

Indonesia in Australian Defence Planning

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This article examines the place of Indonesia in Australian defence planning, from the early days of the Republic to the present day. It draws four main conclusions. First, Australia's interest in Indonesia derives from a geostrategic perspective that cannot be ignored. Second, some of the differences between Australia and Indonesia have the potential to be a significant source of tension. Third, beyond the immediate future, it is important not to dismiss the possibility of failure of the democratic experiment in Indonesia and some unpalatable alternatives. Fourth, a degree of ambiguity is inherent in Australia's defence relationship with Indonesia: Indonesia has the attributes both of a valuable friend and, should the relationship seriously deteriorate, a potential adversary. It is important that the two countries continue to find ways to build on their shared interests and to manage the differences that, inevitably, will arise.

This article examines the history of the defence dimension of the relationship between Australia and Indonesia since the emergence of the Republic of Indonesia in the late 1940s. It includes observations on historic and current issues and concludes with some challenges for the future. The article draws on many sources. They include official documents—those formerly classified papers now available under the Archives Act, the unclassified versions of classified documents that governments have made available in recent years, and unclassified documents such as White Papers—and the authors' involvement in many of the policy issues concerning Australia's defence relationship with Indonesia since the 1970s.

Why Indonesia is Important to Australia

The simple facts of geography dictate that Indonesia is a country of abiding strategic importance to Australia. Indonesia's proximity, size (some 230 million people) and different ethnic and religious makeup mean that Australia has a permanent interest in Indonesia's friendship and stability. An Indonesia that became hostile could pose a serious threat to Australia's security.

Australia's classified defence planning has long acknowledged that the most likely direct military threats would come "from or through" the archipelago to our north. This was the experience in the Second World War when Japan used what were to become Indonesia and Papua New Guinea (PNG) to mount attacks on the Australian mainland. Australia's geography as an island continent means that there are vast expanses of ocean to its south and west, and its eastern approaches are flanked by the small islands of the South Pacific and its close ally New Zealand. Indonesia, however, sits

astride the approaches to the sparsely populated and resource rich north of the continent. Key Australian sea lines of communication and air routes pass through and over Indonesia. Australia has vulnerable offshore oil and natural gas installations on the Northwest Shelf, and much of its energy and mineral exports to Japan and China pass through straits in the Indonesian archipelago. A friendly Indonesia acts as a strategic shield to the immediate north of Australia. But the obverse would also apply: an Indonesia in unfriendly or aggressive hands could use the advantage of geographical proximity for military operations against Australia.

The closest that Australia has come to war with Indonesia was in the early 1960s during the period of Confrontation, when there was a risk of escalation to a much more serious level of conflict with a Communist-dominated Indonesia heavily armed by the Soviet Union. The coup of 1965 in Jakarta, which brought President Suharto to power and effectively ended Communism in Indonesia, was the most important event in Australia's post-War geopolitical history.

There are few neighbouring countries in the world so different as Australia and Indonesia. Australia is a country of predominantly European and Christian heritage whereas Indonesia is the largest Muslim country in the world with a dominant Malay ethnic composition. Indonesia has a long cultural history compared with Australia, which is seen in Jakarta as a relative newcomer to the region. In the past, Australia's White Australia policy and its identification with the West as an advanced country was in contrast to Indonesia as a developing country and a leader of the non-aligned movement. Although Australia was an early supporter of independence for the Republic of Indonesia, these and other differences have led to periodic tensions in the relationship—which surfaced most recently in 2006 over the issue of asylum seekers in Australia from the Indonesian province of West Papua. The different characteristics of these two unlikely neighbours mean that managing difference will be a permanent challenge.

The Strategic Basis of 1953

In the years immediately following the end of the Second World War, Australia's principal security concern was the spectre of the spread of global Communism. The 1953 Strategic Basis well illustrates the point:

The present Australian Defence Policy and General Strategy was determined on the situation that pertained in 1949/50. At that time, Russia was considered to be capable of overturning Europe and the Middle East before effective defensive measures could be taken by the Allies. ...

Further, the rate of development of the potentially great military power of communist China with Soviet assistance, was not then foreseen.

