and civilian, within Defence Headquarters. The staff are divided into functional branches which are controlled by either a military or a civilian officer of brigadier equivalent or Assistant Secretary rank.

Between these branch heads and the level of CDS/Secretary are the Deputy Chief of Defence Staff (DCDS) and the Deputy Secretary of Defence (Dep Sec Def). They supervise separately the work of a group of the staff branches with DCDS being responsible for the 'military' functions such as operations, personnel and logistics and the Dep Sec Def being responsible for the 'civilian ' functions such as administration, (financial) programmes and ministerial services.

The diarchal concept thus stops at the level of the CDS/Sec Def, although this has not always been the case and the diarchy has at times gone down to the next level.

The staff branches within Defence Headquarters are: Development Plans, Operations, Personnel, (Logistic) Support, Programmes and Ministerial, Finance, Management and Administration and Science. The functions of the branches are to an extent self explanatory from their titles. The main roles of the 'policy' staff branches are defined as follows:[45]

> Operations Branch.
> To provide for operational planning, training, day to day direction of operational matters and coordination of staff action to enable CDS to exercise command over specified national joint forces.

> Development Plans Branch
> To provide for strategic planning, formulate force development policy, identify required capabilities and to propose equipment acquisition plans including the allocation of priorities...coordinate international policy considerations with military planning and activities, including the development and implementation of the MAP.

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<u>Programmes and Ministerial Branch</u>
To develop and update an integrated defence programme and
monitor performance against agreed objectives and
budgets...(also) coordinate the drafting and preparation of
papers...provide resource advice to Branches and single
Services, scrutinize resource implications, coordinate the
ministry's position concerning national issues bearing on
defence matters...

To coordinate the work of the staff branches and the actions of the single

services there are two senior staff level committees. These committees

scrutinise proposals for policy and put them into a format acceptable to the

Services and to Defence central and prepare them for submission to DXC and the

Defence Council.[46] The work of the committees is to ensure that policy ideas are

refined so that they do not neglect any relevant interest and that they reflect

a true statement of Defence policy intentions.

The committees are the Operations and Development Committee (ODC) and the

Management and Budget Committee (MBC)[47] Full members of each committee are the

DCDS, the Dep Sec Def and the Deputy Chiefs of each of the single services.

Associate membership of the Committees includes the head of the staff branches

dealing with the issues at hand.[48]

ODC is responsible for:[49]

Force development and the development of strategic guidance in
the areas of both military and international affairs and
operational and administrative concepts for joint forces.

Joint Force operational and administrative planning.

Coordination and scrutiny for proposals and plans, including
the setting of priorities in areas such as:

equipment
overseas and joint training
overseas and joint exercises and visits
works
scientific
military assistance

Military manpower requirements

Overseas military representational requirements.

Review of Defence Council Order proposals related to command matters.

MBC is responsible for:

Estimates and budget proposals.

Processing, consideration and monitoring of programmes, particularly in terms of resource implications, in areas such as:
equipment
overseas and joint training
overseas and joint exercises and visits
works
scientific
military assistance

Reviewing civilian manpower requirements.

Consideration of administrative management systems.

Reviewing Determination proposals.

Reviewing Defence Council Order proposals relating to administration.

Reviewing Defence Manual proposals.

The committees operate after the normal staff functions have been carried out. During this earlier staffing phase a proposal will have been discussed in detail with interested branches, the other Services and other government departments. The final proposal will reflect the results of this staffing process. That does not mean however that the proposal will necessarily be accepted by the committees.

The system looks complex. In comparison with others, even the Australian, it is not. In Australia there are over 90 standing committees operating at various levels within the defence organisation and 17 at two star (Major-General equivalent or Deputy Secretary) status or higher.[50] In the mid-1970s in Australia there were some 75 committees of two star status which led 'to an extremely complex arrangement...of the defence decision making machinery'.[51]

Ball, in discussing this complex organisation, makes the point that 'there is an intimate relationship between policy and organisation... and the relationship...can therefore serve as something of of an index to the rationality of the decision making machinery'.[52] The Australian system has been described by another, military, commentator as 'over-centralised which leads to procedural complexity...lowest common denominator consensus...loss of output orientation and micro management.'[53]

New Zealand, in its organisational culture, has not reached Australian levels of complexity. It should therefore be more rational in process and thus to some extent in outcome.

The aim of the system of Branches and Committees is to ensure that defence policy is formulated and processed as quickly and efficiently as possible. In practice this aim is less than successful. Branches are multi-layered with up to five levels of staff officer, of varying seniority and experience, being involved in any subject. This means that a specific topic is acted upon and revised by each level in the chain before it gets to the Branch head. He may then accept or reject the preliminary decision and in turn may have it rejected by the two layers above. These problems have been well identified by military observers:[54]

...too much effort is going into too little work. It (the defence bureaucracy) munches things to death... the committee system works best when it is under pressure, severe pressure...

We are very highly centralised in functions additional to policy. This engenders a great sense of frustration as the bureaucracy holds up progress and change...

The reason for these problems are both structural and philosophical. Philosophical because there has been a conscious move towards centralisation, and structural because the central organisation adopted has been better suited to an operational military unit, with deputies at every level immediately available to replace the leader when he is killed or otherwise put out of action. For a higher staff organisation this degree of redundancy would not seem to be necessary.

The processes which spring from the structure we have described are dynamic in that there is constant inter-play between the Services and the centre. The inter-play should ensure that all sides of a question are aired so that the best solution can be reached.

In practice this does not occur so neatly. As noted the Services have a near monopoly on expertise relating to specific issues important to themselves. The process requires that the interested players present their position objectively and that they are able to recognise that competing arguments have merit and may have superior claims to be heard. This can be difficult given that staff officers working in the Defence central area still owe loyalty to their parent Service and will be posted back there eventually. A rigorous use of the inter-departmental committee system and exposure to competing advice are the only safeguards against self-interested, single Service centred policy outcomes.

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Other Government Departments

As well as the Ministry of Defence and its system of branches and committees, other departments may be intimately involved in the defence policy process. This will depend on the topic or area in which policy is being developed. The most obvious of these are the Ministry of External Relations and Trade (MERT) and the Treasury.

MERT is directly concerned with all those aspects of defence policy which impinge on New Zealand's external relations. This includes not only obvious aspects such as whether New Zealand should be involved operationally in a specific area of the world, but also in questions connected with equipment purchases and force development planning. The Secretary of External Relations and Trade is a member of the Defence Council and as such he is involved in the detailed recommendations on defence policy made to the Minister of Defence.

Within MERT there is a defence liaison officer who is responsible for monitoring the movement of defence related matters, keeping the Ministry up to date on defence matters and acting as the point of contact between the two Ministries.[55]. Until 1987 a MERT (then Ministry of Foreign Affairs) official at Assistant Secretary level was routinely appointed to head the defence Policy Branch (now Development Plans Branch). Since 1987 MERT has not provided a senior officer to work within Defence.[56]

The Treasury is concerned with the Ministry of Defence as a spending department. Until 1987 the Secretary to the Treasury was an associate member of the Defence Council, but in that year it was decided by Treasury that it was not

appropriate that the government's adviser on financial matters should be involved with a statutory body which, as part of its functions, was involved in making expenditure recommendations to the government.

The Treasury maintains a defence investigating officer who is responsible for monitoring all aspects of the defence budget and for making the initial recommendations relating to defence spending proposals. This officer works closely with the Assistant Secretary (Finance) and the Chief Management Accountant in the Ministry of Defence.[57]

Other Actors

Despite continuing worries expressed by the government related to the level of defence expenditure there has been relatively little interest, or concern, about defence as a general issue.[58] This is not to say that specific issues have not generated fierce controversy; at times they have, for example during the Vietnam years. But in general defence has not been an issue to excite the voters and hence the politicians. Nor in New Zealand is there any academic or research organisation which devotes itself primarily to defence issues and to maintaining a level of informed public debate on defence issues..

The other players in the defence policy process are therefore less significant. They may be categorised generally as the pressure groups (including party activists) and the general public.[59] The political parties have had broadly differing interests in defence issues; with the Labour Party, reflecting its roots, being internationalist in its outlook and the National Party stressing issues of security through strength. Often the rhetoric espoused by a Party does not translate into action when they form a government.

Defence oriented pressure groups tend to fall into two categories; those which believe that New Zealand does not take enough interest in defence and those which believe that the defence policy is too offensive, too oriented towards the interests of the West generally rather than New Zealand specifically or who want some form of disarmament. The two groups may broadly be categorised as 'the right' and 'the peace movement'.

The peace movement is a broad grouping of mainly community based organisations which variously have been anti-conscription, anti-New Zealand's involvement in Vietnam, anti-nuclear, anti-American, pro-limited defence efforts or pro-disarmament.[60] The main focus for their activities in New Zealand's from the mid 1970s has revolved around nuclear issues and specifically the attempt to keep US warships operating under the 'neither confirm nor deny' rubric out of New Zealand.[61] For them this culminated in the effective removal of New Zealand from participation in the workings of the ANZUS alliance. More latterly the peace movement acted to mobilise support to force the Government to decline to replace New Zealand's frigate fleet with the ANZAC frigate.

The Government chose to become involved with Australia in the ANZAC frigate project and conclusions about the ability of the peace movement to influence policy would seem to lean towards a judgement that they have only limited influence. On the one hand they were able to mobilise support to force the Government to deny entry to a US warship, an event with far reaching effects perhaps not yet fully realised, but on the other they have been ignored on a range of issues upon which they have tried to exert influence.[62]

The organisations of the right are probably even less effective at influencing the course of defence policy than the peace movement. The Returned

Services Association (RSA) is still a major group with a significant number of the over 60 age group represented in it. The Minister of Defence speaks to its annual conference, but policy remits passed by the RSA do not have any influence on the policy debate.[63]. There are a number of smaller groups started to combat the growth of community based peace groups. These organisations are small and have no mass following.[64]

If the role of the pressure groups is minimal, that of the public at large is even less. Defence policy makers are unanimous in dismissing public opinion as a factor in their consideration of issues.[65] There is though, a belief that at the least public opinion must be heeded-especially once it has gathered enough strength to assure some electoral impact. Kidd has written that 'the policy response will depend on the perception of the government of the circumstances...I would stress the importance of public opinion',[66] and Laking, '(until the 60s) the citizen had no discernible influence on (foreign) policy...No government since that time has been able to count on the supine acceptance of its foreign policy, attitudes or actions'.[67] Garnett provides a British perspective on the same topic:[68]

> It seems probable that the lack of public interest in defense
> that has characterised postwar British politics is coming to an
> end...First because the essential bi-party defense policy that
> prevailed during the period has now broken down...the second
> reason...is that the various pressure groups that, taken
> together, loosely constitute the peace movement are determined
> to keep the defense issues in the forefront of public
> consciousness...the third reason is economic...Like it or not
> defense has become, and is likely to remain, a high profile
> activity. Governments can no longer afford to neglect public
> opinion about it. This is true not just of Britain but of
> Western countries generally

The record and opinions about the ability of the public, either in the form of pressure groups or as less organised public opinion, to influence policy is mixed. Perhaps the most that can be deduced from the evidence follows

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Laking's earlier assessment: 'in the foreseeable future...government will be obliged to assume a continuing public scrutiny of their actions and intentions in the field of foreign affairs'.[69] The public scrutiny and the explanations that it forces may lead to a climate in which policy change occurs but that is not the same as suggesting that the public can yet force a direct change in defence policy direction.[70]

Information

Information flows within Defence are as varied as the size and complexity of the organisation would suggest. Routine information is transmitted at formal and informal briefings and by briefing papers. Formally and informally, senior policy makers meet and discuss issues of the day and notes relating to specific issues continually pass between the actors for comment and information.

It has been suggested however that the flow of other than routine information does not go downwards beyond the purview of the Secretary and CDS. The more junior actors are thus in the position of preparing draft policy without possessing full information either as to need or to likely outcome.[71] If this is so it would reinforce the centralisation of control within the diarchy which we identified earlier. It would also be extremely wasteful of resources, but there is no evidence that the information does not flow downwards. What is more likely is that subordinate staff are not completely aware of the trend of CDS' or the Secretary's thinking and final outcomes, which may be different from the line taken by the staff, thus come as a surprise.

Formal exchanges of information occur in various routine ways. The first involves the defence committees already described. The committees meet regularly, although not to any routinely scheduled programme. Prior to the

meetings information is normally presented in a paper for discussion or decision. At the meeting the proponent of the paper will present the main points of the issues at hand and he will face questions to elucidate or defend the stand taken. Discussion on the substantive issues then occurs and decisions taken or deferred as necessary.

To allow CDS to keep abreast of routine operations and activities of the armed forces, he is briefed weekly by the defence operations staff. The briefing covers the current and planned operations of the individual services and brings CDS up to date with the state of those operations. Potential problems are brought to CDS' attention and directions are given by him when necessary. At times of crisis CDS may receive daily or more frequent briefings as required.

Each week, normally on a Monday prior to Cabinet, CDS and the Secretary visit the Minister to brief him on current issues. These meetings are designed to ensure that the Minister is fully briefed on Defence proposals which are to be raised at Cabinet, to alert the Minister to matters which may arise at Cabinet which could affect Defence, and to discuss the likely course of events for the coming week. Fortnightly the Minister receives a written summary of the operations of all elements of the Ministry and their inter-relationships with other departments and the public.[72]

For issues of the moment where CDS or the Secretary believe that the Minister needs to be informed, or his decision is required, he will be informed by means of a short note signed either by CDS or the Secretary . The possible range of topics is wide and could include explanation of newspaper comment, updating on previously briefed information, information on future armed force activities which may become as a matter of public comment and requests for

approval to take actions not within the competence of CDS or the Secretary to take alone.

Within the Ministry of Defence it would be most unusual for any work to go to the Minister which had not been cleared by either CDS or the Secretary; a very high degree of centralisation. By ensuring that all submissions are signed by one or other, central control over information is maintained. This ensures uniformity of advice to the Minister from the department and is consistent with the roles defined in the Defence Act for CDS and the Secretary as principal military advisor and principal civilian advisor respectively to the Minister. It does mean, however, that processes must wait until they can be given the necessary attention by either CDS or the Secretary. This lack of delegation has other implications for the policy process which are discussed in more detail when we examine case studies later.

The flow of information from overseas is important for policy making as it gives policy makers a perspective on events which is not normally available from within New Zealand. We must however be aware that information, and more especially intelligence (information which has been interpreted) from overseas is subject to the prejudices and world view of the overseas supplier. This could mean that a specific line is fed New Zealand in an attempt to influence a course of action. Given that New Zealand is not ever likely to be completely self reliant for information, these dangers may be ameliorated by ensuring that information is supplied from a range of suppliers, that the opinions of other interested departments, which may have their own sources of information, is sought, and that where possible analysis of information is carried out in New Zealand

Information from external sources derives from routine meetings in multi-lateral forums, from visits by overseas defence authorities and through the activities of defence attaches, defence forces overseas, MERT, and the external intelligence agencies; the Directorate of Defence Intelligence (of the Ministry of Defence), the External Assessments Bureau (until 1989 the External Intelligence Bureau) and the Government Communications and Security Bureau.

There are a variety of conferences. Until 1984 the most important was the annual meeting of the ANZUS Council. At this meeting the Foreign Ministers met to discuss issues of mutual concern and to gain an understanding of each others concerns and priorities. This forum gave New Zealand routine access to the US Secretary of State and allowed New Zealand's point of view on issues of the moment to be made directly.

In conjunction with the Ministerial meetings were regular meetings of military planning staffs from the ANZUS countries. The staff level meetings concentrated on the detail of preparing for combined exercises and established sets of common procedures for military activity. The benefits of this level of contact can be seen to be as great, if not greater, than the Ministerial meetings.

Since the end of WW II, under the general ANZUS plus Canada umbrella, a web of intelligence sharing arrangements has been established. These arrangements involve cooperation and coordination between the participants and they play 'a major part in determining the current intelligence needs of each nation'.[73] Since 1985 the flow of US sourced intelligence information to New Zealand has decreased dramatically with a consequent effect on the ability of New Zealand to maintain intelligence databases about areas of interest to it.[74]

With the demise of the ANZUS relationship the main multilateral forums have been those undertaken under the general term of the 'quadripartite relationships'. These are groupings of the Australian, British, Canadian and United States and New Zealand services which meet together in specialised working groups to establish methods of cooperation and collaboration to achieve interoperability to the highest degree and to obtain the greatest possible economies by the use of combined resources and effort. New Zealand is either a full member or is associated through Australia in each of the groupings. The main groupings are:[75]

ABCA Armies Standardisation Programme
The Technical Cooperation Programme
ABCA Naval Quadripartite Standardisation Programme
Air Standardisation Coordinating Committee
Combined Communications Electronics Board

It is through these groupings that New Zealand maintains much of its knowledge of the technical aspects of military matters.

New Zealand's major bilateral relationship is with Australia. The military relationship is of long standing, but it is only since the end of WW II that there have been formal technical military relationships and high level coordination of policies. There are annual meetings of defence ministers of the two countries; in conjunction with these meetings there are also meetings of the Australian New Zealand Consultative Committee on Defence Cooperation (ANZCC) which consists of the each country's Secretary of Defence and Chief of Defence Staff. As well, there are bi-annual meetings of the Australian New Zealand Defence Planning Group (ANZDPG) which includes senior Ministry of Defence officials from each country.

Lower level meetings between the two countries include regular meetings of the Australian New Zealand Defence Supply Cooperation Working Group, of exercise and training planners, intelligence staffs and communications staffs. Military assistance policies in the Pacific are coordinated between the two countries as are the flights of maritime surveillance aircraft into the Pacific.[76] The trend has been for cooperation between the two states to increase over the years. This has not been because of the rift in relations between New Zealand and the United States but began before that time and has continued strongly since then.[77]

These webs of relationships with Australia mean that New Zealand and Australia have a close and continual exchange of information over a wide spectrum of military matters and that New Zealand is completely aware of the Australian position on any matter and vice versa. This has occurred for instance in the attitude of the countries to events in the South Pacific, to equipment issues and to questions relating to service with peacekeeping forces. This exchange of views leads to a certain amount of harmonisation of position on specific issues but of course does not necessarily mean that either country automatically agrees with the other or that one will adopt a position which it regards as completely untenable merely to satisfy the other.

More limited bi-lateral relationships are maintained with other countries, especially Britain and Canada. Exchanges of personnel, training courses and exercises are conducted. The main benefits received are operational, in that the personnel participating gain an understanding of alternative methods of carrying out common military tasks. Policy benefits from such links are restricted to the insights that participants may gain into the factors which lead the other country into its own defence policies.

New Zealand also conducts security consultations with the South Pacific island states annually. A team of Ministry of Defence officials travels to each of the countries and matters of mutual concern are discussed. Through these meetings New Zealand becomes aware of the needs of the South Pacific and the ways in which New Zealand's defence policies affect the region.[78]

New Zealand has a limited system for obtaining information on defence related matters in its area of interest. In a number of countries in South East Asia and in Australia, Canada, the United Kingdom and the United States defence attaches are maintained. Curiously there is no defence attache stationed in the South Pacific, although there are junior officers permanently on attachment in several South Pacific countries,

The positioning of defence attaches reflects history, equipment purchasing policies and the need to obtain military information about the area. Although the attaches are not intelligence officers as such, it is expected that they will report items of military significance to New Zealand. All collection of information is done overtly; however assessments of situations are provided by the attaches to give a New Zealand perspective of events and this information is further assessed and combined with other information in New Zealand to provide a wider intelligence picture.

New Zealand has a signals intelligence capability, provided by the Government Communication and Security Bureau. It must be assumed that some of the information collected by GCSB is of defence interest. Military officers work on secondment to GCSB.[79].

Surface (and sub surface) surveillance of the Pacific region is maintained by New Zealand's fleet of long range maritime patrol aircraft. In one form or another these have operated in the region since the end of WW II and now take general responsibility for patrolling the area west to New Caledonia, North to the equator and east as far as French Polynesia. As well as maintaining surveillance over fishing areas the aircraft maintain a watch for surface naval vessels of foreign states and for submarines.

To turn the information obtained from all of these sources into useable intelligence, the Ministry of Defence maintains a small intelligence organisation, the Directorate of Defence Intelligence. Information is collated, analysed and released as intelligence for the use of defence policy makers and for the allied intelligence community. DDI is not large enough to be able to provide cover over all aspects of New Zealand's defence interests. It relies heavily on sharing information and intelligence with Australia and the UK and until 1984 with the United States.

The Quigley Review

The Quigley Review recommended major changes to the senior policy formulation parts of the Ministry of Defence. In Quigley's view:[80]

> In practical terms the twinned relationship between the Secretary and CDS means that no one person is in charge of the Ministry...People do not know to whom they should be reporting or for what they are responsible...
>
> Under existing legislation the Defence Council is paramount. Its twin roles of policy advice and higher command lead to organisational distortion and confusion...
>
> The CDS's voice carries no more legal weight on the Council than that of the three Chiefs of Staff who are his subordinates. Indeed, CDS is actually dependent on the support of the Chiefs for his continuing command authority as they account for half the permanent members on the Council...

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> The Chiefs' place on the Defence Council is also disquieting. By virtue of their Council membership, they have a central role in the policy advice process, yet they are expected to implement that policy under the command of CDS. This means that the person who has the final responsibility for ensuring policy is executed has no more power to decide policy than his subordinates...

Although attractive in theory, much of Quigley's analysis is flawed in that it takes no account of the system as it is implemented. In practice there has been no real confusion over responsibilities between CDS and the Secretary and no 'organisational distortion and confusion'. The assessment that CDS is somehow reliant on his subordinates for his 'continuing command authority' also misses the point about the nature of relationships in a structured hierachical system. CDS, in the final analysis, does not need to rely on a majority vote of support from the Service CofS. All that is necessary is for CDS to make a decision and the individual CofS will implement it. It would of course be uncommon, indeed unwise, for CDS to force unwelcome policies on his colleagues as a matter of routine.

Quigley recommended two major changes. Firstly, abolishing the Defence Council and sharing its functions between the Minister, Secretary and CDS. This was a recognition of the current de facto situation and is sensible. But it is not sensible for the reasons that Quigley gives; that CDS is somehow unable to exercise his command prerogatives. Rather it is sensible because it takes into account the fact that policy is evolved by CDS and the Secretary relatively independently of the Defence Council.

The Defence Act 1990 makes no reference to a Defence Council. Its abolition though will remove the Minister from the routine formal discussion with his senior advisers and the single Service CofS. To this extent it is retrograde because any consultation, no matter how ineffective, has to be better

than no consultation.

The second proposal was to remove the joint functions and responsibilities of CDS and the Secretary and divide them formally between them, military and civilian. The Secretary would control the Ministry of Defence with functions which would include strategic analysis, force development, programmes and budgets, corporate services and effectiveness audits. CDS would command the New Zealand Defence Forces, through a Defence Force headquarters, and control operations, plans for operations and the administrative and financial processes of the Armed Forces.

Separation of civilian and military was seen by the Review as necessary because of duplications of effort within Defence Headquarters, top heavy decision making, chronic over staffing and a confusion of policy and command. The split organisation is designed explicitly to separate policy from operational tasks, to clarify lines of command and to elevate the concept of civilian control 'to one of at least equal influence with the military aspects of defence policy, instead of being a process of administrative duplication'.[81] Quigley's main concern seems to have been that the military had 'captured' the defence policy process and broken the constitutional convention of civilian control of the military in the process. The solution is to enhance civilian control by increasing their influence on the policy process.[82]

The moves to split the diarchy are based on an assumption that it has not worked, indeed can not work. Our previous analysis would seem to indicate that that is not the case, that the diarchy has worked and worked effectively. The reason that it has worked in the past is because the Secretary and CDS have made it work. They have explicitly recognised that without joint agreement on major

policy issues defence policy making will suffer; that without unity at the top they will be unable to extract agreement on policy directions from the Government.

The Defence Act 1990 sets the split in place. The Secretary is the chief executive of the Ministry of Defence. He is:[83]

> the principal civilian adviser to the Minister and to other Ministers;
>
> to formulate advice, in consultation with the Chief of Defence Force, on defence policy;
>
> to procure, replace, or repair...equipment...where (it) has major significance to military capability...

For his part the Chief of Defence Force is the principal military adviser to the Minister and he is responsible for the efficient, effective and economical management of the activities and resources of the Defence Force.[84]

Formal consultation is required by the Act. CDF and the Secretary must consult on any advice that is given by either on a major matter of defence policy and they may be required to consult formally by the Minister.[85]

As a by-product of the split the Defence Executive Committee has disappeared, although a formal consultative committee of CDF and the Secretary has been established. The Chiefs of Staff Committee remains as a forum for airing military concerns and the staff level committees examining force development and budgetary issues have also disappeared, if only during the settling down period of the restructuring. If they are not reinstated there will clearly be some loss of coordination within the staff system.

Much of the change is more of form than of content. There are two separate

organisations: the Ministry of Defence and Headquarters New Zealand Defence Force. These organisations see themselves to some extent as being competing players in the policy business, despite the aim of the change to separate policy formulation from operations.

Some of the effects of the changes are already apparent. With this system there will be greater transparency as to the source of defence policy advice. At times of stress or controversy both the Secretary and CDS are likely to tender advice and it will be readily apparent whether advice is emanating from military or civilian sources. Following from this it is obvious that advice will be contestable. This in turn will lead to some form of zero-sum game where there can only be winners or losers. To avoid this of course CDS and the Secretary, even in a formally divided system, may choose to consult closely and to agree prior to formulating policy directions. If this occurs (and it is most likely) the effect of the split will be considerably negated.

Although Quigley recommended a structure which had 'policy' clearly the preserve of the Secretary, the structure which has been adopted has a 'policy' branch for both the Secretary and the CDS, although the Secretary apparently has the ultimate responsibility for tendering policy advice. The terms of reference for the senior policy staff positions in the two organisations are very similar and it seems that there will be more duplication between military and civilian sides rather than less as aimed for by Quigley.[86] With two formal policy branches there is likely to be tension between them as they compete to provide the 'authoritative' policy position. There will need to be continual and close co-operation between the two organisations if such competition is not to become destructive.

Under the Quigley recommendations the Secretary is not only responsible for strategic policy formulation but he also allocates finance to programmes for CDS to administer. The logic of this 'control of the purse' means that, depending upon the degree of communication and cooperation between the two sides and the attitude of the Government of the day, this new system may go beyond giving civilian officials parity with the military in the policy process. If the logic of the proposals is extended we could see the situation arise in which the operational military arm becomes completely subordinate to the civilian policy arm. In practice this extreme position is unlikely to occur; if only because each side has an interest in minimising the degree of conflict over policy directions.

Potentially the most serious effect of separating the control of 'policy' from the control of 'operations' is that 'policy' may be compromised by 'operations'. The split fails to recognise that policy outcomes are determined by both formulation and by implementation. Thus, to hand implementation to a body with little formal responsiblity for formulation does leave the policy process open to subversion, if only unconsciously.

The Australian Experience

The Australian defence establishment is currently separated in a manner similar to that being adopted in New Zealand. The Australian Parliament has recently conducted its own examination of the Australian higher defence organisation and processes. The main conclusions of that review are in direct contrast to those drawn by Quigley, although account must be taken of the fact that the specific arrangements in Australia are not identical to those to be adopted in New Zealand:[87]

...diarchy favours the Secretary. CDF has only limited power to influence defence policy. (He is) Constrained by lack of resources, lack of control over many functions, absence of any means of appeal against decisions by the Secretary other than through the Minister

...many of the deficiencies and weaknesses associated with the defence establishment in Australia stem from the diarchic structure. Structure tends to separate key military and civilian which ensures that defence policy making proceeds by a process of confrontation and bargaining rather than by mutual co-operation and collaboration. Philosophically unsound for the commander of Australia's operational force not to have the prime responsibility for the development of defence guidance and capabilities studies.

...the fundamental role of the defence establishment should be to develop and maintain a defence force which is capable of achieving the Government's objectives within the broad policy and resource constraints that it sets...the primary responsibility for carrying out this task should rest with the CDF

the basic function of the Secretary should be to:
    assist the Minister in setting out parameters

    ensure that proposals put forward by CDF are
    within resources allocated and are consistent
    with overall government policy.

The Australian review went on to acknowledge the need for controls over an 'unfettered military'. But it is ironic that the Quigley recommendations will produce a system very similar to that described in Australia and which has been strongly criticised there. The Australian system works but it is complex and as we noted earlier it involves much formal liaison and committee work within the branches of the defence establishment.

There are moves to revise the Australian system to produce a diarchy more similar to that currently employed in New Zealand. It is still not clear whether such reform will occur. Cheeseman notes:[88]

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The suggestion that the existing distribution of powers between the Secretary and the CDF should be reviewed has been consistently and vigorously opposed by the Department of Defence...It is not at all certain, however, whether the Department's view is based on a rigorous and objective assessment of the present or possible alternative arrangements, or whether it reflects a determination on the part of the present power holders to retain control of the defence policy making process. What is certain is that those who stand to lose most in any fundamental reappraisal of the balance of power will continue to use their power and authority to seek to prevent the issue from even being placed on the agenda.

Conclusion

The defence environment as described appears relatively complex. This is only so because of the range of tasks required of it. In comparison with the defence establishments of similar, although larger, states it is very small and very simple. The Quigley reforms are, however, likely to make the system more complex, with a web of formal inter-departmental committees and informal liaison networks being necessary to ensure that both sides of the defence establishment work properly together. In practice these necessary inter-departmental committees will probably function very similarly to the range of intra-departmental committees currently extant.

There are problems within the system of institutional jealousy, single service partiality, fixation and lack of coordination, which are described in the literature as being as endemic to the military as to other large organisations. The extent to which these problems occur in New Zealand and the significance that they have for the formulation of policy will be considered through the examination of case studies.

It could be argued that the Minister should have some alternate sources of advice available to him and that he should be aware of the currents of debate about issues within the department. Given the nature of the defence 'culture'

with its emphasis on hierarchy and subordination to the senior opinion, once formed, it would seem difficult for this to be provided institutionally by the Ministry of Defence.

There is clearly a case for having a stronger and more informed public institutions available to put alternative points of view but, as noted, this kind of advice is always liable to suffer from the Defence claim that it is based on limited information relating to the activities and perceptions of other defence forces and their governments and that the alternate advice is lacking in technical detail which is only available to the Ministry of Defence. This point has been mirrored by Sir Frank Cooper, one time Permanent Secretary at the British Ministry of Defence:[86]

> (defence and foreign affairs) are not areas where there is a great deal of widespread expertise in this country. In defence in particular there are very few other experts and [the Ministry of] Defence has a near monopoly...

The authors of the work in which that statement was quoted made the point that:[87]

> A counter-argument is that the very fact that the Ministry of Defence had a monopoly was reason enough for encouraging others to examine the policies it promulgated. Monopolies can turn into strangleholds and lead to the ossfication of ideas.

The point is equally valid for New Zealand. The lack of any real external scrutiny of defence issues means that the executive and the defence bureaucracy are able to form defence policy in isolation. There is no necessity to meet the requirements of a larger public opinion and there is no ability by the public to have any real input into the direction of defence policy. These points will be

defended by defence bureaucrats on the grounds that they (the bureaucrats and privileged politicians) have more and better sources of information and are therefore better able to make the necessary decisions.

The Quigley reforms will make the provision of advice to the Government ostensibly more transparent and the advice will be contestable. But the contest will still be conducted within the defence elite. There will still be no major public access to the policy process and the bureaucracy will remain the major player in the formulation process. In other words, although the form of the institutional players will have changed, the processes and therefore the types of outcome are unlikely to change significantly

THE EVOLUTION OF THE MINISTRY OF DEFENCE

Prior to 1964 the Defence Forces were organised as three single and virtually independent services, established as Departments of State, each controlled by its own Service Board with a military Chief of Staff and with a civilian Permanent Head. The task of the Boards was to give policy direction to the Service and they were responsible for the command and administration of their individual Service.[1]

Political control of the Board came from the Minister of Defence who was a member of each Board separately, but who had no mechanism for coordinating their activities. A CofS Committee existed side by side with the three Service Boards. This committee was composed of the three service Chiefs of Staff and had the prime responsibility of advising the Minister on matters of defence policy common to the three services. This did not necessarily extend to coordinating policy matters between the three Services.[2]

As early as 1948 the then Public Service Commission (PSC) had received a report which suggested, *inter alia*, that the three services should be amalgamated into a single Ministry of Defence. The PSC report noted a lack of unified planning, disharmony, the decentralisation of authority and the inadequate civilian control over defence expenditure.[3]

From 1948-1962 the debate simmered. In 1961 a Royal Commission on the State Services in New Zealand was held. When considering Defence, the Commission noted that the CofS Committee assisted the Minister in his role of coordinating

the presentation of Service matters going before the Cabinet Defence Committee. The Commission also noted that:[4]

> ...on the most important issues of national defence ...the Minister has been too often left to resolve major issues without the benefit of all the necessary advice...he does not always receive a general and unified evaluation of the political and military aspects of national defence...the Minister is consequently less a Minister of Defence than a Minister for the Navy, the Army, and the Air Force.

Evidence before the Commission noted the need for 'one Secretary of Defence dealing with the combined estimates and controlling the civil establishments of the three services'.[5] The Commission ultimately recommended the establishment of a Department of Defence under a senior official to be known as the Secretary of Defence. The Department would advise the Minister on defence commitments, on matters of joint service activities and would provide staff and facilities for joint service activities.[6]

In May 1962, shortly before the publication of the Royal Commission's report, the Minister of Defence, Dean Eyre, advised the CofS of his intention to establish a small defence office. The main area of debate now centred around the relative powers of the Secretary of Defence and the individual CofS.[7] Cabinet was particularly anxious to enhance the role of the Secretary as 'Head of the Department and responsible for coordinating financial activities'.[8] The Services were divided but were, generally, prepared to accept an independent (military) chairman of the CofS Committee if the Secretary could be restricted to a non executive role.[9]

In June 1963 Mr J.K.Hunn, the author of the 1948 PSC report, was appointed Secretary of Defence. Some weeks later Rear Admiral P.Phipps was appointed as Independent Chairman, a title which was soon amended to Chief of Defence Staff

(CDS). Hunn was determined to create a unitary Ministry of Defence with the Secretary firmly in control. His intent was based apparently on two grounds: constitutional and rational. Constitutionally Hunn believed that:[10]

> In New Zealand the Minister and the Secretary together equate with the US Secretary of Defense, who is both political and executive head. And in New Zealand as in the US civilian control, to be effective, needs to be rested in them collectively.

On rational grounds Hunn could not see how a dual control system such as that established could work:[11]

> Diarchal control...may function well enough for a while but seldom for long or in dynamic situations... I believe in unified command and so do the services.

At every step in the formation of the new Ministry of Defence Hunn pressed for centralised control under the Secretary. Each time he was resisted strongly by the CofS who objected to the implication that the Services came under direct civilian executive control. The CofS were prepared to accept a Defence Board with six members (Minister, Secretary, CDS and the three CofS) but Hunn rejected this because of the military majority on the Board.

The Defence Act 1964 was eventually passed on the 17th November 1964. The Act provided for one Minister of the Crown to be in charge of the Armed Forces, established a Defence Council as the controlling body, provided for the supersession of the Single Service Boards and re-established them as Boards of the Defence Council. The Secretary was described as the Permanent Head of the Ministry for the purpose of the State Services Act 1962 and he was responsible for the 'coordination of long term financial planning...and for control of defence programme expenditure'[12]

The Act did not give the type of clear civilian control desired by Hunn and this omission was probably deliberate. According to McLean:[13]

> Mr Hunn got it wrong in his conception of the relationship between the military and the civilian side. He was influenced by McNamara and saw himself in a similar position as the civilian controller constitutionally. That position is of course held by the Minister.

With the continuation in existence of the Service Boards, exercising generally the same functions as previously, and with the Secretary clearly not having full administrative control, the balance of decision making power remained with the Service Chiefs and their Boards.[14] Hunn described them as continuing to:[15]

> Contend for autonomy and independence, not so much from the Defence Council as from the Defence Office and more particularly from the Secretary of Defence by bypassing...(him) as the channel of communication.

The common military position was that:[16]

> Hunn failed to recognise that the interposition of an appointed civilian in the command structure between the uniformed 'power source' and the government was bound to be wholly unacceptable to all military personnel at all levels...not a question of status... but fundamental to the serviceman's concept of his relationship with the Crown.

This attitude is based on the 'cultural' belief held by the military that they owe their loyalty directly to the Crown rather than through intermediaries.[17]

In 1965 Hunn resigned as Secretary. His final report catalogued his achievements and failures. He restated his belief:[18]

> The whole concept of a unitary department depends for its success on maintaining the principle that the authority of the Secretary of Defence is unequivocal in all things...there can

be no satisfactory coordination below Ministerial level unless Sec Def's position and authority are upheld. In the background is the far more important principle...that the Armed Forces should be under civilian control which in practical terms means a political head supported by a civilian head.

In the immediate years after Hunn's departure any movement towards integration or unification was slow. It was not until the appointment of Mr J.F.Robertson as Secretary in 1969 that further impetus was given to the programme. Problem areas hindering integration and centralisation were identified and a step by step effort to involve all the influential 'elites' was made. Robertson identified the relative roles for the Secretary and the Chiefs. He rejected any role of 'secretary of the board'.[19]

I was determined to put in the policy apparatus. I tried to get a clear understanding from Thornton that the Chiefs had a role in force structure and the like but it was my role to produce strategic policy papers for the Defence Council...

As time wore on it became obvious that if CDS and Secretary combined at the top and we were at one then there was no way that the Defence Council was going to challenge us. I was quite happy to share that role on a formal basis so long as we each had our clear responsibilities. We drew up the terms of reference for the diarchy. We made the line of command as coming equally from either of us. If we hadn't done that the diarchy would not have worked.

By 1970 the main proposals for the Ministry of Defence in the form in which it has generally remained were finalised and they received Treasury's support: 'they would enable better control and accountability to be achieved'.[20] The shape of the diarchy and the roles of the senior players in the Ministry were enshrined in the Defence Act 1971.

MINISTRY OF DEFENCE: ORGANISATIONAL CHANGE

Introduction

The organisation of the central Ministry of Defence, and especially of its 'policy' branches, has not been static. The concept of 'diarchy' and of the primacy of the Secretary of Defence in providing strategic analysis to the Government was established in 1970. Since then diarchy and the level to which it should apply has waxed and waned according to personal preference rather than to any detailed analysis of requirements. The various separate areas of responsibility for CDS and the Secretary have tended to merge as the diarchy has developed in practice.

The split between CDS and the Secretary from 1989 as a result of the recommendations of the Quigley Review are the greatest challenge to the diarchy since the concept was initiated in 1964. Formal and separate responsibilities are being established for CDS and the Secretary. Whether these responsibilities are able to be maintained separately in practice remains to be seen. The Defence Act 1990 defines formal responsibilities for each position, it also requires consultation. A formal committee of two (CDF and the Secretary) has been established and it is likely that this will operate in a similar manner to the effective operation of the diarchy prior to 1989.

At the lower policy levels (Deputy and Assistant) the roles and relative responsibilities have also altered with the years. These changes may be seen most clearly in the division of responsibilities between AS Policy and ACDS Policy in the years from 1970 to the last internal re-organisation in 1986. They

are shown at Table 4.1.

Table 4.1

Changes in Responsibility ACDS(Pol)/AS(Pol) 1970-1986.

ACDS(Pol)	AS(Pol)

1971

Joint responsibilities for:
Planning
Foreign Affairs Liaison
Intelligence
Communications/Electronics

1976[a]

In coordination with AS(Pol):	In coordination with ACDS(Pol)
Force Structure Policies	Foreign Policy/Relations
Operational Policies	Political aspects of deployment
Defence Communications	Departmental liaison
Training policy	Parliamentary and Ministerial

1982

Jointly with AS(Pol)   Jointly with ACDS(Pol)

Strategic aims and objectives
Force development and resource policy
Defence planning guidance

and individually

Force structure/capabilities	Political considerations
Staff Targets	Departmental liaison
Resource management	International Agreements
Defence Planning	Mutual Assistance Programmes
Military Studies	Parliamentary and Ministerial

1986[b]

Policy analysis	Integrated Defence Programme
Political considerations	Economic evaluations
Liaison with MFA	Liaison with Treasury
Mutual Assistance Programme	Other important issues
International agreements	Preparation of CEP
Strategic guidance	Parliamentary and Ministerial

Note:a.   Known at this time as ACDS (Operations and Plans)
      b.   From 1986 known as ACDS(Development Plans)

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The History of Change

The initial structure and division of responsibilities was established by the Secretary and CDS in 1970. The main policy setting Branch was Policy Branch which was established to mirror the diarchal structure at the top. As early as 1972 Policy Branch was being criticised from within:[1]

> The branch tends to bifurcate rather than to act as a truly integrated organisation with all functions being the equal responsibility of both the Assistant Chief of Defence Staff and the Assistant Secretary.
>
> There is no staff to examine objectively and to evaluate the various service bids for resources and to relate such bids to current defence policy and priorities.
>
> There is no capability within the branch of applying systems analysis to defence policy problems, particularly those concerning force structure and major equipment proposals...

This followed a re-assessment of the functioning of the Branch after it had been in operation for several years. The Defence Council approved a minor organisational change within the Policy Branch designed to make:[2]

> Provision for one Branch, integrating all aspects of policy and planning, the functions of which being the joint responsibility of the Assistant Chief of Defence Staff (Policy) and the Assistant Secretary (Policy).
>
> Rearrangement of the planning teams to provide additional planning resources for long term conceptual planning...

The single Policy Branch strengthened the concept of the diarchy at this level. It is also noteworthy that this organisation made no attempt to establish a mechanism for controlling the day to day operations of the Armed Forces. This function was, it appears, still the concern of the single Services.

After this major readjustment to Policy Branch there were consequent minor adjustments to the functions of directorates within the Branch and in 1974,

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after an agreed assessment period, the Defence Council was invited to note that the reorganisation had been satisfactory.[3]

By 1976 however flaws in the organisation were again being discovered. Policy Branch was not providing the kind of coordinated and integrated advice desired by both CDS and the Secretary. Policy Branch was again reorganised by:[4]

> establishing a Directorate of Strategic Policy and Force Development...
>
> disbanding the Directorate of Defence Plans and establishing the Directorate of Defence Operations Training and Coordination...

There were also moves to dis-establish the position of ACDS (Pol) and have his functions taken over by DCDS. It is not clear if this in fact occurred. If it did it was only for a very short period.

By early 1979 after the 1978 Defence Review the concept of diarchal control below the level of CDS/Sec Def was being questioned at a senior military level:[5]

> While it is a fundamental of the NZ higher Defence organisation that responsibility and authority in most essential areas should be shared between CDS and the Secretary...it is not necessary that a diarchal pattern of command and control should be followed below the level of their deputies. On the contrary...without precise specification of subjects or activities for which each partner of the pairs has particular responsibility and authority is...confusing to all and inefficient.

This was to some extent a vindication of the position taken by Mr Hunn in 1964 although there was no question of altering the top diarchy. The point was

accepted and in July 1979 a formal split in functions between the civilian and the military sides was made:[6]

> In spite of a number of organisational changes in the Policy Branch since the major Defence HQ reorganisation of 1970, there have continued to be some difficulties in exploiting the full potential of Policy Branch staffs...
>
> In particular there are a lack of clear cut delegation of responsibilities exercised by each of the present joint branch heads...
>
> It is therefore proposed that Policy Branch should be sub-divided into two divisions so that ACDS and AS have under their separate control those elements over which in practice they exercise direct responsibility..
>
> There will, however, remain areas of shared interest where military and political matters intertwine and where the closest collaboration between the ACDS and the AS will remain most important. The proposed reorganisation therefore stops short of dividing the branch into two separate entities; rather it proposes an internal reorganisation involving the identification of two divisions within the existing single branch.

The changes were noted by the Defence Council and implemented immediately.

In 1982 the DCDS of the day was arguing the opposite tack:[7]

> My observations over the past twelve months indicate that there is an ever increasing split between the two sections of this (Policy) Branch...what is needed is a closely integrated Branch headed by a diarchy...

This observation promoted a response from ACDS (Ops/Plans) which indicated that perhaps there were wider problems:[8]

> ...I wonder if...the problems identified in the Policy area are not symptomatic of wider more basic functional problems in the Defence staff...
>
> Over the last few years we have seen the appointment of ACDS (Policy/Ops & Plans) appear and disappear; the Secretariat has bounced from control point to control point and its status has fallen and risen...we have played with the functions and roles

of resource policy...we are tending towards the reintroduction
of the committee system (an anathema during the Defence
reorganisation)...

Another full scale study, conducted by a joint civil/military team, into
the organisation of the Policy Branch was authorised. The review was to consider
matters including 'Command and Control', 'Functional Divisions', 'The Diarchical
Concept' and 'Defence Committees'. An interim report was required in six weeks
and the final report in 15 weeks.[9]

The final result indicated that there was a considerable body of opinion
within the Defence establishment which wished to remove the diarchy from both
the ACDS/AS level and also the DCDS/Dep Sec Def level; this last despite initial
CDS direction that the second tier diarchy should remain.

After considerable discussion within Defence Central, including a senior
officers' seminar, a joint instruction was issued by CDS/Sec Def. This
reconstituted and strengthened the diarchy at both the second and the third
tier. As the paper stated 'to this end we intend to re-establish and strengthen
the concept of a joint civil-military Policy Branch'.[10] This re-shaped Policy
Branch was to work directly to CDS/Sec Def while the DCDS/Dep Sec Def were to
retain responsibility for the coordination and control of the other Branches
within Defence Headquarters.

By 1985 flaws with the new system were being uncovered 'lines of
responsibility stemming from our individual authorities are not sufficiently
clear'.[11] But the problem was not perceived at the CDS/Sec Def level, 'The
diarchal system works well...we in New Zealand have very clear terms of
reference in the Act'.[12] At the lower (ACDS/AS) level however:[13]

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...there is a gentlemen's agreement as to which areas I deal with and which he will concentrate on, but its not entirely satisfactory. You cannot have two people responsible for one organisation.

There were no specific major incidents that could be pointed to, rather a generalised feeling that there had to be a better way. These various perceptions formed the basis for the next review which was conducted 'a full cycle of defence activities' after the last review.[14] The experience of the previous two years had shown problems:[15]

We are not satisfied however that the organisation has serviced the needs as we saw them at the time... We are concerned that our current structure facilitates a confusion...it is not responsive enough to our needs. Delay abounds and is both a measure of the confusion and of the tortuous course which policy matters, in particular, must weave.

In part these frustrations reflect a military desire to get on with things, to make command decisions rather than to have to negotiate with competing interests. As such they reflect an impatience with bureaucratic necessity rather than necessarily an indication that serious flaws exist.

A limited study was initiated with the new UK organisational model to be used as an example.[16] The requirement was for 'lines of responsibility to be drawn from us individually down through the staffs...(and) there is no advantage in perpetuating joint responsibilities as a universal approach below our level'.[17] The concept of diarchy other than that legislated for was officially put to rest, by the same people who had restored it two years earlier.

This latest review established the need for staff support to CDS and the Secretary in their roles as primary military adviser and primary civilian adviser to the Government to be more clearly defined. The diarchy was firmly abolished below the CDS/Sec Def level and some reordering of functions and

responsibilities was proposed.

The final separation, legislated for by the Defence Act 1990, has seen two formally separate organisations with separate functions, but still with a stautory requirement to consult. Headquarters, New Zealand Defence Force on the policy side is in effect the old Ministry of Defence. The new Ministry has had to start from scratch in defining its organisational requirements and developing its culture. Each organisation has its own 'policy' branch which compete in setting the policy agenda. Eventually, as the organisations settle and as the Ministry of Defence develops its procedures it is likely that it will become predominant in defining policy requirements. Equally it is likely that the type of policy outcome produced by the new system will not be different in kind from that produced in the last 20 years.