Yet more starkly, the 1953 Strategic Basis writes that "A Moscow controlled communist dominated world is the ultimate Soviet aim."² It is little surprise, therefore, that Australia was concerned—both then and later—with the rise and activities of Communist China and the potential spread of Communist influence in, and possible eventual control over, Indonesia.

The document made, however, a careful differentiation between what might be regarded as legitimate nationalist aspirations and how that nationalism might become undermined by Communist subversion:

In certain cases, nationalism is being used as a cover for communist activities, resulting in internal disorder and disruption of civil services, e.g., ... [in] Indonesia. Action, therefore, should be taken to ensure that true nationalism is assisted and directed to ensure that the countries concerned remain within the Western orbit.³

In some respects, this was a foretaste of what would become an enduring formulation about hostile elements operating "from or through" Indonesia, rather than necessarily a concern about Indonesia (and Indonesians) *per se*.

The 1953 paper comments that, while "the likelihood of global war is now more remote" than in earlier years, "the need to prepare for a possible global war remains"⁴ and "preparations must be made to meet increased communist pressure in the cold war."⁵ It further comments that

In South East Asia, the Chinese communist regime, as the principal collaborator of the leaders of world communism, is pursuing aggressive policies designed to eliminate Western influence therein and to bring the whole area under communist control.⁶

In many ways, the document's focus is much more on Indo-China ("the key to the defence of South East Asia") and Malaya than on Indonesia. Some reference to Indonesia is parenthetical: the loss of Indo-China

would probably lead to the collapse of Burma and Thailand, and to a dangerous weakening of internal stability in Malaya, Indonesia and the Philippines.⁷

Nevertheless,

¹ A Strategic Basis of Australian Defence Policy, dated 8 January 1953, National Archives of Australia (NAA) CRS A2031, p. 2.

² *Ibid.*, p. 4.

³ *Ibid.*, p. 5.

⁴ *Ibid.*, p. 7.

⁵ *Ibid.*, p. 8.

⁶ *Ibid.*, p. 9.

⁷ *Ibid.*, p. 10.

Communist, an air threat could develop more quickly than an invasion threat.¹⁴

The paper differentiates between Indonesia by itself and an Indonesia that might in some way become Communist. On the one hand, the Indonesian armed forces remained "badly equipped and ineffective"¹⁵ and "Indonesia alone presents a very small threat to Australia in the foreseeable future."¹⁶ Further,

If she became Communist, or Communist supported economically or militarily, it would still be a number of years before Indonesian forces alone could pose a significant threat to Australia or the Island Territories.¹⁷

On the other hand,

If bases in Indonesia were made available to the Chinese Communists, sporadic attacks with high explosive bombs [as opposed to nuclear bombs] by the medium bombers likely to be available to the [Chinese Communist Air Force], could be made against targets in the whole of Australia.¹⁸

Apart from the threat of Communism, the paper added "War between Indonesia and the Netherlands over New Guinea" as a possible situation of "limited war of concern to Australia".¹⁹

Indonesia has continued her demands for Dutch New Guinea and Australia's support of the Netherlands remains a serious source of friction in our relations with Indonesia.²⁰

but this theme was not developed further at that time.

The Strategic Basis of 1959

By the end of the 1950s, matters had changed in several respects. The 1959 Strategic Basis includes the positive observation that one of the objectives of Australian national policy is "to ensure that Indonesia remains friendly or at least neutral."²¹ It goes on to recognise that

Indonesia is of great strategic importance to Australia and constitutes a most important factor in both Australian and regional defence. The size of its population and its economic possibilities endow Indonesia with a long term potential far in excess of its previous or present importance.²²

¹⁴ *Ibid.*, p. 5.

¹⁵ *Ibid.*, Appendix 1, p. 4.

¹⁶ *Ibid.*, Appendix 2, p. 1.

¹⁷ *Ibid.*

¹⁸ *Ibid.*

¹⁹ *Ibid.*, Annex, p. 2.

²⁰ *Ibid.*, Appendix 1, p. 3.

²¹ *Strategic Basis of Australian Defence Policy*, dated January 1959, NAA A2031/8, p. 2.

²² *Ibid.*, p. 4.