Conclusions

This study of the various re-organisations of Defence Central has focussed on the Policy Branch under whatever name it has been enjoying and it has focussed on the relationship between the military and civilian sides of the establishment. The changes represent the fluctuations in fortune of different concepts of the control of defence. But the changes were rarely driven by any philosophical desire to do things differently. Rather they were set in progress because of dis-satisfactions with the way the system was currently operating. In all cases there was a feeling held by senior officials that 'there has to a better way'.

The study shows that the Defence system was capable of recognising problems and acting to redress them without prompting from outside. However the outcome of the changes was often less than effective and further re-organisation within several years was normally necessary. In some cases the 'new' organisation was very similar to an earlier one. This might suggest confusion in the minds of the participants leading to change for change's sake.

The perceived lack of effectiveness of the changes may be ascribed to any one of several causes. It could be that the changes, controlled as they were by senior officials, did not take into account modern principles of management theory, and thus could not work because they were fundamentally unsound. It is equally possible that the problems of coordinating the operations of a large Department of State, with multifarious functions and operating under legislation which requires shared powers at the top, is a difficult business which has no 'right answer'.

The changes brought about by the Quigley Review are different in kind from those discussed here. They were proposed by an outside consultant on the basis of management theory principles and have been adopted as much through a need to accept the thrust of the Review as because of a belief that the changes will lead to a more efficient or effective defence policy mechanism.[18] It is still an open question as to whether the changes will solve the problems of the past or whether they will create new problems in their own right. What we do have however is a turning of the wheel the full circle to the position advocated by Hunn in 1964.

Chapter 5

THE DEFENCE REVIEW PROCESS

Introduction

Defence Reviews have been the prime means used by successive governments
for declaring defence policy.[1] As such, the Reviews provide the most
authoritative statement of that policy; at least until the policy there adopted
is discarded either by further statement or by actions. For that reason a close
study of the Review process is essential so that we can gain a clear
understanding of the significant factors and the major players involved in this
aspect of defence policy formulation.

Since the end of World War II there have been eight formal Defence
Reviews. These have been in 1957, 1958, 1961, 1966, 1972, 1978, 1983 and 1987.[2]
The purpose of these Reviews has been to present the government's current
thinking on the defence needs of the nation for the next period and, normally,
to make some indicative statement regarding the allocation of resources to
defence purposes.

The Reviews may be, but are not necessarily, produced at the commencement
of a 'new' government's term in office. Thus the 1958 Review followed the 1957
Review specifically because of the change in government which led to a change in
policy.[3] The 1972 Review on the other hand was produced by the National
Government, yet after the election later in that year the new Labour Government
did not produce a fresh Defence Review. It did however announce major defence
and defence related policy initiatives, including withdrawal from South Vietnam
and the ending of National Service, without using the mechanism of a Review.[4]

The 1987 Review, despite appearing almost three years after the return to power of a new government in 1984, began in 1985 and had been signalled in the 1984 party election manifesto.

The existence of a policy statement in the current White Paper is no guarantee that the policy will remain extant, or that new policy will not be adopted during the time the White Paper remains the formal policy document. Instead, policies are adopted and discarded as necessary according to the exigencies of the moment, rather than to any White Paper timetable. The White Paper should be regarded as a statement of declared policy intentions which will be adhered to only for as long as they remain relevant to the current situation. Once the policies become irrelevant or unworkable or unaffordable they will be modified or replaced with a greater or lesser degree of publicity.

The terms 'Defence Review' and 'Defence White Paper' have been used almost indiscriminately by members of the government and commentators alike. Within official and senior government circles, however, the two terms have distinct meanings. The term 'Defence Review' means the review of policy conducted by officials and accepted by the government as a fundamental statement of the strategic situation and the appropriate response to it. This document is normally classified Secret and is not normally published.

The 'White Paper', in distinction, is the published and publicly available statement of government policy, derived from the review process. It is normally written as the final step in the Review process and it may or may not bear a close resemblance in form to the Review. As we shall see, at different times White Papers have been, alternatively, lightly edited versions of the Review or completely new documents written in different language. In all cases though we

may accept that the conclusions drawn in a White Paper are the same as conclusions drawn in the Review.

New Zealand's system of conducting reviews of defence policy, while not unique, is unusual given the time span which elapses between publication of individual White Papers. In Australia, formal reviews of policy occur much less frequently, approximately every decade, whilst in the UK and the USA there is no separate defence review process as such, but a strategic assessment and statement of justification for policies and programmes are given as part of the annual budgetary process. Australia also produces a continuously updated annual strategic assessment which gives policy makers a continuing guide to the military threats, and possible responses, in the region.

In terms of periodicity the Scandinavian countries are closest to New Zealand; White Papers being produced at four to five yearly intervals in Denmark and Norway. They have few other similarities with New Zealand however.[5]

It seems then that the major difference, in the formal declaratory policy process, between New Zealand and Australia, Britain or the US, lies in the continual updating of the strategic assumptions carried out by the latter three countries. This process ensures that the political and bureaucratic elites and the public at large are aware of the continuing assumptions underlying the country's defence posture.[6]

Aim

The aims of this chapter are multiple. Firstly we will describe the defence review process in New Zealand, analyse to what extent the contents of

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the Review are influenced by the process and assess the validity of the review (as expressed by the White Paper) as a forecast of government policy outcomes.[7]

Once these relatively mechanical aims have been met we will be in a position to ascertain why New Zealand conducts these analyses more frequently than other similar countries. We will attempt to establish whether the frequency of the review process reflects perhaps a greater concern with defence issues than other countries have, or a lack of national consensus on the basis of policy, or more likely a general uncertainty as to what is or should be a viable defence policy.

Throughout this chapter analysis will be conducted on the basis of what has been published in the White Paper rather than on the Defence Review (the document). This is necessary because of the unavailability of the full Review for public scrutiny. The assumption is that the White Paper is a fair reflection (as far as it goes) of the conclusions reached in the review process and produced as the Defence Review. When the evidence is available comparisons between the White Paper and the Review will be made.

There will be no attempt to follow specific policy issues raised in the consideration of the various White Papers. These issues will be examined in separate chapters where appropriate.

The White Papers

As a statement of the Government's strategic outlook and of its intentions for the armed forces, there seem to be certain necessary minimum contents for a White Paper. Certainly there must be an analysis of the current strategic situation and an estimate as to how long that assessment might remain valid.

Given the strategic situation, there should then be a statement of the Government's aims with regard to its defence policy. From such a basis should follow a statement as to how the Government intends to achieve the desired policy ends. This will encompass the role of alliances, the importance placed on various types of weapon systems, the size and structure of the armed forces and the deployment profile that the armed forces will adopt.

Finally, and in peacetime most importantly, the White Paper should include a statement as to how the cost of the policy is to be met. Whether there are financial limits on expenditure, whether there needs to be an increase, or decrease, on current levels and the affect, to the extent that it can be measured, that defence expenditure will have on other sectors of the economy.

In the period under examination there have been four Defence White Papers published; in 1972, 1978, 1983 and 1987. We will examine the processes by which these papers were produced in some detail, before we consider the probable effects of recommendations made by the Quigley Review, and form conclusions as to their value as indicators of the future course of defence policy.

1972

The 1972 White Paper was published in October 1972, immediately prior to the scheduled elections in November of that year. As early as 1967 concern had been expressed that the commitments entered into in the previous 1966 White Paper were escalating in price at a rate which was going to make them unaffordable. The Cabinet Defence Committee agreed, in March 1967, that while the 1966 document still represented their thinking on defence, there was no longer the overseas funds capacity to sustain a programme with the time schedule indicated in the White Paper.[8] The policy was to remain extant but the time

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scale was to be considered in more detail in the light of the overseas funds position.

The government did not commission a formal review of policy until mid 1971[9] with a target date of October 1971 being set for governmental consideration of the Review.[10] In the middle of September 1971 the Defence Council considered a report on current defence and foreign policy objectives which had been prepared by CDS, Secretary of Defence, Secretary of Foreign Affairs and Secretary to the Treasury.[11]

The Review process continued through the first half of 1972, papers were prepared on topics such as 'roles and missions of the defence forces', 'foreign policy objectives relating to defence' and 'single Service roles and requirements'. By August a draft, tentatively entitled 'New Zealand Defence Perspectives', was being circulated between members of the Defence Council.[12] The Defence Council approved the White Paper on 6 September 1972.[13]

When the members of the Cabinet Committee on Foreign Affairs and Defence were presented with their copies of the White Paper for endorsement they were reminded that the Prime Minister had previously stated that this White Paper would put 'less emphasis on specific programmes and decisions' and would 'examine the changing world setting of our defence problems, the concepts underlying our approach at this time and the issues raised for the future.'[14] The government had, presumably, remembered the lessons of the previous review where explicit commitments were made but financial reality had intruded almost immediately.

The Committee had their attention drawn to the fact that the main purpose of the paper was to provide a basis for constructive public discussion to facilitate the task of decision making in the next few years.[15] During its deliberations the Committee decided that there was a need for sufficient information to provide for the basis for informed discussion about the need for the continuation of the National Service scheme and this was to be produced by the Ministry of Defence and introduced as an Annex to the White Paper.[16]

An explanation of the White Paper was given in the press briefing notes provided at its release:[17]

> ...this White Paper on defence differs considerably from its predecessors. Unlike them it does not announce any decisions about the proposed allocation of resources, manpower or money to defence over the next few years, nor does it set out a five year plan for the acquisition of new equipment or weapon systems as did the 1966 Review...We are fortunate that our forces are adequately equipped for the 1970s and that the relaxation of immediate threats and tensions allows us to focus on longer perspectives... Our major decisions relating to equipment and weapons for the 1980s can be taken only after we have made more intensive studies of all relevant factors...and we have consulted our allies, especially the Australians.

The White Paper explored the changing strategic environment and New Zealand's defence links and concluded that 'clearly New Zealand requires the defence and diplomatic capability to safeguard our own interest.'[18] The White Paper did not make any specific statements of intent on organisational or capital expenditure matters and concluded that the presently deployable forces 'are in reasonable balance, although of minimal size to support the defence policy objectives set out in this paper'.[19]

The thrust of defence policy would be aimed at:[20]

less emphasis on the preparation for major hostilities...

increase emphasis on collaboration with allied forces. This would take the form of exchanges, increased exercises and other such measures...

support and assistance aimed at developing the defence capabilities of indigenous forces in our area of strategic interest...

more resources devoted to maritime surveillance, perhaps with closer coordination and cooperation with Australia...

maintenance of a basic structure and organisation capable of mobilising the nation's human and material resources should the need arise...

Thus the major components of future defence policy were to include overseas training, support for the small regional military forces and continued cooperation with traditional allies. In addition, the White Paper provided a justification for the continuation of the National Military Service Scheme. In summary the review called for a consolidation of existing defence capabilities.

The first policy casualty was the National Service Scheme which was abolished as soon as the new government took office, shortly after the publication of the White Paper.[21] National Service was replaced, for the Army, with a volunteer Territorial Force scheme in recognition that although the Navy and Air Force had manpower needs that were best met by all regular forces the Army needed a non-regular component as well as the regular element.

Other parts of the new thrust of defence policy were followed through. The Mutual Assistance Programme (MAP) was formally established in 1973. It had as its aim 'to assist the countries concerned in improving the capability of their armed forces, and at the same time to provide New Zealand with training experience and deployment opportunities in those countries'.[22] The MAP programme formalised relationships which had been established for many years and developed

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new relationships with non-traditional military partners such as Indonesia and Papua New Guinea.[23]

Training courses overseas for servicemen increased markedly over the period of validity of the White Paper. In the year to March 1971, before the Review, the annual report stated '...rising costs abroad are seriously limiting the numbers of personnel who can be sent overseas for training within current budgets'.[24] In the year to March 1973 some 285 servicemen attended overseas courses, which were described as being 'still the best way of providing trained personnel to operate complex capital equipment'.[25] In 1973-74 499 personnel trained overseas and the number of exchange posts was raised from 10 to 15 with a further increase hoped for in the next year[26] Although this number became the high point for personnel training on individual courses overseas, it represented a real commitment to the aims detailed in the White Paper of ensuring that technical and professional standards were maintained within the Armed Forces.

During the period of the Review the Armed Forces continued to operate closely with the armed forces of Australia, the United States and Britain as well as with the regional forces of Malaysia and Singapore. These activities were designed to ensure that arrangements under the Five Power Defence Arrangements, ANZUS and SEATO were maintained,[27] and to ensure that inter-operability between the allies was practised and enhanced. A typical training year was described as follows:[28]

> New Zealand joined with Australia and the United States for Exercise Kangaroo II...the New Zealand contingent included HMNZS Canterbury and Otago, 425 all ranks from the New Zealand Army...and 15 aircraft and 200 personnel from the strike, transport and maritime roles...
>
> HMNZS Otago, 3 RNZAF Orions and 73 RNZAF personnel took part in Exercise Rimpac 77...This exercise sponsored by the United States was a major open ocean maritime exercise involving

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Australian, Canadian, United States and New Zealand forces...it
provided valuable training in the exercise of common doctrine
and posed some challenging questions for future operations...

During the year RNZN ships have participated in other exercises
with allied forces on a number of occasions...

The New Zealand Army was involved in a number of training and
exercise exchanges with the forces of other nations...US Army
in Hawaii...Australian servicemen in New Zealand...servicemen
in Britain and Germany with British units...Malaysian rifle
company in New Zealand...

In addition to participating in Exercise Kangaroo II and Rimpac
77, RNZAF Orions deployed regularly to Guam to exercise in
company with their United States Navy counterparts. RNZAF
Skyhawks deployed to Singapore/Malaysia...

These training visits, exercises and exchanges enable our
forces to keep abreast of the tactical doctrine, training
methods and equipment of other nations...

This brief survey of the 1972 Review demonstrates several of the

continuing themes to be seen to some extent in all of the reviews. The Review

was produced primarily because of the cost of specific policy commitments made

in 1966. Additionally, the operational commitment in Vietnam was winding down by

1971 and the changing strategic environment provided an opportunity to produce a

Review which could reflect that and which would downplay any need to spend more

money on defence. The size and shape of the regular defence forces, however, did

not alter to any degree as a result of the changes to the strategic environment.

We can see that the Review had limited aims, deliberately so, and that

these aims were met. Although it was short on specific policies relating to

equipment and organisation, the Review achieved the main aim of retaining the

status quo. The Review was a Defence document with only limited input from other

players. As such the Review represented Defence's view, endorsed by the

Government, of what was affordable and only then of what was desirable.

Planning for the next Review began in early 1977. The Review was initiated by Defence, following a statement in the 1975 National Party manifesto that '...will conduct a major review...to determine the nature and capabilities of the Armed Forces in the 1980s', with a minimum of initial direction from the government.[29] As papers were produced they were discussed by the Secretary and CDS informally with the Minister or Cabinet Committee and amended as required. EIB strategic studies were completed and agreed by MFA and Single Service position papers were prepared in May and June 1977.[30]

The process of preparing and examining papers continued throughout the year and by December papers were ready for presentation to the Minister.[31] The main actors were within the Policy Branch of Defence. MFA had been restricted to providing advice on the strategic situation which was 'confined mainly to predictable matters, it was therefore up to Defence to determine its own conclusions.'[32] CDS appears to be making the point here that the strategic and foreign policy environments, insofar as they impinged upon defence concerns, were not such as to cause comment and that MFA had not concerned itself with attempting to draw wide conclusions from its analysis. Such a hands off attitude leaves the door open for Defence to, in effect, determine its own foreign policy in terms of the relationships it fosters with other defence forces and the programme of visits and exchanges it initiates.

The first papers went to the Cabinet Committee in February 1978 and to Cabinet a week later. At this stage the strategic review and a paper on the size and shape of the forces were considered. Cabinet noted the contraction of defence horizons expressed and agreed the requirements as presented by Defence.

Treasury reservations relating to the effort which would be required to achieve the force structure requirements were 'noted'.[33]

In June and July 1978 Cabinet and Cabinet Defence Committee discussion of the papers revolved around cost and requirements. The Treasury position was that any published White Paper should not commit the government too firmly to a particular course of action. The Prime Minister, as Minister of Finance, agreed and said that he could not accept a per capita rate of expenditure in real terms as a basis for defence expenditure and that there was a need to bear in mind New Zealand's decline in wealth. He was greatly concerned about the tendency to undertake new expenditure programmes and he wanted to know if proposed requirements could be justified.[34]

Single Service papers were examined by the Committee in July and August and most discussion revolved around the cost of equipment. Army and Air had their programmes agreed to, but Navy faced questioning over the role of its frigates. CDS explained that distances in the Pacific and the ANZUS role meant that frigate types were the most viable. To this the Prime Minister replied that frigates were no good for fisheries protection duties and that a war role under ANZUS was extremely unlikely. The Navy were instructed to redraft their paper and a decision was deferred.[35]

When the Navy paper was returned to the Committee, the need for a multi-purpose vessel was defined. It should have a general purpose combat role, be capable of resource protection and be suitable for sea training.[36] The Prime Minister had problems over the priorities given for Naval policy objectives, especially over RNZN proposals for EEZ control, and conflicts between naval training and resource protection. The PM argued that New Zealand could not

afford to contribute to ANZUS to the same extent as five years earlier. The Minister of Defence emphasised that the first priority should be the operational contribution and the dispute was agreed to be referred to Cabinet.[37]

The final draft of the Naval paper formulated as basic statements:[38]

the commitment to maintain a professional general purpose blue water combat navy;

three combat ships represented the minimum viable force; and

there was great difficulty in determining the most appropriate kind of combat ship to replace the first operational frigate to reach the end of its life.

These Naval policy statements were supported by Treasury and appeared in the White Paper.[39] As such they represented a success for the Navy and the Minister in the face of the political opposition of the Prime Minister.[40] This was especially noteworthy as the PM was also the Minister of Finance at the time.

Similar battles occurred with the PM over the size and shape of the Army. He regarded a battalion as an organisation which placed all ones eggs in one basket and he could not see such an organisation being deployed in combat. Officials explained to the PM that the battalion, as a grouping, was an integral whole and that it made no sense militarily to consider smaller organisations. Although not apparently convinced the PM accepted the argument.[41]

By September the basis of the Review had been agreed and an unclassified White Paper was directed to be produced. The White Paper would not include all of the Defence Review.[42] In October and November the allies in ANZUS and FPDA were briefed on the general thrust of the paper and were shown specific portions which concerned them.[43]

The White Paper was published in November 1978 and was to provide guidance for defence policy formulation for the next five years. In March 1981 in response to a governmental directive CDS was able to advise the Minister that of policy announced in both the White Paper and the 1978 party Manifesto the matter of a replacement for HMNZS Otago was the only outstanding matter and it was under consideration.[44]

The 1978 Review was produced in the context of a period in which: 'For the time being there is no obvious threat to New Zealand's security. The problems this country is now facing are economic rather than military'.[45] The White Paper provided a detailed section on 'the economic base for defence' and discussed New Zealand's strategic considerations and defence policy objectives in tones similar to those of 1972.

Specific policy statements included:[46]

> the withdrawal to New Zealand of the troops in Singapore during the review period at a time to be mutually agreed between the Singapore and New Zealand governments.
>
> maintenance of a 'blue water navy' with an operational core force of three combat ships maintaining an anti-submarine warfare capability.
>
> reorganisation of the Army into a single Land Force, with a Headquarters in Auckland, and the abolition of the Brigade Group as a formal organisation.
>
> maintenance of the Air Force's roles of maritime, combat, transport and helicopter operations with upgrading of capabilities to the Orion and Skyhawk fleets.

Of these the major change in policy related to the withdrawal of the troops in Singapore. For the next four years, until the publication of the next White Paper successive defence reports merely stated that:[47]

the continued presence in Singapore...remains a matter of
mutual agreement between the Governments of Singapore and New
Zealand. It is regarded by both Malaysia and Singapore as a
tangible expression of continued New Zealand interest in the
stability and security of the region...

Other policy matters such as upgrading of the Orion and Skyhawk fleet were
announced in the 1980 Defence Report as were modernisation proposals for HMNZS
Canterbury and Taranaki and 'all options for replacement (combat) vessels' were
being explored. The Army reorganisation was implemented in 1979/80.

The introduction to the 1982 Defence Report continued the theme of
implementation of the Defence Review policy:[48]

Despite the economic constraints the Government has made
satisfying progress towards implementing those provisions of
the 1978 Review relating to re-equipment of the forces.

That report also identified a changing perception of the ANZUS alliance
and its relationship to nuclear weapons and the government decided that:[49]

in 1982 that the Ministry of Defence, as well as conducting a
full review of defence policy, leading in due course to a White
Paper on defence, should embark on a programme to bring a wider
understanding of defence questions to the community at large.

The 1978 Defence Review was produced by Defence with the aim of confirming
Defence's strategic direction and slice of the national resource allocations.
Defence initiated the Review, was the main player, and had no trouble in
achieving its aims even against serious political opposition. The Review then
can be seen as being authoritative in terms of effected policy outcomes but once
the assumptions upon which it was based became to be questioned it was made
redundant and a new Review commenced.[50]

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1983

The 1983 Review was thus undertaken to confirm that the current course of defence policy was the correct one. The first paragraph of the White Paper spelled out the important conclusion: 'There is no cause for radical departure from established policies'.[51]

Detailed planning for this Review began in mid 1983 and by November of that year a Cabinet Committee had begun discussions on the various draft papers. Concurrently the governments of Malaysia and Singapore were involved in discussions relating to the form of words which could be used to refer to New Zealand's involvement with the region.[52]

Financial questions were again to the fore in the discussions on the proposed White Paper. The Committee came to the conclusion that:[53]

> the basic problem was that there had not been any formal financial approval for the financial parameters within which the White Paper could be compiled. The government had to be in a position of being able to say that the options discussed in the White Paper were financially feasible within a budget which had been approved.
>
> ...what was needed was a simple chart of projected costs along the lines of that contained in the 1978 Review.

The Committee deferred any decision and directed Treasury in conjunction with Defence to submit a revised indicative budget. The initial Treasury analysis provided to the Minister of Finance on 18 November stated that:[54]

> it is not possible on the new assumptions on which the revision is based to implement the White Paper forces restructuring proposals within the budgetary constraints indicated by the government.

In that paper the Treasury were arguing that earlier assumptions about defence capital expenditure, made when Defence had produced a draft review in

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July, had become invalid because of changes to defence and government plans on topics such as withdrawal from Singapore, the replacement of the frigate fleet with a submarine force and decisions to upgrade the Skyhawks and retain them rather than dispose of them.[55]

The Treasury recommended that Cabinet decline to approve publication of the draft White Paper pending re-examination and adjustment of the financial parameters produced by the Ministry of Defence.[56] This was followed up by a letter from Secretary to the Treasury to Secretary for Defence a few days later. This letter urged Defence to stick to previously agreed figures for Defence expenditure.[57]

The Treasury position was essentially over-ruled after Defence was able to demonstrate to CCD that the policies proposed could be financed within the overall financial parameters for Vote:Defence. On 5 December Cabinet approved the Defence Review subject to a minor paragraph amendment relating to the structure of 1 RNZIR in Singapore.[58]

In the preparation of the draft White Paper for publication Treasury commented on sections and gave advice on areas which would appear to be outside its area of expertise. A number of the Treasury suggestions were accepted and appeared in the final document.[59]

The White Paper set out the strategic background which New Zealand faced, 'the world remains a dangerous and unpredictable place', and restated some of the principles which guided New Zealand in its consideration of defence issues. These, 'need for stability in the region', 'close ties with Australia', 'vulnerability to economic pressures' have proved enduring. The White Paper also

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restated the belief that ANZUS remained 'fundamental to our defence interests'. None of these conclusions was in any material way different from conclusions reached in previous Reviews.

Against this acceptance of the status quo there was not much scope for major policy announcements. The Review was to place 'greater emphasis than in the past...upon the maritime roles and on the ability to deploy forces of all three Services'.[60]

The one major policy announcement related to the maritime role. The cost of replacing the frigate fleet was becoming prohibitive, but, as the tasks carried out by the frigate fleet were still required, the choice of replacement was limited. A step down to a role of coast-guard was rejected and, given that, the next alternative appeared to be submarines:[61]

> The over-riding need is to be able to detect intruders and deter unfriendly operations within the wide region about New Zealand. A small force of conventional submarines can have a significant impact over a wide area. Submarines would provide a degree of self reliance in maritime defence not previously available to New Zealand.

The main argument in favour of a submarine fleet, supported by appropriate surface vessels, was initially expected to be costs and other factors were manipulated or ignored to provide a justification for the submarines.

For the other two Services the major policy announcements related to continuation, and formalisation, of programmes already accepted. These included the maintenance of the troops in Singapore, the recognition of a Ready Reaction Force as a priority group of units for operational deployment and the continuation of equipment programmes designed to upgrade capabilities.

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Within months of the publication of the White Paper the one major policy initiative in it, the submarine project, was cancelled on the grounds of cost and defence planners were forced to look elsewhere in their efforts to maintain capability within budget.[62]

A number of major policy initiatives did occur however, before the publication of the next White Paper, which were not mentioned or had been explicitly rejected in the White Paper. These were the decision to withdraw the troops from Singapore and the decision to purchase a naval tanker. Both initiatives were taken by the new government after the break with the United States and after the initial re-examination of defence needs of early 1985. As such, they can not be seen as a rejection out of hand of the previous Review. Rather they were the results of a new Review, announced before the publication of the appropriate White Paper.

The 1983 Review, then was a Review produced in the conventional manner and designed to maintain the status quo, but which failed. Its conclusions were superseded by time, financial constraints and a radically changed relationship with the major ally.

1987

In 1984 a new government was elected with policies relating to defence different in many respects to what were already in place.[63] The Government decided that a full scale review of defence policies was required and that in the period before it could be produced a number of intermediate steps would be taken.

In February 1985 Cabinet approved an Interim Defence Review which was in effect an internal Ministry of Defence staff study prepared as the basis for the formal Defence Review.[64] This Interim Review was to be followed by a more comprehensive examination of defence policies; a formal Defence Review.[65]

The Ministry of Defence commenced work on preparing their standard sets of position papers from the middle of 1985.[66] Concurrently the Prime Minister was examining alternative processes which could be used in the preparation of the Defence Review. His thoughts encompassed the requirements for public input, either by submissions to the Defence Select Committee or in the form of a public enquiry, and the need for in depth polling of public attitudes and he also felt that the issue of disarmament would be an appropriate one to be addressed in the Defence Review.[67]

The second formal phase of the review process involved the canvassing of public opinion about Defence policy. To do this the government established late in 1985 a Defence Committee of Enquiry with terms of reference to:[68]

> receive and hear public submissions on the Government discussion paper (The Defence Question) on the future of New Zealand's defence policy;
>
> question groups and individuals making submissions;
>
> commission polling to provide objective data on public attitudes to defence and security questions; and to
>
> prepare for Government a report, based on the public hearings and poll data, which will be taken into account in the preparation of the Defence Review.

The Committee of Enquiry was the first time in New Zealand's history that the opinions of New Zealanders about their country's defence policies had been systematically canvassed. Predictably there was a very wide spread of opinions presented to the Committee. Some 4182 individuals and groups presented

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submissions to the Committee and the public opinion poll which was conducted by the national Research Bureau interviewed a further 1600 randomly selected people.[69]

The Committee's report was presented to the government in July 1986 and published in mid-August. The report was critical of a number of aspects of the government's defence and foreign policies.[70] In early September 1986 the Prime Minister wrote to the Minister of Defence stating the need 'to proceed without delay to the preparation of the Government's Defence Review.'[71]

The process proposed for the preparation of the formal Defence Review was different from that used previously. The Prime Minister acknowledged 'that, as with earlier Defence Reviews, it is appropriate that the Review should be formally processed through the Defence Council'[72]. But to take account of wider issues 'I suggest that an Interdepartmental Officials Group should be formed. This group should consist of senior officials (but not at Permanent Head level)...and should be chaired by the Prime Minister's Department.'[73]

The report of this group was to go to the Cabinet Committee before being referred to Defence for detailed technical analysis and formal consideration by the Defence Council.[74] The report would then be referred to Cabinet. This process effectively bypassed the Defence Council because once the Cabinet Committee had accepted the report there was little opportunity for the Defence Council to make serious alterations to it.[75]

The Officials Committee consisted of relatively junior officials from the Ministry of Defence, Single Service staffs, the Treasury and MFA. The Committee was chaired by the then head of the Prime Minister's Advisory Group.[76]

The Committee met intensively in the period September to November 1986 and produced and considered papers on the usual wide range of subjects.[77] The chairman of the Committee reported to the Prime Minister and the Minister of Defence in November and the Prime Minister in turn referred the Report to the Cabinet Committee recommending that the Cabinet Committee note the Report and agree its major conclusions. These related to the importance of the South Pacific in New Zealand's defence strategy, the importance of Australia, the need for interoperability where possible, and a degree of self sufficiency to allow independent operations if necessary.

The report as presented did not contain findings on force structure or on detailed financial considerations for which it was considered that Cabinet approval on the first part of the report would be required before further work could be completed. It was also stated that there would still be a requirement for a public White Paper to be produced.[78]

Treasury, when commenting on the report, objected to two areas. The first was in the proposal to source purchases in Australia 'to enhance the overall defence relationship.'[79] Treasury objected to this because of the potential cost penalties which could be as high as 30%. The second area objected to by Treasury was the implication in the report that the policies espoused could require a longer term commitment to a higher level of defence expenditure.

Treasury recommended that funding should remain at present (1985/86) levels and that if funding was less than required then there would be a need to 'consider to what extent strategic options, objectives, capabilities, or force structures could, or should, be modified in order to conform with long term

funding levels.'[80] Treasury in this case was attempting to have its cake and eat it, as a Treasury representative had been a full member of the Officials Committee which had produced the report.

Part II of the report dealing with force structure and funding levels was produced early in 1987 and considered by the Defence Council in February.[81] The Defence Council welcomed the report, but noted that it was important not to generate false expectations. Although the force structure recommended was acceptable to Defence, it might not be achievable because the proposed funding levels 'did not adequately establish the means for translating the aims of Part I into resource requirements.'[82]

The Defence Council also considered the procedural steps involved in preparing the report of the Officials Committee. It noted that:[83]

> The material provided to the Defence Review Officials Committee was as complete as time allowed. It had not been subject to the professional analysis normally afforded to the development of defence policy nor did it reflect a fully coordinated Defence position. It would not be appropriate in the circumstances for the Defence Council formally to adopt the Report. It was proposed that, following Defence Council consideration of the Report, CDS and the Secretary offer Defence central views in a related memorandum to the Cabinet External Relations and Security Committee.

The White Paper for publication was prepared solely by the Chairman of the Officials Committee and was based on the Defence Review which had been accepted with minor amendments by the government in February 1987.[84]

The conclusions reached by the Defence Review as expressed in the White Paper were in no essential matter different from those reached by previous Reviews. There was an emphasis on excluding nuclear weapons from New Zealand and an emphasis on support for the region, but these were policies of long standing.

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Despite the difference with the United States, the White Paper reiterated New Zealand's continued adherence to the ANZUS Treaty and the obligations imposed by it, concluded that a regionally focused defence policy was the most appropriate for New Zealand's strategic needs and recognised that any defence effort would be limited by the level of economic resources available.

One essential lesson of the recent past was spelt out; the need 'to exercise greater self-reliance, and as far as possible maintain the ability to meet or deter credible threats to security or interests using our own resources'.[85]

The White Paper did not identify specific equipment purchases which might be necessary but rather attempted to 'identify in broad terms the types of capabilities that will be required to exercise greater self-reliance, meet the defence needs of New Zealand and contribute to the security of the South Pacific'.[86]

The capabilities announced, in areas where they were specific, did not alter policy which had appeared in previous White Papers. The surface warships were to be retained and investigations into replacements were to be conducted in conjunction with Australia. The purchase of a logistic ship was to be investigated, the Army's Ready Reaction Force was to be developed and there was to be greater emphasis on joint force operations.

None of this was new and all of it would have occurred with or without the stimulus of a Defence Review. Why then was the Review conducted? We may conclude, cynically, that given the break with the United States, the government had to be seen to be doing something. The something, a review of policy,

produced a policy in most respects identical to that which had been extant since 1970.

The Quigley Review

The major recommendation from Quigley relating to the production of declaratory policy is for the production of an Annual Defence Assessment.[87] Quigley suggests that the Assessment should be joint, between the Ministry and the NZDF, but that there would be no harm if divergent views were expressed as these might assist the Government in the full evaluation of the proposals.

Quigley suggests that the Annual Defence Assessment should:[88]

> 1) Review defence policy on an ongoing basis, analyse changes in the strategic environment and assess the implications for Force Development;
>
> 2) Update capability requirements in the light of the ongoing assessment of the strategic environment;
>
> 3) Assess the effectiveness of current capabilities and their relevance to objectives;
>
> 4) Assign priorities to expenditure items;
>
> 5) Update a rolling Defence plan, probably for three years, but possibly of a longer duration.

If conducted properly this process will greatly improve policy formulation. A continual, formal monitoring of the whole basis of defence policy will be conducted and there will be a continual knowledge base of the background to and components of defence policy. It will become apparent very quickly if actions are deviating from declared policy goals. If there is a radical change in either the means or the ends of policy then the basis of a new formal Defence Review will be immediately available. although described as an Annual Defence Assessment, the Defence Act 1990 (s24 (2) (c)) requires only a defence assessment to be submitted from time to time. This could mean that the 'annual'

defence assessment is presented no more often than Defence Reviews have been in the past and that it serves no more purpose.

It is likely though, that if this process is carried out thoroughly and annually, the need for formal Defence Reviews will diminish to the point where they are produced perhaps in the same frequency as in Australia. Indeed, in logic, a Review or White Paper would only be required to signal, or canvass support for, a large shift in the direction or scope of the Government's defence policies.

Conclusions

Defence policies are articulated in a variety of ways but normally declaratory policy is announced by the publication of a Defence White Paper. These have been published at approximately five yearly intervals, although there is no set time for their publication. Publication does not rest on a change of government, but may be brought about because of the perceived need for a public statement of a change of policy direction, or because the government wishes to reinforce its policy actions with a formal statement of policy intentions.

We may safely conclude that the reason for the relatively frequent reviews of policy is not because of any great concern with defence or because of the other hypotheses suggested earlier. Reviews are conducted simply because of a need felt by Defence or the government to bring declared policy into line with actual outcomes. We should also note that the declared policy and the outcomes only alter at the margins, although it is at the margins that the competition for resources is most intense. In general, the broad policy direction and the means to achieve it have not changed significantly over the years.

We have seen that Reviews are normally limited in their aims and that they tend to signal a 'steady as she goes' approach to defence issues. The results are conservative, in that they do not change either the direction or even the pace of policy in any significant respect. In this they confirm the tendency towards incrementalism, in defence as in other public policy processes, which we identified from the literature earlier.

In practical terms we may note here that the process invariably takes much longer to complete than initial estimates and intentions. Perhaps this is a function of the inherent complexity of the issues, or perhaps it is a function of the convoluted nature of the defence bureaucracy. In either case the reforms, of both organisation and process, initiated by the Quigley Review should change this.

The major actor in the review process has been, until 1984, the Ministry of Defence. Other departments, notably the Ministry of Foreign Affairs and the Treasury, have had limited input into the policy review process, although this has increased over the years. But generally the government of the day has been content for Defence to provide it with a statement of Defence's analysis of needs and requirements. A previous Prime Minister described this simply as 'accepting the advice of the experts.'[89] There has been no input from extra-governmental sources. The government's role has generally been to accept the position of the Ministry of Defence as presented and then to follow, or ignore, the policy in the next years until the need is felt for another Defence Review.

There is rarely any surprise to the Government in the conclusions of a Defence Review.[90] Rather the Review is a statement of government policies with a veneer of analysis laid over them. The Reviews are produced in full consultation

with the government. There is remarkably little attempt to provide any form of quantitative justification in the White Paper for force structure or for financial outlays to meet that structure. There is no attempt to measure progress in achieving stated objectives from previous reviews and neither is there much attempt to use the Defence Review process to explore alternatives to the policy and strategy desired by the government and the defence establishment.[91]

The reasons for this are clear, and they are circular. Reviews are conservative, cautious and incremental because they are produced primarily by the Defence bureaucracy. Senior defence officials are in themselves conservative in their approach to new issues. They know the problems of attempting to rearrange a system which has, by negative evidence anyway, succeeded to some extent by following the status quo. Change leads into uncharted waters, is likely to be costly and the outcomes are uncertain. They will be held responsible for any failure of personnel or equipment if the forces do have to be used and they would therefore prefer to retain systems and equipment with which they are familiar, and through which they believe they can provide a force which both achieves the government's requirements for security, however defined, and which provides a satisfactory career for the military professional.

This process has inevitably resulted in a defence policy heavily directed towards the status quo. A defence policy in which changes are made cautiously and at the margins as the result of experience rather than theory.[92] This is not in itself necessarily bad, but it may blind policy makers to valid alternatives which do not get considered because of some form of institutional bias or group memory. We can also see that the review process is used to stake out ground for

future battles, so that the Service concerned is able when necessary to point to the appropriate passage and say 'its in the White Paper'.[93]

The Labour government in 1986 altered the process dramatically. For the first time there was a background of major change in policy direction against which the review had to be conducted. The public were invited to give their opinion on New Zealand's defence policies and the Ministry of Defence did not have control over the process and thus was not able to set the agenda for presentation to the Government.

The effect of this move, which was referred to CDS by the Minister as being 'sensible'[94], was to remove the Defence Council from the policy formulation role. This because by the time the Defence Council had a chance to examine the proposed Review and its conclusions it had already received the political blessing of the Government.

Despite these differences the Ministry of Defence was still the prime player in the process. Defence provided the Secretariat for the Committee, meetings were held in the Ministry, the Committee had a heavy majority of defence personnel and despite their relative lack of seniority the defence members were well aware of the Defence requirements of the review. There are no indications that the policy resulting from the 1986/87 Review was dramatically different from that existing previously (the ANZUS position was not a result of the Review) or that the Ministry of Defence would seriously disagree with the policy.

These points reinforce our earlier conclusions that New Zealand's defence policies (with the exception of ANZUS) owe more to the preferences of the

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Ministry of Defence than they do to the vagaries of party policy or to a changing external situation or to fluctuations in the amount of money available to Defence. We may also conclude that the policies have been 'inevitable' given the process and actors used. It is unlikely that new processes introduced post 1989 will significantly alter this. Indeed, given an annual defence assessment, it is more likely that incrementalism will be enhanced rather than lessened.

But these are just the formal statements of policy. We have already seen that policy occurs as a result of financial pressure and ad hoc political statement of intent. In later chapters we will examine the effect of these factors on the overall policy processes.

Chapter 6

FINANCIAL MANAGEMENT AND THE BUDGETARY PROCESS

Introduction

The allocation of resources, especially financial, seems (intuitively at least) to be the major practical determinant of policy outcomes. No matter what is declared in White Papers or Ministerial statements, policy can not work unless it is funded. The processes involved in determining how distributions are made to different sectors are central to our examination of defence policy formulation. We would expect that the budgetary process would involve a careful selection of desired outcomes and a consequent direction of finance to programmes necessary to achieve those outcomes. In practice this does not occur.

The financial management and budget setting system has been highly centralised. The centralisation is a function of the structure of the Ministry itself, and of the methods used to determine expenditure patterns. Given the degree of centralisation, we might assume that the allocation of finance to expenditure area would be relatively simple. It is not.

There are three formal budgetary functions which must be carried out by the Ministry of Defence, as with all other Government Departments. Firstly estimates of expenditure to achieve agreed policies must be prepared. Secondly, and relatedly, finance must be allocated between expenditure areas and programmes, and finally the money received must be accounted for to the satisfaction of the financial control departments; the Treasury and the

Controller and Auditor-General.[1] In this chapter we are primarily concerned with the process whereby estimates are prepared and finance allocated to meet those estimates

Although the method of allocating money for defence purposes is similar in principle to that used for other forms of government expenditure, there are special problems related to defence expenditure. Sir Frank Cooper, drawing from his experience as Permanent Under-Secretary for State for Defence in Britain, writes of:[2]

> controversy over threat or affordability in defence resource allocation...many factors bear upon the management of defence expenditure...difficult to change priorities in short order.

Later he has written how there are 'no set rules for allocating resources to defence purposes...defence is a long term business: politicians are more concerned with short term goals'.[3]

The points made in these quotations may be simplified to a general statement that expenditure for defence purposes must be planned for and justified in detail if politicians are to be prepared to allocate money for them. Once planned and justified, a major change in the external environment should be needed to force a significant change in the direction of resource allocation. This 'imperative' however does not always fit easily with the differing imperatives of politicians, who may well require competing demands to be met and resources allocated to different expenditure areas based on a variety of reasons often having little relevance to defence policies. This is as true in New Zealand as it is the United Kingdom. We shall see, in our later case studies, the conflicting demands of defence programmes and other forms of government expenditure.

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In the American context, Fox has written:[4]

> The myth that questions of national security are above or at any
> rate somehow apart from politics has died hard. A more rational
> choice of defense policies and levels of defense expenditure
> requires that we recognise and come to understand the political
> process as it operates to define national security policy rather
> than that we ignore or deny that process

This 'myth' has gained no credence in New Zealand. New Zealand has no
tradition of high levels of defence spending, no strong defence or military-
industrial lobby, continuing problems in trying to make budget resources match
expectations in all sectors and, finally, strong expectations that spending in
the social welfare sectors will not diminish no matter what the state of the
economy. The problems of defence policy are clearly and inextricably linked to
overall levels of government expenditure. And expenditure for defence purposes
has to compete with all other potential forms of government expenditure. Thus
the budget outcome is the result of the politics of the conflict over
allocations.[5]

Once allocations are made, the requirement to manage the money to best
effect still remains. In an unofficial paper prepared after discussions with
Ministry of Defence and Audit Office officials a senior Treasury official noted
that:[6]

> Financial management responsibilities are not devolved to
> operational units...Military managers leave management of
> finance issues to the civilian support services...
>
> There is no corporate plan...there is no performance measurement
> for operational areas of the defence forces...
>
> The accounting systems themselves are out-dated... Some costing
> information is produced but this comes from ad hoc work and is
> not integrated with the accounting system. For example, the

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accounting system records expenditure on fuel but does not record the costs of operating aircraft on a particular mission...

There is an inadequate interface between the budgeting and accounting systems. When the budget is prepared the figure determined for each responsible officer is not clearly relayed back to them (sic). Thus expenditure information cannot be clearly related to budget to determine the reasons for difference between budget and outturn figures...

The Secretary of Defence is aware of these financial management deficiencies and wants to establish a system whereby responsibility is clearly devolved to operational defence managers...The major barrier to financial management improvement is the attitude of the military and the inability of the civilians to do anything about it...the Secretary of Defence has inadequate authority in relation to the military to achieve any such changes.

Although these opinions are based on limited consultation, they still provide a useful basis for the examination of the defence budgeting and financial management system. Since the opinions expressed above were formed the Quigley Review has reached many similar conclusions and made recommendations as to their solution.

In this chapter we will describe the systems for financial resource allocation and management and control of expenditure and we will examine the effects that these systems have on the policy formulation and implementation process. Note will be taken of changes which are currently underway and an assessment made of their likely effects on the policy process and the potential effects of the Quigley recommendations, if they are implemented. Since the passage of the Public Finance Act 1989 many of the processes followed by Defence, especially of accrual accounting and output budgeting, are to be required of all Departments. It is not yet clear whether the requirements of the Act will be able to be met in practice.

<u>Budget Structure</u>

The Ministry of Defence controls an annual budget which consumes between four and five percent of government expenditure and some two percent of the gross domestic product.[7] Vote:Defence is currently divided into six 'Programmes' or 'output areas' against which funds are allocated. These are:[8]

<u>Programme 1. Defence General</u>.
    a. The central command of the armed forces and administration of the Ministry of Defence.

    b. Control of the following centralised Defence services and activities.
       1. Ministry of Defence computer service
       2. Defence communications systems
       3. Non-regular Cadet Forces.

<u>Programme 2. Defence Forces Overseas</u>
    a. Provision for a military presence in Southeast Asia in support of foreign policy objectives

    b. Contribution to United Nations and other multi-national peace-keeping forces overseas as may be decided from time to time by the Government of New Zealand.

<u>Programme 3. Sea Forces</u>.
    a. The maintenance training and support of naval forces at the level of operational readiness needed to uphold New Zealand's defence and security interests.

    b. The provision of hydrographic survey, civil defence and disaster relief assistance as required at home and in the South Pacific.

<u>Programme 4. Land Forces</u>.
    a. The maintenance, training and support of ground forces at the level of operational readiness needed to uphold New Zealand's defence and security interests.

    b. The provision of a framework for expansion of the land forces should the need arise and civil defence and disaster relief assistance at home and in the South Pacific.

Programme 5. Air Forces.
  a. The maintenance, training and support of air forces at the level of operational readiness needed to uphold New Zealand's defence and security interests.

  b. The provision of air transport for VIP and special tasks, civil defence and disaster relief assistance at home and in the South Pacific.

Programme 6. Defence Science
  a. Research and scientific services related to operational defence needs, including the introduction of new technology and support for defence production in New Zealand.

  b. Co-operation with New Zealand's defence partners in agreed research activities particularly in relation to studies of the defence systems in the oceans

Expenditure is also identified by inputs or Standard Expenditure Groups (SEGs). In a simplified form these are:[9]

SEG	1	Personnel Costs
SEG	2-6	Operating Costs
SEG	7	Capital Works and Equipment
SEG	8-9	Miscellaneous and Subsidies

Expenditure expressed in this form is not used a management tool in the sense that any fixed amount or percentage is pre-allotted to a specific SEG. But it does allow a ready (perhaps too ready) identification of areas of flexibility in defence expenditure patterns.

Management of the defence budget is exercised primarily by the Finance Branch of the Ministry of Defence under the Assistant Secretary (Finance); (AS(F)). (Since 1990 this task is carried out by the General Manager (Finance) in Headquarters, New Zealand Defence Force). AS(F) is responsible for the provision of financial advice to management, the maintenance of accounting services and the oversight of expenditure.

Close liaison is exercised between the Treasury and the Finance Branch. The purpose of this liaison is for the exchange of policy advice and to ensure that proper Treasury input is obtained for Defence submissions to the Government.[10] Treasury does not scrutinise expenditure patterns in detail and does not, in this day to day activity, comment on 'value for money' questions in relation to defence expenditure.[11] These questions are the responsibility of the Secretary of Defence who is in turn accountable to the Minister.

The Budget Process

Defence finances are required to conform to several separate timetables. The first is the long term funding proposal for defence which primarily relates to the future costs of capital equipment purchases. The second is the medium term forecast exercise imposed by the Treasury. This requires Three Year Forecasts (3YF) to be prepared annually by departments. The third is the annual budget cycle which to a large extent is derived from the 3YF.

Long term funding proposals were introduced to overcome the problem perceived:[12]

> in all western countries that defence planning requires lead times which become progressively longer with advances in science and technology. Long term defence planning is difficult to reconcile with the annual parliamentary cycle of appropriations.

The funding system was introduced after several years study by an official seconded from the Treasury to Defence. Arrangements for long term funding were described as 'unique for a Department of State'[13] and Defence was seen as a suitable department for the implementation of such concepts because of 'the

Ministry's large expenditure on capital equipment which requires long term stabilised management'[14].

In theory the arrangements mean that each year a 15 year rolling programme for capital equipment purchases is submitted to the government. In practice a long term programme may only be submitted at intervals of several years. The programme is amended in line with changing government and Defence priorities and a 'clear statement of long term funding for each element of Defence policy would be the result'.[15] In practice, as we shall see in more detail later, long term funding arrangements are almost as subject to variation as any other arrangement. Such variation most normally occur when financial problems are pressing and the government is looking for savings in the short term.

The choice of 15 years for the period of the rolling programme was made as part of the 1983 Defence Review:[16]

> planning for major capital equipment items, such as ships, would require provision for payment over a long period of time. The 15 year rolling programme allowed for the planning of such expenditure more effectively than in the past. It also gave a clear understanding of the financial implications of major policy changes and of the ability of the Defence Vote to accommodate those changes.

Prior to then long term forward planning did not occur on a systematic basis. Expenditure was planned on the basis that personnel and operating costs and previous capital commitments were to a large extent a given minimum cost. New expenditure proposals were added to these, if they could be accommodated within overall Government expenditure plans, thus establishing a new continuing long term minimum level for the Defence budget.

3YF are designed to provide Ministers with an indication of the costs of continuing existing policies over a three year period, and to give the government the opportunity to consider the fiscal outlook and expenditure strategies based on the forecasts.[17] The forecasts provide a medium term base against which other economic indicators can be set and which can be examined to ensure that the assumptions based in them are valid.

Information in the forecast, which focuses on departmental functions and outputs, and the assessment of resources needed to fulfil those functions, is submitted to Treasury, by vote and programme.[18] Agreement is reached, on the basis of analysis and debate, between the departments and Treasury as to the validity of the forecast which then becomes the basis for the budget strategy for the next three years.

Departmental forecasts have wage and price assumptions for each year incorporated, and are submitted to the Cabinet Policy Committee for consideration in the light of the government's fiscal and economic strategies.[19] At this level, where approval in principle is translated into commitment, there is considerable scope for amendment and even reversal of previous approvals. This is because although approvals in principle 15 years away from the consequences are relatively easy to obtain, detailed funding, when the choice is between guns and butter, warships and pre-school education, is more dependent on immediate political and fiscal factors.

The 3YF does not include any provision for new policy as this is included at the time of the budget estimates, once figures for pre-committed expenditure have been matched against available finance.[20]

The first year of the 3YF becomes the planning figure for the next financial year's estimates. The Treasury provides a planning figure based on their calculation of the affordability of the estimate against other economic considerations. The planning figure is agreed with the Treasury and the estimates are then prepared in conjunction with the single Services. But because the estimates are primarily an input process, reflecting costs such as personnel and capital equipment rather than outputs such as maritime surveillance or amphibious capabilities, the Services have less control over the allocation of "their" money than they might like.[21]

Allocations within Vote:Defence tend to be made on historical grounds using a form of incrementalism based on cost increases since the last year's budget to reach the current year's expenditure figure.[22] This is not done as a matter of policy but rather as a matter of practicality. The emphasis on input budgeting means that most expenditure within Vote:Defence is based on routine patterns of spending. Personnel numbers stay relatively constant and overseas deployments are planned well in advance. Only at the margins do allocations become flexible and even changes here become significant only over several years rather than between years.[23].

This method of budgeting means that there is little incentive to attempt to improve efficiency or examine outputs. Instead the emphasis is on stability and routine. Requirements are fixed and new requirements tend to be added onto the previous total.

Programme Budgeting

There have been systems of budgeting which do not rely on inputs, but rather attempt to determine what outputs the organisation should produce, and

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allocate resources accordingly. These systems, known variously as 'Programme Budgeting', or 'Programme, Planning and Budgeting System' (PPBS), were introduced in New Zealand from 1969.[24] The intention was that Defence, the trial Department', would 'use finance and resources in a rational manner according to predetermined priorities and objectives.[25]

Before 1969, the Ministry of Defence, in common with all other Departments, produced its budget almost purely in terms of inputs; an estimate of the expenditure needed to maintain pay and allowances, food and clothing, stores and equipment and other such expenses. This system allowed the managers to determine the cost of the inputs into the Department but did not allow them to determine the relative value, or cost, of the different activities undertaken by the Department.

In 1970 a Ministry of Defence paper summarised the major reasons for introducing programme budgeting into the New Zealand Government and into Defence:[26]

> Many countries place great emphasis on planning defence expenditure. Reasons are:
>
> a. the increasing cost, sophistication and lead time of equipment necessitating large outlays over extended periods.
>
> b. The pressures on finance generally and the relative priorities accorded social welfare, education etc., forcing Governments to consider alternative ways of meeting defence requirements.
>
> c. The impetus given to planning in this field by the introduction of Programme Budgeting in the United States Department of Defence in 1961.
>
> d. Ministers and defence management bodies require a clear integrated financial and planning base, related to the priorities of roles and missions for making top policy decisions on shape and size and for considering new activities.

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e. Defence management is becoming more complex and this system offers a more effective control system than the parallel military/civilian hierarchy of the past.

This move closely followed the United States practice where PPBS was first introduced into the budgetary system in 1965. It was designed to 'force the organization to define its objectives clearly and to project the full cost of obtaining those objectives'.[27] Charles Hitch, from Rand Corporation, who became the US Defense Comptroller in 1961 described the requirements of a PPBS allocation system in 1960:[28]

> Budget needs to be categorized according to end product missions (programmes). More perceptive judgements (can then be made) about the relative worth of for example, coastal surveillance against troops overseas than (can be made) about, for example, personnel against construction or Army against Navy.

One of the strengths of PPBS, identified by Novick, is that it cuts across organisational boundaries, drawing together the information needed by decision makers without regard to divisions in operating authority among jurisdictions. Contradictions are thus more likely to be recognised and a context is supplied for consideration of changes made possible only by cutting across existing agency line barriers.[29]

Programme Budgeting forces specific activities to be scrutinised and a positive decision to be made as to whether they are to be funded or not. For the military this would seem to have some advantages in that once the activity has been accepted as necessary they control the technical knowledge necessary to implement the programme. They are able to declare that in their professional judgement certain minimum equipment requirements must be met or else the accepted outputs can not be met and desired outcomes not achieved. Section 9 of

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the Public Finance Act 1989 requires Departments (if they are operating a system of output budgeting) to demonstrate the link between classes of outputs and the Government's desired outcomes. This follows the theory of programme budgeting but, as we shall see, may be easier to require than to achieve.

There have been some trenchant criticisms of Programme Budgeting. Wildavsky describes the US experience with the system as 'changing the form but not the content'[30], (it) 'does not detail the impact of programmes on each other'[31] and (Programme Budgeting):[32]

> requires a structure in which all policies related to common objectives are compared for cost and effectiveness. This can not be done. PPBS does not provide information relevant to the user.

Such criticism does not necessarily take into account the state of US budget management pre-1965.

Odeen has pointed out other flaws in the US use of PPBS. Allocations to programmes were made on institutional or political grounds (although this is not necessarily the fault of PPBS), the programme structure was flawed and hard to analyse, and there was a focus on short term budget year programmes.[33]

PPBS, in the US system, was based on the rejection of arbitrary budgetary ceilings. Critics of the pre-McNamara process focused on the almost complete separation between military force planning and budgeting which ignored the necessity of choice in the context of limited resources.[34] Programme Budgeting was designed to allow 'the development of the force structure necessary to meet our military requirements and the procurement of this force structure at the lowest possible cost.'[35]

This approach implies a rejection of any concept of establishing a maximum monetary level for defence expenditure and then attempting to optimise returns for the defence dollar. Rather it implies that the required level of defence will be established and then a variety of competing methods for achieving that level of defence will be costed and the cheapest one which achieves the aim will be selected.

In practice that approach, which was a statement of intent made by McNamara as US Secretary of Defense, can not be met; both for theoretical and for political reasons. Theoretically, there is no way of determining the marginal utility of an extra dollar of defence expenditure and thus no way of knowing whether it is rational to allocate that marginal dollar to defence or to some other use such as education. Politically, limits will always be set on defence expenditure as soon as a strong domestic interest group finds that it is going short of funds for its programmes and that defence is continuing to receive funding for programmes which can only be defended in terms of an abstract concept of 'national defence'.[36]

As we shall see many of the criticisms of the US use of PPBS may also be levelled at the New Zealand experience. The initial breakdown of Vote:Defence into 'Activity Programmes', (as they were then styled), was based 'on the various defence missions and the units of the forces allocated for those missions'.[37] The Programmes as initially designed were:[38]

Programme 1 Command and Control
Programme 2 Support for Regional Defence Relationships
Programme 3 Operational Forces Available for Deployment
Programme 4 Offshore National Tasks
Programme 5 Reserve Forces
Programme 6 Base Support in New Zealand
Programme 7 Training Base
Programme 8 Ancillary tasks
Programme 9 Science and Research

The Programmes were divided into a number of 'Activities' initially 10 and later as many as 22. The purpose of the activities was to ascribe defence expenditure to specific objectives of the Ministry. Thus Programme 1 included activities such as 'Defence Headquarters' to reflect the cost of the Headquarters, 'Overseas Representation' which included the costs of conference and visits overseas as well as the cost of defence liaison staff and 'Defence Communications'. Programme 3 included activities 'Command (Operational Forces), Maritime Forces, 'Land/Air Operations' and 'Air Transport Long Range'.[39]

Programmes were periodically rearranged within the same framework so that 'the Programme structure is more in accord with current national requirements and priorities'.[40] By 1980 the degree of juggling required to attribute costs to activity was becoming more than the financial management system could cope with. The Notes to the Estimates for that year noted that:[41]

> The attribution of costs to activities is a subjective assessment based on an examination of the tasks of each unit. That is, the costs of any one unit may be apportioned among one or more activities.
>
> A current difficulty is achieving accurate distribution of Armed Forces pay to the units employing servicemen...there are many inherent problems including the rapid movement of personnel between units.
>
> Where supplies and services are received by depots, costs where identifiable to an end user unit are charged to that unit and consequently to the activity or activities concerned. To the extent that that the end user can not be identified costs are charged to the activity 'Base Stocks' or to the activity 'Supply Support'.
>
> It is hoped that a new Vote Programme Structure, now being developed will alleviate many of the current attribution problems.

Initially the Programmes had been designed to reflect the functional activities of the defence forces and they were selected deliberately to reflect the different tasks undertaken by them. The problem with the Programmes was that

they did not take into account the organisational realities of the military, in that the Armed Forces were not organised along the same functional lines as the Programmes, and thus did not allow the authority responsible for carrying out the task to control the finance. For example there was no way of determining whether expenditure by a naval frigate should be debited to Programme 4 or to Programme 7.

This is a criticism of some moment if there is to be any financial devolution from the central defence bureaucracy to the single Services. It also directly contradicts Novick's point quoted above that one of the strengths of Programme Budgeting is that it cuts across organisational boundaries. The contradiction here occurs because Defence introduced the pure form of Programme Budgeting, as extolled by Novick and Hitch, without considering the administrative complications which would occur.

As the programmes stood, there was no way that a single Service Chief of Staff could control any money because the programmes covered the full range of defence activities when described by Service. On the other hand programmes, properly designed as functional activity areas, are a potent management tool, allowing a proper assessment of the cost of the various defence outputs. Only with this kind of information can realistic decisions be made about the direction and quantity of the various aspects of defence policy be made.

In 1982-83 the programmes were changed to the current system (described above) of divisions based on the Services, Defence Central and other relatively minor defence activities. The new structure was 'designed to allow devolution of financial authority and responsibility to service managers by relating voted funds to the activities controlled by those managers.'[42] The old programmes were

not working and it was easier to change the financial structure than it was to change the organisational structure.[43]

These current programmes are self explanatory. They allow for easy attribution of expenditure to bureaucratic or organisational grouping and they allow for the easy devolution of financial responsibility. But they do not reflect the fundamental purpose of Programme Budgeting which is to present an integrated statement of defence outputs for budgetary estimates purposes. Rather they are designed to present a facade of 'programme' behind a system of allocating budgetary expenditure by inputs. As such they can not and do not achieve any of the purposes of the Programme Budgeting system. Indeed they work against it as inputs can not reflect functional activities in any manner which allows for the allocation of finance to task.[44]

The alternative management styles, of centralisation or devolution, are fundamental to any analysis of defence process and outcome. These alternatives in the budgetary arena are seen in the desire on the one hand to manage by 'outputs', a process which is inherently centralising, and the urge to achieve administrative simplicity which leads to budgeting by inputs and allows easy financial devolution if desired.

Flexible Funding

The second major initiative, attempting to reform the process of defence budgeting, is known as 'flexible funding'. It has been recognised for some time that the defence budgetary process suffers rather than gains by being restricted to an annual budgetary cycle.[45]

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The problems are twofold. Firstly, because of the long lead times required for the completion of capital equipment programmes, lack of certainty of committed funds means that programmes are disrupted as arbitrary alterations get made in efforts either to achieve savings, or to promote favoured programmes.[46] Secondly, the traditional method of allocating funds does not encourage any form of efficiency through cost cutting, or other form of saving, because savings or underspends once made are returned to the Consolidated Account rather than back into departmental budgets.[47]

These problems were well recognised and in 1983 some specific principles for Defence funding were established.[48]

> (The defence budget) represents approximately 2% of New Zealand's GDP and provides, in the view of the Government, an appropriate benchmark for financial planning for Defence. Annual adjustments will be made for the impact of inflation on defence costs.

Two immediate points are made by the statement. The first is that by setting bench mark levels any concept of Programme Budgeting is implicitly rejected. An arbitrary percentage of a variable figure such as GDP is direct input budgeting no matter how the figures are later presented.[49] The second is the provision for inflation adjustment to the defence vote. This appears to be tied to the desire to keep the defence budget to a fixed level in real terms but means only, (if rigorously applied), that the Ministry of Defence has no need to argue its case for funding so long as it can remain within budget levels. That is, an automatic topping up for inflation is a practical disincentive to analyse programmes and objectives afresh. Of course programmes and outputs can not easily be analysed without a functional form of Programme Budgeting in existence.

In practical terms the decision means that defence budgeting is carried out using a 15 year programme carried forward annually.[50] Over the 15 year period the Ministry of Defence receives, on average, a fixed annual income expressed in real dollars derived from the amount the government decides will be the appropriate base funding level. Annual appropriations vary around the average to accommodate both the financial lumpiness of defence spending and the expenditure strategy of the government.

Each year the programme is reviewed to establish whether there is any need for change and how that change will be achieved within the base budget. The need for change and its direction is however driven by the Government's financial requirements, rather than by any consideration of the efficiency, viability, or even necessity, of specific defence outputs.[51]

Within limits, determined by the government's expenditure strategy, credit or debit balances which might result from savings or overdrawings in any one year will be carried forward to future years. This, with inflation adjustments, will maintain the average level of expenditure over the 15 year period.

The base funding level was initially set at the total net appropriations voted for the 1982/83 year. In 1985 the new government agreed to continue the concept of long term flexible funding and agreed that following the review of defence policies, begun in 1985, and to take account of the new policies of self reliance a new base funding level would need to be set. An interim base level was established as being for planning purposes the 1985/86 vote.[52]

So that the purchasing power of the financial resources allocated to defence remain in fair relationship with the real costs and incomes of other economic

sectors, the base level is indexed according to a formula which takes into account the variables to which defence spending are exposed. This reflects the reality that Defence expenditure covers a wide range of economic sectors and to attempt to adjust it in real terms using only one sectoral index, such as the Consumer Price Index, would be completely artificial. This multi-index system is still artificial but better in the absence of a dedicated 'Defence Index'.

Indices applied to Vote:Defence are:[53]

Expenditure Category	Index
Personnel	Nominal Wage Index-Other Authorities
Operating	Producers Price Index-Central Government
Works Capital and Maintenance	MWD-Construction Cost Index
Capital Equipment Overseas	Import Price Index-non food manufacturers
Capital Equipment Local	Producers Price Index, Central Government
Other Expenditure Overseas	Import Price Index-All Groups
Revenue, Credits and Debits	Defence Expenditure Index (Average of other indices)

Because the proposed method of indexation does not take full account of the fact that successive generations of defence equipment increase in price in real terms at a much faster rate than imports generally,[54] it was agreed that major capital equipment programmes would be dealt with on a case by case basis to establish whether there should be additional funding or whether other alternatives such as compensatory savings should be explored.[55]

This last proposal should be seen as a recognition that defence capital equipment is increasingly expensive in real terms but that it will be funded

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above the flexible funding guidelines only if compensatory savings are completely out of the question.[56]

Although a system of long term funding should mean that the defence budget has a degree of stability which allows forward planning to be made with confidence, that confidence is limited by the fact that cuts to the base may be made at any time by the Government. For instance for the 1986/87 financial year Defence initially estimated that, based on pay increase of greater than 15.5%, the planning level for the budget should be $1030m. Treasury required that wage increases should be limited to 15.5% and so on 14 March 1986 draft estimates for 1986/87 of $995m were presented to Treasury. On 25 March Treasury advised Defence of the requirement to 'cap' the Defence budget at $950m and suggested certain areas where, in Treasury's opinion, savings could be made.[57]

Again in 1989, as part of a general Government cost cutting exercise Defence had some $237m cut from the 1989-90 Defence Vote and had a spending cap of $1.4bn imposed on spending for the following three years.[58]

The introduction of long term, or flexible, funding arrangements for the Defence budget was an attempt to introduce certainty into the defence planning process. In attempting that, the arrangements directly undermined the 'rational' process of programme budgeting. Programme budgeting had however been undermined in 1982 when new programmes which did not relate to task or objective, but only to organisational structure, were introduced.

Certainty has not been given to defence planners. Vote:Defence is still subject to arbitrary cuts as the government attempts to meet monetary or fiscal targets without any consideration of defence 'needs'. In the attempt to introduce certainty the governments of the day seem to have got the worst of both worlds. There can be no objective assessment of the relative costs of defence activities because the programme statements do not relate to activities. Yet there is also no form of stability to the defence budget because the long term funding does not provide the protection from arbitrary financial allocations which it is designed to provide.

The Quigley Review

As well as a number of recommendations relating to the improvement of financial management, Quigley recommends that the Secretary be responsible for the production of the annual defence financial package. The Secretary would be responsible for preparing the Indicative Defence Resource Plan and the Capital Equipment Plan. Within the context of resource constraints determined by the Government he would allocate the total budget so that policy priorities (set by him) would be met, and he would advise when priorities could not be met and why. Quigley sees this as the ' "sharp end" of civilian control, thereby preserving the constitutional requirement'.[59]

CDS would be responsible for the preparation of those aspects of the budget under his control (ie operating expense budgets, personnel) and for the management of allocated finance.

These are radical proposals making CDS responsible for spending his operational budget as allocated but not being responsible for the preparation of the budget, other than in the detail of its use. Nor is CDS responsible for the

policy statement which the budget is designed to support. To achieve proper budgetary allocations so that the costs of Defence operations can be properly identified and choices made, the Secretary will have to develop some form of more sophisticated Programme Budgeting system than is currently in existence. We have already explored some of the problems involved with this.[60] The Quigley proposals are centralising in that budget allocations must be made by specified output, a process which tends to strengthen the centre of any organisation.

The Review envisages two financial structures. One for the Ministry which involves expenditure on the operations of Ministry Directorates and capital equipment, and one for Defence Forces operations. The Review talks of two separate budgets under one Departmental appropriation. But it is hard to see how this would operate. Either the Secretary is responsible for policy and the appropriations to match the policy in which case he effectively controls the level of both budgets, or else CDS prepares his own budget and this is added to the Ministry budget as a consolidated Departmental appropriation. In that second case the Secretary has lost the overall control which Quigley envisages for him.

Running counter to the centralising thrust of the main budget setting recommendation is the argument made by Quigley of the need for devolution of financial responsibility, a concept which Defence has been following for some years. When describing central control the Review says:[61]

> Central control, through regulation, proceduralism and detailed administration has been tried and failed...central control is always an invitation to creation of bureaucracy. Devolution avoids the bureaucratic costs of over centralisation and the costs of transporting goods between several locations to meet the requirements of several layers of control...

Devolution in conjunction with an efficient budgetary system which allocates resources according to function can only make sense if military

organisations are altered to reflect the functional components of a programme budgeting system. This would mean that the single Service chiefs are removed, to some extent, from the devolution process so that joint force or functional commanders control their own operational budgets. Single Service chiefs would then be responsible for only their housekeeping budgets.

If organisations are not changed and devolution occurs through the Service chiefs, then there seems to be little scope for producing a budgetary system which allows the true cost of policies and actions to be identified.

Conclusions

The process of estimate and re-estimate leading to a final figure for defence expenditure demonstrates the position of the players in the process. Clearly the establishment of long term 'flexible funding' can only be a starting point in preparing the annual defence estimates and in preparing longer term financial options. Each year's budget will be dependent upon the financial imperatives of the government of the day. Defence is able to point to 'existing policy' and demand money to fund that policy, but the requirement to make savings will always exist.

The defence financial system is designed to be rational, to provide the Government and defence planners with information which will allow proper costings of alternative policy options, and a realistic assessment of the cost of individual components of policy within Vote:Defence. The present system does not, and can not, achieve any of those aims.

The system has a facade of rationality. It presents its estimates in the form of programmes. It talks of 'long term plans', it invests heavily in

computers 'to enhance the output'. But none of these alters the fact that Defence, despite its need for long term stability, has to rely on an annual budgetary round which is arbitrary and unpredictable. Defence remains committed to input budgeting because it is administratively easier and, despite moves for 'financial devolution' the system will remain heavily centralised.

The Quigley proposal, for the Secretary to have overall control over the resource allocation process will, without organisational change, produce only a system which is attempting to reinvent processes and methods which have been tried and which have been abandoned. Additionally the system is likely to be less efficient because the separation of responsibility between CDS and the Secretary will lead to greater complexity and possibly institutional battles between the two Departments.[62]

The current budgetary process reinforces the incremental and conservative impulses identified in our study of the Defence Review process. Existing policies tend to be sacrosanct because the budgetary round is only able to identify current expenditure accurately by inputs. There is then little scope for major change. Any change that does occur is at the margins only, and while this may produce long term change such change is not deliberate and probably not discernible as it occurs.

New policy initiatives are difficult to implement. they first have to gain acceptance as new policy and then have to attract funding. This generally involves compensatory savings being made from another part of the Defence vote. But because policy programmes are not properly identified it is difficult to determine either the true cost of any activity or the long term effect of any

cuts in an activity. The inclination then is to run down activities to make savings through underfunding rather than to cut functions.

These outcomes are inevitable until the budgetary system becomes capable of identifying expenditure in terms of the use to which it is put. That is not likely to occur until there is greater political input into the process and clear direction based on a proper understanding of the outputs required from the Defence system.[63] Currently the detailed direction of funding is decided almost entirely within the Defence bureaucracy. As we have seen there is no incentive for the defence bureaucracy to change and the one possible opportunity, implementation of change under the banner of the Quigley Review, is likely to fail because of conceptual difficulties within the Review; conceptual difficulties relating to the outputs required from Defence and lack of detailed political input into the process of change. The system which has evolved is one which can adjust but which can not reform.

Chapter 7

POLICY OUTCOMES: CHANGE AND RESPONSE

Introduction

In Part Three we examine a range of case studies in an attempt to confirm some of our preliminary conclusions derived from the literature and from our initial examination of the policy environment. We do not examine the issues themselves. We do not attempt to judge the merits of the issues and we make no assessment of the validity of policy options chosen. The issues and their background are described only to the extent necessary to understand the processes involved.

In this chapter we examine how the policy processes operate in situations where policy itself is undergoing change or where change is advocated. It is during these times of change that the processes can be seen to best advantage. Change is normally better documented than stability, as protagonists of different positions make their points and as formal studies are prepared to assess the effects of the proposed change.

To qualify as 'a change in policy' it seems evident that the event under discussion must be sufficiently momentous to be recognised as being different in kind from those preceding it. Further, the event would seem to have to relate to some major aspect of relations with allied powers, with major troop deployments or with a change to a major class of weapon system. Other events, such as the closing of a camp in New Zealand and the relocation of the personnel to another camp would not interest us in this discussion, unless the reasons for the relocation were to do with the defence of New Zealand. Similarly, the purchase

of Orion aircraft to replace earlier types of anti-submarine aircraft was not a change in policy but the decision to replace the surface warships with submarines equally clearly was a change (or potential change).

During the period under examination there have been three major changes to aspects of defence policy, although only two of them have been completed. These have been:

> The effective suspension of New Zealand's operational involvement in the tri-lateral aspects of the ANZUS alliance.

> The recommendations of the defence and foreign affairs bureaucracies to withdraw troops from Singapore, and the rejection by the government of that advice.

> The decision to replace the frigate fleet with submarines and then the reversal of that decision.

Each of these events represented a major shift in defence policy; either actual or potential. As such they provide suitable examples of cases for study. These examples are of course of deliberate policy change, change which is overt, rather than change which might occur unsuspected and over time such as, perhaps, the relationship with Australia.

The aim of this section is to examine the processes involved leading to deliberate policy shifts and determine the degree of interaction between, and influence held by, the major actors over the course of events. We will then be able to assess the outcomes in terms of their relevance to declared defence policy as we know it from the White Papers and other policy statements.

At times we will be making a somewhat artificial distinction between defence policy and foreign policy. Of course the two areas are inextricably linked. Note will be made of foreign policy concerns where they are applicable

to the defence policy outcome being studied. Also we will need to keep in mind
that in some areas a final outcome of the case has not yet been reached. In
others the additional perspective of history may be needed to allow proper
assessments to be made.

ANZUS

In the more than 30 years of the ANZUS Treaty's life New Zealand acted as
a loyal ally of the United States. Diplomatic and military support was provided
when necessary (if at times grudgingly) and the armed forces of the signatory
states worked closely together on operations and exercises. US military units
routinely visited New Zealand for training and New Zealand armed forces trained
with those of the US in a variety of locations in Asia and the Pacific. As well
as the direct military links a web of networks involving logistics,
communications and intelligence sharing was evolved.[1]

The ANZUS Treaty was one of a series of treaties established by the United
States, formalising alliance ties around the world following the end of WW II.[2]
Major factors leading to New Zealand's involvement in ANZUS, and desire for US
involvement in the region, included the realisation of the inadequacies of
Pacific security demonstrated by the events of 1941-1942, perceptions of a
Communist threat in Asia and fears of a resurgent Japan after the 1951 peace
settlement. The shared perceptions of threat were considered, in 1951, to be
greater than the disadvantages (such as the non-involvement of Britain and the
exclusion of other major players in the region) of joining an alliance at all.

It was not until the withdrawal of British forces from South East Asia
that defence planners considered the ANZUS relationship in other than purely

formal terms.[3] Thus in the 1966 Defence White Paper ANZUS is not mentioned,
(discussion all relates to the maintenance of troops as contributions to the
Commonwealth Strategic Reserve), while in the 1972 White Paper, after the
announcement of withdrawal of British military forces from the region, ANZUS
was described, for the first time, as the 'keystone of New Zealand's defence'.[4]

Although there was no planning organisation, coordination did occur
between the treaty partners. Annual ANZUS Council meetings attended by Foreign
Ministers were held to discuss issues of the day.[5] Senior officers were
appointed by member states as ANZUS Military Representatives.[6] Staff level
meetings were held to discuss exercise arrangements, interoperability
arrangements, logistics and Standard Operating Procedures. In general these
working arrangements were of a kind which are routinely established between the
armed forces of states which operate together, whether or not they are joined by
treaty commitments.[7]

Until 1984 the arrangements continued at the military level with little
public discussion. The Labour Party conference periodically passed remits
calling for withdrawal from ANZUS but Party election manifestos, when they
mentioned it at all, restricted themselves to stating that they would seek a
more independent stance within the treaty obligations.[8]

To casual observers then, the split with the US which occurred from
February 1985 when the New Zealand government refused to allow the entry of a
United States warship into a New Zealand harbour for a recreation visit came as
a surprise.

But it was not such a surprise to observers more closely attuned to the nuances of the situation. At the time of the previous Labour government, from 1972-75, US nuclear powered (although not nuclear capable) warships had been restricted from visiting New Zealand. Subsequently nuclear issues had become a significant rallying point for many; not only active Labour Party supporters.[9] Undoubtedly some activists, centred predominantly in the Labour Party and the trade unions, wanted New Zealand to leave ANZUS, but withdrawal from ANZUS was not the aim at any time of the New Zealand government.[10]

Anti-nuclear sentiment in New Zealand was manifested whenever a (potentially nuclear armed) US warship visited a NZ port.[11] In the Ministry's 1982 Report the Minister of Defence felt constrained to reiterate the government's position on nuclear weapons and ship visits:[12]

> ...their disposition and control must remain a matter fundamental to the sovereignty of the state which possesses them...
>
> ...Those who develop elaborate and far-fetched scenarios based on the supposed "risk" ... would do well to examine more responsibly the hard facts of global strategy ... the ships which do make friendly port calls are not part of the strategic deterrent. Therefore they do not bring with them the slightest risk of nuclear attack on the port which offers them hospitality.

It was this issue of ship visits which was to precipitate the chain of events which has lead to New Zealand's non-participation in ANZUS proceedings and to the suspension of almost all military ties with the US.[13] And it is the de facto withdrawal from ANZUS and the events surrounding it which are the focus of this section as we examine the processes by which policy is formed during periods of change.[14]

In July 1984, after a general election, the government changed. The new Labour government had a long party tradition of opposition to nuclear power and more especially to nuclear weapons. During the election campaign the Labour candidates had promised to act to ensure that nuclear weapons did not enter New Zealand in the future. This policy was well understood as a direct challenge to the previous official New Zealand attitude which had not questioned the US policy of 'neither confirm nor deny' in regard to nuclear weapons. The problems inherent in the situation were exacerbated by the position of so called 'nuclear capable' warships which might or might not be carrying nuclear weapons, but which would still have to conform to the neither confirm nor deny rubric.

Early in the new government's term the US made it clear that it regarded port calls by US warships to New Zealand as being important under the ANZUS Treaty, although there was no immediate urgency for such a visit. The day after the July election, the new Prime Minister, David Lange, met US Secretary of State George Shultz. At that meeting the issue was raised and the Prime Minister reported that 'there would be no trade pressure to procure a change of position' (on nuclear armed ship visits).[15] After discussions between Prime Minister Lange and Secretary of State Shultz in New York in September 1984 'both sides agreed that the normal process of consultation about ship visits will go forward'.[16]

From September an informal committee of senior officials, comprising the Secretary of Foreign Affairs, the permanent head of the Prime Minister's Department, Chief of Defence Staff and occasionally the Secretary of Defence, was established. This group met regularly with the Prime Minister to discuss options and they were with the Prime Minister at his meetings with the US Ambassador to discuss the issue and possible solutions.[17] Members of the group

travelled individually to Hawaii and Washington for further discussions and negotiations with US officials.[18]

Simultaneously, once they were alerted to the possibility of a ship visit, anti-nuclear, or peace, groups began their own programme to stop such a visit. A network of regional peace groups was activated and MPs lobbied strongly. A loose coalition of Labour party activists, peace groups and Labour backbench MPs acted to support and reinforce each other with the specific aim of stopping any possibility of a ship visit and using the tactic of demonstrated public opposition to any such visit.[19]

In December 1984 the negotiated 'routine' request for a ship visit was received. The US proposed that a ship, USS Buchanan, carry on from a scheduled exercise in the Tasman early in 1985 to visit New Zealand prior to returning to her home port in Hawaii. Although the ship was 'nuclear capable' the circumstances of the visit meant that it was unlikely to be carrying nuclear weapons. Officials believed that the careful selection of this ship would allow the Prime Minister to agree to the visit without offending the US neither confirm nor deny policy.[20]

Because of the considerable publicity surrounding the issue, the decision was referred for Cabinet discussion and decision. Initially Cabinet was supposed to consider the issue before Christmas but more important business had, by mischance, forced it off the Cabinet agenda.[21] Eventually the issue reached Cabinet on 28 January 1985, the last possible meeting before a decision was required because the exercise that the ship was to take part in was imminent. By this time the Labour Caucus and the Party at large were aware of the request for

a ship visit and had mobilised a large network of groups urging that no visit be allowed.

The Prime Minister had been overseas on holiday in the week preceding the Cabinet consideration and he was not completely aware of the degree of lobbying which was going on, especially within the Party. He arrived late for the Cabinet meeting and not fully prepared to defend the visit against what had become strong opposition to it.[22]

Cabinet declined to allow the Buchanan to make a port call because 'it is clearly part of a nuclear capable section of the United States Navy and the United States were invited by the New Zealand Government to send a vessel which would not be nuclear armed'.[23] Subsequent attempts to have a demonstrably non-nuclear capable ship make a visit broke down after an apparent 'leak' of the proposal.[24]

The US immediately expressed the view that New Zealand had withdrawn from 'understandings' on port visits which had been expressed as recently as in the communique published after the 1984 ANZUS Council meeting, although that meeting had been attended by the outgoing National administration.[25] As a direct result of the ship visit ban the annual tri-lateral ANZUS Council meetings were cancelled and replaced with bi-lateral Australia/US meetings and most military links with New Zealand were cut by the US. In 1986 the US formally suspended New Zealand from its security guarantee.

The effects on the armed forces were described by the Ministry of Defence in replies to the Parliamentary Foreign Affairs and Defence Select Committee in 1986. Some 80% of intelligence information from the US was lost. Military

exercises were cancelled and this would eventually lead to 'a loss in professional standards'. Capabilities held by New Zealand in anti-submarine operations, maritime surveillance, naval control of shipping and air force tactical operations began to be lost immediately.[26]

New Zealand's armed forces were thus revealed to be in a position where they:[27]

> have little independent deterrent capacity. The structure and composition...can only be appreciated if they are seen as fractions of much larger forces. New Zealand's forces are intended for integration in combat situations with the forces of others. From that stems our considerable dependence on the joint military exercises which have been arranged within the framework of the ANZUS alliance.

This was a partisan view, used to some extent as an *ex post facto* justification for the course of events. It mirrors a considerable body of research which relates the reliance of the military within an alliance state to the policies of the alliance rather than directly to policies designed to benefit the state.[28] But such a viewpoint, and the research, seems to miss the point that states generally enter alliances for the benefits they expect to receive and with an understanding of the costs. If the costs begin to outweigh the benefits, or the alliance seems not to be filling any central purpose, then the options of leaving, altering patterns of behaviour within, or ignoring the alliance become available. The second of those was taken by New Zealand.

The immediate events leading up to the ban on the visit by the USS Buchanan, and the subsequent US reaction, happened quickly; especially when for New Zealand a major change in defence policy and philosophy was involved. We may conclude that the whole basis of New Zealand's defence relationship with the US changed as a result of accident rather than of deliberate intent. New Zealand's

armed forces had been closely involved with all aspects of ANZUS since the end of the war in Vietnam. There was no intention on the part of the government or the Ministry of Defence to alter that relationship significantly, yet it was effectively cut in only a matter of months.[29]

The officials' group which met with the Prime Minister to discuss the ship visit question had a foreign policy and defence operations bias rather than a defence policy bias and the issue was treated as one which involved foreign policy and defence operational matters rather than defence policy questions. The process was closed and relied on the judgement of senior officials, guided by the Prime Minister, rather than on any detailed analysis by the Ministry of Defence, or any other department, of the potential results of refusing the US access to New Zealand ports.

The aim, whether made explicit or not, seems to have been merely to determine how best to accommodate the US desire for a ship visit (a foreign policy and operational matter) with the strong anti-nuclear sentiment apparent in the Labour Party at large. The issues were treated as a matter of tactics and the question of what would happen if the ship was refused seems not to have been considered at all.[30]

In contrast the effort to stop the ship visit was completely open and indeed relied on a wide spread of public and party opinion to give Ministers the message that the ship was not welcome. These processes also were tactical. It is unlikely that the anti-visit groups anticipated the eventual outcomes any more than did the official group.[31]

There appear to have been two levels of outcome from the initial decision to refuse the ship. The first, the suspension of most military relationships with the US, leads on to the second, the re-assessment of New Zealand's defence needs in the light of the loss of the military relationship. There can be little doubt that the loss of the 'keystone' was a major change in defence policy and not one that would have been chosen by the government. On that ground the outcome was irrational; it did not further any aim of defence policy. It has also led directly to the replacement by Australia of the US position as 'protecting' power, a situation which may turn out to be less in New Zealand's interest than the *status quo ante*. In the longer term the issue of dependence on the policies of an ally will return, merely with Australia and Australian interests replacing the US as the focus of activist protests.

The second level of outcome is harder to judge. It is difficult in 1989 to determine which current initiatives in organisation and equipment procurement are a direct result of any re-appraisal of defence needs post 1985. A formal review of defence policy was initiated because 'of the need to examine defence arrangements to take account...(of the) important consequences for our defence links with the US under the ANZUS alliance'.[32] But it is likely that a defence review would have been undertaken in any case since 'a reordering of our defence requirements and priorities is in fact long overdue'.[33]

A number of defence equipment issues have been resolved, or are in the process of resolution, since the split with the US. Replacements for the frigate fleet have been announced; but the frigates would have had to be replaced in any case and it is unlikely that the surface fleet would have been abandoned under any other set of likely circumstances. Military aircraft have been upgraded; but the RNZAF had commenced planning for that some time before the ANZUS row. A

naval tanker has been purchased; but that need has been recognised since at least 1975. There has been closer cooperation with Australia on defence matters; but the relationship has always been close and it is difficult to see that there was much need for any particular spur to make it closer.[34]

Perhaps the safest conclusion is that the ANZUS row accelerated or confirmed equipment decisions which might not have been made as quickly if there had been no forced review of defence needs under a completely changed situation.[35] On the other hand in mid-1989 defence expenditure has been 'capped' for three years at 1988/89 levels, signalling that there is no political need to compensate the military financially (above what would have had to be spent in any case) for the military support previously provided by the US. In a security environment which has removed alliance protection without replacing it with any alternative that is potentially a dangerous step.

South East Asia

New Zealand's armed forces have been stationed in the Malaysia/Singapore region since World War II; on a temporary basis between 1949 and 1951 and permanently from 1955 until 1989. Despite continual attempts by officials, and declarations in successive White Papers that they would be withdrawn, the forces remained in South East Asia from the mid 1970s despite the withdrawal of Australia and the UK and the lack of any strategic rationale for their presence. From 1989 the main body of the troops has been withdrawn but a small residual unit has remained in Singapore.

In its 35 years in South East Asia, New Zealand Force South East Asia has represented a significant component of New Zealand's armed forces, especially of the Army and has such has been a major determinant in resource allocation.[36] It

has also represented a practical expression of defence policy increasingly at odds with the declared policy of Defence White Papers.

In this section we examine the rationale for the Force and the process by which successive government's decided to withdraw it but were unable to implement their decision.

Originally the Force consisted of an element of transport aircraft, sent to Singapore in 1949 to help the RAF build up supplies for Hong Kong, and then in 1950 to assist with resupply to British forces involved in operations in the Malayan Emergency. This RNZAF unit was withdrawn in 1951.[37]

In 1955, following the Commonwealth Prime Ministers' Conference, the government decided to move a fighter squadron of the RNZAF from the Middle East to Singapore and to return the previously withdrawn RNZAF transport element. As well warships of the RNZN would be permanently on station and ground troops would be deployed. All of these forces were provided in the context of the Commonwealth Far East Strategic Reserve.[38]

In 1957 the ground troops became a full infantry battalion and it is this organisation which has formed the basis for New Zealand forces in South East Asia ever since. The forces have operated variously from bases in Malaysia and Singapore, but from 1971 were permanently stationed in Singapore and exercised mainly in Malaysia.

The official justification given for troop deployments was to preserve the security of South East Asia, and hence of New Zealand. Formal treaty arrangements were originally not considered necessary as Britain was in any case

the colonial power. An informal arrangement, ANZAM, allowed the governments of Britain, Australia and New Zealand to coordinate their interests in the region.

The original stationing of troops possibly reflected the (simplistic) idea that:[39]

> we must earn the support of Britain by pulling our weight in the British boat. That is the British thing to do

Or more strongly, as McCraw found:[40]

> ... (policies) were greatly influenced by the attitudes of the country's closest friends...because of New Zealand's sense of military and economic dependence upon them and the consequent high priority given to maintaining strong relationships with them.

When Malaya became independent in 1957 a more formal arrangement was required and an 'Anglo-Malayan (later Malaysian) Defence Agreement' (AMDA) was reached between the two protagonist countries, with New Zealand becoming associated through an Exchange of Letters in 1959. New Zealand troops, as part of the Strategic Reserve, had the same status as British troops, but there were no undertakings as to the use of New Zealand forces in the defence of Malaya.

AMDA lasted until 1971 by which time both Australia and Britain were preparing to withdraw their forces from the region. A new force (ANZUK) was established to look after the purely military aspects of the relationship between the three original powers. The wider security arrangements were addressed by the Five Power Defence Arrangements (FPDA) which included Singapore and Malaysia. Once again there was no commitment for the use of New Zealand troops, rather the Agreements were designed to provide training assistance to Malaysia and Singapore and they carried an obligation to consult about any form of externally inspired armed attack.

In 1974 with the withdrawal of the British and Australians from the region almost complete, the solely New Zealand command of New Zealand Force South East Asia was formed. New Zealand remained in the FPDA under the same terms as originally.

In his 1971 study, Jackson identifies a number of issues which probably played a part in keeping New Zealand ground troops in the region after the departure of the British.[41] Importantly, he says, Singapore and Malaysia wished the forces to stay, and Indonesia (involved in the 1965 "Confrontation" with the Commonwealth forces) raised no objections. As well, Jackson saw the region as having been of crucial strategic importance and hence it was logical for military forces to be stationed there. By being there they would prevent any chance of the Soviet Union establishing a military presence. Also they would provide stability which would help provide security in the atmosphere of communal tension which existed at the time.

Of these the most compelling was probably the attitude of Malaysia and Singapore, reinforced by the desire of the Western allies to retain a presence; if only through New Zealand.

Other factors behind the creation of the independent force were discussed by the Defence Council in 1973 when they considered objectives which were to be achieved by any force maintained after the withdrawal of the Australians and British.[42]

> ensure that New Zealand did nothing which upset the present arrangements in the area or gave concern to ASEAN countries while they worked out new approaches to the changing strategic situation.

> Used presence under FPDA...to promote bilateral relations...and to promote New Zealand's image.
>
> Create conditions which would keep the British and the Australians in the area.
>
> Operate in the most economic form possible while still enabling the forces to remain efficient and professional.

More prosaically Robertson, Secretary of Defence of the day, states that New Zealand remained because it would cost too much to leave and because 'we believed we should keep in with both the Malaysians and the Singaporeans. We felt we had a broking role...it was not so much the money but the thought that we could keep the Malaysians and the Singaporeans talking to each other'.[43]

The motivations for maintaining the Force in Singapore from 1973 were primarily political and economic rather than military. We will see these political and economic factors recur at the expense of military considerations as the process of deciding the most appropriate time for the Force to withdraw continued.

By early 1975 the need to retain any troops at all in Singapore was being re-examined. In March 1975 the Cabinet Committee on Policy and Priorities, as part of its pre-Budget deliberations, directed Treasury, in consultation with the departments concerned, to undertake a review of the financial and other implications of bringing the Force back from Singapore. This was not aimed specifically at Defence but, rather, was as part of a general review of government spending. At this time both MFA and Defence advised against precipitate withdrawal.[44]

However Treasury noted the savings from quick withdrawal and recommended the Committee direct return as soon as possible, and that they '...invite

Defence to prepare a plan for withdrawal based upon achievement of maximum savings'. Treasury concluded that the withdrawal should be able to be done in one year given the will.[45]

The Committee did not accept the Treasury advice of immeidate withdrawal, concluding instead that:[46]

> ... New Zealand forces could not stay on indefinitely ... (but) there was no point in taking precipitate steps to save some overseas exchange in the short term because these would only lead to costly ongoing expenses of redeployment in New Zealand... (as well) there were broader political aspects that affected the credibility of New Zealand's foreign policy in SE Asia which must be taken into account... Any decision should be taken in close consultation with Singapore and other friendly governments.

A phrase which was to become almost a catch-cry over the next 12 years was first used at this time; New Zealand needed to 'plan for the withdrawal over the next two years or so'.[47]

There seems little question that the primary reason for remaining in 1975 was financial: 'despite Treasury opinions...we just did not have the money at the time, especially given other priorities'.[48]

Not deterred the Treasury re-entered the lists using some non-economic arguments as well as the economic ones:[49]

> ...our presence there suits New Zealand's convenience rather than that of the host country. If a plan for withdrawal is not announced soon New Zealand risks a request or even a demand that we should repatriate our forces ... Need a full examination of defence policies to confirm the requirement for 1 RNZIR to return as an entity and hence for the cost.

The first part of that argument perhaps would have been more appropriate from the Ministry of Foreign Affairs rather than from Treasury.

During his visit in early 1975, Prime Minister Lee Kwan Yew of Singapore had

indicated that Singapore was fairly relaxed about the continuing presence of the

New Zealand Force. Public statements during the visit had noted the need for

'...regular bilateral consultations regarding the role and future of the New

Zealand Force South-east Asia', and Lee, whilst commenting favourably on the

stabilising influence of the ANZUK forces, emphasised the need to strengthen

economic links.[50]

The points were well taken by the government which confirmed the Cabinet

Committee's decision that the Force should move back to New Zealand in the next

two years or so and it authorised a target date of late 1977.[51] By early

September 1975 a "Return to New Zealand Inter-departmental Project Team" was

established by Defence. The Project Team was to produce a draft plan (for

government consideration) 'within the next two months'.[52]

In November 1975 a general election gave New Zealand a change of

government. On 30 January 1976 the new Minister of Defence directed that

planning 'which specifically relates to the return by late 1977 is to

cease...(although) overall planning is to continue'.[53] This attitude, although

fore-shadowed in pre-election statements and the National Party's 1975 election

manifesto, was not well received by either Defence or MFA.

In a paper to the new Minister of Foreign Affairs on the 23 December 1975

the Secretary of Foreign Affairs stated that:[54]

> ...foreign policy considerations alone would indicate that the
> decision to return the force to New Zealand should be
> confirmed...This is without taking into account the foreign
> exchange costs of keeping the force in Singapore.

The issue was debated throughout 1976. The Treasury continued to call for a review of defence policy in the hope that previous decisions relating to the return of 1 RNZIR as an entity might be reversed. This would save a considerable amount of money as the personnel could be absorbed piecemeal into the defence establishments rather than having new facilities constructed for them from scratch.[55]

That argument also was not accepted and in July, August and September of that year the Cabinet Committee on Defence found that it was too expensive to withdraw even though it was still accepted that the Force could not remain in Singapore indefinitely.[56]

Matters remained like this until the preparation of the next Defence Review in 1978. The Cabinet Committee considering aspects of the Review as they were formulated agreed that the force in Singapore was "anachronistic" and the White Paper when published reflected this view:[57]

> ...The new policy objectives set in this Review do not call for the "permanent" basing of New Zealand forces at any overseas location...the continued presence of our forces in Singapore...is anachronistic. Accordingly this force will be withdrawn to New Zealand during the review period at a time to be mutually agreed between the Singapore and New Zealand Governments.

But after this forceful statement the White Paper went on to signal further delays:[58]

> Thus, while in strategic terms the relevance of keeping the force there is ending, some practical value continues to accrue and, provided Singapore continues to welcome the presence, the early withdrawal of the force is regarded as neither urgent nor desirable...A final decision is likely in 1979.

Throughout much of this period the New Zealand High Commission in Singapore was advising that whatever the strength of the arguments 'in the aftermath of the Vietnamese invasion of Kampuchea and the fall of Saigon...the timing was wrong to leave Singapore and that the Singapore Government would have been discomforted'.[59] This perspective coincided with the Prime Minister's point of view and was maintained until 1984. This attitude was also reflected by the Australian and US Governments which were routinely consulted on the issue.[60]

There was no change of attitude in the next years. At several Cabinet and Cabinet Committee meetings in 1980 and 1981 papers were presented from Defence and MFA reiterating their position that a decision should be made sooner rather than later. The Secretary of Foreign Affairs told his Minister in August 1980 'I believe it is becoming increasingly important that arrangements should be put in hand to ensure that it will be possible to withdraw the force in good order some time in the next two years or so'.[61]

The government's position also did not change significantly. In April 1981 the view was expressed that there should be no moves to withdraw the Force until after the ANZUS Council meeting in June:[62]

> It was essential that there should be closer discussion with
> the new Administration in the USA ... (there was) the problem
> of balancing New Zealand interests with US interests

The final communique of the Council Meeting noted that '...the Australian and New Zealand council members reaffirmed their commitment to enhancing their defence cooperation in the South-east Asian...region'.[63] A decision to withdraw from Singapore was again deferred.