Should Malaya fall, a steady infiltration of communists throughout the islands of Indonesia could follow. In this eventuality, Australia would be confronted in due course by hostile land and air forces within 500 miles of the Northern Territory and have a common frontier with the communists in New Guinea.⁸

However, Australia would have time to react:

Even should Malaya be lost, it is considered that the communists could not operate from air and naval bases throughout Indonesia before Australian forces were fully mobilised.⁹

The Strategic Basis of 1956

By the mid-1950s, perspectives in some respects had changed, as the 1956 Strategic Basis makes clear.¹⁰ The tone with respect to the threat of Communism and global thermonuclear war was now more measured, although concern over Communist ambition still provided the principal prism through which Australia's security was viewed, causing the new paper to revisit some familiar themes.

In limited war (i.e., regional and most likely non-nuclear),

Should Malaya be lost, preparations for the defence of the North West approaches to Australia will depend on the probable form and scale of attack at any given time.

The operations that Australian forces would be required to undertake would include those to prevent PNG coming under Communist or Indonesian control, to combat a Communist attack on Australia, and to take action against a Communist-controlled Indonesia in the event that it were actively threatening Australia's north-west approaches.¹¹

But as with the preceding paper, the 1956 Strategic Basis comments that

It will take the Communists a long period to build-up their forces in South East Asia before they could undertake an invasion. Australia would therefore have time to build up to meet this threat.¹²

Further, although the prospect that Indonesia could become Communist-controlled was real, this was unlikely to occur "before 1960".¹³ However, there is also the warning that "in the event of Indonesia becoming

⁸ *Ibid.*, p. 12.

⁹ *Ibid.*, p. 17.

¹⁰ *Strategic Basis of Australian Defence Policy*, dated October 1956, NAA A2031/8.

¹¹ *Ibid.*, p. 5.

¹² *Ibid.*

¹³ *Ibid.*, Annex, p. 10.

Nevertheless, there were "no signs that Indonesia's present serious political and economic problems will be solved quickly", and

Both the Communist Party (P.K.I.) and the Communist Bloc have taken advantage of the civil war and of deteriorating economic conditions to extend their influence.

Further, "Indonesia's military capacity has recently been considerably increased by foreign aid".²³

The 1959 paper takes a balanced approach to what this meant for Australia's security. Indonesia's

present capacity is such that it is able alone to pose a threat to Netherlands New Guinea and a small threat to Northern Australia and the Australian island territories of Cocos and Christmas

but "it is not sufficient to pose a significant threat to the Australian mainland", although "This capacity could continue to increase in the period under review."²⁴

Returning to a familiar theme, the paper says that

Indonesia could also provide bases from which external Communist forces could operate against Australia and other neighbouring countries and lines of communications within the area, in particular an air and submarine threat could develop very quickly.²⁵

In what was in some respects a new departure, the 1959 paper goes on to say that

Indonesia's existing internal problems may induce her to risk an external adventure directed at Netherlands New Guinea as an aid to the achievement of national unity.

Nevertheless,

Assuming Australia is not involved in hostilities over Netherlands New Guinea it is most unlikely that Indonesia would initiate an attack on Australia or its island possessions.²⁶

The Strategic Basis of 1962

The 1960s were to prove a difficult period, particularly with Indonesia's policy of Confrontation against newly-independent Malaysia and the nations supporting it, and Indonesia's ultimately successful endeavours to gain control over Netherlands New Guinea. But even without explicit anticipation

²³ *Ibid.*, p. 5.

²⁴ *Ibid.*

²⁵ *Ibid.*

²⁶ *Ibid.*

of these episodes, the 1962 Strategic Basis led the Defence Committee to warn of a "significant and disturbing deterioration in our strategic situation since the Strategic Basis of Australian Defence policy was last reviewed in 1958."²⁷ The Defence Committee concluded that this

deterioration ... and possible future trends in South East Asia point to a clear requirement for a progressive expansion of the Defence programmes that will increase the level of Australian military capability and preparedness in pursuit of the basic objective of ensuring the security of Australia and her island territories.²⁸

The catalysts for these concerns included the war potential of Communist China, further Communist gains, actual and potential, in Indo-China and South East Asia and "the rapidly increasing military power of Indonesia."²⁹ There were also "definite signs in the South Pacific of increased communist interest."³⁰