In 1983 a new Defence Review was being prepared. In a paper to the CCD the conclusion was reached that on balance 'the strategic and international political arguments for having combat forces in Singapore are no longer at all compelling'.[64] The government's attitude, when commenting on public suggestions that financial reasons were why the Force remained in Singapore, was that after the current examination of defence issues the government would then decide its priorities and set financial parameters against which the overall force structure would be determined.[65]

Backbench MPs attempted to advise the government to remain. In 1983 after a Parliamentary Select Committee on Defence visit to Singapore, the Chairman of the Committee wrote to the Minister discussing his talks with the Singapore Minister of Defence, Goh Chok Tong. He stated that Singapore wanted the Force to remain for political reasons and he raised a number of military problems which existed; for example what would happen if there was a military threat to Thailand or Malaysia, should we fight or withdraw? Similarly with an internal security threat in Singapore, would the Force become involved?[66]

A note by the Secretary of Defence, commenting on the letter, made the point that he could not see the Force ever being committed militarily and that any major military commitment would be mounted from New Zealand, 'which is where any battalion group should be in any case'.[67] In July, when the Minister replied to Mr Kidd he recognised the need to take account of the Malaysian and Singaporean opinions and he wondered whether the military status of the Force shouldn't be downgraded so that no one could imagine that it would ever be used for military operations. The Minister concluded that the whole question was being 'looked at as part of the Defence Review process'.[68]

By the time that the 1983 Defence White Paper was published the government's thinking had changed only marginally. In the section dealing with South East Asia it concluded that: 'Despite the priority we must attach to the South Pacific it is concluded that it is not timely to bring the Force home'.[69]

This conclusion as with previous decisions against the physical withdrawal of the Force was taken against the continuing advice of the bureaucracy. The government was undoubtedly persuaded by the strong opinion of the regional powers which 'did not wish the Force to be withdrawn. In surprisingly and confident (sic) terms both countries (Malaysia and Singapore) expressed the view that withdrawal would signal a lack of confidence in the region and would be destabilising'.[70]

The attitudes of the players did not change significantly over the next three years. In March 1985, after a change of government, the Prime Minister affirmed New Zealand's commitment to keeping the presence in Singapore 'I can't tell you when Singapore won't want us, but if we go it will be by agreement and it'll be distant'.[71]

In February 1986 Dr Yeo Ning Hong, Singapore's Second Minister For Defence, reiterated the ASEAN position '..the presence of the New Zealand forces in South East Asia represents the continuing commitment of the New Zealand people to peace and stability in this region...we welcome your continued stay'.[72]

And the bureaucracy's position also was consistent:[73]

> This Ministry's view is that in line with government policy the
> Force should be withdrawn from Singapore in say two years time.
> We believe such a decision need not wait the outcome of the
> Defence Review.

By the end of 1986 the political attitude had been abandoned. As part of

the deliberations over the 1987 Defence Review the government endorsed the

conclusion that withdrawal should occur, and decided to do so by the end of

1989;[74] three years instead of the previous formula of 'within the next two

years or so'. The change of policy in this context is less important than the

fact that it was to be implemented at all.

Throughout the course of events from 1975-86 a decision which would have a

significant effect on defence resource allocations and thus on defence policy

was normally discussed in other than military resource allocation terms.

Economic debate was entered into with the Treasury arguing strongly and

consistently that the hard decisions for medium and long term savings needed to

be taken sooner rather than later. Insofar as the government considered economic

factors at all (mainly in the period late 1976 to 1980) the short term savings

effected by maintaining the status quo were considered more important than

potential medium to long term savings.

Apparently of greater importance were foreign policy considerations,

relating especially to the attitudes of the ANZUS and FPDA partners and the

signals which would be sent and received in the in the South East Asian region.

Of interest is the deduction which may be drawn that those particular foreign

policy factors were not considered by officials in MFA to outweigh other

considerations which pointed towards withdrawal of the Force.

Recruiting and training opportunities presented by a base in South East Asia did not weigh with officials, although they did with the government.[75]

The predominant player in the move to focus New Zealand's defence effort away from the South East Asian region towards New Zealand was, in a negative sense, the government. Despite the consistent advice of the bureaucracy and the rhetoric of successive policy statements in the form of Defence White Papers, little action was taken by any government between 1976 and 1986. This lack of decision was so consistent that we are almost invited to conclude that bureaucratic advice is not relevant and thus not taken unless it coincides with political beliefs. Maintaining the status quo was seen as being less risky than forcing a change which might have disturbed the region and would certainly have cost money in the short term.

The governments of the day were able to carry out their policy in the face, for most of the period, of the opposition of three major Departments of State. Ultimately, however, over time the combination of factors pointing towards a specific decision built up to the extent that they could not be ignored and a decision to withdraw had to be made. It is probably no coincidence that the decision also was made by a new government which, despite initial rhetoric from the Prime Minister, did not have the long term record of maintaing the force in the region.

Submarines

The final study relating to a change of policy is different in kind. It relates to a 1983 decision to investigate a switch of focus for the RNZN from surface warships to submarines, an equipment decision but one which would have had a major impact on the shape of the Navy and on the type of operations it was

able to conduct. The switch was not made, but if it had been it would have forced a major reappraisal in the role of the RNZN and ultimately of the armed forces.

New Zealand has maintained a fleet of surface warships, of the cruiser or frigate class, since the end of WW II. The primary role of these ships has been for anti-submarine and escort operations and this role for the Navy has been reinforced as fundamental in every Defence Review (except that of 1983) conducted since the first in 1957. The Navy has always been committed to maintaining a 'blue water' role for itself arguing that a coastguard would not provide adequately for New Zealand's security needs. This view has been accepted by successive governments.

The 1978 Defence Review reviewed the need for surface combat warships and after rehearsing the arguments for a coastguard force concluded that:[76]

> A coast guard would certainly carry out resource protection tasks but beyond that the effect would be an abrogation of all claims to any worthwhile strategic relationship with the United States and Australia...
>
> The government has concluded therefore that New Zealand will be best served by a small compact multi-purpose navy...capable of making an appropriate contribution to our military and strategic interests

At the same time the White Paper determined that, in view of the costs involved, it would be inappropriate to maintain any force greater than necessary to achieve policy objectives. This being a principle which successive governments have also adopted.

The 1978 White Paper authorised an investigation into the realistic options for meeting essential needs. By the end of 1979 investigations had

proceeded to the extent that the Defence Council was able to conclude that any replacement surface warship was going to be expensive, that a US warship, the FFG 7, was preferred for compatibility and that a European design, the Kortenaer class, was preferred on cost grounds. Defence also investigated the possibility of purchasing second hand warships but at the time found none were available.[77]

By mid-1980 the Kortenaer ship had become the preferred option but the 'magnitude of costs was a worry and there would be a need to consult Treasury'.[78] Ultimately the cost was determined as being 'too great...against what we could get out of it' and the Navy proposal was rejected.[79] Coincidentally, Britain had decided to reduce the size of her surface fleet and offered New Zealand some second hand warships compatible with the existing fleet. In 1981 this offer was accepted.

The problem of eventual obsolescence of the surface fleet remained however. A detailed maritime study was conducted by the Navy and this was incorporated into the 1983 Defence Review. The maritime study found that submarines could carry out the required tasks and that Australia, which was also looking to purchase submarines, believed that they could be obtained for $160m each. At that price it was felt that 'New Zealand had to be involved'.[80]

The 1983 White Paper did not argue the need for the ability to conduct surface escort and patrol operations in the Pacific as previous papers had done. Instead it argued that:[81]

> A submarine force working with maritime patrol aircraft would provide New Zealand with the means of keeping effective watch on our maritime environment. In conjunction with attack aircraft such a maritime defence system would provide...a small but formidable deterrent to any threat mounted by hostile surface shipping.

The White Paper recognised that cost was still a significant factor; 'a study has shown that the optimum force should comprise six submarines. Present financial constraints, however, limit planning to a force of four'.[82] No acknowledgement was made of the reversal of the need, stated in previous White Papers, for a surface fleet of warships for various strategic and national interest reasons.[83] Instead their flexibility was recognised, but 'financial considerations alone therefore demand consideration of an alternative force structure for the Navy. The period...must accordingly be used to determine a new operational concept for the Navy'.[84]

The White Paper announced an investigation into the feasibility of introducing submarines in conjunction with Australia.[85] In early 1984 New Zealand was reaching agreement with Australia on participation in Project Definition Studies and on an International Steering Committee but by late 1984 the cost of a submarine project was being assessed at between $1.9 and $2.0b. The review into the project concluded that the project could not be afforded: '...left no doubt that when the actual costs of the project were considered it would be impossible to introduce a submarine force within the finance set aside'.[86]

The studies at this time also concluded that alternative smaller submarines, or leasing submarines from a third country, afforded no savings and that in real terms the cost of surface warships was coming down and that future naval force structure studies should concentrate upon the maintenance of a core of surface combat ships.[87] In March 1985 CDS recommended that the Minister of Defence endorse these conclusions. He did so.[88]

We have seen in this case, a major change in the size and shape of the Navy promoted solely on financial grounds.[89] A change of this kind would have had significant follow on effects for the other two services. For instance the Army, indeed the government, would have had to reconsider its ability to project force into the South Pacific, a capability which currently assumes support from surface warships. There is no indication that such factors were considered by the government at any time before the decision was announced in the 1983 White Paper.

In strictly 'single service' terms the Navy was acting rationally. As a service it wanted the ability to operate outside New Zealand waters. This was not only for reasons of prestige, but also because it believed that there was a national security requirement to be able to do so.

Once the government had accepted the rationale for having a blue water fleet at all, an argument which has been put and accepted for the last forty years, the only problem for the Navy was to define its requirements in terms which were acceptable and find a design which was affordable.[90] Initially it was believed that submarines would fill that role, despite the modifications which would undoubtedly have had to be made to wider defence policies.

There was no overall strategic analysis of these issues by the government. The government of the day had no independent defence advice and the 1983 White Paper was initiated by the Ministry of Defence with Cabinet's only input being to give final approval of the approach being considered. The reasons for this were because 'only defence professionals can do such a review'.[91] This kind of thinking has a certain compelling internal logic but it misses the point that there is far more to defence policy than the military technical matters over

which the military can rightly claim some expertise. Questions relating to the relationship between foreign policy ends and military means for example are best not left entirely to the defence professionals.

Although the policy change did not occur some lessons can be learned. The processes occurred purely at the defence bureaucratic level. The government was prepared to accept whatever the defence professionals put forward so long as it was affordable.[92] Other departments either did not have an opinion or else supported the submarine proposal for reasons which had nothing to do with the capabilities of the weapon system itself. Presumably such a change in approach was able to occur in this way because at the simplest level it related to a technical equipment issue in which the defence bureaucracy could claim that only they had the expertise to analyse the issues.

The outcome of this kind of approach to policy making is inevitable. It falls within the category, previously defined, of 'efficiency'; a policy designed to provide the users with the best military equipment, rather than the best equipment to do the job. That that end did not occur owes more to the financial problems of the armed forces than to any level of detailed analysis which was able to produce arguments to refute the Navy case.

This failure occurred within Defence and within the government and it reinforces our earlier conclusion that, although Defence is a highly centralised organisation, single Services are able to prevail on 'their' issues against the common good, to some extent at least. That conclusion can not necessarily be sustained for Defence when its interests are being weighed against other political interests.

Conclusions

The cases we have examined have been the only major examples of deliberate change, or potential change, in defence policy directions in the period under review. As such they are significant because of the potential long term effects they have for the armed forces and ultimately for the country. Ideally a significant change in the country's defence policy should be made for clear national security reasons and with as much informed analysis available as possible to assist the decision making process.

In the cases under examination these ideal situations did not occur. In each case the policy direction chosen was for reasons which had nothing to do with national security. In the case of Singapore New Zealand troops remained against departmental advice for a mixture of short term financial reasons and for fear of upsetting South East Asian countries; a fear not held by the Ministry of Foreign Affairs. New Zealand's active participation in ANZUS was suspended through a combination of accident and miscalculation and New Zealand was prepared to change the whole basis of its Navy for financial reasons. That it did not was also because of financial reasons.

A common thread throughout the cases was the closed system of decision making and the lack of detailed analysis to support the outcomes. With ANZUS the Cabinet made its decision apparently without any consideration of potential long term implications. Analysis may have led to the same decision but it would have allowed the government to give instructions to the Ministry of Defence to prepare alternatives before rather than after the event.

Decisions relating to Singapore were also made by the government. It had the benefit of considerable and detailed analyses prepared by the three

departments affected. The conclusions of these analyses were ignored in favour of conclusions reached independently by the Prime Minister and the Head of his Department. Interestingly these conclusions were reached using the same data as that available to the departments. Obviously different weightings were given to the different factors.

The proposal to re-equip the Navy with submarines was made in an effort to maintain a Pacific wide role for the Navy, also without any examination of the wider implications of scrapping surface warships. In this case the policy was made within the Ministry. If the issue had gone beyond an investigation it is possible that the government would have taken a greater interest in it.

These conclusions about outcomes in times of extreme policy change should not necessarily surprise us. We have already seen how defence policy is subsumed as a part of foreign policy and how, because of its resource needs, it is greatly influenced by domestic considerations. Given this, it may not be un-reasonable to find that these higher defence policy issues get resolved in an ad hoc manner with actors being influenced by a variety of competing factors, none of which may be directly relevant to questions of defence policy *per se*. Perhaps, in this area at least, we should expect that neat models of the policy process will not fit the real world.

Chapter 8

OPERATIONS

Introduction

In Chapter 7 we looked at a number of cases, in which changes in policy occurred or were proposed, in an attempt to derive from them some understanding of the processes used when fundamental issues of policy are under examination. The major conclusion reached was a negative one; that only limited analysis took place on major defence policy issues, and indeed that the event at issue was not necessarily recognised as having serious implications for defence policy at all.

In this chapter we shall examine another aspect of defence policy; that is the operational use of the armed forces. The cases, when set against issues of high policy, are secondary. But it is through the operational use of armed forces that many aspects of a state's defence policies may be revealed. As such these cases are an important building block in our study of defence policy and the processes involved.

We would expect that the armed forces would only be used operationally, that is as opposed to routine exercises or deployments, when major issues of national security or foreign policy were involved. The last time warlike operations were undertaken was between 1965 and 1972 when troops were deployed to South Vietnam. Troops then were deployed at the strong behest of the United States. Since then the armed forces have been deployed on operations which, although not warlike, have involved potential risks and foreign policy considerations similar to those necessary for warlike operations.

Such operations are characterised by a desire by the government to make a foreign policy statement and an assessment by the government that the most appropriate method of making that statement is through the use of the armed forces. Given that position, and the risks involved, we would expect that the policy making process would be characterised by a high level of political involvement and a detailed prior analysis of the probable costs and benefits to New Zealand of undertaking the operation. Because of the nature of the operations we might also expect that considerations of defence policy and defence needs may be of less moment than are other, foreign policy, factors during the decision process.

We have three significant cases available for our study. Other possible cases, such as the deployment of troops on UN sponsored peacekeeping tasks, or the provision of assistance to the Royal Navy during and after the Falklands War, add nothing to the knowledge gained from these examples:

> The deployment of a frigate to observe French nuclear tests at Mururoa in 1973;
>
> The deployment of the New Zealand contingent of the Commonwealth Truce Monitoring Team to Zimbabwe in 1980; and
>
> The use of New Zealand troops as part of the Multi-national Force and Observers in the Middle East from 1982.

Frigate Deployment to Mururoa

The issue of nuclear testing in the Pacific is one which has caused controversy between nuclear weapon powers and the South Pacific states for many years. Britain and the United States were persuaded to abandon tests in the Pacific in the 1960s but France, which had commenced atmospheric testing in 1966 at Mururoa in French Polynesia, would only agree to shift the testing underground from 1975.[1]

Opposition to nuclear weapons has been a long standing position in New Zealand's foreign policy; especially so for the Labour Party which was elected in 1972. From its earliest beginnings the Labour Party was in favour of 'peace', 'disarmament' and later 'nuclear disarmament'. In an early speech as Leader of the Opposition, Walter Nash set a position which has been held consistently: '...the hydrogen bomb is a menace not only to world peace but to world existence'.[2] By 1969 Labour had evolved the doctrine of 'nuclear weapon free zones' with special emphasis on the South Pacific and the French role in continuing nuclear weapons testing in French Polynesia.[3]

Immediately prior to the 1972 election Norman Kirk, then Leader of the Opposition, suggested in Parliament that New Zealand should send a frigate to Mururoa:[4]

> If we were the Government we would not send a yacht ... Let us take a frigate up there ... Let the New Zealand flag go officially from New Zealand

This idea had previously been suggested by peace groups but not adopted by the National Government because it was considered to be too provocative and counter-productive.[5] After the election the idea was pursued, with the new government directing Defence and Foreign Affairs officials to prepare a plan which would allow the Navy to station a frigate at or near the test zone area.[6] In an attempt to achieve maximum impact from the protest a Cabinet Minister was to be onboard the frigate during the test.

Two problems occurred during the planning. The first was operational; the frigates did not have sufficient range to sail to Mururoa and remain on station. This problem was overcome when Australia, although initially reluctant, was persuaded to support the protest with its fleet tanker, HMAS Supply.[7] The

operation did pose a number of logistical problems of the kind which are inevitable when even a small military force is deployed for any length of time. Despite being relatively small, the amount of additional support required for the operation was considerable:[8]

> On 28 June 1973 HMNZS Otago sailed from Auckland...On 25 July HMNZS Canterbury relieved Otago which was required in New Zealand for planned maintenance and docking ... Canterbury's planned deployment to the ANZUK Naval Force was cancelled. The fleet tanker HMAS Supply was made available by the Australian Government to provide fuelling support at sea for the two New Zealand frigates during the operation. without this support the frigates could not have remained on station for the length of time required to maintain a presence in the test zone. HMAS Supply visited Raratonga in between replenishing the frigates with fuel, to collect and deliver fresh provisions and replacement equipment which had been airlifted from New Zealand in three flights, two by RNZAF C130 aircraft, and one by RAAF C130 aircraft.

The second problem related to the risk of the operation. From the beginning defence planners had been worried about the possibility of military confrontation with the French. Initial discussions between the government, Defence and Foreign Affairs had talked around the issue without being able to resolve it and there were fears that things were 'developing to what we thought was a crisis situation'.[9] There were no clear objectives and no decisions on how confrontation would be handled.

In an effort to resolve the position, Secretary of Defence and CDS visited the Prime Minister privately and received from him clear directives. The Prime Minister wanted the world to see the frigate and he wanted the world to see the bomb go off. He did not want confrontation and he was not prepared to risk confrontation by supporting any private protest vessels which came against French warships.[10]

Coincidentally, in March and April 1973, a New Zealand scientist, Dr G.E.Roth, visited the area as an emissary of the government. His task was to gather as much background information on the test programme as possible.[11] During his visit Dr Roth was assured by the Commander in Chief of French Armed Forces in Polynesia that 'he would make it his own personal responsibility that any frigate in the test zone would come to no harm...the New Zealand frigate could complete (its) mission without loss of face or danger to human life or health'.[12]

Armed with this information, the Prime Minister agreed that the best method of achieving his aims would be for officials to meet the French and formulate rules to cover the operation. Subsequently, at these meetings, it was agreed that the New Zealand frigate would stay out of the way until the bomb was about to go off, at which stage it would move in to take photographs. Specific rules of procedure and administrative details were then worked out on a navy to navy basis.[13]

The eventual deployment of first HMNZS Otago, and later HMNZS Canterbury, between June and August 1973 was then a relatively small operation, carried out successfully and with all aims being met. The processes involved in this · operation were relatively simple. The government wanted international publicity, it directed certain actions and defence planners carried them out. The intended outcomes occurred as planned.

There were a number of unintended outcomes, including the need to liaise with the French to ensure that the aim of no confrontation would occur, the need to request Australia to provide logisitic support to the operation, the need to cancel planned operations and deployments (with consequent effects on allied

forces) and finally the longer term discovered requirement to provide an ability to deploy into the Pacific independently when necessary.

These outcomes did not affect the overall aim of the operation, indeed they provided the impetus for later moves to improve deployment capabilities. If lessons are to be learned from this type of operation they are that the armed forces can operate in support of the government's foreign policy, in areas unrelated to the military security of the country, provided that clear aims and limitations are set by the government.

Commonwealth Truce Monitoring Team

The Republic of Zimbabwe, previously Southern Rhodesia, was established as an independent state in April 1980 following elections held in February of that year.[14] Before then Zimbabwe had been governed by an administration which had taken power through an illegal declaration of independence (from Great Britain) in November 1965.[15]

In the intervening 15 years a number of groups (military and political) working for independence were established. By 1979 the security and economic situation had deteriorated to the extent that the Rhodesian government, with strong Commonwealth persuasion through the Marlborough House conferences, was able to be convinced that a political solution to the situation was necessary. The political solution included a general ceasefire, a laying down of arms and an election.

On 17 October 1979 the New Zealand Ministry of Foreign Affairs and Ministry of Defence received a letter from the British High Commission which indicated that elections could be held in Zimbabwe under British supervision and

with Commonwealth observers to supervise both the ceasefire and the election.[16]

On 9 November the Secretary of Foreign Affairs briefed the Prime Minister that New Zealand had been formally requested to provide troops and that some 70 would be required.[17] On the same day CDS advised that the Army was capable of providing troops to supervise the ceasefire and laying down of weapons should the government agree.

Simultaneously the British and New Zealand Ministries of Defence were in close contact, discussing the shifts in thinking as plans were prepared and additional information obtained, and the form that any military involvement by New Zealand might take. Detailed consideration was given to the form that any threat might take and the most appropriate military posture for the troops to adopt during the operation. Questions, such as the whether weapons should be carried and if so what type, and the degree to which the various armed groups in the country could be trusted, were analysed in some detail.

On 10 November, following a leak in Suva, the news media were informed that 'New Zealand was willing to help in any way it can'. On the same day the Prime Minister directed the Secretary of Foreign Affairs, prior to any Cabinet approval, that the British could be told informally that the proposal would have his support. On 12 November Cabinet endorsed the Prime Minister's decision.

On 13 November the Minister of Defence, who had been absent, was briefed by CDS on the issue and on 14 November the Army issued an Operational Instruction and the troops were declared ready to deploy. Army to army consultations were held between the British, Australian and New Zealand Armies to arrange operational and logistical details on 16 November and on 19 December,

after the official notification that elections were to be held, the main body of troops deployed.

As with the deployment to Mururoa, the deployment to Zimbabwe by the Truce Monitoring Team was a relatively small operation surrounded by a fair degree of uncertainty as to risk. The operation was successful because of the early political direction received by the Ministry of Defence from the government. The decision to deploy was taken by the Prime Minister without the benefit of advice other than as to the ability of the military to undertake the operation. At no time was serious consideration given to declining the British request to be involved.[18]

There was a high degree of secrecy imposed by the need to ensure that arrangements were in place and immune from disruption. This translated into a need for a speed. Speed and secrecy often do not mix well. They did on this occasion because there was only a short time between the request from Britain for troops and most arrangements being able to be completed.

The outcome, successful though it was, was not related to New Zealand's defence policies. The government were prepared to respond to Britain's request for troops because it understood that stability in Zimbabwe demanded a political solution, and that the political solution would have to be protected by armed force. For New Zealand there were no serious political risks to be incurred by participation and only limited military risks. As such the operation had more to do with achieving foreign than defence policy ends. This is consistent with our initial thesis as to the use of the military in peacetime.

Multinational Force and Observers

The Sinai Peninsula has long been the subject of conflict between Israel
and the Arab States. The United Nations has been involved on several occasions
in maintaining troops in the region to monitor ceasefire lines. A United Nations
Emergency Force (UNEF) was established to patrol the 1948 and then 1948-1956
ceasefire lines and the withdrawal of that force at the instigation of President
Nasser on 19 May 1967 was a major contributing factor to the heightened tensions
that resulted in the Six-Day War of 5-10 June 1967. It was not until the signing
of the Camp David Peace Treaty between Egypt and Israel on 26 March 1979 that
conditions were re-established for the the effective deployment of a peace-
keeping force.

The Peace Treaty referred to the creation of a United Nations peace-
keeping force for the Sinai. To set up a United Nations force however Security
Council agreement was required, and from the outset the USSR made it clear that
they would veto such a proposal. As a result the United States, Egypt and Israel
were obliged to take over responsibility for any force. The Multinational Force
and Observers (MFO), sponsored by the USA, was accordingly established by a
Protocol signed on 3 August 1981.[19]

New Zealand has always supported the concept of collective security.
Firstly through the League of Nations and then the United Nations; and if not
the United Nations then some form of regional security grouping. The general
principle which New Zealand has followed was enunciated as early as 1922 by the
Leader of the Parliamentary Labour Party then only newly formed:[20]

> ... what is wanted is a League of Nations that will include
> every people under the sun ... which will not hesitate to use
> all international force ... to prevent war.

And if the United Nations, as the successor, could not prevent war then regional or other international organisations would be needed: 'better some field of international organisation with whatever defects, than no organisation at all'.[21]

New Zealand was constitutionally disposed to prefer any peace-keeping organisation to be under the flag of the United Nations. As early as July 1979, however, the New Zealand Embassy in Washington suggested that if UNEF did collapse the US would organise an alternative force and that New Zealand could expect an approach from the US to participate.[22] Between then and early 1981 the government was involved in discussions on the issue and concluded that their inclination was not to be involved in any force.[23]

By early 1981 it was clear that the US would attempt to form a force of some kind. When the issue was formally reconsidered by the Ministry of Foreign Affairs, in March 1981, it was noted that when the issue was last discussed in 1979 the general feeling had been that New Zealand would have a preference for UN involvement and that there were some concerns that relations with the Arab world might suffer if New Zealand were seen to be too closely involved with the US in this initiative. As well the practical problems of political control and financing of a multinational force were discussed. In passing it was noted that Defence would have practical problems in committing any troops. The main argument against any involvement however was expressed as being that of trade. It was felt in 1981 that these factors had not changed since 1979.[24]

By May 1981 it had become public knowledge that the US was attempting to sponsor a peacekeeping force of some kind. The Ministry of Defence was conducting its own contingency studies into the kinds of force it could commit

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if required. The main considerations related to national profile, command, and flexibility to allow for any requirement to withdraw or alter the force to be achieved simply. It was noted that 'any commitment will necessarily involve extra cost which must be provided as a separate and additional allocation to Vote:Defence' and there would need to be 'compensating adjustments and reductions to the present fulfilment of our defence objectives'.[25]

Defence established its capabilities as being to provide:

Observers or Headquarters troops
Army combat troops
A naval force of patrol boats
An air component of helicopters
A logistic force

Cabinet first discussed the topic formally in early June 1981 and established an ad hoc committee of senior Ministers to discuss this and a number of other foreign policy issues.[26] Throughout the early months of 1981 there was a considerable amount of discussion between the relevant diplomatic posts, airing the issues and identifying the position of the various countries which were involved.

The MFA attitude was described in a briefing paper in late June. Fears were expressed that any international force would be unbalanced (in that it would consist mainly of Third World countries) with only limited West European participation, and that any involvement by New Zealand would signal agreement with the Camp David accords, potentially alienating Arab states which were significant trading partners.[27]

Informal discussions continued with allies as well. In late June 1981 at the annual Anzus Council Meeting and the subsequent meeting of military representatives the US had indicated that they considered that a joint AS/NZ

helicopter unit would be the most appropriate contribution should a formal request be made.[28] This type of unit would balance the other types of force which the US would have been seeking from other states. Defence's response to this was to accept the technical feasibility and make the point that financial and logistic costs should be borne primarily by the US.

When President Reagan met the Prime Minister in late July the issue was raised again but no formal request for participation was made. New Zealand's concerns relating to trade and relations with Middle Eastern countries were aired by the Prime Minister.[29]

These various points were made public in an interview given by Prime Minister Muldoon to an Egyptian journalist in September 1981. Mr Muldoon was able to say that there was no problem for New Zealand being involved in a force in the Sinai with the US both because New Zealand was good friends with the US and also because NZ considered that the whole move towards peace in the Middle East needed support. The PM expressed his major concern again:[30]

> But we have got one problem that we are trying to work through, and that is we have got to test the reaction of the Arab world generally. Again it comes back to the linking of our foreign policy with trade...and this year we will be sending about 150000 tonnes of lamb to two countries , Iran and Iraq...that is a very big trade and our first essential must be to protect those markets. And we have had some...adverse reaction to this proposal that we be involved in the Sinai Peacekeeping Force.

The Prime Minister indicated in the interview that he did not expect a formal invitation to participate in the force until the US could be sure that they had sufficient countries to ensure that the force was successful. On 22 October 1981 Australia announced its intention to be involved and on the same day New Zealand was formally asked by the US to participate in the force.[31]

The brief to the Minister of Foreign Affairs the next day canvassed the issues and indicated that the political question that had to be answered lay in the trade off of disadvantages and risks of participating against the hurting of the relationship with the US if we did not participate.[32]

The arguments against participating were summarised as:

Potential trade problems

Problems with diplomatic ties with Middle East countries

Force is viable without New Zealand

NZ is already helping indirectly by giving training to the Fiji battalion

The armed forces are already heavily committed

On the other hand bi-lateral and ANZUS ties to the US needed to be considered against the negative arguments. The options considered by MFA were for an announcement of participation to be made immediately, an announcement of participation in principle and subject to conditions to be made or an announcement of non-participation which would however leave a way in if this was seen to be a mistake.[33]

On 27 October agreement was given in principle, by Cabinet, to the participation of NZ troops in the Force. After detailed technical discussions with the US and Australia, concerning the size and shape of a New Zealand contingent and administrative and logistical arrangements, the New Zealand contingent commenced its duties in conjunction with the Australians in March 1982 as a combined helicopter unit under Australian command.[34] The initial deployment was for two years.

The first two year term was extended from March 1984 and in May 1984 the Australian Government announced that it would also extend its term but that Australian forces would be withdrawn not later than March 1986.[35] The question of continued New Zealand involvement was now raised, partly because of the Australian decision and partly as a result of the election of a new government in July 1984. New Zealand's diplomatic post in Rome commenting on the current situation believed that participation in the MFO 'gives us a voice...if New Zealand withdrew now on political grounds we would add a strain to the relationship (with the US) and diminish our right to be heard'.[36]

A brief to the Minister of Defence emphasised the benefits accruing to defence personnel from operating in the MFO environment in terms of the experience gained against the costs incurred, but concluded that any withdrawal by the Australians would make the continuation of independent helicopter support by New Zealand impractical and 'Defence would recommend that we should pull out at the same time as the Australians'.[37]

By early 1985 the possibility of Canada replacing Australia had been raised and the Ministry of Defence examined the possibility of combining with the Canadians on the same basis that the combined AS/NZ unit had been established. Investigations showed that technical problems relating to the type of helicopter being operated by the Canadians would make this option difficult. Nevertheless the government was still happy to remain part of the MFO in some capacity.[38]

In June 1985 the Director-General of the MFO wrote to New Zealand that:[39]

> Option of a small independent NZ rotary wing role would be extremely difficult operationally, logistically and administratively...consequently I would like to propose to you possible non flying missions.

This led to a reaction from both the Ministry of Defence and the Ministry of Foreign Affairs. Both expressed a lack of interest in continuing the task merely for the sake of continuing it, '...when we ask ourselves what real New Zealand interest is served by staying on the answer appears to be none'.[40]

There were, of course, other interests to consider. Warnings were sounded that withdrawal could be interpreted as further evidence of the weakening of New Zealand's commitment to the alliance burden sharing.[41] In Egypt, at the presentation of his credentials, the new New Zealand Ambassador was told by President Mubarak that '...we (NZ) should do our utmost to reduce any administrative, equipment or logistic problems we had with the Canadians and, if necessary, to examine any alternatives'.[42] The Egyptians also explored the possibility that New Zealand might withdraw from MFO as being part of the fallout of the ANZUS differences of opinion with the US. The Egyptian Ambassador was assured that this was not the case.[43]

By late July MFO had suggested five alternative roles which could be undertaken by a New Zealand force. One of these, the provision of a Training Advisory Team was strongly supported by the Army, it would:[44]

> ...provide a high profile and discrete role for a New Zealand contingent...because of the nature of the task its offer is considered to be a compliment to New Zealand's proven professionalism in the MFO.

Other roles offered were considered to be less acceptable either because they were completely beyond New Zealand's capabilities or else they would require a lessening of the current commitments in the South Pacific.

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The Ministry of Defence were less enthusiastic about the Training Advisory Team role 'which might cause some resentment amongst the other contingents', and they concluded that:[45]

> We now have the opportunity to withdraw from the MFO without in any way disrupting its functioning. We suspect that the MFO's sudden identification of a number of new roles at a time when New Zealand has indicated its intention to withdraw is not purely coincidental and thus can not avoid forming the impression that those tasks may have been 'manufactured' more out of a desire to retain a New Zealand presence rather than any urgent requirement.

There was undoubtedly an element of truth in that assessment as inevitably a multi-lateral organisation would not want participants withdrawing, even if they could be replaced, and even if there would be minimal disruption. After talks with the Director-General in early August 1985 and working from Prime Ministerial guidance that, 'in order to accommodate the urging of Israel and Egypt that we remain in the Force',[46] agreement was reached as to the form of New Zealand's further participation in the MFO:[47]

> After the helicopter unit withdraws in March next year we provide a training advisory team...for six months to design, develop and document uniform procedures for MFO ground force operations
>
> We be prepared to send small specialist teams...from time to time over the next two years
>
> We have two personnel at MFO HQ for the next two years, mainly for liaiason purposes...

The outcome was described by the CDS as being highly satisfactory in that it all but severed any permanent commitment to the Force but would allow short term deployments at no cost to the government and with no reduction to defence objectives in the South Pacific.[48]

On the 26 August Cabinet approved continued participation in MFO for a further period of two years until 31 March 1988.[49]

This description of the processes by which New Zealand became involved in the MFO and then remained after the Australian withdrawal confirms our previous understanding of the basis of the use of troops operationally. There was careful analysis of the issues involved and the possible effects on New Zealand's international relations. The government and the bureaucracy were kept well informed as to the attitudes of all potential participants by the foreign affairs posts around the world and in bi-lateral and multi-lateral forums such as ANZUS Council meetings.[50] This reporting allowed a consensus to develop as to the desirability or otherwise of participating in the MFO.

There was considerable bureaucratic discussion over the issue before it reached the formal political agenda. The interests of Defence and Foreign Affairs differed widely. Defence limited itself to technical discussions of the type of force it might be able to commit if required and the conditions under which it would be desirable to participate. It noted the costs involved, both from a financial point of view and also from the potential to have to reduce work in the South Pacific, Defence's main area of concern.

Foreign Affairs on the other hand canvassed the whole spectrum of New Zealand's interests when examining the issue. There was a clear understanding that the issues ranged around trade and diplomatic relations with the Middle East on the one hand and the necessity to maintain good relations with the US on the other.

When the question was raised as to whether the force should remain after the withdrawal of the Australians, Defence was positive in its assessment of the role of the New Zealand force but wary of any diminution in role or profile. Defence was not interested in remaining for the sake of remaining, but the Service involved, the Army, was keen for the task to be retained for them as it provided another avenue for professional experience at minimal cost.

MFA was well informed as to the range of attitudes in New Zealand towards continued participation. Equally, they were well aware of the danger of sending the wrong kind of signal to the Americans and others regarding New Zealand's commitment to the West following the fallout over ANZUS from 1985.

The decisions to join the MFO initially and to remain in it subsequently, were taken by the government. The role of the bureaucracy was to raise issues and suggest an appropriate line to follow. The Defence assessment of capabilities appears to have been accepted, but their position regarding the lack of defence benefits to be gained by remaining after the departure of the Australian contingent was not as persuasive as the wider foreign policy implications of withdrawal.

Participation in the MFO, or indeed in international peacekeeping forces generally, was not one of the formal objectives of defence policy as stated in either the Defence Review of 1978 or 1983, although a contribution to international peacekeeping activities was mentioned in 1983 as a possibility. Nor did the operation enhance the military security of New Zealand. Foreign policy considerations were paramount in the decision to deploy troops and to maintain them in the region.

Conclusions

From the three cases discussed in this chapter we may reach the rather limited and obvious conclusion that, short of defence against direct military threat, the operational uses of the armed forces are designed to maximise foreign policy outcomes whether these act in the institutional interest of the defence forces or not. The foreign policy outcome being achieved may of course have no direct relevance to the military security of the state, our earlier definition of defence policy. This is a legitimate and rational use of armed forces but is not a rational defence policy outcome.

The processes used to achieve the outcomes were essentially of the unitary/rational model. That is, the government set a desired outcome and plans were made to realise that outcome. In the period leading up to achievement of the objective there was full involvement by the government in determining the relevant factors, assessing how much weight should be put to those factors and in giving clear guidance to the Ministry of Defence on what limitations were involved in the operation.

The role of the bureaucracy was essentially one of information provider and processor, and executor of policy decisions; a classical bureaucratic role. Outside the bureaucracy no other actor had any influence in the decision process, although in the case of the deployment to MFO there was considerable prior publicity over the issue, and in 1984 some opposition from within the government party's ranks to maintaining the force in the region.

The operations were successful because the actors who were involved in planning the operations had a clear understanding of government aims, a full knowledge of all the important factors, and sufficient resources (if only just

in the case of Mururoa) to achieve the aims. The fact that the operations were relatively limited in scope must also have assisted in their success.

Because these were small deployments, without the likelihood of combat, they were able to be mounted relatively quickly. Indeed they were of the type which occurs several times a year as troops deploy on exercise. After such deployments some effort is made to analyse the procedures to ensure that they are suitable for the requirement, and where necessary procedures are amended or practised. This continual attention to the mechanics of deployment undoubtedly contributed to the success of these operations, and is a contribution to readiness generally.

We should also note that even if combat operations had occurred, (most possible in the two land operations), the extent of New Zealand casualties would have been limited by the relatively small numbers deployed. If circumstances had been otherwise and troops had been deployed against a defined enemy it is likely that military considerations of firepower and protection would have been looked at much more closely that they seem to have been in these cases. In such operations there would also have been a much greater 'hands on' approach to command and control of the New Zealand forces. It is likely that the conclusions drawn here, about the role of the defence bureaucracy and the primacy of foreign policy over security objectives, would need considerable revision.

Chapter 9

EQUIPMENT PROGRAMMES

Introduction

Equipment defines military capabilities in quantifiable terms. It is possible to count ships or aircraft and make some initial deductions about the possibilities and limitations of specific military actions. More generally, an analysis can be made of the degree to which the rhetoric of declared policy is matched by capabilities to achieve that policy. Thus the policy goal that New Zealand should be able to operate throughout the South Pacific is only achievable by the possession or acquisition of certain types of equipment with specific capabilities. The corollary of that is that if a certain type of equipment is renounced then specific policies will not be viable.

In the rational world policy, as a statement of ends, would be determined and capabilities subsequently defined. Specific equipment to achieve those capabilities would then be purchased. Much of the literature on military equipment acquisition discusses this process being subverted.[1] It describes a situation where the military purchase equipment not because the equipment is needed to achieve certain capabilities but because it is new, it is bigger or because or because it fits the self image of the organisation. Thus the army want tanks and guns, the navy warships and the airforce fast jets because these types of equipment define the organisation in terms satisfying to the participant and familiar to other similar forces rather than, necessarily, the needs of policy.[2]

Undoubtedly this judgement is correct. The members of any organisation will prefer to have state of the art equipment which can be showed off to professional colleagues, rather than older although still functional equipment. The real question here though, is not what the preferences of the users are, but to what degree they are able to direct the process to support their self defined insititutional needs rather than the needs of the state.

On the other hand, governments do not always treat their equipment purchasing responsibilities with the attention that they deserve. A 1975 study of European defence equipment procurement practices showed that one means of dealing with economic problems was to restrict public expenditure and that the area of public expenditure most affected tended to be defence in general and equipment procurement specifically. A situation was described where:[3]

> equipment expenditure in European NATO countries had fallen to
> very low percentages of total defence expenditure...the share
> of defence budgets spent on equipment procurement varied from
> 14.5 per cent in Britain to only 11 per cent in Germany,
> compared with 22.4 per cent in the United States

Expenditure on capital equipment in New Zealand has varied between six and nine percent of the defence budget in the decade to 1980 and had risen to 18% in 1986-87.[4]

The specific criticisms most often made of equipment purchases by armed forces are that they are inappropriate; that is there is no proper role for the equipment, that equipment is 'gold plated'; it has too many capabilities for the specified role, or that it has been purchased merely on a replacement basis for equipment, which has become either obsolescent or obsolete, without any re-analysis of need.[5] This point has recently been emphasised in a study of Canadian practices:[6]

(the) approach to equipment acquisition was as much a function of force structure survival for the various components of the Canadian Forces as it was of long-term planning. Priorities were assigned almost entirely by the advanced obsolescence of equipment which required replacement simply in order to retain some semblance of operational effectiveness. Equipment was acquired sequentially with a view to maintaining a balance of capabilities across the land, sea and air environments in a situation where all components of the Canadian Forces lacked sufficient capabilities to meet commitments

In New Zealand these tendencies also exist, exacerbated by limits on funding which generally mean that there can only be one or two major equipment projects in train at any one time. Because of the costs and the lead times for purchase, equipment proposals tend to be initiated many years before they are expected to come into service. This leads some critics to accuse the military of continually demanding more than they need. The military reply that the critics do not understand the complexity of equipment purchases and the dire results which may occur if the wrong solution is selected.

Weapon development, and acquisition, thus tends to be conservative, in the sense that changes in type will tend to be minimal. But this may be for reasons other than the sensible one of caution. O'Connell describes a situation in which:[7]

The evolutionary development of weapons within stable functional categories is a critical factor to the "culture" that surrounds armaments since it provides the physical bridge by which traditional values are transmitted forward in time. Thus, weapons development becomes something of a self-fulfilling prophecy, with even a revolutionary technology classically being handled by military organizations in a manner calculated to integrate it into familiar compartments ...On the other hand...where no useable ancestry is available, the tendency is toward suppression.

This could also be described as self perpetuation and will be especially prevalent where the immediate stimulus of disaster through potential defeat in

war is not present. Complexity and the concomitant cost are ever present factors. But they also could perhaps be avoided:[8]

> ...it can be said as a rule of thumb that each iteration of a modern weapon will exceed its predecessor in one or several of the parameters of size, weight, and complexity. This persistent phenomenon is a major complicating factor in military planning since growth ordinarily implies cost, a factor directly at odds with the very strong military urge to possess large numbers. Nonetheless, size usually prevails. Overtly, the technological advantage embodied in growth is normally sufficient to insure that this occurs. Yet on another level it is also true that military men habitually equate size with power, and that historically large weapons have been preferred.

Unlike many other countries, even quite small ones, New Zealand has no defence equipment manufacturing capability of any note and no export industry.[9] We will discuss later the effect that this reliance on foreign equipment has on defence policy processes. It is sufficient to note here that the possession or otherwise of a defence industrial capability does not cause any necessary outcomes for defence policy.

In this chapter three major equipment programmes are examined to illustrate the variety of issues which may arise and the interests which have to be considered.[10] We will examine the processes followed during the course of equipment purchases and we will establish whether New Zealand has purchased equipment to support the ends of policy or for some other reason. The equipment programmes are:

RNZN purchase of patrol boats, 1968-74

RNZAF Purchase and upgrading of P3 Orion and A4 Skyhawk aircraft, 1983-87

The unsuccessful attempt by the Army to replace its medium artillery, 1983-87.

These case studies are only a selection of equipment decisions made over the period of this study. They cover programmes proposed by each of the Services and they include both successful and unsuccessful programmes. They also include examples where the purchases were supported, or at least not opposed, by the other Services and examples where they were opposed.

Other case studies could have focussed on the initial purchase by the Airforce of the Skyhawk jets in 1970, the purchase by the Army of Scorpion light combat vehicles to replace the obsolete M 41 light tanks, the complete replacement of the military general service transport fleet, the purchase of two second hand warships, and more recently the purchase of the Naval tanker HMNZS Endeavour. The final selection of case studies was made primarily because they seemed to cover the full range of issues. Of importance also was the availability of source material.

These and other equipment purchases reflect the continuing process by which items are evaluated, purchased, used and replaced. It is a process which involves a significant proportion of Defence resources and one where the outcomes will affect the operations and capabilities of the Armed Forces for the total length of service of members of the Forces serving when the equipment is introduced.

Equipment Policies

The two factors, the lack of an indigenous defence industry and the high cost of military equipment against available resources, have had a number of specific effects on the policy process. The New Zealand military does not have to support New Zealand industry and thus is capable of searching for the most appropriate equipment without needing to be concerned that a local industry

pressure group will force the acquisition of a local, but not necessarily suitable, product.[11] In practice equipment purchased has been primarily of British or American origin, with, especially in recent years, a predilection to conform to Australian equipment types in the name of standardisation.[12]

This approach means that there is a high foreign exchange component in the defence capital equipment programme. In 1987/88 some 70% of total expenditure on capital equipment was directed overseas.[13] This in itself means that there are management problems relating to exchange rate fluctuations, balance of payment levels relating to the wider economy, the costs of debt servicing and the problems of arranging credit through a range of sources.

Complicated credit financing arrangements are undertaken either on a government to government basis or through merchant banks. In the financial year to the end of March 1986 credit facilities, worth some $87m, with banks in the United States and England and with the governments of England and West Germany were in force to cover payments for variously Hercules wing modifications, the purchase of warships and the purchase of wheeled vehicles.[14]

The reliance on overseas suppliers for defence equipment does have an effect on the availability of spare parts for maintenance and thus for eventual usage. During the operations in Vietnam a weapon, the Carl-Gustav anti tank rocket launcher, could not be deployed because of Swedish restrictions on the use of weapons sourced from that country in a war zone. More recently the rift with the United States has resulted in the 1982 Memorandum of Understanding on Logistic Support with the United States lapsing. This has meant that New Zealand has lost its preferred status for resupply when it needs parts for United States sourced equipment.[15]

The relative lack of funds available to finance major capital equipment programmes means that the Services are not disposed to purchase untried equipment. Rather, they will purchase proven equipment, accepting that it is not necessarily at the forefront of technology and gaining from the fact that most of the problems which are associated with new equipment will have been sorted out.[16] As well, the military respond to the high cost of new equipment by upgrading or refurbishing current equipment rather than replacing it, where such upgrading is a cheaper option (although cheaper may relate to the short term rather than the long). This approach is seen in one of the case studies discussed later.[17] Second hand equipment may also be purchased at a considerably discounted cost.

The Procurement Process

The procurement process for military equipment goes through two distinct phases. The first is within the Service which sponsors, or controls, the equipment. The second is within the central Ministry of Defence. Within each Service items of equipment are sponsored by a particular branch of the Service. Thus in the Army the Artillery acts as the sponsor for guns and howitzers and the Infantry for rifles and machine guns. The equipment sponsor is responsible for defining the initial service requirements for the type of equipment.

Equipment will be procured ostensibly for one of two reasons. There may be a new requirement for a type of equipment which is not currently held. In other words a new set of requirements will be given to the military by the Government and the military will respond by defining the equipment capabilities to meet the requirement. Or else a current item will become obsolete, or obsolescent, or unserviceable to the extent that repairs cost more than replacement.

An example of the first type of procurement is the naval tanker, HMNZS Endeavour, delivered in 1988, from a requirement first formally identified, but not proceeded with, in the 1978 White Paper and later acquired as a matter of urgency following the breakdown of relations with the US to 'give increased independence of operations to our combat ships'.[18] The replacement of the Army's small arms, rifles and machine guns, in 1987-88 is an example of the second approach. Weapons had become unserviceable to the extent that more weapons were in workshops being repaired than were on issue to troops.[19]

Once a requirement for a specific type of equipment to be procured is identified, the equipment sponsor prepares detailed statements of the need for the equipment, the capabilities it will require, and an indication of the time frame which will cover its introduction into service and total life and an estimate of the cost of the programme.[20] The basic justification for the equipment will be normally be found in the current defence review. Thus a statement that:[21]

> The importance of the Army is increased by the greater attention which will now be focused on the defence needs of New Zealand and the South Pacific region. Army development planning and equipment purchases can now proceed with our own needs in mind, rather than the requirement to serve as part of a large force in some distant conflict

may be used to justify equipment, such as anti-aircraft weapons, which was not previously purchased on the grounds of cost but is now necessary on the grounds of 'independence'.

Within the Ministry of Defence, equipment proposals are examined by the Operations and Development Committee and the Management and Budget Committee to ensure that the proposal fits current defence policies and the indicative

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defence budget. The proposal will then be passed to senior defence management (previously the Defence Council, now the consultation process between CDS and the Secretary) for endorsement before it is passed to the government for approval.

Normally there is close consultation between Services before an equipment project reaches the formal Defence forums. However this informal liaison does not always work, and in other cases does not occur. In these cases considerable suspicion as to the motives of the proponent Service is held by the other two Services. In most cases the problems occur because of fears of the effect on the total amount of finance available for equipment if a specific project goes ahead.[22]

As part of the analysis the advice and expertise of other government departments may be sought. Thus the Department of Trade and Industry (now Ministry of Commerce) was closely involved in the negotiations to acquire HMNZS Endeavour and they later gave advice as to the ability of New Zealand industry to manufacture light mortars in New Zealand.[23] At times the Ministry of Foreign Affairs will be requested to give advice as to the propriety of, for instance, dealing with an Israeli arms dealer.

If accepted in principle by the defence committees, the proposal will be placed on the Indicative Capital Equipment Programme (ICEP).[24] The ICEP is a 15 year programme, which indicates the planned level of spending over the period, for capital equipment programmes which have agreement in principal. Despite any agreement at this stage individual programmes will still need to be argued in detail to receive specific funding approval from the government before a decision is finally made. Either the government collectively or the Minister may

later veto a specific equipment item. This could occur because they are not convinced of the need for the equipment or because they do not believe that it can be afforded.

The equipment acquisition process may be seen to be one which, in theory, ensures that there is a full investigation of proposals by the Service concerned, the Ministry of Defence and the government before a decision to purchase is made. Such a scrutiny should ensure that the most suitable equipment is purchased to meet defence objectives. As the case studies will show this is not necessarily the case.

The Quigley Review

Under the recommendations of the Quigley Review, the Ministry of Defence will be responsible for assessing capital equipment needs and managing the various equipment programmes. The process will require close NZDF participation and it is not yet clear how this will work.

The original definition of requirements will still originate with the single Service sponsor. Once the NZDF equipment priorities have been set, presumably by a method similar to that described above, the proposals will move to the Joint Ministry/NZDF arena. Here there will have to be a system of consultative committees where the NZDF proposals will be scrutinised in light of stated Ministry policy needs. It is at this stage that technical analysis as to the most efficient way to achieve the ends of policy will occur. No doubt there will be some form of dual analysis as the NZDF attempt to defend their proposals against alternative Ministry suggestions.

Because of his control of the financial system and because his is the lead role in presenting policy proposals to the government, the Secretary should become pre-eminent in this area. In practice this may not happen. There is only a small pool of strategic/technical expertise in New Zealand, and most of that is held by the armed forces. If the Secretary is to stamp his authority on the process he will need to recruit a similar level of expertise. It is probable that, initially, this will come from retired servicemen.

The 'new' equipment system is likely to look very similar to the old. Given the constraints of finance and a continuation of current strategic policy the outcomes from it will also be very similar.

Naval Patrol Boats

From the end of WW II the Navy maintained a fleet of small 'seaward defence motor launches' built in the period 1942-44 and used for a variety of duties including fisheries protection, surveying duties and seamanship training. By the late 1960s these vessels were becoming beyond economical repair and consideration needed to be given to their eventual replacement.

The 1966 Defence Review accepted the need for patrol vessels capable of use in a fisheries protection role as well as a contribution to 'cold-war patrol requirements'.[25] In 1968 the Navy rehearsed the various issues to be considered:[26]

> In October 1967 Navy raised the question of replacement vessels for the present patrol craft, and stated its view that the Navy properly provided fisheries protection.
>
> In November 1967 (DCM 22) the Defence Council discussed the problem in relation to the forecast on defence expenditure...At that point the minutes reflect only the view that the capital cost of replacing survey craft might more properly be contributed (sic) to the Marine Department.

> This consideration...was overtaken in February 1968 by the 10%
> Budget exercise in which such ancillary tasks were given low
> defence priority. It was stated that... (tasks) were undertaken
> for other Government departments but that if this were not done
> the RNZN would need similar craft for training purposes
>
> ...The historical records suggest very strongly that experience
> in small ships is of critical importance in building and
> maintaining naval skills.
>
> There is an additional point...By undertaking fishery
> protection the Navy is maintaining the patrolling capability
> which is highly desirable for emergency type situations which
> we seem likely to face in the areas of strategic concern...

As ever, financial considerations were to the fore but these had to be reconciled with the requirements of the White Paper and with the fact that there was a definite military benefit to the possession and use of patrol craft.

Discussions within government and recommendations to Cabinet over the period 1968/70 revolved around the relative requirements for patrol boats for fisheries protection and for patrolling inland waterways in counter-insurgency situations. An internal 1968 Defence Review (noted by Cabinet but not published) discussed the size and shape of the armed forces for the next five years. This paper, in looking at major equipment purchases, included a requirement:[27]

> Vietnam and other similar emergencies.
> Six Naval Patrol Craft
>
> Ancillary National Tasks
> Four fishery protection vessels.

The proviso was made that the fishery protection role could in some circumstances be combined with the patrol tasks.

In 1969 further consideration was given by Cabinet to the issue as part of a wider review of 'size and shape' options for Defence. Options for small naval craft were presented which included either accepting all ten vessels or else

cancelling the four fisheries protection vessels and combining that task with the six patrol craft.

The Cabinet Committee recommended that further consideration be deferred for twelve months,[28] probably because there was as yet no urgency for a decision. After several further reports as part of the Cabinet Defence Committee's 1970 Defence Review, Cabinet was told:[29]

> Patrolling the coast and the policing of inland waterways is an important adjunct to ground operations in counter insurgency...To provide a contribution to this aspect of...operations...would require a force of 6 craft...
>
> (To provide a sufficient level of fisheries patrol) 6 would be needed...
>
> As it is undesirable that fisheries protection should cease in time of an emergency, if New Zealand is to contribute patrol craft to counter insurgency tasks, a total of twelve vessels is needed...

Cabinet, in April 1970, approved a five year programme which allowed for six vessels which would combine patrol and fisheries protection tasks.[30]

The Minister of Defence 'on his own initiative', had supplied Cabinet with a paper suggesting deletions in priority order' for the equipment programme. The deletions included both fishery patrol vessels as priority three and naval patrol vessels as priority 15. Cabinet noted the deletions made by the Minister but retained the fishery patrol vessels in the equipment programme.[31]

Provision for long term funding for fisheries patrol craft was made in the approved Five Year Defence Programme for 1970/71 to 1974/5.[32] In August 1970, the joint approval of the Ministers of Defence and Finance was obtained for a private contractor to produce tender documents. At the time of this approval it was assessed that the total cost of the desired six patrol craft would be in the

order of $4.5m. Agreement was reached with Treasury that if the cost was likely to greatly exceed the estimated cost then further approval would be sought before tenders for the vessels were called for.[33]

By March 1971 the estimated cost had been updated to $6m however the Ministry of Defence was unable to regard this as a definitive assessment of the likely costs because 'a more realistic assessment (can not be made) until tenders are received'.[34] The Ministry of Defence sought approval for the calling of tenders for the patrol craft and recommended that when tenders were received and evaluated that they should be referred to Cabinet for consideration.

A Treasury report prepared in conjunction with the Defence submission supported the Defence proposal but was more explicit in stating that Cabinet consideration could include reviewing the numbers of boats purchased, the effect of the cost on the cost of the rolled forward five year programme, and the priority afforded this proposal in relation to other Defence capital requirements.[35]

In relaying his recommendation for this course of action to Cabinet, the Minister of Defence noted that with the introduction of a 12 mile fishing limit and taking into account the requirement to programme refits, general maintenance and annual leave there would be a requirement for at least six boats to maintain a minimum level of surveillance.[36]

The question of work for New Zealand shipbuilders was to be a continuing theme in the background of the whole process. As early as September 1970 the New Zealand Ship and Boatbuilders Federation wrote to the Minister of Defence enquiring about the Navy's policy towards giving work to local shipyards. The

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reply noted that there were still many factors to be considered before any decisions about construction were made.[37]

Preliminary planning had shown Defence that the design, construction and fitting out of Naval patrol craft was a specialised activity for which only limited capabilities existed in New Zealand. They summarised that New Zealand did not have the design capability at all and that construction could best be done in the Naval dockyard if it was to be done in New Zealand. This opinion was shared by the Ministry of Industries and Commerce.[38]

The requirement for patrol craft was referred to a special Cabinet Committee on Fishery Protection Craft. In May 1971 that Committee was given a briefing on the factors which influenced the requirement for six vessels. These included, in the Navy's view, the roles required for military and fishing use, the range and endurance required and the sea-keeping qualities necessary. Although Ministers doubted the value of spending $1m a boat when the total value of fish landed was only in the order of $15m, the Chief of Naval Staff explained the requirement to chase and catch foreign vessels fishing illegally meant that certain minimum characteristics in terms of endurance and speed were needed for any patrol boat. Such characteristics could not be procured for a cheaper cost.[39]

The Committee referred the proposal back to Cabinet recommending that tenders for six vessels at an estimated cost of $6.07m be requested world wide. On 31 May 1971 Cabinet approved the calling of tenders for four boats only at an estimated cost of $4.5m.[40]

Four firm proposals for providing the boats were received, two from the United Kingdom and one each from France and Germany. No New Zealand firm tendered.[41] The French and German bids were excluded from final consideration because of price and technical deficiencies.[42] The other two options were for a 120 foot boat and a 107 foot boat. The option preferred by the Navy was for the longer boat which would give advantages in speed and seaworthiness but 'in the final evaluation the lowest offer...for four 107 ft craft...are recommended solely on the grounds of economy'.[43] The differential for purchasing the longer boat would have been $.3m a boat and the additional cost of building in New Zealand was in the order of $2m.[44]

When tenders were received it was found that the original estimate of total costs was much lower than the actual tenders received, with the lowest tender being $8.338m. Possibly this was because initial planning had been faulty, or because of cost increases since the first estimates had been done, or because potential tenderers had initially given low estimates to encourage the project so that they could later bid higher in the hope that the project had gone too far to cancel or amend. There is no firm evidence for any hypothesis but internal evidence would indicate that the most likely reason for the cost escalation is a combination of the first two options.

Initially the intention was to retain the preferred boat and economise on ancillaries, but even this was ultimately felt to be too expensive and in February the Defence Council decided that the only way to reduce the cost significantly was to accept a craft of lesser capability with a clear understanding that there was a speed penalty which meant that the boats could not necessarily match the fastest fishing boats, and also that there was no scope for further development.[45]

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Even with all possible savings taken into account the total cost was still 50% higher than the initial estimates. Defence Council recommended to the Government that the lowest tender be accepted. In supporting the proposed purchase Treasury noted that the preferred tender was recommended solely on the grounds of economy. The Treasury recommended that the additional cost, over the early estimates, be met by the deferment of other capital equipment programmes.[46]

The purchase of four craft was approved by Cabinet in February 1972.[47] The vessels finally entered service in 1975.

The process involved in the decision to purchase the four patrol craft was classical in that the Ministry of Defence prepared its staff requirements against stated government policy, received government approval to call for tenders and when tenders where received made a recommendation to government based again on stated policy (in this case monetary) requirements. The final recommendation was accepted.

The government was closely involved in the process for several reasons. Firstly the high cost of the project, for that time, meant that Ministers were always aware that the project would have a major effect on the total Defence budget. In 1971/72 the budget was under considerable pressure. In that period, for instance, Vote:Defence rose $12m but the cost of wages rose $13.5m. Once priorities were determined a number of cuts were made in training, and domestic works and maintenance in an effort to balance the budget. Inevitably an equipment procurement project which would commit a significant part of the budget was closely scrutinised.

Also the government clearly regarded the boats as fisheries protection craft with any utility as a warship being a secondary consideration. The relatively high cost of the vessels against the expected return from fisheries protection role also forced the government into a close examination of the cost effectiveness of such a purpose.

For its part the Ministry of Defence was convinced of the need for patrol boats; both for the fisheries protection role and to provide seamanship and command training to its seamen. The problem was to reconcile the conflict between requirement and cost. This problem is one faced whenever a major capital expenditure programme is proposed and it is normally resolved, as it was in this case through consultation and compromise. The Navy did not receive an ideal vessel and the Government spent more money than it would have wished on the project. There is nothing unusual in that outcome, although the lack of any real value for the money spent is perhaps unusual.[48]

When tenders were asked for they required that a tender be prepared both on the basis of construction overseas and in New Zealand. Ultimately the tenderers argued that it would cost significantly more to establish facilities in New Zealand to allow the construction there. That cost would have to be included in the total project cost. As with its acceptance of limited capabilities, the Government preferred to accept the lowest possible cost rather than to pay a premium for local production. As we will see later this also has been a consistent approach in equipment procurement matters.[49]

RNZAF Re-equipment

The RNZAF acquired its P3 Orion maritime surveillance aircraft in the late 1960s and its A4 Skyhawk jet attack aircraft in 1970. The role of the Skyhawks was primarily to provide close support to the Army and of the Orions to provide a long range maritime surveillance capability into the Pacific. These roles, which were of long standing, had previously been carried out by Vampire jets and Sunderland flying boats respectively.[50]

The 1978 Defence Review recognised these roles and noted that the with the Skyhawks there would be an increased emphasis on counter-shipping tasks in the future. Both aircraft would need their avionics systems upgraded to fit them for their roles.[51]

By the time of the 1983 Review, upgrading of the Orion had commenced and the role of the Skyhawk had become primarily to 'strike an aggressor well out from our shores' although 'they are equally capable in support of Army in a land battle'[52]; a reversal of priorities. As well as the planned upgrading programme for the Skyhawks 'consideration is being given to acquiring additional aircraft'.[53] The purchase of a further Orion was also signalled in the 1983 Review:[54]

> The present unit of five aircraft meets normal peacetime requirements but this number limits the potential to generate additional effort in an emergency...In view of the increased importance of the maritime patrol role the Air Staff has been authorised to determine the availability of a suitable part life Orion which could be modified to the same standard as planned for the existing fleet.

In this section we examine the purchase and aspects of the upgrading of these additional aircraft for the RNZAF. Unlike the purchase of the patrol boats these purchases were controversial; within Defence if not without. Despite that

they proceeded amidst suggestions that the Airforce had not followed proper procedures to acquire the equipment, that they could get away with this because CDS was an airman, that the Defence budget could not afford the cost of these programmes and that there was no strategic need for them in any case. We will examine these claims because if there is any basis in fact for them they would negate any argument of rationality put forward in defence of the purchases, which in turn would tend to negate some of the justifications for wider defence policies.

The Airforce has followed a consistent policy relating to airpower doctrines since it was formed. An early study, 'Air Aspects of the Defence Problem of New Zealand' in 1936 is reported to differ little in its assessment of the requirements then (in terms of the need for air support for the defence of New Zealand and for military operations generally) from those identified in the latest Defence Review.[55] This continuity means that when the Airforce determines the need for a new item of equipment it is able to show an unbroken thread of argument on the need for airpower, which has been accepted for 50 years and which can still be shown to be relevant. If the arguments are believed to be not relevant they are at least transparent and can be examined for consistency and negated if necessary. So far this has not occurred.

In the early 1980s the Airforce could see that they were beginning to move away from the foundations of their 'corporate being'. As a result of structural studies undertaken within the RNZAF the conclusion was reached that a balance of capabilities, necessary to make a useful contribution to New Zealand's defence, was being lost.[56]

> One implication was that we were becoming an air transport
> service not an airforce. We asked ourselves if that was what

New Zealand needed or wanted and what it would mean to the future of the RNZAF and if it was not the way to go what should we do.

We made some assumptions such as no increase in funding. From a theoretical exercise we formulated the whole basis of the RNZAF input into the 83 (Defence) Review. The requirement was revealed clearly that the A4 role was not going to be close air support on the Mekong, it was going to be quite different...it then highlighted the need to start thinking about refuelling capabilities for tactical reasons.

A consciousness that a need existed for a policy study lead to an ability to define specific requirements. The project was done inside Airstaff. We changed the emphasis of the multi-tasking role. It became evident that the maritime role had to be given much higher weighting and priority which then impacted on what you do with the aeroplane in terms of upgrading

The Airforce believed that the requirement to put primary effort into close support of ground troops would be less important in the future than other priorities such as, for example, the ability to attack shipping in the Pacific, and they initiated studies to test this requirement. This is a logical approach which was accepted by the Defence Council and the Government in the 1983 Defence Review. However at least one other Service did not take the Airforce arguments at face value:[57]

Policy is coordinated at the highest level but individual management of projects can lead to a lack of coordination. Some projects have been fast-tracked ... examples are the sixth Orion acquisition, the 10 A4s and the A4 upgrade.

The worry is on both operational/strategic grounds and on economic grounds, especially for the A4 acquisition. One would argue that the acquisition was made more on availability of aircraft rather than on operational requirement.

The implications of purchasing the new aircraft have not been fully addressed from the point of view that the projects are inter-related. For the maritime role the A4 needs certain capabilities. Once it has these then the Orions need an upgrade to give them the ability to vector the A4, also the need for air to air refuelling in this role leads to the need to convert the C130 (Hercules transport). They are all a package.

The implications from the funding point of view in as much as
there would be an overspend for the Airforce or an underspend
for the other Services was not addressed. Full consultation did
not occur.

The issues are thus quite clear. On the one hand an equipment project
which had been properly thought out to achieve specific operational requirements
and staffed through the proper Defence channels, and on the other hand an
equipment project conceived in secrecy without regard for either strategic or
economic questions.

A number of minor points can be disposed of immediately. There was no
hurried or secret change of role for the RNZAF from close support of the Army to
maritime strike. Rather, the change had been signalled in the 1978 Review and
reinforced in 1983. Also there was no hasty purchase of aircraft purely because
they were available.

Defence had actively pursued the question of a Skyhawk replacement or
upgrade following the 1978 Review. In 1981 the Minister of Defence was advised
that the current proposal was for Skyhawk upgrading and possible extra
purchases, but that enquiries into alternatives were being made. One alternative
being looked at closely was for the purchase of part life US A7 aircraft, an
option which the US were quite enthusiastic about.[58] In May 1982 the Air Staff
issued a Request for Proposals for upgrading the jet aircraft fleet and in 1983
the Defence Review again identified modernisation and acquisition of additional
Skyhawks as being the most cost effective option.[59] There did not, however,
appear to be any detailed study as to the operational requirement for additional
Skyhawks, such arguments were provided later as the project progressed.

Coincidentally, in mid-1983, the Australian Government decided to scrap
its fleet of naval Skyhawks and offered them for sale. This option was pursued

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by the RNZAF. In a paper to the Cabinet Committee on Defence, the Ministry of Defence recommended that Australia should be asked for an option on its aircraft until July 1984 to allow other alternatives to be fully considered, although upgrading the Skyhawks was the preferred choice.[60]

The Committee expressed disquiet at asking Australia to give such an option and they directed Defence to prepare a submission on the retention of the A4 fleet and the possible purchase of the surplus Australian aircraft. The submission was to provide information on costs, timing, condition of the Australian aircraft and what effect it would have on programmed expenditure.[61]

Cabinet received the submission later in September 1983 but asked for more details of costings. Apparently in anticipation of approval the ICEP, approved in November 1983, included a figure of $40m for the purchase of 10 ex RAN Skyhawk aircraft and an additional $119m spread over five years for refurbishment and the purchase of weapons for 22 aircraft.

The final paper prepared by Defence for Cabinet approval included detail on the justification of the aircraft (the 1983 Defence Review), the engineering implications of purchasing aircraft of a different standard (braking parachutes and wing refurbishment), and the longer term proposal to update the Skyhawks for the maritime role. The need for upgrading for this role related to the need for an airborne target location radar and the provision of some form of standoff weapon, a missile, to allow the aircraft some chance of success if required to operate against a warship with modern air defence weapons.[62] The logic of such upgrading followed automatically from acceptance of an anti-shipping role for the aircraft.

When the proposal was examined by the Defence central committees, questions were asked by the other Services as to whether the correct mix between Skyhawks and Orions had been achieved, what the manpower and resource implications were and cost spread. These questions were answered satisfactorily and committee members agreed that the paper should go forward. The Army member of the committee entered a caveat that Army would later want to raise the question as to what effect this project and that of the purchase of an additional Orion would have on other Airforce assets of greater interest to the Army.[63]

The Army's doubts about the project were overtaken by events when, on 25 June 1984, Cabinet approved the purchase of the ex-Australian aircraft at a total cost of $68.596m and on 1 May 1985 a Cabinet Committee approved $148.351m for the modernisation of all 22 aircraft.[64]

In parallel with the proposals relating to the Skyhawks, and equally contentious in terms of cost and the effect on the equipment plans of the other Services was the Orion update programme and the purchase of a sixth aircraft. The update programme was to be a two phase project to upgrade firstly the surface surveillance sensors and secondly the sub-surface systems. Phase 1 commenced in 1980 and was completed for the five original aircraft in 1984. Phase 2 was in 1989 still subject to study within the Ministry of Defence.[65]

Some way through the upgrade programme the opportunity to purchase another aircraft arose. In 1983 the RAAF purchased new Orion aircraft and put its older models up for sale. Air Staff in New Zealand immediately made a submission to Defence to purchase one of the aircraft. When the issue was first discussed in a Defence committee the argument was made by the Airforce that:[66]

the opportunity to purchase a suitable part life Orion would not be repeated. It was difficult, however, to justify the purchase on the basis of operational analysis because the answer tended to indicate a requirement for more than one additional aircraft

Once again this project had been placed on the 1983 ICEP (dated 29 November 1983) ahead of any approval and the Airforce noted that the finance on the ICEP for the project was allocated to the current financial year so that 'this called for the proposals to be given some urgency, or alternatively for a carry-over arrangement to be worked out'. The Committee concluded that:[67]

> although there was a good case to be made for the additional Orion it had not yet been sufficiently argued...(Although the need) had been foreshadowed specifically in the 1983 Review, but this did not diminish the need for a full and positive justification...
>
> It was agreed that Air Staff should urgently review the paper...it was for Air Staff to decide whether a better approach might be to prepare a comprehensive base paper for the DXC, together with a more compact and forceful draft Memorandum for the Cabinet Committee through the Defence Council.

The Airforce accepted this advice and began to prepare a detailed paper justifying the purchase for the DXC. The paper indicated that the cost of the aircraft would be considerably greater than that budgeted for in the ICEP. Both Army and Navy became alarmed at the proposal. Firstly because the Defence committees, which were supposed to ensure coordination, were being bypassed and also because of the effect that a major change in the costing of a single project would have on other projects.[68] Thus:[69]

> Firstly purchase of the sixth Orion was budgetted (sic) for in 1983/84 and no provision was made in the budget for later purchase. The project has been actively supported by Navy but is still dragging its heels whilst the A4 proposals, which did not have full Naval Staff support, were actioned. Purchase of the 6th Orion can now only be made at the expense of other Major Equipment purchases and as Air appear to have all their projects well in hand with approvals it will be at the expense of Army and Navy

Despite these worries the project carried on through the Defence system. There is no real evidence that Defence committees were bypassed. Rather a sense of frustration was felt by single Service staff officers unable to get their unease at the implications of the proposals acknowledged, and this led to charges of improper procedures being used.

Drafts of a paper for the Government covered points such as the need to give a tangible expression of New Zealand's resolve in meeting 1983 Defence objectives, general and specific responsibilities to the Island Governments, the real need for, say, eight aircraft and the fact that a relatively cheap aircraft was available and advantage should be taken of that.[70]

As late as February 1985 staff criticism of the proposed purchase was still being made.'It is more important to complete Rigel 2 (the Phase 2 update) than to obtain an additional aircraft' and 'other capabilities should not be sacrificed to an extra Orion'.[71] In another paper a Defence staff officer wrote:[72]

> You will be aware that the cost of Rigel 2 for the sixth Orion
> has been with-held from the acquisition paper funding proposal
> pending the forthcoming 1985 re-examination of Defence
> needs...the sixth Orion is being submitted to Defence Council
> for funding with no guarantee that it will be enhanced to the
> capabilities required in the 1983 Review...if the review
> disclosed that such enhancements and capabilities were un-
> necessary then it would be difficult to justify the sixth Orion
> in terms of tasks which lesser aircraft, say Andovers, could
> undertake at much less cost.

Despite this single Service and staff opposition Defence Council approved the Airforce request and forwarded the proposal to the Government which approved the purchase and Phase 1 upgrade at a cost of $34.673m on 26 March 1985.[73]

The cost of these two programmes represented a significant percentage of the budget available for capital equipment and was resisted by the other two Services, especially the Army, because they both believed that the money might better be spent on their own equipment projects. Despite these misgivings the projects went ahead with a minimum display of interest from the Government.

The reasons for the success of the projects, in effect a success for the Airforce against the other two Services and the Defence staff, was because the Airforce had a consistent philosophy of what was required in the way of air power and could back up their arguments with operational analysis to show that in fact they needed more than they were asking for. To challenge the Airforce arguments successfully opponents would have had to develop both a new doctrine for the use of airpower in the New Zealand context and also argue that other equipment needs should have a higher priority. This was not done and the Defence Council accepted the need over the misgivings of several individual members.

Possibly fortuitously for the Airforce argument was the fact that CDS was an airman, and although not necessarily biased towards the Airforce case he certainly did not need any scepticism about the quality of the arguments to be overcome. The second fortuitous happening for the Airforce was that the aircraft became available relatively cheaply at a time when the subject of the existing fleet was under discussion in any case and the additional cost could be fitted into planned expenditure despite the fears of the other Services.

We have seen equipment purchased as it has become available from other services several times in this research and there are other examples, such as the purchase of additional M113 armoured personnel carriers from Australia in 1985, which we have not discussed. In each case the argument has been that the

offer has been too good to refuse. This does not necessarily represent an improvident 'take what is available it may come in use one day approach'. Rather each purchase is justified in terms of some earlier decision that additional items are needed but, for financial reasons, not yet. It makes some sense then to acquire the additional equipment when it does become available at a less than expected cost.

The danger with this approach is that in the rush to get the equipment before the offer lapses insufficient checking of the quality of the items offered will be done and insufficient analysis of the need when set against other priorities will be made. There is not enough evidence here to make that firm judgement, although in the case of both the Orion and the Skyhawks different elements of the other two Services obviously considered that other priorities should have prevailed.

Although the case for the extra Orion and the extra Skyhawks could be, and was, made on operational grounds, the acquisition of the aircraft probably represents the ability of CDS and the Secretary when they are agreed on an issue to overcome the opposition of the other CofS as they wish. In this case the general thrust of the latest Defence Review was towards operations in the region, with an emphasis on maritime operations, and there had been a long standing recognition that additional aircraft would be desirable. Also, ultimately, it recognises the fact that Defence Council is not a committee of equals but one in which the senior military member has statutory responsibilities which allow him to provide advice the thrust of which which is not necessarily shared by the individual Service members.

Medium Artillery

In this section we examine a weapon acquisition project which did not succeed despite the fact that it had formally been recommended to the government by the Defence Council.

Armies rely on a variety of equipments to accomplish different battlefield tasks. Often these tasks appear to be similar in their requirements. The only weapon system, under Army control, able to project force beyond the immediate edge of the battle area is the gun. Depending on the task the most effective type of gun might be a relatively light howitzer with limited range and effect at the target end, but with great accuracy and rate of fire or it may be a longer range weapon with a heavy projectile, but with less accuracy and a slower rate of fire. Thus to support soldiers in close contact with an enemy the main requirement is for accuracy (so that ones own troops will not be adversely affected) and rapidity of fire. When the requirement on the other hand is to destroy a prepared and protected position other attributes are needed.

These different attributes are not normally possessed by a single weapon. To retain flexibility, armies attempt to maintain a range of weapons optimised to some extent to a specific role or capabilities. In New Zealand service, at least since the end of WW II, the Army has maintained two gun systems; a medium system for longer range tasks and a light system for close support tasks.

The proposal, to replace the Army's obsolete and unserviceable medium artillery weapons, the WW II vintage 5.5 inch guns, took some years to resolve within the Defence staff even before it was passed to the Government. It shows how an unpopular or doubtful proposal can be held up by the staff process but, if the Service sponsoring the proposal is determined, how it can not be stopped.

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The army had possessed 5.5in guns as their medium artillery weapon since the end of WW II. By the mid-1970s it was apparent that the equipment was becoming unserviceable, that spare parts could no longer be obtained, and that ammunition was running out and becoming irreplaceable. A decision on the replacement of the equipment had to be made sooner rather than later.

When the 1978 Defence Review was being prepared the problem was recognised. It was determined that 'operationally ready forces' would be based on an infantry battalion, supported by other arms and services and that 'framework forces' for expansion would comprise a 'broad range of units' which would maintain skills through command and signals exercises with the ANZUS partners.[74] One major equipment decision flowing on from this decision was that:[75]

> Expertise in medium artillery can be adequately maintained on the field artillery weapons (105mm) which are now in service and which will continue to be essential to provide fire support for the infantry in the field. In current circumstances, therefore, there are no plans to replace the existing medium guns when they reach the end of their useful life late in the review period.

This was an accurate statement of the situation so far as it went. Procedures for the fire control of medium and light (field) artillery are identical. Before a new weapon could be deployed however, there would need to be a period spent in teaching soldiers how to use the specific weapon and teaching the logisitic system the detail of repair and maintenance of the weapon. So long as there was no intention to deploy such a weapon at short notice these were not problems.

Between 1978 and 1983 Defence thinking on the role of the forces in the South Pacific evolved. Initially 'small forces shaped and organised for specific contingencies' able 'to respond to low-key emergencies in our own region' were required.[76] The type of force envisaged here was of the order of light infantry forces supported by light weapons.

By 1983 a more definite Ready Reaction Force of a battalion group and an expansion force based on a brigade was planned for. The reason for this more precisely defined expansion force was because the concept as formulated in 1978 did not give any basis for proper planning in that it did not detail the type or quantity of troops and equipment which should be planned for.[77] Given the now definite expansion concept the White Paper defined a series of priority equipment requirements which included 'acquisition of new generation artillery (105 and 155mm)'.[78]

This was a statement of intent, approved by the Government in principle but still requiring justification in detail. No statement of the specific role which would require medium artillery was given. Rather, it is more likely that because military orthodoxy requires support weapons to be of greater fire power than those held by by the organisation being supported, and because the move was to greater self sufficiency which meant that New Zealand could not necessarily rely on an ally for support, then New Zealand would *ipso facto* need medium guns.

Army moves to justify the purchase commenced with a paper for DFDC in December 1983. This paper argued the need in conventional operations to destroy armour and enemy artillery by the use of medium artillery and talked of deploying a brigade group of troops which would be supported by a battery of medium guns. The paper argued that there was a need for a mix of light and

medium artillery for any deployed force. The aims of the purchase were to restore operational capabilities and to achieve standardisation with our allies.[79] In terms of our understanding of some of the imperatives behind military desires to purchase equipment the second reason probably weighed more strongly than the first.

The paper argued in terms of military conventional wisdoms, relating to the need for medium artillery ('forces of this type have medium artillery support') rather than in terms of a specific terrain and enemy likely to be found in the region. It was therefore open to defeat in the detail of its argument.

At the DFDC meeting in February 1984 the Committee discussed the issue fully and agreed that a number of points needed to be clarified before any proposal for new medium artillery could be progressed. The Army needed to reconcile the conclusion of the 1978 Review with this apparent about turn in policy and there needed to be fuller consideration of other firepower options and of the logistic requirements and capabilities needed to support the weapon. The Committee's conclusion was 'that the case for medium guns needed to be argued more clearly than in the present paper'.[80]

For the rest of 1984 and the first half of 1985 the issue remained within Army and Defence as the paper was discussed and rewritten. It did not get a high priority for action because of other higher priority equipment issues, such as the Orion purchase already discussed, and later because of the 1984 election and change of government and the subsequent ship visit disagreement with the United States.

In its 1984 Report, Defence stated that 'there is now an urgent need for the replacement of...the 5.5inch guns'.[81] In the 1985 Report, perhaps reflecting a lowering of priorities, replacement artillery was just one in a list of a number of items which were being evaluated.

The proposal was next formally examined by RPDC in September 1985. The ANZUS conflict and the reshaping of defence policy to provide for 'greater self-reliance and an independent capability' was seen as giving added weight to the medium gun proposal and it was determined that finance could be made available without jeopardising other capital equipment proposals. RPDC endorsed the proposal and referred it to the DXC.[82] DXC agreed with the conclusion that a medium gun was needed and directed that a paper be prepared for the Cabinet Committee for Defence Council consideration.[83]

When the proposal went to the Defence Council in October 1985, the defence review was under way. At the DC meeting the Minister made the point that, because of the Defence Review, Defence 'should not embark on large items of new expenditure unless urgency dictated otherwise.' The Minister then outlined some of the strategic issues which he considered important and stated that he was 'not prepared to sign an outright recommendation (to the government) but...conversely he would not wish to inhibit productive discussion'. He was prepared to send the proposal to the appropriate Cabinet Committee for discussion and eventual referral to Cabinet.[84] Even at this stage, before any discussion of the issues, the Minister clearly had doubts about the proposal, both because of the defence review and perhaps because of doubts about the need for a weapon which would attack enemy tanks and artillery.

In specific discussion CGS outlined the case for the medium gun. He discussed the role of the gun in the defence of New Zealand (a point explicitly rejected by the Minister) but emphasised that the main use would be on a battlefield outside New Zealand. The main points for the medium gun were that without it the brigade group expansion force would be unbalanced, New Zealand would have to rely on an ally for this type of support and that it could be a valuable deployment option even in the South Pacific. Funding for the programme could be achieved and, in the Treasury view, it was preferable that projects go on despite the Defence Review so that the Defence Budget would have an even spread of expenditure.[85]

Apart from his doubts about the need for the gun in the defence of New Zealand the Minister queried why the Army had waited until the existing gun was on its last legs before any proposal to replace it was made, thus forcing a degree of urgency on the decision. The point was made that circumstances had changed since the 1978 Review had stated that there was no requirement for the weapon. In the decade since then aircraft, providing similar support, had become more vulnerable on the battlefield and medium artillery ammunition had become more sophisticated thus providing better support. CDS argued that New Zealand troops should not have to rely on allies for support of this kind. After some discussion the Minister agreed to forward the proposal to CERSC.[86] It is possible that subsequently CDS did not promote the gun as enthusiastically as CGS would have.[87]

The Government decided not to proceed with the purchase of medium guns in early 1987.

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The attempted acquisition of medium guns shows, in contrast to the acquisition of the Orion, the problems faced if there is little support for the equipment and its utility can not be demonstrated in other than 'professional judgement' terms. The Army relied for the basis of its argument on the 1983 Defence Review. Unfortunately for its case there was a change of government which prompted a detailed examination of all previous defence 'needs'. This detailed examination did not show a real need for medium artillery. Ultimately there was little belief that the Army would be required to operate alone in a war where it would have to provide its own medium artillery support.[88]

Conclusions

These three case studies on equipment acquisition procedures make it difficult to sustain any charge that defence equipment is purchased contrary to policy requirements. In each case there was clear governmental control over the final decision. In all cases the strategic and operational grounds for the purchase were examined in detail and in all cases economic factors played a major part in the final outcome. No doubt Defence would have liked to get more than it did. In one case the government clearly believed that what Defence wanted was not needed at all, and in another it reduced what Defence had asked for, entirely for financial reasons. These are not the outcomes of a system in which the defence acquisition process controls the policy makers.

It seems clear that for an equipment proposal to be successful it must firstly be affordable and secondly it must be able to be linked into the strategic and operational aims of the government. The defence processes can not halt a proposal but they can hinder it significantly. Ultimately, although a Service Chief of Staff can force a proposal to government attention, that proposal then has to be argued by CDS who may or may not be completely

enthusiastic about the proposal. It is possible that the quality of CDS' advocacy could influence the extent to which the Minister fights for the issue in Cabinet.

At the beginning of this chapter we identified some of the most common charges made in the general literature against defence equipment purchases. These were that equipment is inappropriate, that it had too many capabilities for the tasks, and that it tended to be made on a one for one replacement basis rather than with any detailed analysis of the need being made. These studies indicate that the charges are not necessarily correct in the New Zealand context. All of these aspects were examined when Service equipment proposals were made; both by the Ministry of Defence and the Government. Ultimately, where Defence central did not force changes on a proposal, then the government did, either because of economic constraints or because of a rejection of the operational arguments.

The strongest charge to be levelled against Defence equipment proposals, on the evidence here, would seem to be that a single Service's inclination will be to try to acquire the best equipment possible. This is understandable. But such checks and balances as exist within the system, the scrutiny of this system, the demands of other Services and the final decision by the Government, lead to solutions which are both affordable and at a level which is accepted as no more than the minimum necessary.

The definition of minimum however is politically made and may owe as much to the desire to keep up alliance appearances as it does to any belief that there is an objective minimum against which the operational capability of the armed forces can or should be measured. Although individual decisions to choose

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consistently the (political defined) minimum necessary may be supportable, there is a danger that over time the total force may become ineffective because decisions have been taken without an overall guiding philosophy against which to measure them.

The role of CDS is central to the process. Although he is a member with the CofS of DXC and the DC he also has the private ear of the Minister through his regular weekly meetings. Ultimately CDS is solely responsible for the military advice that he provides to the Government. In terms of equipment proposals the major conclusion to be drawn seems to be that CDS may be more familiar with the arguments which will be produced by his own Service. This does not mean that there is any degree of bias but it does mean that the arguments advanced by other Services will need to be more closely argued. This is not necessarily a bad situation and may be transferred to a post Quigley restructured situation where the military are having to argue specific equipment cases to a predominantly civilian Ministry.

It could be claimed that the Airforce were lucky in that appropriate affordable aircraft became available for purchase at the time that the issue was being discussed. This might then lead to a conclusion that chance plays a major part in Defence equipment acquisition and that Defence planning is thus haphazard. These charges do not seem to be sustainable. At any time various major weapon systems are available second hand on the world market and the Airforce were considering the option some years before the specific aircraft became available. They still needed to demonstrate a need for the equipment and that it was affordable. A similar situation existed when the Navy were searching for replacements for their surface warships in 1983.

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The major conclusion to be drawn from these cases relates to the problems and opportunities presented by the long term planning necessary if defence equipment acquisitions are to be made coherently. Planning proceeds on a 15 year cycle and once in service an item of equipment may remain on the inventory for another 20 or 30 years. This means that defence planners have to plan for a future situation which may change in much less than the 15 years planning period and the further 20 or 30 years operational life of the equipment. This should indicate a policy which emphasises flexibility in use and ability to upgrade in mid-life for major equipment items, rather than equipment which is of use only in specific and limited circumstances. To some extent this approach has been followed in New Zealand with success.

Chapter 10

CONCLUSIONS

Introduction

When we commenced this research we set ourselves a number of initial tasks. In brief, they were to identify the major defence policy actors and determine their relative influence over processes and outcomes, to describe such processes, and to analyse defence policy in terms of its determinants. We also set ourselves the task of examining the recommendations of the Quigley Review and assessing to what extent those recommendations, if implemented, would alter the conclusions drawn from our examination of the processes and issues in the period from 1970 to 1989.

With these relatively simple questions answered we would then be in a position to examine the wider and more important questions of 'how relevant is the process to the outcomes?' and 'can the outcomes be improved by altering the process?'. These are fundamental problems which are important for students of public policy. Quite clearly, if we can resolve these questions satisfactorily we will be in a position to suggest changes to the processes, if changes are shown to be effective and necessary.

Many conclusions have been drawn as we have examined specific area and case studies. They are expressed in the relevant chapter. In this section we will only draw the major and general conclusions, using examples from the research where necessary.

The Actors

In our examination of the policy processes we have identified only two major actors. In broad terms they may be characterised as 'the government' and 'the bureaucracy'. But we can refine these generalisations.

The government includes many Ministers who have no more than a peripheral interest in defence issues, whose portfolios are not directly affected by the activities of the Ministry of Defence and who do not see papers or receive briefings relevant to the defence issues. Their only connection with defence issues is when a Cabinet decision has to be taken on a specific topic. In these cases, unless the issue is particularly contentious, they are likely to accept the advice of those of their colleagues who are more closely informed on the specific issue. The cost of defence expenditure is, for these Ministers, likely to be the issue which engages their attention most often. Such spending is in direct competition with the spending plans of their own Department programmes.

The Cabinet committee dealing with defence issues, known variously as the 'Cabinet Defence Committee', 'Cabinet External Relations and Security Committee' and 'Cabinet Domestic and External Security Committee', is the pre-eminent sub-Cabinet group. The committee normally includes senior ministers such as the Prime Minister, the Ministers of Defence, Foreign Affairs, Finance and Police. Given such a membership the Committee is capable of making a realistic political assessment of the viability or otherwise of specific defence policy proposals. Often these Ministers will be forced to make decisions which are not popular with their colleagues or with the public at large, but the seniority of this group means that decisions taken here will not lightly be overturned by the full Cabinet.

The conclusions of the Committee, however, are only recommendations to the full Cabinet. On specific issues, such as the wording of a policy document, or on a specifically 'political' matter, the Committee's recommendation may be and has been overturned.

Within the Committee, the Minister of Defence is the only Minister receiving a continuous flow of information on defence issues. This should mean that the Minister is able to take the lead in setting the policy agenda and shaping opinions to ensure that his policy initiatives are accepted. And this is normally the case.

But Ministers may have more or less interest in the portfolio and more or less expertise. There have been periods, especially during the mid-1970s, when the Minister did not remain in the portfolio long enough to gain a total grasp of the complexities of the issues. At other times the Minister has had other, normally party political, duties which have distracted him from the task at hand.[1] In the period from 1984-87 the Minister believed, accurately or otherwise, that the Ministry was deliberately keeping information from him. He believed that policy was being prepared within the Ministry and presented to him as a *fait accompli* for endorsement.[2]

These cases are relatively rare. No system can legislate against a less than competent or less than interested Minister, but our research shows that the Minister can be involved with all major policy proposals if he chooses. He is informed of the progress of policy by both written and oral briefing, he has the opportunity to take advice from outside formal channels to gain alternative perspectives, and he is required to endorse proposals formally at the Defence

Council. Subsequently he must give them formal Ministerial approval or present them to Cabinet for a decision.

There may be some merit in the argument that policy is prepared in detail in the Department without the Minister's involvement and that this is to the detriment of the eventual outcome. This would seem to be a matter of style, with individual Ministers wishing to be more or less involved in day to day work on the preparation of policy proposals. In principle the Minister can be kept as informed as he wishes to be and he has the ultimate sanction of refusing to accept policy proposals and refusing to place them before Cabinet if he is not satisfied with either the content or the degree of consultation. It is in the Department's own interest to ensure that the Minister is fully briefed and is aware of the implications of policy issues before they appear in the public arena.

The Ministers responsible for external relations and for disarmament issues will also have a legitimate interest in specific aspects of defence policy, as will the Minister of Finance. Normally such interest will be restricted to the extent that it impinges upon their own portfolio. Thus the Minister of Foreign Affairs would have had a major input into decisions relating to the deployment of New Zealand troops in monitoring the elections in Zimbabwe and the deployment to the Sinai as part of the Commonwealth Truce Monitoring Team. And that Minister as well as the Minister of Finance were closely concerned with the decisions surrounding the purchase of Anzac frigates in 1989, because of the implications for relations with Australia and for the effect on the defence budget and on the Government expenditure programme.

On the other hand the Minister for Disarmament in 1989 publicly stated her opposition to purchasing new frigates. Her position was described by the Prime Minister as 'being expected in view of her portfolio'.[3] The implication was that because this was not a disarmament issue the opinion was unlikely to be influential in terms of the eventual decision. The Minister was also not in Cabinet at the time.

The Minister of Finance has a wider interest in defence issues. In New Zealand, defence expenditure is largely discretionary in a way that social spending is not. The New Zealand defence budget is set at an arbitrary target ceiling and successive Ministers of Finance have been keen to recommend policies which will cut the level further. We have seen the Treasury, through the Minister, recommend policies about the size and shape of the defence forces and their deployment in terms which go beyond an attempt to minimise cost relating to a specific policy. Instead Treasury has periodically suggested specific policies which they will believe will cut the cost of defence. In general the Treasury has not been successful with such recommendations. It can act as an agent for delay as the issues are worked through by officials in an attempt to satisfy Treasury requirements.

Neither the Minister of Finance as a political actor nor the Treasury as bureaucratic player can be considered as completely influential. Their recommendations as to the effect of defence policy proposals on Government economic proposals are only acted upon to the extent that they conform to Government desires and their recommendations about wider aspects of defence policy have generally not been accepted. For example, at the time when the Minister of Finance was also Prime Minister, we have seen in our case studies a

number of Cabinet decisions which 'favoured' the Minister of Defence rather than the Minister of Finance/Prime Minister.

In part, this lack of influence held by Treasury and their Minister (which runs against much of the conventional wisdom on the subject) is probably because Defence rarely makes spending proposals which are completely unacceptable on financial grounds. The Treasury position then is one of arguing on the margins. If Defence can show that a proposal falls within Government policy guidelines and that it is affordable, it lies within any financial constraint imposed, then Defence advice is more likely to be taken than Treasury's. At those times when specific proposals have been rejected Treasury has, as often as not, supported the Defence position and the Government has acted contrary to the advice from both Departments.

When Treasury argues for a specific defence policy course of action their advice is accepted only to the extent that it conforms to general defence policy directions. If it does not then the Treasury advice will be ignored by the policy makers.

The major bureaucratic player quite clearly is the Ministry of Defence. Indeed to the extent that it is almost pre-eminent it could almost be called a solo performer. But not quite. Although major areas of policy direction, (such as many of the Defence Reviews, or some equipment proposals), are initiated and even implemented without significant outside consultation, there is widespread consultation on other issues. On issues, such as the deployment of troops overseas, where other Departments may have a major input, the Ministry of Defence still exerts a large influence over the size and shape of such a deployment because of its control of the expertise surrounding technical areas

such as capabilities and logistical factors.

Within the Ministry the key actors are equally clearly the Secretary and the Chief of Defence Staff. Although they rarely initiate specific policy proposals, those come from the single Services, the diarchy has been in a position to accept, amend, delay or, more rarely, reject policy initiatives. Such decisions are made after close consultation with each other, and an assessment of the political and financial viability of the specific project. Consultation has been facilitated by their office arrangements, with an inter-connecting private door which allows informal meetings without notice. [4]

The staff within the Ministry act as information providers and project coordinators. Their role is to act as gatekeepers for CDS and the Secretary, ensuring that information is passed upward and instructions are acted upon. The staff write drafts of policy papers, some of which are seen by the Secretary and CDS, and they work with other departments to coordinate policy positions. But the staff are rarely decisive in a policy outcome. For example on the major aspects of declaratory policy, the Defence Reviews (except that of 1987), the Secretary and CDS have acted without significant staff assistance.

Outside the bureaucracy and the government, potential actors have little influence over process or outcome. Lobby groups act to influence specific issues but there is little evidence to show that they are influential on major policy issues. This assessment may change as lobby groups become more organised and demonstrate that they have the expertise to argue the technical aspects of specific issues. A necessary, although perhaps not sufficient, condition of this is an academic community, interested in public policy issues in general and strategic issues in particular, which is prepared to raise the level of informed

debate on these issues.

From this analysis of the policy actors we may draw some initial conclusions, recognising that they may be altered when we examine the effects of recent changes effected after the Quigley Review. The system is a 'closed' system as defined earlier. Not only is it closed in that all processes occur between a tightly defined elite, but it is closed in that the elite is not exposed to any serious alternative policy ideas and is not exposed to critiques of policy outcomes. This means that policy becomes self reinforcing and that the elites become impervious to such ideas as do surface from the interested public or from lobby groups.

One possible consequence of this is that the policies may become irrelevant to New Zealand's security needs. The policy elite will have stopped thinking because the members have no need to think. There is no trade in ideas, no method for identifying good ideas, and no reward for them. Policy, under this system, stagnates and will eventually be found wanting. The implications of this will be discussed later. At this stage we may merely conclude that a trade in ideas can not exist in a closed community, and that the closed defence community will remain until the wider public, including the academic community, takes a systematic and informed interest in strategic and defence issues.[5]

Specific relationships are quite clear. The Ministry of Defence, personified by the Secretary and the CDS, is the major bureaucratic player. All major policy initiatives originate from within the Ministry and all technical analysis is carried out by the Ministry. But the bureaucrats are aware that the political actors can and do make the final decisions.

We may discern a hierarchy of influence leading through the Services, which propose specific programmes, to the Ministry of Defence, where the Secretary and CDS have ultimate say over policy initiatives, and to the government itself. This is a highly centralised system with each level being able to be over-ruled by the next above it. We would expect this to influence the processes in a number of predictable ways.

The Policy Processes

We have identified the major actors in the policy processes and from there it is a short step to identifying the processes used. In Chapter 1 we discussed various models of the policy process and we concluded that some form of bureaucratic organisational process, because of the central role of the bureaucracy in the formulation of advice and the implementation of decisions, was most likely to occur in the formulation of defence policy in New Zealand. Bureaucratic players were so pervasive that they would inevitably set the agenda for policy outcomes.

Our subsequent examination of specific case studies forces us to modify that conclusion to some extent. The defence bureaucracy is the major player in the policy formulation process. And within the defence bureaucracy writ large there are a number of lesser, though still significant, bureaucracies; the Services and indeed the individual staff branches within the central Ministry of Defence. There are also the less important bureaucracies, the Treasury and the External Affairs Ministry. We might expect then that policy processes would involve bargaining, trade-offs and other such behaviours as the bureaucratic players attempted to position themselves to ensure that their own outcomes were maximised in policy terms.

This does not appear to occur to any significant extent. It is true that individual bureaucracies have a keen sense of what is good for themselves and they work to ensure that the result they wish for is adopted. But the process used does not involve traditional methods. There is no evidence of deals of the 'you support me on this and I will support you on that' kind. Instead individual bureaucracies attempt to influence outcomes by preparing detailed submissions laying out the pros and cons of an issue as they see it. The sum of these submissions is absorbed and a decision reached. If not consensual the decision is at least grudgingly accepted once the interests have had their day in court.

This is a rational/unitary/analytic approach to decision making not a bureaucratic one and we must attempt to determine why it is used. There seem to be two possible answers; and they are linked. Most of the literature relating to organisational behaviour is American. The concepts of organisational or bureaucratic interest are American and it could be that New Zealand bureaucracies do not perceive themselves to have interests superior to the central organisation. Perhaps New Zealand, particularly in areas of public policy, is so centralised that any concept of effective devolution of policy decision is not recognised by any of the players.

If this hypothesis is correct it would be accentuated by the particularly hierarchical nature of the defence bureaucracy. The military accept the need for decisions finally to be made by the senior officer and they accept that the senior officer does not have to accept advice if he chooses not to. This is highly centralising in that the senior officer is CDS and given his links with his only possible bureaucratic rival, the Secretary of Defence, there appears to be limited scope for the kinds of bureaucratic activity described in the US literature.[6] To reinforce this, we should note that in New Zealand the single

Services do not have their own community support, as individual bureaucracies, which the Navy or the Marines for example have in both the US and in Britain. Nor do the single Services have the access to reliable sources of independent strategic or technical analysis which could be used to bolster a bureaucratic case against another Service.

What does this mean for policy outcomes? It should mean that outcomes will be maximised to benefit the centre; defence as a whole. At the same time individual Services may suffer as resources are channelled to the highest priority area. In practice this does not seem to occur in any absolute sense either. Rather, decisions are made which minimise the worst effects on an individual Service, while maximising the outcome for the system as a whole. Thus while the Army may not get all the equipment items it believes it needs, and the Air Force may get more than the Army thinks is either necessary or desirable, the Army will receive a certain minimum so that its (normally self defined) core functions remain.

This form of compromise (Buggins turn is too strong a description) is not deliberate. Instead it seems an almost unconscious recognition that even in times of the greatest financial stringency there is a need to maintain a spread of reward throughout the system so that the individual components will continue to work to the system rather than outside it. There is no evidence that policy outcomes under this process occur as the result of a deliberate assessment of needs and a consequent directing of resources to meet those needs. The formal and initial processes might be designed to achieve that. The practical and working processes and the real life financial constraints do not allow it, and there is no external threat to concentrate the mind to force it.

Under this system though, although there is an apparent non zero-sum result in the short term (there are no losers), in the longer term it is likely that the system writ large will lose. By adopting a policy (consciously or unconsciously) of equal pain, the outcome is likely to be, eventually, an organisation which is not capable of achieving any of the tasks set for it. Using an alternative process, one which deliberately starved some sectors of resources to build up others, a system could be constructed which was at least capable of achieving some of its assigned tasks. The difference is between a system which minimises the worst possible outcomes but also minimises the best possible, and one which attempts to maximise some good outcomes but which accepts that some bad outcomes will also be maximised. Neither system is necessarily better than the other, but the one chosen should be chosen deliberately; there is no evidence that that occurs in New Zealand.

This is not to say that in every case the decision process is flawed. The case studies have shown that in many instances the defence system has been completely capable of identifying needs and applying solutions to achieve required outcomes. But the circumstances in which such 'good' outcomes have occurred have tended to be concrete events with defined boundaries; the deployment of troops to achieve specific ends for instance. In other, more tenuous, cases outcomes have been confused and the system has been unable to identify clearly the most appropriate response to external events. The reasons for this relate to the 'traditional' factors as well as to the more intangible factors of process and structure.

Policy Determinants

Defence in New Zealand is supply rather than demand driven. The literature describes the most important determinants of defence policy as being variously the threat, the current international situation, financial limitations and domestic political factors. Our analysis would tend to indicate that only one of these, finance, has been relevant to New Zealand during the period of our study. And finance as a factor has normally meant that the cheapest option, in terms of money which must be committed immediately, to achieve the desired programme is chosen: this appears to be the definition of value for money in New Zealand defence expenditure terms. In making this judgement it must be recognised that the period has been one of peace. If the Armed Forces had been involved in large scale operations against a specific enemy, and where the interests of the country were directly threatened, undoubtedly that conclusion would be altered. Of course the financial factor may in itself be a part of a wider grouping of 'domestic' factors.

Successive Defence White Papers describe a world which is uncertain and an area of direct strategic concern to New Zealand of a significant area of the Pacific.[7] As well New Zealand is stated as having obligations under ANZUS, the FPDA and the UN. And the various treaties, especially ANZUS, have been described as being accepted by 'successive New Zealand Governments as the ultimate guarantee of security in the region'.[8] These would all appear to be determinants which should drive the size and shape of the Armed Forces in certain directions. And as particular factors wax or wane in importance, we would expect that there would be a consequent reordering of the size and shape of the forces, through a redistribution of resources, to take this into account.

This has not occurred to any significant degree. The forces today are essentially the same as they were in 1970. Indeed the regular elements are essentially the same as they were in 1950. There is no formal Commonwealth commitment, no conscription and fewer civilian reserve or territorial forces. There are fewer major warships and there are perhaps more fast jets. And these are major changes, but the changes are less than the similarities. The roles, the deployments and the doctrines do little more than pay lip service to changed environments. This is despite the fact that since 1970 the war in Vietnam has ended, the British have withdrawn from the region, naval power is being increased by many regional states, there is increasing instability in the South Pacific itself, let alone in South East Asia and New Zealand is, at best, a non-participating member of ANZUS.

We need to ask why the changed environment has not produced significant consequent changes in defence structures. There appear to be two possible reasons. It could be that the forces have been structured and resourced as they should be for any realistic event and the structure and the equipment have remained relevant over the years. This kind of flexibility seems possible although unlikely. For instance it does not seem likely that the type of Army which was considered suitable to deploy as part of the Commonwealth Strategic Reserve should be the same as one which was committed to SEATO and which later is required to act independently if necessary in the South Pacific. Yet to all intents and purposes they are the same organisation, especially in the component of full time professional soldiers, with different roles over the years.

But perhaps the Army is not a good example. Perhaps there, the same basic organisation is suitable for all tasks. The Navy gives us another example. In 1970 the 1966 Defence Review was still extant. The Navy then required a modern

force of four fast frigates to maintain the level of contribution to Commonwealth strength in the Far East, to maintain a reasonable New Zealand naval effort and to provide a viable basis for sustaining a career Navy. It was also deemed necessary to consider the re-establishment of an effective mine counter-measures force to provide defence against this type of attack in the New Zealand area.[9] In the early 1980s, as we have seen, the frigates were described as being necessary for ANZUS commitments. In 1989 the Navy still has four frigates, despite having lost a Commonwealth commitment, and still has no mine counter-measure capability. In 1987 the Defence Review indicated that mining of New Zealand harbours could happen, but still mine counter-measure equipment was not held on more than an experimental basis.[10]

There is no great conundrum here. In practice, force levels for the individual Services have borne no necessary relationship to the words used to describe the policy. Instead the level of resources available for Defence has been set arbitrarily and the Services have then been required to equip themselves with what has been available, normally setting their own priorities in the process.

To use the naval example again, we showed earlier that the Navy has consistently argued that a force of six warships is a minimum to achieve the tasks described in the various policy documents. That they have not got six is because no government has been prepared to pay for them. It is not surprising under those circumstances that the Navy has maintained as many frigates as it can at the expense of mine clearing vessels.

Under a different (or even explicit) definition of requirements, the Navy might have been forced to place greater emphasis on the acquisition of warships

designed for patrolling closer to New Zealand's shores, or conversely, for long, slow patrolling in the South Pacific. Or designed primarily for fisheries protection duties, or mine clearance operations. The option, for this argument, is not important. In these alternatives the size, shape, endurance and weapon fit of the chosen vessel would possibly be quite different from that actually chosen, with consequent effects on the size and shape of the defence capital equipment budget and on the concept of operations and the subsequent types of operations and training exercises carried out by the Navy. Such alternative policies are unlikely to be explored so long as alternative sources for advice and information are not available.

It is no secret that defence policy is determined by funding levels. Successive White Papers have stated that the level of funding is the start point for any discussion of force levels and capabilities. This has forced New Zealand to make a virtue out of necessity. The armed forces can not afford the major items of capital equipment which would be required on a conventional battlefield. Policy, therefore, has been defined in terms of what New Zealand would receive from her allies in these major conflicts and New Zealand has defined her own independent defence interests in terms of what can be afforded. This is generally defined as 'to be able to respond militarily to low-level emergencies within the South Pacific'.[11]

But New Zealand lacks the capability even to achieve the limited aims it sets itself and there is no indication that it intends to achieve that capability. The alliance system has been lost and the replacement, increased self reliance and increased cooperation with Australia, will cost significantly more. There is no indication that that cost will be met. Indeed the 1987 White Paper reinforces that message 'the Government should be able to pursue the

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objectives...at about the current level of defence funding'.[12] In 1989 defence

funding was 'capped' for three years at 1988/89 levels, a reduction in real

terms.

Finance is not the only determinant of policy. Just the major one. We saw

that with the withdrawal from Singapore successive governments chose not to

accept bureaucratic advice of the need for early withdrawal. Instead the

government accepted a separate strand of advice which argued that to withdraw

would be to send the wrong signals to our allies and to the region. But even

with this case, the short term cost of withdrawal was used to bolster the

strategic argument that the troops should stay in Singapore. Similarly, in the

case of the rejection of the Army proposal to purchase a medium gun, finance for

the gun was not stated explicitly as being at issue. But throughout the debate

on the proposal this was an undertone. Ultimately the gun was rejected on other

than financial grounds, and if the gun had been wanted it would have been

financed. But this is a limited case to argue for factors other than finance to

have a major determining role in the production of defence policy.

Undoubtedly if something 'must be done' or 'must be purchased' it will be

and the money will be found. But it is found grudgingly and to the minimum

amount to be seen to be doing the job. This attitude has been described as:[13]

> Micawberism in defence matters-a jaunty improvidentialism (sic)
> which relied on the hope that, inside the alliance, something
> would always turn up...A New Zealand whose attitude towards
> providing for its own defence was seldom more than grudging and
> parsimonious.

It is difficult to argue with that judgement. At best the attitude has

worked, in that the armed forces have not been required to undertake tasks

beyond their capabilities. At worst, successive governments have gambled with

the security of the country by not providing any more than a 'showcase' capability which would not be adequate for an unforeseen threat. By setting funding as the prime determinant governments have argued a 'best case' scenario for defence policy. That is acceptable only for as long as the best case lasts. It gives no margin for error.

It is not the intention here to examine why such an approach to defence is followed. Undoubtedly politicians do not believe that there are votes to be gained in pushing for increased defence expenditure, especially at the expense of, for example, housing, health or education. But we are in no position to argue that they, the politicians, believe that the armed forces, with the resources allowed, could not achieve the tasks set for them in the declaratory policy documents. More likely there is a belief, unspoken even unacknowledged, that there is no real need for armed force in the modern international order. But just in case we are wrong we will have a token organisation which can be produced to work in conjunction with a larger state or group of states. In the meantime we will make unverifiable statements about our willingness and capability to operate as necessary in the region. Honour will be satisfied and the appropriate dues have been paid.

Process and Outcome

The processes used are similar no matter what the issue. Initial proposals are generally prepared within the Ministry of Defence, even with the limited exception of the 1987 Defence Review, and are then recommended to the government for approval. In the one case we examined, the Mururoa operation, where the government initiated the proposal, specific feasibility studies where conducted by the Ministry and the proposal was only confirmed after these studies. The outcome of the nuclear capable ships ban was of course a surprise to all

involved. It did demonstrate though, a lack of analysis which we have seen is not uncommon throughout the system and to that extent that case highlights a systemic failing, which has perhaps been concealed because of a lack of any testing of policy stance against outcome.

Whether specific proposals are accepted or not then depends upon their cost and the degree to which they accord with the government's 'opinion' of the best course of action. Such opinion is very difficult to predict. It is not based on any degree of analysis. We have seen that there is no independent centre for the analysis of defence questions in New Zealand. We have also seen that opinion is not consistent. Different governments have different opinions about what is sufficient and what is necessary. Very often these opinions are based on no more than a generalised feeling that something should or should not be done, and if the action or non action will cost little, or less than the alternative, then so much the better. Of course the hidden costs, on the morale of the people who may have to implement policy decisions committing them to operations, can not be so easily assessed. Anecdotal evidence, and the evidence of early discharges from the Services at various periods, would indicate that there is such a cost.

What kind of policy is derived from a process such as this? Initially it will be based on the status quo. Policy initiatives emanate from within the Ministry of Defence and that organisation has no incentive to change. Experience has shown that the external world changes slowly enough so that systems and equipment can be adapted to take advantage of modern technology. But the basics of the system remain extant. The aim seems to be to ensure that minimum effects are experienced by the organisation.

This is probably an unconscious survival tactic by the Ministry of Defence. Defence is not a vote winning topic for politicians. There is no influential natural constituency for defence issues. When attention is focused on the activities of the armed forces the question of cost is inevitably raised and from this follows the question of need. Justifications for the activities of the armed forces are then required and the Ministry of Defence becomes involved in another round of zero based analysis of their *raison d'etre*. Such activity is time consuming and almost inevitably leads to attempts by the military to maintain the status quo, to avoid controversy. The closed community is thus reinforced.

Such a minimising tactic is not always practicable. There are various occasions when defence issues will become a matter of public comment or will otherwise engage the attention of the government. The most common of these is when the cost of policies is greater than the government wishes to bear. Normally this occurs with equipment proposals, which inevitably involve large expenditure over a relatively short period of time. In these cases the Ministry has only three logical courses. It may abandon the proposal on the basis that further examination shows that the forces can do without, it can suggest an alternative method of achieving the same end, normally by acquiring cheaper equipment, or it can persevere with the proposal and rely on the government to provide the necessary finance.

None of these courses are completely satisfactory, assuming that the initial statement of requirements and the solution to achieve them was correctly formulated. And there is little evidence, in New Zealand, to show that it normally is not. The first two courses involve compromise against a solution which is likely to have involved compromise during the initial preparation of

the proposal within the Ministry in any case. If the equipment is dispensed with the end to be achieved still remains; there are very few cases, if any, of defence objectives being reduced to take account of limited resources. This means that either the defence objective is not being fulfilled or else other resources must be stretched in order to attempt to fill the need. This may work during routine periods of activity, but by its nature the work of the armed forces can not successfully be posited on the routine.

By suggesting an alternative, and cheaper, method of achieving the same objective, the armed forces are likely to end up with equipment which is cheaper in initial costs, but which either requires extensive modification or involves considerably higher operating costs once acquired. This is a false economy which engenders a sense of illegitimate security by giving the facade of security needs being met. Alternatively, in the search for cheap options, a proposal which is completely new in terms of equipment or operations may be made. Any such proposal is likely to be under analysed in terms of its overall effect on the objectives to be achieved and on the operations of the other Services.

Such lack of analysis is not surprising. The armed forces do not have much experience of introducing completely new systems into service and there is no wider defence analysis community. If a Service can state that their proposal is the only possible way to achieve the specific aim at a specific cost there is unlikely to be significant opposition from the other Services. They will have doubts about the proposal but not the expertise to challenge it. Nor is such expertise found within the Ministry of Defence.

The third course, of persevering with a proposal, brings political dangers. Defence expenditure is an easy target for the advocates of greater

domestic expenditure. The relatively benign strategic environment can be used to argue the lack of need for major capital expenditure and the immediate need for increased expenditure on schools, hospitals or housing can easily be demonstrated. By continuing with a policy proposal which is likely to cost more money than the government wishes to spend, the Ministry of Defence risks raising the issue into one of public controversy in which domestic political factors may play a greater role than the factors of long term strategic need or of foreign policy commitments. This is a high risk strategy but is often the only possible course if the defence objectives are to be maintained.

We have established that the processes tend to lead to a consistency in outcome, and the thrust of the argument has been that the outcome has been less than rational in that it has been driven by financial factors rather than strategic. That is that the rhetoric of declaratory policy has not been matched by expenditure on the forces necessary to give effect to that rhetoric.

Although these claims may be made by all defence establishments, indeed by all organisations which rely on public money for their continued operations, they are demonstrably correct in the New Zealand case. But the situation is not all bad. Consistency may in itself be a virtue. The armed forces have had consistent goals and a consistent (lack of) equipment base with which to achieve those goals. Given consistency in these areas the armed forces have been able to become proficient with what they have and they do have a significant professional base from which they can expand if necessary. These are not inconsiderable advantages for any military force.

The Quigley Review

Many of the problems which we have described in this research will remain despite the recommendations contained in the Quigley Review. Some of the advantages of the current system will be lost and there will also be some gains. It is unlikely that implementation of any part of the Quigley Review will alter policy outcomes, no matter how processes are altered.

The Review had three main thrusts. The first relates to declaratory policy. The Review suggested that an attempt should be made to place defence policy objectives into some form of priority so that resources could then be allocated to meet the priorities. An annual defence strategic assessment should also be conducted so that changes in the environment will be able to be identified and the appropriate response prepared.

Although Quigley's suggestions as to specific priorities do not stand up to serious analysis the suggestions here are sensible and are to be adopted by the Ministry of Defence. This should mean that there will be no necessity to conduct five to six yearly defence reviews, although they may still be necessary at longer intervals. Depending upon whether the annual assessment is published or not, there could be a rise in national awareness of defence issues. But there is no guarantee that resources will be allocated according to changes in the strategic environment identified by the annual assessment. It is as likely that the current situation of allocating resources and attempting to force the situation to meet the available resources will continue.

The second aspect of the Review was its concentration on the higher defence organisation and especially on the relationship between the Secretary and the Chief of Defence Staff. Quigley recommended the splitting of the close

diarchal relationship and forming two organisations; a Ministry of Defence, responsible for policy and resource allocation, and a New Zealand Defence Force responsible for the conduct of day to day operations. The rationale for this split is stated to be the need to separate policy from operations so that policy outcomes are not captured (the current orthodoxy) and the need to give civilians greater influence over the formulation of defence policy.

Little needs to be said of the first reason. Organisations are centralised and de-centralised, policy and operations are combined and separated in a cyclical manner. The literature is replete with examples advocating either course. Most of the literature dealing with defence issues advocates maintaining the link between policy and operations, primarily so that the policy makers do not formulate impractical policies which they then do not have any responsibility for implementing. Also, as we discussed earlier, implementation (operations) plays as large a part in outcomes as formulation (policy) and to separate them leads to the risk of losing overall control over the outcomes. In practice, despite the separation advocated, it seems apparent that there will continue to be close consultation between the Secretary and CDS, although the cooperation will not be as close as previously.

Under the proposed organisation the Secretary should be preponderant in influence. He will control policy formulation and resource allocation. As a means of achieving civilian control this is impeccable. The Secretary is after all a civilian. But it seems to miss the constitutional point that civilian control is about political control not control by a civilian official. The control is control on behalf of the citizens of the country, and this can only be exercised through elected representatives of the citizens. To argue, as Quigley seems to, that civilian control exists as an end in itself would seem to

be an error of some magnitude. And indeed, as a means of gaining an independent civilian viewpoint, it is probably not likely to be successful.

The Secretary will also be responsible for managing capital equipment procurement projects. The mechanisms for such management are not yet clear. What seems clear however is that the Secretary will have to rely heavily on the NZDF to provide technical expertise during both the project definition and project management stages.

The Ministry of Defence, whether civilian dominated or not, is likely to have, or acquire, a similar world view to that held by the military. This will be because they will receive their information from similar sources and they will be in contact with the same officials from allied and friendly states. Given the similar world view then it is likely that opinion about how to respond to the world will differ from that of the uniformed officials only on the margins. When it comes to defining appropriate responses in military terms it seems likely that the military opinion will prevail as a matter of 'professional judgement'.

What will be lost will be the power base held as part of the close working relationship of the diarchy. With this gone extra time and effort will need to be spent in formulating defence policy. This seems to be a retrograde step. If the intention was to gain an independent source of official opinion, to counteract a military centred world view, it might have been better to establish such a centre in the Ministry of External Relations and Trade, which already has a defence section and which carries out some rudimentary strategic analysis, or in the Prime Minister's Department. Either of these options would have provided the necessary independent advice, thus making the Defence advice contestable,

without incurring the costs of splitting the previously well functioning diarchy.[14]

The third thrust of the Quigley Review was related to the more efficient management of defence resources. Many of the proposals were timely and necessary in principle, although some of the detailed examples given in the Review lacked merit. Resource management, although an important part of defence operations, is outside the scope of our research.

The Quigley Review was a timely and useful examination of defence processes. The fact that much of the Review will not be implemented, and much of it should not be, does not alter its utility. A fundamental analysis such as that carried out by Quigley could probably not have been conducted by Defence insiders. Their task is to take the Review and implement the sensible suggestions and ignore the rest.

Some Suggestions for Change

We have completed our analysis of the defence policy processes and we have been able to identify the continuities of policy and why such continuities exist. To extrapolate from such analysis and to give recommendations for change is a simple step. But policy advocacy is not the purpose of this work. We should not, indeed we are not in a position to, make recommendations on matters such as New Zealand's relationship with other states, or the most appropriate type of weapon to meet stated defence objectives. To do so would be to move from the academic to the political arena.

But we are in a position to make some suggestions about the processes used in the formulation of policy. We can suggest that if there were different

procedures then some of the problems discovered here might be mitigated. Demonstrably, the system we have described is not perfect. There seem to be three major areas which are flawed, and two of these are probably open to some degree of change.

The first area lies in the closed nature of the policy process, the limited pool from which actors are drawn and the closed world in which those actors move. The agenda for defence policy is almost entirely driven by officials from within the Ministry of Defence. Earlier we identified as desirable a greater political input into the decision making process. With this political input clear direction as to the aims of defence policy could be given, and resource allocation priorities set and expenditure identified according to the specific output programme for which it is designed. Until such detailed political guidance is given there is little incentive for defence bureaucrats to reform the system.

The closed policy community leads to a cloistered world view and to policies which are the product of a lack of detailed or original analysis. Extending from this is the fact that defence policies are not contestable to any degree. There is no organisation either within the government or outside it which has the necessary expertise to challenge the received defence view and to provide an acceptable alternative. In recent years peace lobby groups have been formed to oppose defence policies on a variety of issues. The peace groups are activists with a specific set of aims. As such, and almost by definition, they can not provide the impartial evaluation of alternatives that true contestability needs.

The Quigley Review diagnosed the need but provided a less than adequate solution. One solution, as we discussed earlier, would be to establish a separate defence analysis group in another department. As a solution this also is less than satisfactory. Officials tend to be policy and event driven, they do not have the leisure to analyse events and alternatives in the impartial way that a non-official commentator may. This is inevitable in that the official must produce a solution which is at least politically workable. Such a solution may not produce true contestability of ideas however.

A better solution would be to encourage an academic institution to form a defence or strategic studies centre. Such a centre would provide the academic and intellectual gloss which much of New Zealand's defence debate lacks. It would not be the source of official advice to the government but it would help form the climate of opinion in which advice is formed. Academics have the time and the training to form measured opinions about issues; this is not necessarily the case with officials or with activists.

No matter how much analysis is carried out though, there are always going to be problems when policies are completely supply driven; when the amount of resources is established by reference to the need to make allowances for other areas of expenditure and then set at an arbitrary minimum. Obviously defence,like all other sectors, can not be completely demand driven in the resource allocation process. There needs to be a balance between the wishlist of the military and desire of the Treasury to cut expenditure to the lowest possible levels.

At the moment there is no system by which Defence can establish either how much it spends on specific tasks related to defence objectives or how much

objectives are going to cost to achieve by using different methods. Until such a system, such as programme budgeting was intended to be, is introduced there can be no incentive for any government to accede to defence claims for extra resources. Instead the government is in the position of being able to say 'make do' and there can be no rational explanation of why 'make do' can not work.

These two changes to defence policy formulation processes appear simple; indeed they are simple. But if they were introduced, or reintroduced, they would form the basis of a system in which policies were formed after they had been examined and costed by a variety of interested and expert agencies. Such a system must be better than the current one.

The third change (which is less likely to be introduced) is for political decisions which counter official advice to be made only on completely transparent grounds. This would mean that the cost of not accepting advice, and the costs of alternatives, would be identified at the time the decision is made, rather than some years later or not at all as at present.

We have analysed the defence policy formulation processes in terms of actors, determinants, processes and outputs and we have been bold enough to suggest some changes which could lead to improvements in process and outcome. The degree to which changes are made is in itself a function of political will. This political will is unlikely to be forthcoming without a crisis of some kind which propels defence policy issues to a position where politicians believe that change is safer than the maintenance of the status quo.

If this occurs politicians will have to take a direct and informed interest in the issues and they will have to demonstrate that resources

allocated for defence purposes are both necessary and sufficient, and that those resources are being used properly to achieve the ends specified by the government. This will be uncomfortable for defence bureaucrats, and may be administratively difficult. Without change of this kind the problems identified in this research are unlikely to be resolved.

NOTES

Notes To Chapter 1

1. K.W.Deutsch, The Analysis of International Relations, NJ, 2ed 1968, p88.

2. J.E.Anderson, Public Policy Making, New York, 1975, p3.

3. P.Jay, 'Public Expenditure and Administration', The Political Quarterly, 41, p196. Quoted in D.Greenwood, Budgeting for Defence, London, 1972, p8.

4. C.Ham and M.Hill, The Policy Process in the Modern Capitalist State, New York, 1984, p12.

5. R.Hilsman, The Politics of Policy Making in Defense and Foreign Affairs, New York, 1971, p61.

6. For a variety of other approaches which are variations on a theme see for example:
   D.Easton, The Political System, New York, 1953.

   R.Bauer and K.J.Gergen eds, The Study of Policy Formulation, New York 1968.

   D.Vital, The Making of British Foreign Policy, London, 1968.

7. G.M.Dillon, 'Policy and Dramaturgy: A Critique of Current Concepts of Policy Making', Policy and Politics, Vol 5 No 1, 1976, p48.

8. This is a preliminary definition which is not necessarily applicable to all armed forces in all states. For instance the armed forces in many states have a role in maintaining the state apparatus in power. This is not a role for the armed forces in New Zealand. The definition does seem to be applicable to the use of the armed forces by New Zealand and other similar states.

9. This is not to say that the defence forces will have policies different from those of the state. Rather the defence forces will have a variety of internal policies, agreed by the government, to regulate the day to day operations of the forces.

10. J.C.T. Downey, Management in the Armed Forces, Maidenhead, 1977, p33.

11. We do not undertake any detailed analysis of the concepts of 'national security' vis-a-vis 'military security' in this research. Broadly, we follow the general position that military security is just one component of national security, with other important components including, economic, political and cultural matters.

12. G.Harries-Jenkins ed, Armed Forces and the Welfare Societies, London, 1982, pp3,4.

    See also D.Greenwood, Budgeting for Defence, London, 1972.

13. E.A.Kolodzjiez, 'Military Policy: The Use, Threat and Control of Force', in S.Nagle ed, Encyclopedia of Military Studies, NY, 1983, p299.

14. ibid, p301. Other desired outcomes included deterrence, directed behaviour, dominance, destruction, display and exchange.

15. I.Clark, Waging War: A Philosophical Introduction, Oxford, 1987, p15.

16. S.P.Huntington, The Soldier and the State, Massachusetts, 1959.

17. See J.M.Rosenau 'Foreign Policy as an Issue Area', in J.M.Rosenau, The Scientific Study of Foreign Policy, California, 1973 p439. 'The more an issue encompasses a society's resources and relationships, the more will it be drawn into the society's domestic political system and the less will it proceed through the society's foreign political system'.

This model must be modified slightly when states are involved in military alliances which may evolve policies which the state acting individually would not. In these cases, where the state is a democracy operating within a pluralist political system, the state has the choice to either accept or ignore the policies of the alliance. If the policies are ignored, whether because of domestic political or other reasons, the state must then accept the consequences in terms of altered relationships with other alliance members. This is a regular occurrence within NATO and is similar to New Zealand's recent experience with the US within ANZUS.

Within a command political system with a single dominant state, such perhaps as the WTO, national policy makers are less constrained by and less able to take into account domestic political needs and interests. To that extent the model of a defence policy responding to foreign policy needs yet being responsive to domestic pressures falls down.

18. R.E.Agger, The Rulers and the Ruled, New York, 1964, p 40.

19. For example:
M.Birch and B.Wood, Public Policy in Britain, Oxford, 1983, discuss models of policy making which include 'rational', 'incremental', 'conventional democracy', 'party government', 'bureaucratic', 'technocratic', 'pluralist', 'administrative dispersion', 'ruling elite'.

Y.Dror, Public Policy Making Re-examined, California, 1968, describes six normative models: 'pure rationality', 'economic rationality', 'sequential decisions', 'incremental change', 'satisficing', 'extra rational'.

A.Grandiori, 'A Prescriptive Contingency View of Organisational Decision Making', Administrative Science Quarterly, Vol 28 No 2, June 1984 presents five basic decisional models which differ according to the type of uncertainty and conflict of interest.

20. G.T.Allison, 'Conceptual Models and the Cuban Missile Crisis', American Political Science Review, Vol LXIII No 3, September 1969.

G.T.Allison, Essence of Decision: Explaining the Cuban Missile Crisis, Boston, 1971.

21. See for example D.J.Ball, op cit.

22. For example:
    J.D.Steinbruner, <u>The Cybernetic Theory of Decisions</u>, Princeton New Jersey, 1974.

    P.A.Anderson, 'Decision Making by Objection and the Cuban Missile Crisis', <u>Administrative Science Quarterly</u>, Vol 28 No 2, June 1983.

23. J.D.Steinbruner, <u>op cit</u>. Steinbruner carries on to argue that rationality and its assumptions are under question and that complex problems may benefit from cybernetic and and cognitive as well as rational assumptions.

24. P.A.Anderson, <u>op cit</u>.

25. J.D.Steinbruner, <u>op cit</u>, p 28.

26. M.Halperin, <u>op cit</u>, p ix, p 104.

27. P.A.Anderson, <u>op cit</u>.

28. C.E.Lindblom, 'The Science of Muddling Through', <u>Public Administration Review</u>, Vol 19, Spring 1959.

29. C.E.Lindblom, 'Still Muddling Not Yet Through', <u>Public Administration Review</u>, Vol 39 November/December 1979, pp517-526. Note that this paper is an extension of his earlier work cited above.

    In his later work <u>The Policy Making Process</u>, New Jersey, 2ed 1980, p 68, Lindblom explicitly endorses the bureaucratic model: 'Policy making rests overwhelmingly in the hands of the bureaucracy...policy emerges specifically in the mutual interaction of bureaucratic politics.

30. E.Beard, <u>Developing the ICBM: A Study in Bureaucratic Politics</u>, New York, 1976.

31. D.L.Haffner, 'Bureaucratic Politics and...JFK', <u>Orbis</u>, Vol 21 No 2, Summer 1977, pp 307-333.

32. See for example:
    the various essays under the general heading 'The Executive' in H.Gold ed, <u>New Zealand Politics in Perspective</u>, Auckland, 1985.

    A.Q.Amiryar, <u>The Machinery of Foreign Policy Making in New Zealand</u>, MA thesis, Victoria University of Wellington, 1971.

    J.A.Allen, <u>Economic Policy Making in New Zealand: A Case Study of the Interest Rate Policy Changes in March 1976</u>, MA thesis, Canterbury University, 1980.

    R.M.Alley 'Introduction', in R.M.Alley ed, <u>State Servants and the Public in the 1980s</u>, Wellington, 1980.

    J.T.Henderson et al eds, <u>Beyond New Zealand: The Foreign Policy of a Small State</u>, Auckland, 1980.

33. For example C.R.Marshall, 'The New Zealand Parliament and Foreign Policy', The Parliamentarian, Vol LVII, April 1976.

    G.R.Laking, 'The Public and Foreign Policy', in R.M.Alley ed New Zealand Foreign Policy: Occasional Papers 1973-74, Wellington, 1974.

34. For a general analysis of the New Zealand position see: A.J.Kellow, 'Politicians versus Bureaucrats: Who Makes Public Policy?', in H.Gold ed, op cit.

35. J.Garnett, 'Defense Policy-Making', in J.Baylis et al, Contemporary Strategy II: The Nuclear Powers, London, 2ed, 1987, pp 21 and 25.

36. H.Smith, 'The Determinants of Defence Policy', in F.A.Mediansky ed The Military and Australia's Defence, Melbourne 1979.

37. There are many books and journal papers written on various approaches to the study of policy. A selection would have to include: G.T.Allison, op cit, Boston, 1971.

    P.A.Anderson, op cit.

    D.J.Ball, 'The Blind Men and the Elephant: A Critique of Bureaucratic Politics Theory', Australian Outlook, Vol 28 No 1, April 1974.

    M.Halperin, Bureaucratic Politics and Foreign Policy, Washington, 1974.

    H.Heclo, 'Review Article: Policy Analysis', British Journal of Political Science, Vol 2, 1972.

    C.E.Lindblom, op cit.

    H.A.Simon et al, Public Administration, New York, 1956.

    H. and M.Sprout, The Ecological Perspective on Human Affairs, New Jersey, 1965.

    R.C.Snyder et al, Decision Making as an Approach to the Study of International Politics, Princeton, 1954.

38. We are still examining public policy in the broadest sense at this stage, although most of the argument for and against the various approaches comes from the field of international relations studies.

39. See for example D.J.Dunn, 'On Perspectives and Approaches: British, American and Others', Review of International Studies, Vol 13 No1, January 1987 and S.Smith ed, International Relations, Oxford, 1985.

40. C.W.Kegley et al eds, International Events and the Comparative Analysis of Foreign Policy, South Carolina, 1975.

    M.A.Kaplan, 'The New Great Debate: Traditionalism v Science in International Relations', World Politics, XIX No 1, October 1966.

    J.M.Rosenau, The Scientific Study of Foreign Policy, op cit.

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P.McGowan and H.Shapiro, The Comparative Study of Foreign Policy, California, 1973.

For an example of the type of research produced by this school see: W.B.Moull, 'Measuring the "Balances of Power": A Look at Some Numbers', Review of International Studies, Vol 15 No 2, April 1989.

41. H.Bull, 'International Theory: The Case for the Classical Approach', World Politics, XVIII No 3, April 1966.

J.C.Garnett, Commonsense and the Theory Of International Politics, London, 1984.

K.Waltz, Theory of International Politics, Massachusets, 1979.

42. J.C.Garnett, op cit, p6.

43. H.Bull, op cit.

44. M.Haas and T.Becker, 'The Behavioural Revolution and After', in M.Haas and H.Kariel eds, Approaches to the Study of Political Science, San Francisco, 1970, p480. In this essay the authors were arguing for a multi-methodoligism with the aim of 'liberating current political science from its fixations regarding measurement and stagnations in the development of theory'. (p503).

45. D.J.Dunn, op cit, p 79.

46. J.M.Roherty, 'Defense Communities: A Concept for Comparative Analysis', in J.M.Roherty ed, Defense Policy Formulation, South Carolina, 1980.

47. L.P.Gresham, Small Nation Foreign Policy: Linkages and the New Zealand Case, University of Oklahoma Ph D Dissertation, 1973, pp 151 and 173. Interestingly, Gresham also discovered that for Defence the United States rather than the UK or Australia was the strongest influencing linkage, (p161). Perhaps this reflects the then recent strong association through the operations in Vietnam and the increasing role of ANZUS in the rhetoric of the day.

48. P.J.McGowan, 'Meaningful Comparisons in the Study of Foreign Policy', in C.W.Kegley et al eds, International Events and the Comparative Analysis of Foreign Policy, Columbia, 1975, p56.

49. C.W.Kegley, 'Introduction', in ibid, pxv.

50. C.F.Hermann and M.A.East, 'Introduction', in M.A.East et al eds, Why Nations Act: Theoretical Perspectives for Comparative Foreign Policy Studies, Beverly Hills, 1978.

51. See for example J.M.Roherty, op cit.

52. For example M.Hobkirk, 'Defence Organisation and Defence Policy Making in the UK and the USA', in L.Martin ed, The Management of Defence, London, 1975.

53. With the obvious dis-similarities relating to patterns of colonisation and uni-cameral centralised parliamentary system versus bi-cameral federal system accepted.

54. The treatment of the issue in the two countries' Defence White Papers published in 1987 is indicative. Australia devoted several pages discussing possible political changes in the South East Asian region and the effects that these changes could have on regional stability and security. The New Zealand White paper did not discuss these issues
Australia, Department of Defence The Defence of Australia 1987, Canberra, 1987.
New Zealand, Defence of New Zealand, Wellington, 1987.

55. Indeed since 1976 an exchange programme between the two Armies, and latterly Navies and Airforces, has given a small group exchange experience with the British services. In effect, individuals exchange jobs for a period of up to four months. The similarity of the systems is evidenced by the fact that only minimum training relating to local conditions is required before the exchangee is capable of performing the new job.

56. There is a large body of literature on British defence policy making. See for example:
J.Baylis, 'Defence Decision Making in Britain and the Determinants of Defence Policy', in The RUSI Journal, Vol120 No1, March 1975.

J.Baylis ed, British Defence Policy in a Changing World, London, 1977.

I.W.Becket and J.Gooch eds, Politicians and Defence, Manchester, 1981.

M.Howard, The Central Organisation of Defence, London, 1970.

C.Rose, 'Ministry of Defence Reorganisation: the implementation of change', The RUSI Journal, March, 1985.

57. Although there is a huge amount of literature relating to US defence issues little of it is of direct relevance to our research. Some useful books include:
J.M.Collins, US Defense Planning: a Critique, Colorado, 1983.

R.J.Art et al eds, Reorganising America's Defense, Washington, 1985.

E.N.Luttwark, The Pentagon and the Art of War, NY, 1985.

J.F.Reichart and S.S.Sturm eds, American Defense Policy, Baltimore, 5th ed 1982.

As well as these and similar books and articles directly dealing with the policy process, there are many others dealing with topics such as organisational behaviour, policy analysis, decision making and other topics which use US examples and which are used in this research.

58. Representative works include:
R.Barston ed, The Other Powers: Studies in the Foreign Policy of Small States, London, 1973.

M.Handel, Weak States in the International System, London, 1981.

R.O.Keohane, 'The Big Influence of Small Allies', Foreign Policy, No2, Spring, 1971.

D.Vital, The Inequality of States, Oxford, 1967.

For some comparative studies specifically on the Nordic states see E.Bjøl, Nordic Security, Adelphi Papers Number One Hundred and Eighty-One, London, 1983.

59. Thakur makes the point that New Zealand is only a small power when compared to larger powers and that in the context of the South West Pacific New Zealand is, in conjunction with Australia, a regional power. See R.Thakur, The Elusive Essence of Size: Australia, New Zealand and Small States in International Relations, paper for New Zealand Political Studies Association Conference 1989, unpublished, copy held by the writer.

60. J.M.Rosenau 'Foreign Policy as an Issue Area', in J.M.Rosenau, op cit, p404.

61. R.J.Art, 'Bureaucratic Politics and American Foreign Policy: A Critique', Policy Sciences, Vol 4, 1973, p 480.

62. ibid.

63. This terminology can become confusing. Inputs from outside the decision process (physical factors such as resources available or the positions of different agencies) should possibly be distinguished from inputs arising as a result of earlier steps in the process being included in later consideration. 'Within-puts' perhaps.

64. D.Ball, Politics and Force Levels: The Strategic Missile Programme of the Kennedy Administration, California, 1980.

65. E.A.Kolodziej, op cit.

66. C.E.Lindblom, The Policy Making Process, op cit, p5.

67. ibid, p7.

68. S.Smith and M.Clarke, 'Foreign Policy Implementation and Foreign Policy Behaviour', in S.Smith and M.Clarke eds, Foreign Policy Behaviour, London, 1985, p3.

69. G.Hawker et al, Politics and Policy in Australia, Queensland, 1975.

70. J.S.Nye, 'The Contribution of Strategic Studies: Future Challenges', in F.Heisbourg ed, The Changing Strategic Landscape, London 1989, p339.

71. In some cases individuals have requested that they not be quoted directly, or by name. In those cases the point is made in the footnote.

72. R.E.Neustadt and E.R.May, Thinking in Time, New York, 1986, pxvi.

Notes To Chapter 2

1. D.J.Filer, op cit.

2. See for example the various essays and papers in K.Keith ed, Defence Perspectives, Wellington 1972, and in D.Ball ed, The ANZUS Connection, Sydney, 1985.

3. D.J.McCraw, Objectives and Priorities in New Zealand's Foreign Policy in Asia 1949-75, Ph D Otago, 1978, pii.

4. D.R.K.Aitchison, New Zealand and the Suez Affair: A Theoretical Approach to the Study of New Zealand's Foreign Policy Responses to the 1956 Suez Crisis, MA thesis, Canterbury, 1982, p70.

5. The reality being the requirement of the major power for at least an expression of support. In practice that is all that was forthcoming from New Zealand, perhaps wisely in light of subsequent revelations about the behaviour of the United Kingdom.

    See also:
    P.M.E.Donnelly, Continuity and Change in New Zealand's Foreign Policy: An Analysis of National Role Perceptions, MA thesis, Canterbury, 1977.

    C.J.Denne, New Zealand In and Out of Vietnam: The Influence of the United States on the Foreign Policy Decision Making of a Small Ally, MA thesis, Canterbury, 1983.

6. R.Harrison, 'New Zealand's Foreign Policy', in R.P.Barston ed, op cit.

7. E.Olssen and B.Webb eds, New Zealand Foreign Policy and Defence, Otago, 1977.

8. For instance New Zealand was formally allied in a bi-lateral arrangement with Australia in 1944 and has been allied with, amongst others, Malaysia and Singapore in the Five Power Defence Arrangements since 1971. FPDA represents a limited commitment in that it was:

    'designed to give form to the concern of all the partners for the stability of the area...
    The essence of the new arrangements is that in the event of any form of threat or armed attack externally organised...the five governments "will immediately consult together for the purpose of deciding what measures should be taken jointly or separately..." (1972 Report p 9).

9. 1957 Defence Review. p3.

10. Ibid. The Defence Review carries on to give a summarised history of the defence relationships extant and   their rationale at the time of entering them.

11. There is a considerable body of literature on the behaviour of small states in alliances. For example:
D.E.Nuechterlein, 'Small States in Alliances', <u>Orbis</u>, Vol 13, 1969. In an examination of Iceland, Thailand and Australia he concludes that small states would only stay in an alliance if seen to be in the national interest.

R.L.Rothstein, <u>Alliances and Small Powers</u>, New York, 1968. Rothstein discusses the advantages and disadvantages for small states in an alliance with a major power and concludes that if there is a threat (or a perception of one) then alliances are rational.

Y. Bar-Simon-Tov, 'Alliance Strategy: US-Small Allies Relationships', <u>The Journal of Strategic Studies</u>, Vol 3 No 2, September 1980. He argues that ultimately influence (of the small state) rests on the importance of the small ally to the US.

M.Handel, <u>op cit</u>. Discusses the trade off of independence against security that a small state must accept. Handel concludes that small states attempt to commit great power assistance whereas the great power prefers an ambiguous treaty.

R.O.Keohane, <u>op cit</u>. Small states often join alliances as a means to influence the larger.

12. For a contemporary, non-governmental opinion of the UN, see V.Orange, <u>Sir Keith Park</u>, London, 1984, p253. 'He was more than ever convinced of New Zealand's need to look to its security through high quality equipment compatible with that of its allies because the United Nations had already shown itself to be "one of our more brilliant failures"'.

13. Promises of assistance, by either side, did not carry any guarantee as to the form that such assistance might take.

14. These are complex issues which are not further examined in this research. For fuller documentation see R.Kay ed, <u>The Anzus Pact and the Treaty of Peace with Japan</u>, Documents on New Zealand External Relations, Volume III, Wellington, 1985, pp477-794. W.D.McIntyre and W.J.Gardner eds, <u>Speeches and Documents on New Zealand History</u>, Oxford, 1971. Ministry of Foreign Affairs, <u>New Zealand Foreign Policy: Statements and Documents 1943-1957</u>, Wellington, 1972.

15. Troops have served under UN auspices in truce supervision roles in a number of theatres and troops have also served in the ad hoc groupings of the Truce Monitoring Team in Zimbabwe/Rhodesia and with MFO in the Middle East.

The Five Power Defence Arrangements replaced the Anglo-Malaysian Defence Agreement on 1 November 1971. New Zealand, Australia, and the United kingdom separately concluded agreements with Malaysia and Singapore designed to give form to the concern of all partners for the stability of the area, facilitate mutual co-operation in defence matters between Singapore and Malaysia...The essence of the...arrangement is that in the event of any form of threat of armed attack externally organised or supported against Malaysia or Singapore the five governments will immediately consult together for the purpose of deciding what measures should be taken. (1972 <u>Report</u>).

16. From 1986 the US, when referring to ANZUS and New Zealand/US defence relations, has declared ANZUS, as a tri-lateral Treaty, inoperative and has declared New Zealand to be a friend rather than an ally.

17. For an official statement of the change in position over the years see: 1957 Defence Review, p7, 'The basic tasks of the Navy remain unchanged: to cooperate with Allied forces in the protection of sea communications, the denial of the sea to the enemy...In the event of war in the Pacific area the Allied anti-submarine forces would be extended to the utmost...'; and 1987 Defence Review, p34, '...it is also clear that the frigates which currently form the most important element of the Navy are unsuited in many respects to New Zealand's requirements.

    The current (1988-89) debate over the purchase of new warships also has 'the ant-frigates campaign' arguing that the proposed type of purchase provides capabilities which allow New Zealand to operate in roles which benefit ANZUS rather than New Zealand's own interests.

    It should be noted here that an alliance relationship might in itself be an accurate determination of a national self interest.

18. The initial response to the formal request by the government of South Vietnam for New Zealand troops to be sent to that country was couched by the Prime Minister in terms of the need to maintain 'collective security'. Subsequent published justifications for New Zealand's involvement in the conflict revolved around the requirement to meet SEATO commitments. See R.G.Glover, New Zealand in Vietnam, Palmerston North, 1986. It is just as likely that considerations of the ANZUS commitment were uppermost in the Government's considerations. (Robertson interview).

19. ABCA is the collaborative agreement between the armies of the United States, United Kingdom, Canada and Australia. ABCA was formally established in 1964 and New Zealand became associated through Australia in 1965. Similar agreements exist between the navies and airforces of the countries and on technical issues. The current groupings additional to ABCA are:
    Air Standardization Coordinating Committee
    ABCA Naval Quadripartite Standardization Programme
    The Technical Cooperation Programme
    Combined Communications Electronics Board
    Each of the organisations establishes working groups which meet regularly to ensure that compatability and similar standards are maintained between the participating countries.

20. Australian Army, ABCA Standardization Programme, Canberra, undated. The list of aims is that for the ABCA armies programme but is broadly similar in principle for all the organisations and programmes.

21. Indeed the relationship has probably strengthened over the period. See D.Ball ed, The Anzac Connection, Sydney, 1985, and J.Rolfe, 'Trans-Tasman Defence Co-operation', New Zealand International Review, Vol XII No 5, September/ October 1987.

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22. D.McLean, 'New Zealand's Strategic Position and Defence Policies', in D.Ball ed, op cit, p2. Each country of course has a different emphasis to its policies. Australia is concerned with the North and West while its East, the South West Pacific, is the focus of New Zealand's interest.

23. 'The Australian-New Zealand Agreement' in R.Kay ed, The Australian New Zealand Agreement 1944, Documents on New Zealand External Relations Volume 1, Wellington, 1972, p140.

24. 1987 Defence Review, p14.

25. We should recognise that close military cooperation is the result of, not the precursor to, closer political cooperation. The two countries have similar but not identical interests. There are important differences in world view, assessment of priorities and the resources available to deploy for defence related affairs. These differences mean that although there is a general uniformity of approach on defence and security issues there will be differences in detail between the two countries; since 1984 not least over the question of military relationships with the USA. See H.Bull 'ANZAC Defence Cooperation', in K.Keith ed, op cit, pp 104-105.

New Zealand and Australia currently have procedures for coordinating their defence policies. In the past New Zealand officers have been appointed to senior Australian operational planning positions and vice versa and there is scope for such arrangements to be formalised, perhaps with the exchange of operational liaison officers. A New Zealand planning team travelled to Australia in 1988 to prepare joint operational plans during political unrest in Vanuatu.

26. The division was largely a 'paper' one in that it would have to be formed from conscripts who had undergone compulsory military training and who had only a subsequent part time commitment to military service.

27. 1972 Defence Review p5. The immediate reasons for this shift include the ending of New Zealand's involvement in Vietnam, the Guam Doctrine of national self reliance enunciated by President Nixon and the moves to decolonisation in the region.

28. 1978 Defence Review.

29. 1987 Defence Review. By December 1989 all but a small (permanent) residual force to maintain a base for exercise deployments had left Singapore.

30. Hensley and Robertson interviews.

31. The 1978 Defence Review and the 1979 Report mention almost in passing the need to operate if need be 'on their own'. A fuller statement is found in the 1983 Defence Review, p20: 'our armed forces need to be...capable of low level independent operations.'
But this 'need' was heavily qualified: 'For New Zealand to attempt to stand alone and self sufficient would be absurd' ibid p19.

32. Naval problems of operating over the distances of the South Pacific were brought home in 1973 when the government wanted to send a frigate to Mururoa Atoll to protest French nuclear testing and found that that could only be achieved with Australian support from their fleet tanker. Also in 1987 when the government wanted to station warships off the coast of Fiji after the coup the frigate's operations were severely limited because of the lack of a tanker for replenishment.

33. The changes in concepts of operations includes not only the increased emphasis on the South Pacific region and on self reliance but also the disengagement from standing commitments to provide set numbers or types of formation in case of hostilities. The emphasis since the end of the Commonwealth Strategic Reserve has been on the establishment of multi-purpose general forces capable of responding to a range of situations.

34. 1957 Defence Review, p4.

35. For an analysis of this position see J.Rolfe, 'The New Zealand Army: An Alternative Structure for Deployment', The New Zealand Army Journal, No 2, July 1986.

36. Although the need for New Zealand to consider any form of general mobilisation of manpower and resources must be considered to be increasingly unlikely. In Europe there is still a perception of some form of threat (although this percpetion is diminishing daily) and a belief that the necessary manpower can only be found through conscription.

37. These conclusions were reached by a Ministry of Defence Manpower Study conducted in 1984-85. similar conclusions have been reached by other Western states. The problems are compounded by the increasing sophistication of equipment, which leads to increased training requirements, and the fact that many military skills are also needed on the civilian market, thus forcing the military into direct competition with civilian employers.

38. It is not intended to extend this argument in this paper as we are engaged in essentially a survey of the past rather than a prediction of and solution for the future.

39. K.Sinclair, A History of New Zealand, Middlesex, rev ed 1980, pp142-144, and L.Barber, Red Coat to Jungle Green, Wellington, 1984, p36.

40. J.V.T.Baker, 'The Economics of New Zealand's Defence' in T.B.Millar ed, Australia-New Zealand Defence Cooperation, Canberra, 1968.

   Between 1982/83 and 1987/88 overseas expenditure as a percentage of total defence expenditure has varied between 23.23% and 32.3% (Ministry of Defence, Notes on Estimates, 1988-89, p120).

41. The figure derived is still crude as the variation to the rate of inflation is determined by comparison of the rates of change in the consumer price index. Defence expenditure has many components and the CPI is not necessarily the most accurate but for this type of comparison it is effective enough. More detail on the methods of adjusting defence expenditure for inflation are discussed below in the chapter on budget setting.

42. In 1989 the then Minister of Defence in a statement to the Government caucus (3 August 1989) compared Defence expenditure with that on Social Services. The Minister's aim was to demonstrate that the level of defence expenditure proposed for the purchase of new warships was not excessive, and that it could be afforded from the current Defence budget:

Nett Expenditure $M	Financial Year 1987/88	Financial Year 1988/89	Financial Year 1989/90 est
Social Welfare	6836.0	8204.6	9256.9
Education	2992.9	3481.3	3876.9
Health	3401.1	3622.7	3791.1
Housing	278.4	286.4	355.1
Total, Social Services	13508.4	15595.0	17280.0
Defence	1279.6	1390.2	1416.2
Ratio of Social Service expenditure to Defence	Under 11:1	Over 11:1	Over 12:1

43. It can however be noted that during the period of New Zealand's involvement in South Vietnam that the indices for defence expenditure were generally higher than for the period since 1970. It is possible that involvement in warlike operations will lead to higher levels of defence expenditure but the data are not available in this study.

44. 1971 Report, p4.

45. Ibid, 1981, p3. It is not at all clear though that the situation was in practice any less stable than in other years. Perhaps we are dealing with a situation in which the government was attempting to justify defence expenditure by using strong language about the strategic situation to forestall demands that the money be diverted elsewhere.

46. Detail on how the Defence Review is prepared is in Chapter 5.

47. 1972 Report, p5.

48. 1983 Report, p5.

49. 1976 Report, p6.

50. This point will be discussed in greater detail in Chapter 6.

51. 1961 Defence Review, pp9 and 16. In 1989 the debate is still about the extent to which expenditure on defence equipment will stimulate the local economy.

52. 1983 Defence Review, p14.

53. D.J.Filer, op cit, p167.

54. Systematic discussion of expenditure, especially capital equipment items, began on a defence wide basis with the formation of the central staff level committees.

55. L.Cleveland, <u>Life Without ANZUS: The Defence Question,</u> unpublished paper, 1986. However as discussed in Chapter Six flexible funding since 1982/83 has meant that defence is able to rely on a certain base level of expenditure for planning purposes.

Notes To Chapter 3

1. Strategos Consulting Limited, <u>New Zealand Defence: Resource Management Review 1988</u>, Wellington, 1988. Hereafter 'Review'.

   P.Dibb, <u>Review of Australia's Defence Capabilities</u>, Canberra, 1986.

2. 1988 <u>Report</u>, p3.

3. <u>Review</u>, p27.

4. <u>ibid</u>, p10.

5. <u>ibid</u>.

7. <u>Defence Review 1987</u>.

8. <u>Review</u>, p47.

9. <u>ibid</u>.

10. <u>ibid</u>, p50.

11. <u>ibid</u>, p63.

12. <u>ibid</u>, pp60-70.

13. <u>ibid</u>, Chapter 7 Section 7.6, 7.7.

14. <u>ibid</u>, Section 7.2.

15. <u>ibid</u>, Section 7.3.

16. <u>ibid</u>, p 30.

17. <u>ibid</u>, p 76.

18. <u>ibid</u>, p 80.

19. R.Art, <u>The Influence of Foreign Policy on Seapower: New Weapons and Weltpolitik in Wilhelmian Germany</u>, California, 1973, p40 quoted in C.Gray, <u>Strategic Studies: A Critical Assessment</u>, Connecticut, 1982, p73.

1. Interviews.

2. J.Sweetman, 'A Process of Evolution: Command and Control in Peacetime', J.Sweetman ed, Sword and Mace: Twentieth Century Civil-Military Relations, London, 1986, p3.

3. For a discussion (based on experience) of organisational change see V.Stewart and V.Chadwick, Changing Trains, Devon, 1987. There is a good analysis of the management problems associated with each stage of change.

4. Defence Act 1971, s17 (1). The Defence Act 1971 was superseded in 1990 by the Defence Act 1990, which redefined especially the relationship between CDS and the Secretary and the duties and responsibilities of each. Because the Defence Act 1971 was in force for the full period of this study it will be cited for reference purposes. Except where specifically noted the differences between the 1971 and 1990 Acts are minimal.

5. ibid, s4 (1).

6. ibid, s5 (1).

7. The concept of closed policy is taken from D.Ball, 'Australian Defence Decision Making: Actors and Processes', in D.Ball ed, Strategy and Defence, Sydney, 1982, p291.

   M.Blunden, 'British Defence Decision Making: the Boundaries of Influence', in M.Blunden and O.Greene eds, Science and Mythology in the Making of Defence Policy, London, 1989, describes the British defence policy environment in similar terms and draws similar conclusions to those drawn here.

8. This is perhaps less so in the period of the Fourth Labour Government from 1984 when a number of defence issues have been major issues for the Government and there has been considerable public debate over them. Despite those well publicised issues there have been many other policy decisions made, some involving major expenditure, without any debate or prior notification at all.

9. The role of the Prime Minister in specific cases will be discussed in separate chapters.

   For general discussion on the Prime Minister's powers and authority see:

   G.Palmer, Unbridled Power, Oxford University Press, Auckland, 2ed 1987, especially Chapter 4.
   Roderic Alley, 'The Powers of the Prime Minister', in H.Gold ed, New Zealand Politics in Perspective, Auckland, 1985.

10. As occurred in 1985 When the then CGS, Maj Gen J.A.Mace, persuaded the PM to overrule the Minister on a matter relating to the posting of a senior officer to an overseas course. Defence Act 1971 s27 (4) and the notes thereto explain the rationale for this. 'The organisation under the Defence Act is so structured as theoretically to enable the professional advice of a

particular Chief of Staff to be outweighed by superior numbers...none of whom may have his professional qualifications ...provides a lawful "safety valve"'.

It must be assumed that the Prime Minister would, in the normal course of events, be reluctant to overrule the Minister.

11. Hensley interview. In late 1989 the Government announced that the Prime Minister's Advisory Group was to be subsumed into a Department of Prime Minister and Cabinet which would provide a wider range of advice to the Prime Minister and would be capable of carrying out longer term analysis of the effects of policy.

12. J.G.Boston, High Level Advisory Groups in Central Government, MA thesis, University of Canterbury, 1980, p351.

13. Defence Act 1971, s17, note 2. '"Control". This of course means political control of the Ministry and does not mean "command of the Armed Forces". Defence Act 1990, s7 defines the control of the Minister as being over the New Zealand Defence Force rather than the Ministry.

14. The ability of the Minister to involve himself to the extent that he might like is heavily dependent upon the interest and knowledge he brings to the subject and the degree to which he is briefed by his Ministry. The Minister of Defence from 1984-87 complained that the Ministry did not keep him informed of the progress of policy deliberations so that he was reduced to being able only to say 'yes' of 'no' to policy rather than being in a position to influence the shape of it from an early stage. (O'Flynn interview).

At other times the ability of the Minister to influence policy is limited by his other political employment and by the fact that, in the mid 1970s, the position of Minister of Defence was frequently rotated between incumbents so that the Minister was often only just becoming conversant with the issues when he was changed. (Robertson interview).

15. The position is similar to that in Australia where 'for all practical purposes the Minister is the focal point for all defence policy', A.Behm, 'Australian Defence Policy: The Game and the Players', Journal of the Australian Naval Institute, Vol 12 No 4, November 1986, p21.

16. DESC Terms of Reference. There was a need seen to widen the scope of 'security' so that the connotations of military effort were not the only ones considered when the security of the nation was being considered. In 1987 membership of Cabinet DESC included the Prime Minister and the Ministers of Defence, Foreign Affairs, Internal Affairs, Police and an associate Finance Minister. In 1989 the Minister of Foreign Affairs chaired the Committee.

17. Under a variety of titles. In 1987 the Committee was known as the Cabinet Committee on External Relations and Security. These earlier committees were serviced by advice from the respective departments but the advice was not necessarily coordinated in any more than an ad hoc manner, although the Defence Council, which has MERT, and until 1987 Treasury participation, would consider many of the issues.

18. B.V.J.Galvin, 'Some Reflections on the Operation of the Executive', in H.Gold ed, <u>New Zealand Politics in Perspective</u>, Auckland, 1985, p72. There is no consistency apparent over issues which will be forwarded to Cabinet. It appears to be up to the personality of the Minister, although new policy and current policy requiring new expenditure will always go to Cabinet.

   See also B.E.Talboys, 'The Cabinet Committee System', <u>New Zealand Journal of Public Administration</u>, 1970, quoted in Palmer <u>op cit</u>, p38.

19. G.Palmer <u>op cit</u>, p39, and Muldoon interview.

20. Clark interview.

21. 'Policy input is not a proper role of the select committee' (McGee, <u>op cit</u>, p183), but Clark argued for a greater role and O'Flynn expressed the desirability of the Minister being represented. Muldoon dismissed select committees as irrelevant.

   For an analysis of the work of the Foreign Affairs and Defence Select Committee see R.Thakur and A.Wood, 'The New Zealand Parliament and Foreign Policy', in M.Sondhi ed, <u>Foreign Policy and Legislatures: An Analysis of Seven Parliaments</u>, New Delhi, 1988.

   See also Sir A.Hockaday, 'Parliamentary Control of Defence: The Role of Select Committees', <u>The RUSI Journal</u>, Vol 135 Issue 1, Spring 1990. Hockaday argues that although parliament has only limited scrutiny of defence issues, it would have even less without the House of Commons Deefence Committee.

22. R.Thakur and A.Wood, <u>op cit</u>, p 157.

23. C.R.Marshall, 'The New Zealand Parliament and Foreign Policy', <u>The Parliamentarian</u>, Vol LVII, April 1976, p75.

   For a similar analysis of the role of the British Parliament see W.P.Snyder, <u>The Politics of British Defence Policy 1945-62</u>, Ohio, 1964.

24. The Labour Government since 1984 has adopted a process whereby major issues are debated by Caucus before they are adopted by the Government. In theory this is an opportunity for an individual MP to directly influence a policy issue. Because of the convention of caucus confidentiality there is little evidence of that having occurred with a defence policy issue. The attitude of caucus may have influenced Cabinet to decline the entry of the USS Buchanan in 1985. See Chapter 7. On the other hand the widely publicised opposition of caucus to the purchase of warships in 1989 was changed to caucus support of a Cabinet decision in favour after a public statement by the Prime Minister that he supported purchase.

25. K.B. de Ridder, 'The History of Defence Legislation in New Zealand', <u>Manual of Armed Forces Law</u>, DM69, Ministry of Defence, Wellington, undated but post 1971, pp 2-2--2-12. The present structure is the result of a gradual evolution since the time armed forces were first raised in New Zealand in 1845.

26. M.Edmonds, 'The Higher Organisation of Defence in Britain, 1945-85: The Federal-Unification Debate', in M.Edmonds ed, <u>The Defence Equation: British Military Systems, Policy, Planning and Performance</u>, London, 1986, p57.

See also F.W.Speed, <u>Command Structure of the Australian Defence Forces,</u> Canbera, 1987.
M.Edmonds, 'Central Organisation of Defence in Great Britain',in M.Edmonds ed, <u>Central Organisations of Defence,</u> Colorado, 1985.
C.Rose, 'Ministry of Defence Reorganisation', <u>Journal of the Royal United Services Institute,</u> March 1985.

27. A.D.Barrett, <u>Reappraising Defense Organizations: An Analysis Based on the Defense Organization Study 1977-80,</u> Washington, 1983, p xix.

28. <u>Defence Act 1971</u> s24.

29. Until 1988 the Secretary was appointed under the State Services Act 1962 and he was described as the Permanent Head of the Department. The change made no alteration, for our purposes, in the relationship of the Secretary to the Ministry of Defence.

30 <u>Defence Act 1971,</u> s25.

31. <u>Defence Act 1971,</u> s26.

32. But the diarchies and the relative division of responsibilities are not identical in the countries. In Australia the Secretary of Defence is responsible for advising on policy, resources and organisation while Chief of the Defence Force exercises command and control and advises on the military aspects of force capabilities, development and disposition. Unlike in New Zealand there is no joint responsibility for the formulation of policy.

In Britain the diarchy operates with the CDS being responsible for policy advice with the Permanent Under Secretary of State (PUS) responsible for organisation and efficiency and long term financial planning. Defence staff working in policy areas are responsible to both CDS and PUS but CDS directs their work.

33. Robertson, McLean, Jameson interviews.

34. Robertson interview.

35. <u>Defence Act 1971,</u> s27.

36. Crooks interview.

37. <u>Defence Act 1971</u> s20 note 1. Associate members take part in the proceedings of the Defence Council in the same manner as permanent members in respect of the formulation of defence policy. Associate members do not participate in matters of command or administration of the Armed Forces.

Until 1987 Secretary to the Treasury was also an associate member of the Defence Council. Membership was withdrawn by the Treasury on the grounds that Treasury's independence was compromised if the Secretary was a member of the statutory body whose spending proposals he also had a duty to examine critically (Page interview). The Treasury made this decision to disengage

itself from departmental committees as a matter of internal policy. In general terms Treasury prefers to comment on departmental policy rather than to help formulate it.

It is unusual for any other person to be appointed to associate membership of the Defence Council, it would be more likely that if a wider consideration of an issue was required that that consideration would occur at Officials DESC.

38. <u>Defence Act 1971</u> s21.

39. <u>Defence Act 1971,</u> s30. The committee has such functions duties and powers, not inconsistent with the Defence Act, determined by the Defence Council.

40. COSC meets formally at the discretion of CDS. As a result meetings are variable in their regularity. For example between 1971 and 1973 meetings were held monthly or even twice monthly. From mid 1973 until 1983 formal meetings were extremely rare, sometimes only occurring once in a year. At times when COSC does not meet formally it may be assumed that the issues are discussed informally or out of session by the CofS. (Jamieson, Crooks, Mace interviews).

41. Jamieson interview.

42. Interviews.

43. M.Hobkirk, 'Central Defense Organization in the United Kingdom', in R.J.Art et al eds, <u>Reorganising America's Defense,</u> Washington, 1985.

44. Jamieson, Crooks, Mace, O'Flynn interviews.

45. Defence 50/1/2 dated October 1986.

46. Any policy proposal initiated by a single Service or from within defence central will go automatically to one or both of the committees. The role of the committees is to educate all players in the detail of the proposals and to ensure that the proposals conform to current policy and to spending limits. The committees will not reject proposals but they can delay them until consensus on format or direction of argument is reached. Policy proposals emanating from outside the defence bureaucracies will probably be channelled through either the Secretary or CDS. In this case they also will most likely refer the proposal to a staff branch initially and to a committee if further work needs to be done to progress the proposal.

47. The almost exact equivalents in the British system are the 'Operational Requirements Committee' and the 'Defence Equipment Policy Committee'. (M.Hobkirk, <u>op cit</u>).

48. The composition of these committees is set at quite a high decision level. Until 1986 the equivalent committees were established at one level lower. This led to a lack of decision making as committee members lacked sufficient authority to commit their Service. It was not unknown for a CofS to repudiate a compromise made by his representative at these earlier committees.(Talbot, Halliday, Pawson interviews).

49. Full details of the membership and duties are given in <u>Reorganisation of Defence Headquarters</u>, Defence 50/1/2 presented as DXC (86) 19 for DXC 3 October 1986.

50. The Parliament of the Comonwealth of Australia, Joint Committee on Foreign Affairs, Defence and Trade, <u>The Management of Australia's Defence</u>, Canberra, 1987 p77.

51. D.Ball, 'The Machinery for Making Australian National Security Policy', in R.O'Neill and D.M.Horner eds, <u>Australian Defence Policy for the 1980s</u>, Queensland, 1982 p141.

52. <u>ibid</u>, pp138-39.

53. A.Hinge, 'The Australian Department of Defence: A View from the Bottom', <u>Australian Defence Force Journal</u>, No 58, May/June 1986.

54. Crooks interview.

55. The MERT liaison officer is a relatively junior officer within the Ministry with a general watching brief. He reports to the head of the arms control and disarmament section. Until the mid 1980s MERT had a full defence section but this was found to inhibit relations between the Ministries. Now desk officers from each Ministry deal routinely with their counterparts. (Fisher interview).

56. The MFA officer was seconded to Defence to fill the specific role of AS (Pol). He did not fill the role of liaison officer in the sense of having all business with MFA fed through him. At the time of the 1986/87 reorganisation the terms of reference for the new AS position were not considered suitable by MFA and the officer was withdrawn. When the reorganisation was being considered in DXC it was noted that the new organisation would offer 'greater scope for secondment of personnel from MFA to provide for a significant input into the formulation of defence policy'. (DXC (86) M9) dated 3 Oct 86.

57. Treasury are concerned with the overall allocations and forecasts for Vote:Defence rather than the detailed method of expenditure of money within Vote:Defence. Treasury and Defence work most closely together when annual budgets, long range forecasts and new major expenditure proposals are being prepared. See also Chapter 6.

58. This has was less true in the period 1985-87 at the time of the ANZUS crisis and the break with the US in defence matters. In 1986 the Defence Committee of Enquiry reported that 4182 individuals and groups made submissions to the committee. Even allowing for a considerable number of coupon submissions this is a large number of submissions to be made on any issue but before then and since (with the possible exception of Vietnam) there has not been the same degree of interest at all.

59. The term 'pressure group' is used to characterise the diverse groupings of people and organisations which work to a common cause: in this context to influence the government's defence policies. They are differentiated from 'the public' by the fact of organisation. Pressure groups may form and

dissolve according to the issues at hand. Often a group will dissolve itself and reform immediately under another name to take up a slightly different issue.

In a larger polity it may be possible to identify a specifically 'military policy public'. See B.C.Cohen, 'The Military Policy Public', <u>Public Opinion Quarterly</u>, 30, Summer 1966. For a wider discussion of the 'types' of public and levels of public opinion in Britain see M.Midlane and A.Danchev, 'Public Opinion, Defence and the Army', in J.Sweetman ed, <u>Sword and Mace: Twentieth-Century Civil-Military Relations in Britain</u>, London, 1986.

60. Hager interview. For an example of the type of policies expounded see, P.Winsley and J.Gould, <u>An Alternative Defence Policy: A Paper for Discussion</u>, Wellington, 1985.

61. The issue of the refusal of entry to USS Buchanan is dealt with in more detail in Chapter 7. The same organisations are concerned also with issues such as French nuclear testing in the South Pacific and the practice of the United States of attempting to influence countries in the region to allow military installations on their territory. These issues have less to do with New Zealand's defence policies.

62. Some activists in the peace movement would claim that the Government's action in 1972 of withdrawing New Zealand troops from Vietnam and cancelling the national military service scheme were examples of their influence. There is little evidence for this. Both issues were party policy before the 1972 election and the withdrawal of troops from Vietnam was in any case going to happen whichever party won that election.

63. The RSA's prime focus is on conditions of service for ex-servicemen. Additionally it is concerned with the 'security' of New Zealand. RSA remits tend to be couched in general terms calling for strong defence forces and maintenance of traditional links. There is no attempt at operating as an 'activist' pressure group in a manner similar to the peace movement.

64. Groups such as 'Peace Through Security' and the 'Plains Club' attempt to operate in the same way as the peace groups but with no discernible success. See P.Spoonley, 'Being British', in B.Jesson et al, <u>Revival of the Right</u>, Auckland, 1988. At the extremes these groups shade into survival organisations such as the 'Down Under Survival Committee' which are concerned with protection from the 'imminent nuclear holocaust'. Membership of groups such as DUSC and peace groups tends to overlap although aims on specific defence issues may vary within the groupings.

65. Robertson, Mclean, Jamieson, O'Flynn interviews.

66. D.Kidd, 'The Determination of Policy-the Role of Politicians', in D.M.Berthold ed, <u>The Accountability of the Executive</u>, Wellington, 1981, p28.

67. G.R.Laking, 'The Role of the Citizen in Influencing Policy', in <u>ibid</u>, p37.

68. J.Garnett, 'Defense Policy-Making', in J.Baylis et al eds, <u>Contemporary Strategy Vol II: The Nuclear Powers</u>, 2ed, London, 1987, p 10.

69. G.R.Laking, 'The Public and Foreign Policy', in R.M.Alley ed, <u>New Zealand Foreign Policy: Occasional Papers 1973-4</u>, Wellington, 1974, p14.

70. This conclusion is based on the government not proposing radical changes to defence policy to which it is not fully committed and prepared to defend. If a major increase in defence spending proposed at the expense of social spending there could well be a public outcry which might force the government to change its mind. Governments in New Zealand have not attempted such actions so such a surmise is not verifiable. In the normal course of events defence capital spending is large but despite sporadic arguments that the money could be better spent on schools or hospitals no government has shown any inclination to accept the argument. The government has always been keen to keep defence spending within bounds and so the cheapest alternative to achieve a given end will normally be adopted. That is however a different argument.

71. Talbot, Pawson interviews.

72. O'Flynn, Jamieson interviews.

73. J.T.Richelson and D.Ball, The Ties That Bind, Sydney, 1985, p1.

74. Ministry of Defence report to the Parliamentary Select Committee on Foreign Affairs and Defence, 1985.

75. Details are given in a pamphlet published by the Australian Army prepared to 'provide information to defence personnel of Australia and New Zealand on the organisationa and function of the ABCA Armies standardization Programme'. Australian Army American British Canadian Australian Armies: Standardization Programme, Commonwealth Government Printer Canberra, undated.
See also Chapter 3, and T-D.Young, The Nearly Unique Experience: An Analysis of and Commentary on the Australian, New Zealand and United States Defence Relationship, 1951-1986, doctorat es sciences politiques thesis, Universite De Geneve, not dated but probably 1988.

76. The relationship with Australia is routinely described in annual reports of the Ministry of Defence and other official documents as being 'central to New Zealand's defence policy'. Details of the cooperative arangements between the two countries are given in for example Briefing Papers Prepared for the Minister of Defence, Ministry of Defence, August 1987, Brief Two.

77. J.Rolfe, 'Trans-Tasman Defence Co-operation', New Zealand International Review, Vol XII No 5, September/October 1987.

78. Topics routinely discussed would include the needs that individual states have for equipment, training and maritime surveillance flights, the possibility of New Zealand conducting exercises in the country concerned and shared perceptions of the strategic situation insofar as it affects the region.

79. Richelson and Ball, op cit, describe New Zealand as belonging to the UKUSA intelligence sharing agreement and that New Zealand's single SIGINT station is primarily concerned with monitoring communications and other signals in the South West Pacific area. Since then the government has established a receiving station with the capability to monitor satellite communications traffic.

80. Review, pp 84-85.

81. ibid, p87.

82. ibid, p78-79, 99.

83. Defence Act 1990, s24.

84. ibid, s25.

85. ibid, s26.

86. Job descriptions issued by the Ministry of Defence in September 1989 for 'Director of Strategic and International Policy', (New Zealand Defence Force), and 'Manager Strategic and International Policy', (Defence Office).

87. Australian Parliament, op cit, pxxi et seq.

88. G.Cheeseman, 'The Military Profession and Defence Policy', in H.Smith ed, The Military Profession in Australia, Canberra, 1988, p26.

89. Quoted in T.Blackstone and W.Plowden, Inside the Think Tank: Advising the Cabinet 1971-1983, London, 1988, p196.

90. ibid, p197.

1. See, for example, the Army Act 1950, S21, 'The Army Board shall be charged with the administration...(and) command of the Army'.

2. Report of the Royal Commission of Inquiry, <u>The State Services in New Zealand</u>, Wellington, 1962, p121. (Hereafter Report).

   The Minister of Defence during the second reading of the 1964 Defence Bill made the point that 'Governments in the past had to rely for their joint service advice on the COS Committee...joint policy had therefore to be devised by three officers all of whom would understandably have as their prime concern the future of their own service...inevitably that situation used to lead to compromise recommendations.' (NZPD 30 Sep 1964, p2370).

3. T.Loorparg, <u>Defence Reorganisation: A New Approach to Change</u>, NZIPA Research Papers, Vol2 No 1, Wellington, 1981, p6.

4. Report, <u>op cit</u>, p125.

5. Public Service Commission, <u>Submissions</u>, Item No 2, Paper No1, Wellington 1961, p15.

6. Report, <u>op cit</u>, p123.

7. These aspects are described more fully in I.McGibbon, <u>The Reorganisation of New Zealand's Higher Defence Machinery 1945-71</u>, unpublished, Ministry of Defence, Wellington, 1973.

8. NZPD 23 October 1963, p2679. 'And with a Secretary of Defence on the administrative side similarly independent...interservice rivalry...relating to the allocation of defence expenditure would be eliminated'.

9. T.Loorparg, <u>op cit</u>, p9.

10. J.K.Hunn, <u>Not Only Affairs of State</u>, Palmerston North, 1982, p166.

11. J.K.Hunn, 'Reorganisation of Defence', Comment on and published with T.Loorparg, <u>op cit</u>, p3.

12. <u>Defence Act 1964</u>, s7.

13. McLean interview. Also Robertson interview: 'Hunn had got himself in a real fight with the Chiefs (of Staff) for superiority. He saw himself as in the US model'.

14. But note that Loorparg, <u>op cit</u>, p 23, describes the CDS as being weak in comparison to the Secretary. Perhaps both were weak in relation to the individual Services.

15. J.K.Hunn, <u>Unification of Defence</u>, MOD Wellington, 1965, p6.

16. L.W.Thornton, <u>Comment on Major Loorparg's Review of Defence Reorganisation</u>, published with Loorparg, <u>op cit</u>, p2.

17. The topic of 'cultural' attitudes is not going to be pursued in this research. For some statutory evidence supporting the serviceman's attitude to his relationship to the Crown see <u>Defence Act 1971</u>, sect35, note 1b, 'Officers...do not enter into a contract of service. The law of contract plays no part in the relationship between the Sovereign and her officers...a serviceman holds his position at the pleasure of the Sovereign...'

18. J.K.Hunn, Unification of Defence, <u>op cit</u>, p8.

19. Robertson interview.

20. Quoted in I McGibbon, <u>op cit</u>, p295.

Notes To Appendix 2 to Chapter 4

1. Joint Memorandum by ACDS(Pol) and AS(Pol) for Defence Council. DO(72)51 dated 12 December 1972.

2. Reorganisation of Policy Branch, Def 50/1/2/Pol dated 9 March 1973.

3. Def 50/1/2 dated 5 December 1974.

4. Reorganisation of Policy Branch, Def 50/1/2 dated 18 July 1986.

5. Policy Branch Reorganisation, minute from DCDS to CDS/Sec Def on Def 50/1/2 dated 9 Jan 79.

6. Memorandum for Defence Council, Reorganization of Policy Branch, dated 23 July 1979.

7. The Structure of Policy Branch, Minute from DCDS to Def Sec Def dated 17 Feb 82.

8. Structure Policy Branch, Minute from ACDS (Ops/PLans) to DCDS and Dep Sec Def dated 17 Mar 82.

9. Def 50/1/2 dated 30 Aug 82.

10. Organisation Of Defence Headquarters. Joint minute by CDS and Sec Def dated 12 Sep 83.

11. Interview.

12. McLean interview.

13. Craig interview.

14. Def 50/1/2 dated 15 November 1985.

15. ibid.

16. Introduced in 1985.

17. Def 50/1/2 dated 15 November 1985.

18. Quigley, Walker, Hensley interviews.

1. Other means include making explicit statements of policy at times other than when the White Paper is published and by de facto policy decisions produced as a result of funding decisions during the annual budgetary round.

2. Department of External Affairs, Review of Defence Policy, Publication No 181, Wellington, 1957.

   Review of Defence 1958, Paper A5, Wellington, 1958.

   Review Of Defence Policy 1961, Paper A19, Wellington, 1961.

   Review of Defence Policy 1966, Paper A8, Wellington, 1966.

   Review of Defence Policy, 1972: New Zealand's Defence Policy Perspectives, Paper A5, Wellington 1972.

   1978 Defence Review, Wellington, 1978.

   Defence Review 1983, Paper G4A, Wellington, 1983.

   Defence of New Zealand: Review of Defence Policy 1987, Paper G4A, Wellington, 1987.

3. In this case the decision to abolish compulsory military training.

4. The decision to abolish peacetime conscription was in the 1972 election manifesto as part of the Labour party platform. All combat troops had been withdrawn from Vietnam in 1971 and the withdrawal of the remaining training teams and support troops was inevitable no matter which party was in government.

5. In the Scandinavian countries the review process is shared between the parties and involves non-government actors so that the final decision involves a form of consensus. See W.J.Taylor and P.M.Cole eds, Nordic Defense: Comparative Decision Making, Massachusets, 1985.

   For a study of other countries see for example, S.G.Neuman, Defense Planning in Less-Industrialised States: The Middle East and South Asia, Toronto, 1984.

6. This point will not be pursued in the research.

7. Of course it is not possible to determine the validity of policy statements which describe an intended outcome in terms of 'we will ensure that the armed forces remain as a strong and viable force'. Such statements rely on subjective judgements as to their merit rather than on objective measurement which can be carried out against specific promises or statements of intent.

8. Cabinet Defence Committee 21 March 1967, (CD (67) M1). Concern was expressed at the very substantial escalation in cost of most items. The committee agreed that the Ministry of Defence should proceed in its tentative planning

for 1967/68 on the basis that the projects listed in the White Paper still remain government policy except as to target date which must be further considered in the light of the overseas funds position.

9. CM 71/28/15. Date unknown but probably early August 1971.

10. CofS Committee (COS/M(71)25) 16 August 1971. It was Cabinet's wish to consider the proposed Defence Review 1971 by mid-October it would be difficult to meet the deadline. The Minister wished to present a paper setting out the proposed roles and missions of the defence force to the Cabinet Committee on Defence by the third week in September.

11. By now the review was being described as Review: 1972-76. Perhaps a recognition that the original time allowed was too tight to achieve a properly considered review.

12. Defence 1/1/3 dated 8 August 1972. When published the White Paper was subtitled 'New Zealand's Defence Policy Perspectives'.

13. Memorandum for Members of the Cabinet Committee on Foreign Affairs and Defence from the Minister of Defence dated 7 September 1972.

14. ibid.

15. The point, emphasised to the Cabinet Committee in D(72) M2 dated 28 September 1972, is also found in 1972 Defence Review, p5.

16. D(72) M2 dated 28 September 1972.

17. Defence 1/1/3 dated 19 October 1972.

18. 1972 Defence Review, p14.

19. ibid, p22. The other reason for not being specific on equipment matters undoubtedly related to money as described earlier. Over the period of the Review Vote:Defence went from 5.084% of government expenditure in 1972/73 to 4.078 in 1977/78. (1979 Defence Report, p26).

20. There had been a degree of public protest over the scheme (for example the Organisation To Halt Military Service) and its scrapping was party policy.

21. ibid, p23, (in paraphrase).

22. 1976 Defence Report, p8.

23. The Mutual Assistance Programme is now a major programme within Defence and encompasses a range of activities which include medical and engineering projects in the region, training courses and attachments by New Zealand servicemen as advisers and instructors. Countries involved in MAP include most of the South Pacific states and the ASEAN states. Fiji has been suspended from MAP activities since the coups in May 1987.

24. 1971 Defence Report, p14.

25. 1973 Defence Report, p12.

26. 1974 <u>Defence Report</u>, p17.

27 SEATO was disbanded in 1977. Even before then military activity associated with it had been scaled down.

28. 1977 <u>Defence Report</u>, pp7,8.

29. <u>A National Party Policy Statement: Defence Policy</u>, National Party 1975. In general Defence officials were well aware of the thrust of government thinking. (Muldoon and McLean Interviews).

30. Papers were prepared on 'the Strategic Situation' including 'the Outlook for the South Pacific', 'Force Structures', 'Works', 'Personnel', the Single Services and the like.

'The various studies being developed would each provide a basis for subsequent papers which would go forward to Defence Council...Essential capabilities had to be established, priorities accorded and account taken of realistic national force levels'. (Def 57/4/3 dated 10 August 1977, Chiefs of Staff Meeting: 22 July 1977)

31. Although the Minister had intended that that the white paper would be published towards the end of 1977. (<u>1977 Defence Review</u>, p3).

32. Defence 57/4/3 dated 10 August 1977, <u>op cit</u>, under the heading 'Defence Review-Sitrep'.

33. Cabinet Defence Committee, D(78) M1 dated 21 February 1978. The Minister of Defence asked the committee to <u>note</u> the strategic assessment and <u>agree</u> that defence policy and requirements could be summarised as being to preserve national security and control our own area...

The style of presentation of Cabinet Minutes has varied over the years. At this period some details of the debate within the Committee were set down on paper. That is not the case now. Even then, though, the full discussion would not necessarily have been put into the minute.

Of note in these series of exchanges is the leading role played by officials, rather than the Minister, in defending departmental initiatives within the Committee. This was presumably because much of the discussion was technical, relating to capabilities needed to achieve a given end, rather than political, that is answering the question as to whether the end should be attained at all.

34. Cabinet Defence Committee, D(78) M2 of 22 June 1978, D(78) M4 of 13 July 1978. Other matters discussed included strategic relationships, the role of Antarctica and whether it should be emphasised at the expense of the South Pacific, the role of the troops in Singapore and whether allies should be informed of New Zealand's weakness. Agreement was reached on force structures, the importance of intelligence gathering in the South Pacific, the need to upgrade defence communications and the need to demonstrate to allies that New Zealand is serious about defence issues.

35. Cabinet Defence Committee, D(78) M5 of 20 July 1978.

36. Cabinet Defence Committee, Agenda for 17 August 1978 and paper D(78)4.

37. Cabinet Defence Committee, D(78) M9 of 17 August 1978.

38. Cabinet Defence Committee paper, D(78)5 of 1 September 1978.

39. Treasury T62/56 of 4 September 1978.

40. The PM also checked informally with US military authorities as to the necessity of frigates. (Muldoon Interview).

41. Cabinet Defence Committee, D(78) M11 of 5 September 1978.

42. CM 78/35/7 of 11 September 1978.

43. This is a standard practice which although it does not give the allies any right of veto does mean that they will not be surprised when the document is published and gives them an opportunity to suggest alternative forms of words on specific topics relating to themselves. Of course such suggestions do not have to be accepted.

44. Defence 1/1/3 dated 19 March 1981. Letter from CDS to Minister of Defence. Otago and Taranaki were eventually replaced by 2nd hand British warships in 1982/83. See also Chapter 7.

45. 1978 Defence Review, p5.

46. ibid, passim.

47. 1983 Defence Report, p6. The wording varied slightly in different years but the sense remained the same.

48. 1982 Defence Report, p3.

49. ibid, p6.

50. See the introduction to the 1982 Defence Report for an argument as to why there was felt to be a need for another Defence Review.

51. 1983 Defence Review, p5.

52. Defence 1/1/3 dated 10 November 1983.

53. Cabinet Defence Committee, D(83) M8 of 16 November 1983.

    The lack of any detailed financial guidelines would have been raised by the Treasury in their report on the Cabinet Paper, prepared before the Paper was taken and presented with it.

54. Treasury paper to the Minister of Finance, White Paper on Defence Affordability of Defence Restructuring, dated 18 November 1983.

55. These topics will be looked at in more detail in separate chapters.

56. Treasury paper of 18 November 1983 op cit.

57. Treasury letter Defence Review, dated 22 November 1983. The letter also made specific suggestions for making savings in defence capital expenditure such as purchasing submarines which were already in series production and reducing the number of Skyhawks in service.

58. CM 83/49/34. The amendment relating to the troops in Singapore is in 1983 Defence Review, p28.

59. The Treasury, Draft White Paper on Defence, T62/56 dated 3 November 1983. Amendments suggested included wording relating to New Zealand's strategic position, relations with other states, determinants of military power and operational relationships with other states. This perhaps indicates Treasury's true role as a 'suggestor' of policy statements and directions rather than a 'formulator' and perhaps reflect a Treasury view of its role as being wider than merely giving advice on financial matters.

60. 1983 Defence Review, p21.

61. ibid, p23.

62. The process by which submarines were investigated, and eventually rejected, is examined in Chapter 7 below.

63. The most fundamental of course being its attitude to accepting visits by US warships under the 'neither confirm nor deny' policy of not commenting on the carriage of nuclear weapons. The breakdown in relations and the withdrawal of the US 'security guarantee' made a defence review inevitable.

64. The Interim Review formally recognised the need for more self reliant defence policies and asked the government for specific commitments to demonstrate support for the self-reliant policy and to protect morale in the Armed Forces.

65. 1986 Defence Report, p4:

At the moment it is not ...an easy task to survey Defence activities for the last year because we are in the middle of lengthy and comprehensive review of everything connected with Defence. It will cover appreciation of our strategic situation, our objectives, and the policy objectives to achieve them, equipment and capability that will be necessary and the resources that can or should be made available.

The Review, almost certainly the most far-reaching since New Zealand took responsibility for its own defence, has several interconnected phases. An interim review was conducted last year by the Defence Council. The purpose was to consider the effect of the withdrawal of defence cooperation with New Zealand and measures which could be taken to counteract it. Then the government prepared a twenty page Discussion Paper which was published in December entitled "The Defence Question"...

At the same time as the discussion Paper was published in December, a four member Committee of Enquiry was appointed to consider these submissions...

66. Policy Branch <u>Defence Review Studies,</u> Def 2/6/1 dated 11 July 1985. Topics for which papers were to be prepared under a variety of responsibilities included:

Strategic Analysis and Threat Assessment
Defence Policy Objectives
Defence Force Capabilities, Roles and Tasks
Command and Control
Force Structure-Navy
           -Army
           -Air Force
Overview of Defence Manpower Establishment
War Reserves
Communication Requirements
Defence Headquarters Organisation
Development of Defence Industry and Supply Cooperation
Financial Policy
Defence Science
Defence Base Facilities and Infrastructure
Policy-Civilian Staff
Defence Accommodation
Indicative Capital Equipment Programme
Defence Organisation and Management Review Procedures
Defence and the Community

Completion dates for the papers ranged from 10 August 1985 until 22 February 1986

67. These thoughts were expressed in a letter, dated 16 September 1985, to the Chairwoman of the Parliamentary Select Committee on Foreign Affairs and Defence.

68. Report of the Defence Committee of Enquiry, <u>Defence and Security What New Zealanders Want</u>, Wellington, 1986.

69. The poll results and the report itself reflected a variety of opinions on defence issues as would be expected. Both sides in the ANZUS debate used the report to claim victory for 'their side'.

70 The final release of the report caused considerable controversy, and indeed the release was held up while the Prime Minister and Mr Corner debated the validity of statistics used in the report. (Exchange of Letters in Report of the Defence Committee of Enquiry, <u>op cit</u>).

71. Letter <u>Defence Review,</u> dated 2 September 1986.

72. <u>ibid</u>.

73. <u>ibid</u>.

74. <u>ibid,</u> emphasis added.

75. <u>ibid</u>. This represented a radically different approach in the Defence Review process. In early 1986 Defence were waiting for governmental direction on the size and shape of the proposed Review. Simultaneously the government were waiting for Defence to state how it proposed to conduct the Review and

when conclusions would be reached. the stalemate was broken when political sources, reacting to a perceived lack of Defence action, proposed the method which was ultimately adopted. (Interviews)

76. Composition of the Committee is taken from the minutes of meetings held by it. Although the Prime Minister's letter stated that officials on the Committee should be senior, although not at Permanent Head level, the defence officials were not at a policy setting level and thus must be regarded as relatively junior delegates for their services and for Defence central. (Interviews)

77. The Committee met formally two and three times a week in the two months that it had to consider the issues and papers were circulated out of session. Papers considered, in addition to those prepared by Defence, included papers by MFA and Treasury on their areas of expertise. The implications of the 'Dibb Report' were also considered and the Committee visited Canberra for a meeting with Australian officials.

78. Letter dated 17 November 1986. '...However, much of this material would not be appropriate to include in the public White Paper, which it is envisaged will be a shorter statement of government policy'.

79. Treasury letter to the Minister of Finance, Report of the Defence Review Officials Committee, dated 19 November 1986.

80. ibid.

81. In commenting on Part II, Treasury again expressed its concern at the fiscal impact of policy changes, especially of increased expenditure on capital equipment, and recommended that the need to reduce the deficit must take financial precedence over other government policy objectives. Treasury letter to the Minister of Finance Report of the Defence Review Officials Committee, dated 30 January 1987.

82. Minutes of a Policy meeting of the Defence Council 3 February 1987, DC(87)M2. The Defence Council also agreed that the report was 'very positive'.

83. ibid.

84. Amendments were aimed at presenting the effects of the ANZUS dispute with the US in a more positive light. See New Zealand Herald, 28 February 1987 which discusses a possible 'secret chapter' of the White Paper. The Herald was probably mixed up between the White Paper and the Review.

85. Defence Review 1987, p7.

86. ibid, p32. In retrospect the chairman believes that more detail on equipment and funding matters could have been included. The detail was in the Review and its inclusion would have deflected some of the criticism received by the White Paper. (Henderson Interview.)

87. Quigley Review, s7.5.

88. ibid, s7.5.1.

89. Muldoon interview.

90. Compare this with the results of the 1985 Defence Committee of Enquiry, the Corner Committee, which did surprise the government and caused some embarrassment as a result.

91. See R.Thakur, 'God Defend the Queen: Three Commonwealth White Papers on Defence, Journal of Defence and Diplomacy, Vol6 No2 1988, p48:

'The brevity of the New Zealand defense paper inevitably means that many areas of defense are left unexplored, and many claims rest on assertions rather than firmly argued conclusions...'

92. This is Lindblom's incremental analysis. Lindblom also makes the point that:

Nor have I well understood the frequency with which incremental analysis as a norm is resisted. That complex problems cannot be completely analysed and that we therefore require strategies for skilful incompleteness still seems close to obvious to me.
(C.E.Lindblom, 'Still Muddling Not Yet Through', Public Administration Review, November/December 1979, p524.

93. This tactic is fundamental in the initial agenda setting when the papers for the review are being prepared. (Interviews). It does not necessarily work in the longer term because each item of policy is scrutinised again and whether or not it is in the White Paper will receive the support judged necessary at the time.

94. Letter from the Minister of Defence to CDS dated 3 September 1986 and covering the letter from PM to Minister dated 2 September, op cit.

1. Formally the Ministry is required to account to the satisfaction of the Minister. The control departments are reporting to other masters; the Minister of Finance and Parliament respectively. The degree of scrutiny is variable. Treasury is mostly concerned to check that financial limits are adhered to and the Controller and Auditor-General is concerned with the procedures adopted to ensure proper expenditure. Under the recommendations of the Quigley Review it is likely that there will be an internal audit unit concerned primarily with the audit of management practices and resource utilisation. This type of audit, it is considered, will lead to efficiencies in practice and financial savings.

2. Sir F.Cooper, 'The Management of Defence Expenditure', Defence and Consensus, Adelphi Papers 182, London, 1983.

3. Sir F.Cooper, 'Resources for Defence-AD 2000', Defence Attache, No 2, 1987.

4. W.T.R.Fox, 'Forward' in W.R.Schilling et al, Strategy, Politics and Defense Budgets, New York, 1962.

5. R.Burt, 'Defence Budgeting', Adelphi Papers, 102, Winter 1974-75. This conclusion is probably correct only for non-command market economies where interests are able to compete.

6. Notes on Financial Management in the Ministry of Defence, paper prepared by a senior Treasury official in late 1985 or early 1986. (Copy held by the writer).

7. Taken from the summaries provided in the annual Report of the Ministry of Defence.

8. Programme definitions are taken from Ministry of Defence, Notes on Estimates 1986-87, ppE 45-E 47.

9. ibid, pp93-114. These groupings of expenditure are similar throughout government budgeting.

10. Page interview. 'I talk to defence several times a week on one matter or another'.

    Patterson interview. 'Treasury have a defence investigating officer and everything goes through him. We talk closely and our records have to agree'.

11. Treasury makes such comments when preparing their own reports for the government commenting on defence proposals. We examine some examples of the type of Treasury comment in the case studies later.

12. Def 60/1/2 dated 2 April 1986, Long Term Funding Arrangements.

13. Item 4 of the minutes of a meeting of the Defence Executive Committee (DXC (86) M3) held on 26 March 1986.

14. ibid.

15. <u>ibid</u>.

16. <u>ibid</u>.

17. <u>Forecasts of Costs of Continuing Existing Policies in 1986/87, 1987/88 and 1988/89</u>, The Treasury T4/1A, dated 24 July 1985.

18. <u>ibid</u>.

19. <u>ibid</u>.

20. <u>ibid</u>. New policy is defined as:

a. the introduction of a new function or service or any extension of the scope, quality, or level of performance of an existing function or service;

b. the introduction of or any change in the basis of calculation of a grant, benefit, subsidy or concession, including a tax or interest rate concession;

c. any increase in the rate or level of a grant, benefit, subsidy or concession except in accordance with a Governmentapproved automatic formula;

d. the discontinuation of, or any change in the basis of, or calculation of, a fee charge or levy;

e. any reduction in the level of recovery of the cost of providing a service.

21. Twohill interview. 'Single Service Chiefs of Staff are consulted during the budgetary allocation process...ultimately, because of the 'input' budgetary process, ACDS (Sp) advice will be taken over the Chiefs'.'

Crooks interview. 'Some financial aspects just can not be devolved. But now centralisation tends to be entrenched...I want flexibility to operate and reallocate resources. It would be fine if I had the authority to spend as well...But I would not like to have a single pot of gold and be told to run the show.'

In practice the Defence budgetary process is changing and there is greater devolution being made to single Services. As at 1988 single Services had almost complete control over their allocation for personnel and operating costs. The implementation of the Quigley Review is likely to speed this process, although capital expenditure is likely to remain a central responsibility.

22. Twohill interview, 'Vote:Defence is determined on historical grounds as each year incremental steps are made on the current level of expenditure...'

23. Although the pattern of expenditure between expenditure groups remains relatively constant there are variations of expenditure between programmes over a period of time. This is because expenditure patterns change. In one period capital expenditure may be directed towards the Navy, with a consequent increase its its total budget allocation, and in subsequent periods the bulk of such expenditure may be directed towards the Air Force with thus an increase in the percentage of the defence vote going to that Service.

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24. 1969 Budget, B6, pp38-39.

25. Def 60/2/2 dated 2 May 1970, PPBS in Defence. Notes of an address by Secretary of Defence (Mr J.F.Robertson) to the NZ Government Public Expenditure Committee.

26. Def 60/2/2 dated 15 January 1970 'An Introduction to the Planning Programming Budgeting System of Resource Management'.

27. E.S Quade, Analysis for Public Decisions, New York, 2ed 1982, p289.

28. C.J.Hitch and R.N.McKean, The Economics of Defense in the Nuclear Age, NY, 1960, p48.

29. D.Novick, 'What Programme Budgeting Is and Is Not', in D.Novick ed, Current Practice in Programme Budgeting, NY, 1973, p6.

   See also E.S.Quade and W.I.Boucher eds, Systems Analysis and Policy Planning Applications in Defense, NY, 1968, p7. 'Programme budgeting...is designed as a tool for the formulation and continuous review of defense programmes. Its distinguishing characteristics fall into three categories:

   a budget format that indicates planned expenditure over an extended period in terms of the national security objectives these expenditures are expected to obtain.

   a management information system to keep track of expenditures and the progress of programmes and to provide data for analysis: and

   systems analysis at all levels of activity, to search out, examine and evaluate possible courses of action.

30. A.Wildavsky, The Politics of the Budgetary Process, Boston, 2ed 1974, p197.

31. ibid, p203.

32. ibid, 3ed 1979, p199.

33. P.Odeen, 'A Critique of the PPB System', in R.J.Art et al, Reorganising American Defense, Washington, 1985, p375 et seq.

34. C.Murdock, Defense Policy Formation, New York, 1974, p1.

35. ibid, p 55.

36. The US also has the special situation of Congressmen who are in a position to influence Department of Defense appropriations to ensure that finance, which is not required or desired by the military, is allocated to programmes in their home State.

37. Ministry of Defence Finance Branch, Notes to Vote Defence Estimates, 1970/71, Wellington, 1970, p1.

38. ibid, 1974-75, p2.

39. ibid.

40. ibid, 1976-77, p3.

41. ibid, 1980-81, p3.

42. ibid, 1982-83, p71.

43. Twohill interview, op cit, 'In the early 70s programmes were introduced. They were controls on expenditure and programmes were only a record of expenditure and not a basis for planning. In the late 70s we were urged to account by programmes but couldn't. The old programmes did not follow administrative lines...It was too difficult trying to separate out expenditure'. This point was agreed by both the Treasury and the Controller and Auditor-General.

44. The US, which has a longer experience of Programme budgeting than New Zealand, has similar problems. See US Senate Staff Report Defense Organization: The Need for Change, Washington, 1985, 'Functional organisation inhibits mission integration. Inputs not outputs are emphasised'.

45. See for example M.Hobkirk, 'Central Defence in the UK', in R.J.Art et al, op cit, 'British method of making defence policy depends almost as much on certain budgetary procedures as on organisation. Requirement for long term costings 5-10 years ahead with greater certainty obviously in the near term.'

    Sir F.Cooper, 'Economic Constraints on British Defence Planning' in G.Till ed, The Future of British Sea Power, Maryland, 1984, 'Economic allocations year by year are outdated'.

    M.Ganley, in Armed Forces Journal International, April 1987, 'Momentum is building on Capitol Hill for passage of some form of two-year authorization of defense programs...those who support two-year authorizations hope it will reduce Congress micro-management and add to program stability'.

46. This problem is greater in the United States where Congress has a greater role in the budgetary process than the legislature does in New Zealand.

47. From 1989, under the terms of the Public Finance Act, all departments practise 'accrual accounting' which will mean that savings are carried forwards and overspends absorbed.

48. 1983 Defence Review, op cit, p 46.

49. See also T.P.Muggleton, 'A Critique of Programme Budgeting in the Australian Defence Department', in J.C.McMaster and G.R.Webb eds, Australian Project Evaluation, Sydney, 1978. '...as costs and needs are weighted equally PPBS should preclude arbitrary budget ceilings...a static GDP% over time would theoretically at least be indicative of a non-rational decision making process.'

50. Details of the Defence budgeting arrangements are drawn from Defence Financial Management-Statement No 2. Long Term Funding Arrangements: Implementation Instruction. Def 60/1/2 dated 2 April 1986.

51. .This may change as a result of the Quigley Review recommendation for an Annual Defence Assessment, which should address outputs and funding issues.

52. 1985 Budget, p5:'...since then (1984) detailed 3-year projections of government expenditure and revenue have been published also for the first time.'

    ibid, p21: 'To allow for forward planning we have endorsed the concept of long term funding adopted by the previous government and we have also increased the base funding level. Considerable flexibility will be allowed to allocate resources within the overall ceiling and between one year and another.'

53. Long Term Funding Arrangements, op cit.

54. The rate of increase in the cost of defence equipment is greater than the rate of increase of capital equipment generally. See for example:
    P.Pugh, The Cost of Seapower, London, 1986.
    F.Cooper, 'The Management of Defence Expenditure', in Defence and Consensus, Adelphi Paper 182, London, 1983.

55. Long Term Funding Arrangements, op cit.

56. The special problems of expenditure on capital equipment are discussed later.

57. Twohill, Patterson, Hicks interviews.

58. Newspaper reports, for instance National Business Review, 31 March 1989.

    Immediately after the announcement of the cuts, the Secretary of Defence was not sure whether the cuts referred to nominal or real limits, in terms of flexible funding arrangements. (Walker interview).

59. Review, p97.

60. In the preparation of the first Annual Defence Assessment the Defence Office has struggled with the task of defining outputs in terms which allow the allocation of finance and the stting of priorities. The task had not (March 1990) been concluded. (Interviews).

61. Review, p205.

62. For the British solution to these problems see D.Omand, 'Towards a New Management Strategy for Defence', in The RUSI Journal, Autumn 1989. The British have not yet worked through their 'solution' in practice.

63. As will be required by the Public Finance Act 1989. Possible outcomes from greater political involvement are discussed in some detail in Chapter 10.

1. Details of the background to New Zealand's participation in ANZUS may be found in:

   R.Kay ed, <u>Documents on New Zealand's External Relations, Vol III: The ANZUS Pact and the Treaty of Peace with Japan</u>, Wellington, 1985.

   I.McGibbon, 'The Origins of the Alliance', <u>New Zealand International Review</u>, Vol XIII No 3, May/June 1988.

   R.Alley, 'The Evolution of ANZUS', in J.Bercovitch ed, <u>ANZUS in Crisis: Alliance Management in International Affairs</u>, Christchurch, 1989.

   T-D.Young, <u>op cit</u>. Young also gives considerable detail on the various arrangements which have grown up under the general head of ANZUS.

2. The major such treaties being the Atlantic Treaty, the Baghdad Pact and the Manila Treaty which produced respectively NATO, CENTO and SEATO as military organisations designed to give substance to the treaties. Of these only NATO remains. ANZUS did not produce a military organisation along the lines of the other alliances.

3. Until this time commitments under SEATO played a greater role in military planners' thinking.

4. <u>1972 Defence Review</u> p16. In the Defence White Papers of 1957, 1958 and 1961 ANZUS is described merely as one of a number of general defence obligations for regional security, the others being SEATO and ANZAM. These commitments were undertaken because 'the world wide collective security system which the United Nations was designed to provide has not yet eventuated'. (<u>1961 Defence Review</u> p4). The 1966 White Paper makes no mention of ANZUS at all.

   The first mention of ANZUS in the annual <u>Defence Report</u> occurs in the Report for the year ending 31 March 1974 (p 6). 'The ANZUS treaty...remains a very important element in New Zealand's defence policy. It is more than just a defence arrangement, however, being symbolic of a basic community of interests and outlooks that extends to many fields in addition to defence'.

   The change in perception was probably brought about by the realisation that the world, and especially South East Asia, was an uncertain place and the desire to maintain US interest in the region. As well the New Zealand defence forces, especially the Army, had just completed seven years of close cooperation with the US military in Vietnam and it is likely that the unstated, but nevertheless real ties, to the UK had weakened with a new generation of military leaders who had closer relationships with US service practices than with British and who were thus prepared to be stronger in their acceptance of the alliance with the US than were previous leaders.

5. Although the degree to which the ANZUS Council meetings represented consultation must be questioned. The US General Accounting Office is reported as having reviewed the operations of the ANZUS Council and concluding that meetings were 'designed to develop unified action and policy', but they 'often result in explanations or (sic, perhaps of) unilaterally determined foreign policies'. The report carried on to state

that New Zealand was satisfied with this method of 'consultation' but that Australia was not. (Christchurch Press 13 May 1987).

6. The ANZUS Military Representatives acted primarily as points of contact for ANZUS issues in their home countries.

7. It is important to note that a considerable web of links which may not have occurred without the treaty developed between the three states. These include, as well as a variety of defence links related to logistic support and technical cooperation, the Australian and New Zealand inclusion in the various intelligence and surveillance arrangements, political links and trade and commercial arrangements.

Details of the extent of the relationship until 1984 are found in:
A.Burnett, The A-NZ-US Triangle, Australia, 1988.
P.Jennings, The Armed Forces of New Zealand and the ANZUS Split: Costs and Consequences, Wellington, 1988.
J.T.Richelson and D.Ball The Ties That Bind, London, 1985.
Ministry of Defence Briefing Papers Prepared for the Minister of Defence, 1984.
T-D.Young, op cit.

A formal statement of the type of coordination effected between the partners is found in Australian Defence Forces, ANZUS Military Policy Document, no bibliographic data. This booklet contains chapters relating to military policy decisions, an index of military policy publications and an index of other documents relating to military policy which affect ANZUS military activities. The types of decisions recorded relate to organisational topics such as the frequency of meetings for military representatives, exercise titles, exercising ANZUS logistics and the like.

8. For example the 1981 and 1984 Labour Party election manifestos.

9. The Labour Party has had for some time a formal policy relating to ship visits and obligations under ANZUS. In 1980 the then Leader of the Opposition Labour Party issued a policy statement which said inter alia, 'there is absolutely nothing in the Treaty that requires members to accept visits by vessels or aircraft of other alliance members'. This position was rejected by the government of the day. See 'New Zealand and ANZUS', Ministry of Foreign Affairs Information Bulletin No 2, Wellington, May 1982, p51.

The Labour Party's 1984 conference also called for a withdrawal from ANZUS and a move towards non-alignment.

The National Party has consistently held the policy that membership of ANZUS, with the nuclear connotations, was essential for New Zealand's security.

10. Indeed New Zealand continues to regard itself as a member of ANZUS. See the 1987 Defence Review, p18: 'New Zealand continues to adhere to the ANZUS Treaty', and the 1987 Defence Report, p10: 'Although excluded from the Ministerial-level talks between Australia and the United States...New Zealand remains a member of ANZUS'. ANZUS is not, however, mentioned in the 1988 Defence Report.

11. From 1976 industrial action often closed ports which were being visited, and in the 1980s the Auckland Peace Squadron mobilised fleets of small craft in attempts to obstruct the entry of nuclear armed or powered, or suspected of being so, warships.

12. 1982 Defence Report p5. These comments were emphasised in the 1984 Defence Report, p5: 'the Government will remain committed to receiving the naval vessels of our allies into New Zealand ports'.

13. Not all ties were cut. The US continued to provide training in areas which related to safety and the operation of equipment supplied by the US. Logistic links remained, although not under the preferential system previously enjoyed by New Zealand, and the US raised no objection to continued New Zealand involvement in the various multi-lateral cooperative forums established between the US, Britain, Canada, Australia and New Zealand.

An overview of the Background to the issue in general and the nuclear ships dispute in particular is provided by:
S.McMillan, Neither Confirm Nor Deny, Wellington, 1987; and
R.Alley, 'ANZUS and the Nuclear Issue', in J.Boston and M.Holland eds, The Fourth Labour Government, Auckland, 1987.

For a survey of differing perspectives held by the signatories to the treaty, and an assessment of possible outcomes, see J.Bercovitch ed, op cit.

Thakur gives an interesting analysis of the 'myth' of the ANZUS events and their relationship to morality in foreign policy in R.Thakur, 'Creation of the Nuclear-Free New Zealand Myth', Asian Survey, Vol XXIX No 10, October 1989.

14. Describing New Zealand's actions as 'a de facto withdrawal from ANZUS' must be treated with caution. In fact the US 'suspended it security guarantee' and severely restricted contact between the armed forces of the two countries. It might just as validly be argued that the US walked away from the treaty by her actions.

15. Record of transcript from a radio interview with the Prime Minister 8 October 1984. Earlier in 1983, when Leader of the Opposition, the Prime Minister has been reported as assuring the US that there would be no problem with Labour's nuclear policies. (1989 press reports).

16. Extract from the transcript of a background briefing on the Prime Minister's meeting with Secretary of State Shultz on 24 September 1984.

17. Interview.

18. 'The Sinking of the Buchanan', The Dominion Sunday Times, 29 March 1987.

19. Hager interview.

For more detail of Labour Party actions at this time see M.Wilson, Labour in Government: 1984-87, Wellington, 1989, pp59-65.

20. Interview.

21. ibid.

22. A.Burnett, op cit, p88.

23. Prime Minister speaking on Radio New Zealand 'Morning Report', 5 February 1985.

24. S.McMillan, op cit, pp80, 85-87, and 'The Sinking of the Buchanan', op cit. Even if the government had been able to agree on the desirability of inviting a demonstrably non nuclear vessel it is unlikely that the US would have agreed to this because of the effective breaking of the neither confirm nor deny formula.

25. 'ANZUS Communique', in Australian Foreign Affairs Record, Volume 55, Number 7, July 1984, p686. 'Access by allied aircraft and ships to the airfields and ports of the ANZUS members was reaffirmed as essential to the continuing effectiveness of the alliance'.

26. Information on these immediate effects is taken from Ministry of Defence responses to specific Select Committee questions. A complete set of the questions and answers is found on Ministry of Defence 60/18/86.

    An American perspective is given in Dora Alves, 'New Zealand and ANZUS-An American View, The Round Table, No 302, April 1987.

27. D.Lange, 'ANZUS: The New Zealand View', NZ Listener, April 13 1985.

28. See C.P.Danopoulos, 'Alliance Partership and Foreign Policy Influence: The Military's Role', Armed Forces and Society, Vol 11 No 2, Winter 1985.

29. See W.J.Barnes, Patron-Client Relations Within Alliances: New Zealand, the United States of America and ANZUS, MA thesis, University of Canterbury, 1986. Barnes argues that New Zealand's relationship with the US has been characterised by low levels of clientism and that there is a direct relationship between levels of clientism and alliance cohesion. Thus the rift between the two states should not have been entirely unexpected.

    Perhaps if the 'alliance' had been described as an 'entente' the problems of adjustment may not have had to occur. An entente, with its more limited and informal commitments to consult rather than to act, does not raise expectations of specific behaviour and can easily be left when the time is appropriate. The fact that ANZUS was described as an alliance and as a 'keystone' of defence probably raised expectations on both sides which in times of strain could never be met. Such failed expectations then translated into extreme reactions when expected modes of behaviour were not followed. By contrast the Five Power Defence Arrangements will be able to lapse relatively simply because they are not described as an alliance and there is not a large body of expectation relating to the behaviour of the partners.

    For a discussion of alliance versus entente see G.R.Berridge, 'Ententes and Alliances', Review of International Studies, Vol 15 No 3, July 1989.

30. Interviews. Immediately after the announcement the Prime Minister indicated that if the US made ship visits a condition of ANZUS membership then it would be the US that had walked away from ANZUS not New Zealand. He also

argued that one reason for staying in ANZUS was because of the cost of having a 'total defence system'.(Morning Report interview op cit).

31. Hager interview. See also Sydney Morning Herald 6/7 February 1985. Paul Sheehan in an article claimed that the New Zealand Labour Party 'some time ago planned to call the bluff over ship visits', on the basis that the US would not react.

32. 1987 Defence Review, p5.

33. 1985 Defence Report, p4.

34. James Rolfe, 'Trans-Tasman Defence Co-operation', New Zealand International Review, Vol XII No 5, September/October 1987.

35. O'Flynn interview gives a hint. 'Treasury's job is to say "no". We then make judgements and tend to overrule Treasury on political grounds if necessary...for example this year on 10% cuts'.

36. In 1987-88 $60,326,000, or approximately 5% of Vote:Defence. (1989 Report).

37. Specific detail of troop movements and locations may be found in the annual reports of the respective services until 1963 and of the Ministry of Defence from 1964.

38. For details of the reasons advanced for the formation of the strategic reserve and the deployment of New Zealand troops see the various statements by the Prime Minister and other Ministers at the time:
Extracts from a statement by the Right Honourable S.G.Holland, London 8 February 1955 in Ministry of Foreign Affairs, New Zealand Foreign Policy Statements and Documents 1943-57, Wellington 1972 p 382.
Statement by the Honourable T.L.MacDonald, 9 February 1955 in ibid, p 384.
Prime Minister Sidney Holland to Parliament 24 March 1955, 'Forward Defence-From the Middle East to Malaya, 1955', in W.D.McIntyre and W.J.Gardner eds, Speeches and Documents on New Zealand History, Oxford, 1971 p392.

39. Holland in McIntyre and Gardner, op cit, p 394.

40. D.J.McCraw, Objectives and Priorities in New Zealand's Foreign Policy in Asia 1949-75, unpublished Ph D, Otago, 1978 pii.

41. Keith Jackson, ' "Because it's there..." A consideration of the decision to commit New Zealand troops to Malaysia beyond 1971', Journal of South East Asian Studies, Vol II No 1, March 1971.

42. Defence Council DC (73) M5 quoted in Ministry of Defence paper Report of a Study of the Implications of Withdrawing New Zealand Force South East Asia to New Zealand in Defence 24/1/6 dated 4 November 1982.

43. Robertson interview.

44. Quoted in Defence 24/1/6, op cit.

45. Treasury Budget Report No 5 dated 20 March 1975.

46. Cabinet Committee on Policy and Priorities, PP(75) M11 Part 1 dated 26 March 1975.

47. ibid.

48. Robertson interview.

49. Treasury 62/56 dated 18 July 1975. This Treasury comment was in response to a joint Defence/MFA paper on the subject.

50. New Zealand Foreign Affairs Review, April 1975, pp11, 17.

51. Cabinet CM 75/32/6 dated 11 August 1975.

52. Minutes of the MOD National Plan Steering Group dated 5 September 1975.

53. Letter from Minister of Defence to Secretary of Defence dated 30 January 1976. (Defence 24/1/16).

54. Letter to the Minister of Foreign Affairs New Zealand Force in Singapore, PM 87/33/1 dated 23 December 1975. (Defence 24/1/16).

55. Treasury paper T62/56 dated 5 August 1976 to the Minister of Finance. (Defence 24/1/16).

56. In July and August Cabinet deferred any decision and in September the Cabinet Committee on Defence decided that there could be no early return home. D(76) M4 dated 9 September 1976.

57. 1978 Defence Review, p21.

58. ibid.

59. Hensley interview.

60. Interviews.

61. Letter to the Minister of Foreign Affairs dated 5 August 1980.

62. Cabinet Committee on Defence dated 2 April 1981.

63. NZ Foreign Affairs Review, vol 31 no 2, April-June 1981, p18.

64. The Implications of Withdrawing New Zealand Force South East Asia, D(83)2 dated 18 February 1983 to Cabinet Committee on Defence.

65. Press Statement by the Minister of Defence dated 22 March 1983.

66. Letter from Mr D.Kidd to the Minister of Defence, April 1983. (Defence 24/1/16).

67. File note attached to Mr Kidd's letter.

68. Letter from the Minister of Defence to Mr Kidd, July 1983. Looked at in this context is bureaucratic jargon to indicate that the issue would be at least

discussed by officials in the course of the preparation of the Defence Review. It implies no commitment to action or decision.

69. 1983 Defence Review, p18.

70. Annex A to Defence 2/6/4, Ministry of Defence Briefing Paper for visit to New Zealand by Lee Kwan Yew, Prime Minister of the Republic of Singapore, 4-8 April 1986. The specific comment relates to statements made in the previous three years.

71. From the transcript of a Press Conference by the Prime Minister in Singapore, 8 March 1985. This was reinforced as late as July 1986 at a speech in Bangkok. See Evening Post editorial 30 December 1986.

72. Speech by Dr Yeo Ning Hong at a New Zealand Day Parade in Singapore, 5 February 1986.

73. Letter to the Minister of Foreign Affairs on the background to an exchange of notes with the Singapore Government relating to the upgrading of Dieppe Barracks, dated March 1986. the defence Review referred to was the 1987 Review.

74. Cabinet Policy Committee P(86) M52 Part 2 dated 9 December 1986, and announcement 23 December 1986. The announcement was made before publication of the White Paper because of fears of a leak.

By the end of 1989 the Force had been withdrawn and a only small unit with the primary task of overseeing troop deployments for exercises remained.

75. Muldoon interview.

76. 1978 Defence Review, p23.

77. Defence Council, DC(79) M15, 4 December 1979.

78. Defence Executive Committee, DXC (80) M 14, 8 August 1980.

79. Muldoon interview.

80. Moen interview.

81. 1983 Defence Review, p24.

82. ibid. When considering the question of submarines Navy had stated that if submarines were not purchased then there would still be a need for a frigate fleet. (Defence Council, DC (83) M 4, 29 June 1983.

83. At a meeting of the New Zealand Institute of International Affairs, Auckland Branch in 1984 the then Secretary of Foreign Affairs stated that he was in favour of submarines because of the surface support vessels which would be required and which could be used for national tasks not necessarily connected with defence purposes. (Writer's recollection).

84. 1983 Defence Review, p22.

85. A Memorandum of Understanding on the exchange of information relating to the submarine project was signed to formalise the joint participation.

86. Comment by CDS at COS (84) M6 on the conclusions of the 'Naval Submarine Study'.

87. NA 010081SUB dated 7 December 1984.
    NA 010081SUB dated 31 January 1985.

88. Def 010081 SUB dated 1 March 1985.

89. Although there is anecdotal evidence that submarines were a pet project of a senior Naval officer. If this is correct that officer would have to have been CNS or senior enough to have direct access to, and influence over, CNS. There is no documented evidence for this.

90. Monks interview. 'Navy were trying to achieve a task within a specific budget. They put the submarine option to defence who put it to the politicians...'

91. Muldoon interview.

92. There are some indications that the new Prime Minister cancelled the project on 'image' grounds before he was aware of the financial problems. This does not alter the conclusion reached by Defence but we may differentiate between the 'hands on' approach of the Labour Government compared with the more *laissez-faire* approach adopted by the Muldoon Government.

Notes To Chapter 8

1. A recent overview of New Zealand and its position with regard to nuclear issues is provided by: K.Clements, Back From the Brink: The Creation of a Nuclear Free New Zealand, Wellington, 1988.

2. Walter Nash 24 March 1955, in NZPD Vol 305 p43.

3. Labour Party Election Manifesto, 1969, 'International Affairs'. The concept itself had been ion the public domain since at least 1963 when petitions on the subject were presented to arliament.

4. Norman Kirk, 14 July 1972, NZPD, Vol 379, p1119.

5. K.Clements op cit, p69. The National Government felt that its initiatives taken in international forums and bi-laterally were as much as it could do with any hope of success.

6. Robertson interview.

7. There was some informal manoeuvering between Australian and New Zealand Ministers to ensure Australian support for the operation. (K.Clements, op cit, p69).

   This lack of range and independent support capability was remembered and has had implications for future equipment decisions for the Navy. The next Labour government elected in 1984 agreed to purchase a fleet tanker for the Navy and specified a longer range for a new class of warships to be purchased in conjunction with Australia.

8. 1974 Defence Report, p10.

9. Robertson interview.

10. ibid. Although in public statements the Government stated that it would hold the French responsible for injury to New Zealand citizens or vessels. (Newspaper reports).

11. K.Clements, op cit, p71.

12. ibid, p73.

13. Robertson interview.

14. The name Zimbabwe is used throughout although strictly speaking the country did not take that name until independence.

15. The detail of the history is taken from Whitaker's Almanack, 119th ed, London, 1987, p775.

16. All detail in this section is taken from Ministry of Defence file 3/1/6. Details of dates and origin of information are shown in the text.

17. In the event 75 troops deployed. (1980 Defence Report).

18. The Prime Minister was 'prepared not keen' to undertake the task to 'demonstrate a commitment to Western values'. Muldoon interview.

19. Historical detail is taken from Ministry of Defence briefing paper for the Minister of Defence, Sinai MFO and Peacekeeping Operations, 17 September 1984.

20. H.E.Holland 18 August 1922, NZPD, Vol 196, p496. It must be noted that collective security operations are not necessarily the same as peacekeeping operations.

21. P.Fraser in a statement to the House of Representatives 24 July 1945, quoted in 'Statements and Documents', op cit, p 100. In this case Fraser was discussing the UN itself but the sentiment is relevant for all forms of international organisation.

22. Defence 10/1/8.

23. ibid. From a telegram from Wellington to a number of posts January 1981. The telegram also asked for information as to the Australian position.

24. ibid. Telegram from Wellington to posts, March 1981.

25. Defence 10/1/2, May 1981. This was a preliminary paper prepared as a briefing paper for the Minister and discussed at an informal meeting of Chiefs of Staff. The paper presented no analysis of costs, but the main concerns would be of the possible need to supply equipment suitable to the region which would have to be acquired, the cost of additional allowances for the troops, extra equipment costs incurred by more intensive usage and the opportunity costs involved in taking on a new commitment.

26. The as hoc committee consisted of five senior Ministers including the Prime Minister, Minister of Foreign Affairs and Minister of Defence. Other topics handled by the committee included Kampuchea and the Springbok rugby tour. The committee was to report by 6 July 1981. (CM 81/25/33).

27. Defence 10/1/8.

28. To the Minister of Defence on Defence 10/1/2 dated 1 July 1981.

29. Defence 10/1/8.

30. Transcript of an interview with Mr Mohammed Salamawi 10 September 1981 on Defence 10/1/8.

31. Defence 10/1/8.

32. Brief on Defence 10/1/8.

33. ibid.

34. Defence 10/1/2 dated 27 October 1981. In a brief to the Minister of Defence factors considered included national identity; the preference was to retain it in some form of unit, costs; someone else should bear any additional costs, and command and control; ultimate command should remain with New Zealand although operational command could be delegated to the Force.

35. The extension occurred despite provocations such as the Israeli occupation of Southern Lebanon. There is no evidence that this seriously threatened continued participation in the MFO.

36. Telegram dated 14 September 1984. The attitude might also be taken as a standard Foreign Affairs wish to maintain the status quo.

37. Brief to the Minister of Defence September 1984. See also 'Briefing Papers', op cit, p72.

38. Prime Minister's press statement 13 March 1985, commenting on the Australian decision to withdraw: 'The Government is exploring options for New Zealand's contingent ...to stay on beyond Australia's withdrawal...the MFO forms part of a step forward, and New Zealand wishes to continue to play its part in that'.

39. Defence 10/1/8 dated 7 June 1985.

40. Wellington to Rome dated 21 June 1985. The sentiment here is of course part of the process involved in reaching a position, rather than a settled position to be promoted or defended.

41. Washington to Wellington dated 21 June 1985.

42. Brief for Secretary for Foreign Affairs prior to a call by the Egyptian Ambassador. Foreign Affairs 58/503/1 dated 15 July 1985.

43. Note for file Foreign Affairs 58/503/1 dated 16 July 1981.

44. Army General Staff minute dated 29 July 1985 on Defence 10/1/8.

45. To Ministry of Foreign Affairs, Defence 10/1/8 dated July 1985.

46. Letter to the Minister of Defence, Sinai:MFO, dated 7 August 1985.

47. ibid.

48. ibid.

49. CM 85/31/12. In 1988 the participation in MFO was further extended.

50. In itself an interesting use of ANZUS meetings.

Notes To Chapter 9

1. See for example:
   D.Ball, 'The Role of the Military in Defence Hardware Procurement', in
   F.A.Mediansky ed, The Military and Australia's Defence, Melbourne, 1979.

   W.K.Denke, 'Waste, Weapons and Resolve: Defense Posture and Politics in the
   Defense Budget', Policy Sciences, Vol 16 No 4, March 1984.

   M.D.Hobkirk, The Politics of Defence Budgeting, London, 1984.

   F.Cooper, 'The Management of Defence Expenditure', Defence and Consensus,
   Adelphi Paper 102, London, 1983.

2. As purely anecdotal evidence the writer recalls a conversation with a senior
   army officer, at one time responsible for equipment definitions who
   recounted how a certain piece of equipment had been purchased because
   'without it we could not consider ourselves professional...we did not need
   it to achieve any specific goals'.

3. R.Facer, The Alliance and Europe: Part III. Weapons Procurement in Europe-
   Capabilities and Choices, Adelphi Papers Number one hundred and eight,
   London, 1975, p2.

4. Annual Defence Reports.

5. D.Ball, op cit.

6. R.B.Byers, Canadian Security and Defence: The Legacy and the Challenges,
   Adelphi Papers 214, London, Winter 1986, p35.

7. R.L.O'Connell, Of Arms and Men, New York, 1989, p7.

8. ibid, p6.

9. The minor exceptions include a small ship building capability and minor
   electronic design and manufacturing. Military clothing is also made in New
   Zealand.

10. The term equipment programme rather than equipment purchase is used because
    some major programmes may involve refurbishment rather than replacement or
    acquisition. The considerations will be similar and the costs may be still
    be very great.

11. As we will see, in those few cases where New Zealand industry does believe
    that it has a capability there is considerable pressure to force the
    Ministry of Defence to purchase locally. As New Zealand comes closer to
    Australia economically there will be pressure to purchase Australian
    equipment for the sake of the benefits which the joint economies will
    obtain, or because it will demonstrate New Zealand's commitment to Closer
    Economic Relations, or because the Australian manufacturer will be able to
    pass back some portion of the work to New Zealand sub-contractors.

12. Although if the current Australian equipment is demonstrably not suitable or
    relevant to New Zealand's needs it will normally be rejected in favour of an

alternative. Thus Australia has habitually chosen warships and fighter aircraft of greater capability, and cost, than required by New Zealand and New Zealand has chosen alternative equipment types.

13. Ministry of Defence, Notes on Estimates 1988-89, unpublished, 1989, p120. As a side issue this high external cost of defence policies has been suggested as an alternative method of assessing the burden of defence on a country's economy. In the NATO context it has been argued that the United States in 1978 had an external cost of defence of 5.3% whereas in Denmark it was 22.3% and in Norway 16.8%. Hence the defence burden in the smaller countries was heavier than generally believed. (quoted in E.Bjol, Nordic Security, Adelphi Papers Number One Hundred and Eighty-One, London, Spring 1983, p37).

14. 1986 Defence Report, p45.

15. 1987 Defence Report, p26.

16. Interviews.

17. Other examples not discussed include the decision by the Army to refurbish its fleet of M113 Armoured Personnel Carriers and the Airforce continuing to attempt to repair and refurbish light helicopter and jet trainer aircraft because of a lack of finance for replacement.

18. 1987 Defence Review, p5.

19. The writer was a staff officer in the Army General Staff at the time and responsible for the management of equipment maintenance including the maintenance of small arms.

20. Procurement Instructions.

21. ibid, p35.

22. Interviews. Often a proposal which is not in favour will be given a low priority for funding and will thus slip from year to year, or else one or other committee will direct that the paper proposing the acquisition be clarified or condensed or expanded; all bureaucratic methods of delaying an unwanted project.

23. It couldn't.

24. The ICEP in turn will become part of the Indicative Defence Resources Plan which assesses the resources required to give effect to the stated defence objectives. The level of expenditure on individual Services varies from year to year, depending on the stage which major programmes have reached in the acquisition and payment cycle. In 1985-86 the Airforce received some 50% of defence expenditure on capital equipment as some major purchases and refurbishment work were completed whereas in 1983-84 they had received 27% and in 1987-88 only 22%. The other Services followed a similar pattern.

25. 1966 Defence Review, p12.

26. Defence 41/4/7, undated, to CDS and Sec Def.

27. CM 68/38/13 dated 7 October 1968. From Sec Def working note <u>History of Patrol Craft Programme</u>, on Def 41/4/7 dated 1/2/72.

28. CM 69/32/6 dated 18 August 1969, quoted in <u>ibid</u>.

29. D (70) M2 Part II of 20 March 1970, referred to Cabinet. Quoted in <u>ibid</u>.

30. CM 70/13/24 dated 13 April 1970, quoted in <u>ibid</u>.

31. <u>ibid</u>. The Minister's action was probably based on his discussions with senior defence (but not Navy) officials which had led him to the view that various deletions could be made to the proposed programme. (Robertson interview). The alteration of the Minister's priority by Cabinet probably reflects concern that the fisheries resource be properly protected at a time when the commitment to Vietnam could be seen to be diminishing.

It is normal for a Minister to support a paper from his own department in Cabinet but it is not necessary for him to do so. he may present the paper so that Cabinet as a whole can decide upon it rather than just a single Minister. This will occur in cases where there are significant spending implications or where there is likely to be some degree of political controversy over the issue. See G.Palmer Unbridled Power, <u>op cit</u>, p38.

32. CM 70/20/10 of 22 May 1970.

33. Sec Def working note <u>op cit</u>.

34. Defence 41/4/7 dated 23 March 1971 to the Minister of Defence.

35. Treasury T.62/32 dated 15 April 1971 to the Minister of Finance.

36. Memorandum for Cabinet dated 23 April 1971.

37. New Zealand Ship and Boatbuilders' Federation letter to the Minister of Defence dated 3 September 1970.

Sec Def 41/4/7 dated 23 September 1970 to the Minister of Defence.

Minister of Defence letter to the Federation dated 24 September 1970.

At this stage the Ministry of Defence was still hoping to have a prototype craft built overseas and the necessary technology and expertise transferred to New Zealand to allow the remainder to be built in New Zealand.

38. Secretary of Industries and Commerce 22/30 dated 24 February 1971 to the Minister of Industries and Commerce.

Minister of Industries and Commerce to the Minister of Defence dated 3 March 1971.

39. Sec Def working note, <u>op cit</u>.

40. <u>ibid</u>.

41. Ministerial Press Release dated 8 May 1972 on Def 41/4/7. The press release was issued to deny that the Government had failed in any undertaking to

enable local shipyards to tender for the project. The press release noted that special efforts had been made to ensure that New Zealand shipyards had sufficient information to allow them to register an interest if they wished, and that none did so.

42. Treasury Memorandum T.62/32 to the Minister of Finance, undated but probably February 1972.

43. ibid.

44. ibid.

45. Economies against the lowest tender included reducing the standard of fittings and construction, reducing slipping and upkeep facilities and steaming the craft to New Zealand to reduce delivery costs. These measures reduced the tender cost from $8.338m to $6.749m.

46. Treasury memorandum T.62/32, op cit. The equipment deferment was for minesweepers; an item of equipment which has still (1990) not been replaced, although the capability is being pursued by alternative methods.

47. CM 72/7/21 dated 21 February 1972.

48. The boats have been quite ineffective in their primary role. They are not able to operate into the 200mile EEZ and they have inferior seakeeping qualities to the fishing boats they are supposed to maintain surveillance on. (Interviews).

49. Although the cheapest option will not necessarily be taken. the government has at times been prepared to pay a premium to achieve compatibility with Australia.

50. The description of the roles and capabilities is of course the official description and does not imply here any assessment of the relevance of the role or the viability of the aircraft for the role.

51. 1978 Defence Review, pp39-40.

52. 1983 Defence Review, p32.

53. ibid.

54. ibid.

55. Crooks interview.

56. ibid.

57. Talbot interview.

58. Letter to Minister of Defence from Sec Def dated 11 June 1981.

59. Cost effective in this case relates to the cost of providing the desired capability set against the expected life of the option chosen.

60. DO(83)24 dated 25 August 1983, on Def 1/1/2. The options under consideration included Jaguar aircraft from Great Britain, US F20, F18 and F16 aircraft and the French Mirage 2000.

61. D(83) M4 Part 1 of 5 September 1983.

62. Def 2/6/2 dated 7 June 1984.

63. Def 2/6/3 dated 29 May and 12 June 1984. Army was for example more interested in the Andover light tactical transport which the airforce had stated it intended to withdraw from service.

64. D(84) M2 dated 25 June 1984 and ER(85) M4 Part 1 dated 1 May 1985.

65. Phase 2 had beed scheduled to commence in 1984 with costs spread over four years. It was deferred until 1988/89 in an effort to remove peaks in CEP expenditure. In 1990 Phase 2 still had not received financial approval.

66. Minutes of the DFDC dated 3 February 1984.

67. ibid.

68. NA 068/4/55 Brief For CNS undated July 1984.
Army 5/4/CGS minute to CAS undated July 1984.

69. NA 068/4/55, op cit.

70. Def 2/6/2 dated 31 May 1984.
Def 2/6/2 dated 6 August 1984.

71. Def 14/7/85/2 DRP dated 26 February 1985.

72. Def 14/7/85/2 DRP dated 12 March 1985. The staff officer was however an Army officer responsible for resource planning rather than operational commitments.

73. P(85) M 12 Part 5 dated 26 March 1985.

74. 1978 Defence Review, pp33-34.

75. ibid, p35.

76. ibid, pp 18,20. The two quotes are taken from separate parts of the Review and do not directly relate to each other in that document.

77. 1983 Defence Review, p27.

78. ibid, p30. In Army doctrine 105mm guns are light and 155mm are medium. This conclusion was also explicitly stated in the CCD minute which formally adopted the White Paper for the Government.

79. Army 246/79/3 dated 19 December 1983.

80. Def 2/6/3 Minutes of a Meeting of the Directorate of Force Development Committee, 3 February 1984. This was the first meeting of the Committee.

Previously this type of proposal would have gone direct to DXC where it may not have received quite such a detailed examination.

81. 1984 Defence Report, p34.

82. Minutes of a Meeting of the Resources Policy Development Committee, 5 September 1985.

83. DXC (85) M8, 18 September 1985.

84. DC (85) M12, 15 October 1985.

85. ibid.

86. ibid.

87. Mace interview.

88. In operations against a stronger enemy which would require medium artillery it seems almost axiomatic that the interests of Australia or the US would be engaged and that they would provide such support if necessary.

Notes To Chapter 10

1. In the decade to March 1980 the Minister of Defence changed six times (although several Minister served more than once) while the Secretary changed only once. Ministers (such as Mr A. Faulkner, Minister from 1972-74, who was also President of the Labour Party) have also had other jobs while acting as Minister.

2. The writer recalls interviewing the Minister and being told 'why are you asking me how the Ministry works. They don't tell me anything...you work there, you know more than I do.'

3. Newspaper reports.

4. This arrangement has changed as one of the organisational alterations consequent upon the Quigley Review.

5. See M.McKinley, The ANZUS Alliance and New Zealand Labour, Canberra, 1986, pp22-24.

6. Although with the 1989 split of the central bureaucracy into a Ministry and a Defence Force Headquarters the scope for such competition increases.

7. 1987 Defence Review, p18. The area of direct strategic concern is defined as 'New Zealand itself, the Pacific Islands, Australia and Antarctica'.

8. 1978 Defence Review, p16.

9. 1966 Defence Review, pp11-12.

10. 1987 Defence Review, p10. 1987 Report, pp6, 30.

11. 1983 Defence Review, p19.

12. 1987 Defence Review, p27.

13. M.McKinley, op cit, p75.

14. In late 1989 it was announced that the Prime Minister's Office was to be restructured. It would take over the functions of the separate Office of the Coordinator of Domestic and External Security and it would establish an analytical section which would include a capability to provide medium to long term analysis of defence, (as well as other), issues.

BIBLIOGRAPHY

Primary Sources

Ministry of Defence Files

At the time of this research the Ministry of Defence had a numerical series file index system in which, for example, files numbered 1/x/x related to New Zealand Defence Policy and 11/x/x related to International Security. Within these broad series more specific topics were defined, thus: 1/1/x New Zealand Defence Policy/Policy and 1/2/x New Zealand Defence Policy/Treaties and Agreements. Since then the system has changed.

When cited the files are normally referred to with a prefix, Defence (or Def), and they include a date which defines when the specific document was signed or drafted. File references from other Departments, such as Treasury (Ty), have been also been identified by the Defence file which they have been placed on.

File series referred to in this research include:

New Zealand Defence Policy
1/1/1	Defence Policy, General
1/1/2	Review of Defence Policy
1/1/3	White Papers
1/1/6	NZ Defence Commitments
1/1/9	Talks and Arrangements with Allied Nations
1/1/10	Maintenance of NZ Forces in Malaysia/Singapore
1/1/11	Officials Committee on Defence Expenditure
1/1/14	1983 Re-examination of Defence Needs
1/2/1	Agreements: General
1/2/4	Five Power Arrangements

Defence of New Zealand
2/4/1	Defence of Sea Communications, General
2/6/1	Defence Force Development Policy General
2/6/2	Defence Force Development Committee, Agenda Submissions
2/6/3	Defence Force Development Committee, Minutes
2/6/4	Defence Force Development Committee, Policy Matters

Commonwealth Defence
3/3/1	Australian and New Zealand Defence Cooperation, Policy and General
3/3/7	ANZ Consultative Committee
3/3/8	Ministerial Meetings
3/3/9	Defence Policy Group
3/3/11	ANZ Defence Supply Cooperation: General

ANZUS
6/1/1	Policy General
6/1/2	ANZUS Officials Consultations and Meetings

United Nations
10/1/1   Policy and General
10/1/2   UN Emergency Forces for Peacekeeping
10/1/3   UN Observers
10/1/8   Multinational Force and Observers-Sinai

Operations and Planning
22//1/3   NZ Planning for Continued Presence Malasia/Singapore

New Zealand/Australia Presence Malaysia/Singapore
24/1/6   Composition of Forces
24/1/16   Contingency Planning. Withdrawal of NZ Troops
24/3/1   National Plans Steering Group, Policy and General

Capital Equipment
41/34/20   Procurement-Naval Patrol Craft

Organisation and Administration
50/1/1   Policy General
50/1/2   Higher defence Machinery
50/6/1   Reorganisation of the Armed Forces-Policy and General
50/10/1   Planned Programme Budgeting System...Policy

Legislation, Instructions Directives and Orders
51/2/10   Cabinet Green (Minute) Guard File

Councils Boards and Committees
57/1/43   Cabinet Committee on Defence and Foreign Affairs
57/2/1   Cabinet Defence Committee, General
57/3/1   Defence Council, General
57/4/1   Chiefs of Staff Committee, General
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