The more specific treatment of Indonesia was however more nuanced than one might otherwise have expected. On the one hand, the prospect that Communism would come to dominate Indonesia's government and society was starting to appear all too real, with substantial military assistance from the Soviet Union and the strengthening position of the Indonesian Communist Party—the "largest communist party in the world" outside those of Russia and China. Further, Indonesia was continuing to experience "serious economic problems and some measure of internal unrest."³¹

On the other hand, there was also the prospect that the

anti-communist attitude of the Indonesian army, together with United States economic aid and advice [would] offset communist influence to some degree.³²

Further, it would take time for Indonesia to become proficient in the use of its new armaments (although "foreign volunteers" could help in the interim), and the "overall military power available to [Australia's] major partners ... would be more than adequate to neutralise an Indonesian threat."³³ In the event, the reference to the army's anti-communist attitude was to prove prescient.

²⁷ Memorandum by the Defence Committee, covering the 1962 Strategic Basis, NAA A2031/8, p. 3. At that time, the Defence Committee was an inter-departmental body, chaired by the Secretary of Defence, with membership comprising Chairman, Chiefs of Staff Committee, Chief of the Naval Staff, Chief of the General Staff, Chief of the Air Staff, Secretary of the Department of External Affairs, Secretary of the Prime Minister's Department, and Secretary of the Department of the Treasury.

²⁸ *Ibid.*, p. 4.

²⁹ *Ibid.*, p. 2.

³⁰ Strategic Basis of Australian Defence Policy, dated January 1962, NAA A2031/8, p. 3.

³¹ *Ibid.*, p. 7.

³² *Ibid.*

³³ *Ibid.*, p. 8.

Not only was there the Communist threat to mainland South East Asia (including Malaysia) and the Indonesian threat to Malaysia, but there was also now a direct threat to Australia and to the Territory of PNG from Indonesia, the more so if over time the latter became Communist and yet more strongly allied with the Soviet Union or China. The attitudes and policies of President Sukarno were

leading him steadily into a closer association with the communist powers and away from the United States and United Kingdom, and he may find it difficult to arrest this process if he should wish to do so.

Even if in the event the army emerged as predominant,

Indonesia would still continue to be an assertive revolutionary power pursuing policies which on many important issues would be in conflict with those of Australia.⁴⁰

The threat to Australia might include "small scale air and sabotage raids against Darwin and possibly raids against Cocos and Christmas Islands," and there would be the "possibility of sporadic attacks against Australian shipping and of mining of focal areas by a few submarines".⁴¹ Nevertheless, the paper judged the efficiency of the Indonesian Services to be "low by Australian standards" and would become "not more than fair" even with help from Communist countries.⁴² Further, "Current Commonwealth planning contemplates that most of Indonesia's naval and air capacity could be quickly destroyed by Commonwealth forces ..."⁴³

The 1964 paper assessed that Indonesia "will show an increasing interest in Papua/New Guinea"; this might be in the form of "covert and propaganda activities", and "the development of intelligence, subversive activities in the border villages and harassing measures in border areas".⁴⁴ Given deterioration in relations between Australia and Indonesia, these activities "could intensify", perhaps leading to insurgency or even to "a type of military confrontation similar to that now being conducted in Borneo".⁴⁵ The paper concludes that even an insurgency could "require the commitment of Australian forces".⁴⁶

The paper also expresses concerns about Indonesia's "extravagant claims to air space and territorial waters" and the problems that this could cause for Australia's air and sea communications to South East Asia.⁴⁷

⁴⁰ *Ibid.*, p. 5

⁴¹ *Ibid.*, p. 10.

⁴² *Ibid.*, p. 6.

⁴³ *Ibid.*, p. 10.

⁴⁴ *Ibid.*

⁴⁵ *Ibid.*, p. 11.

⁴⁶ *Ibid.*, p. 12.

⁴⁷ *Ibid.*, p. 10.

The 1962 paper also states that "Tension over the Indonesian claim to Netherlands New Guinea is increasing", and that there was a risk of "incidents that could lead to hostilities."³⁴ These expressions of concern are, however, relatively mild—there is no mention of the prospect of Communism in West New Guinea, for example—and are consistent with the new policy position firming up in Canberra at that time, which accepted that "Dutch withdrawal largely on Indonesian terms is inevitable."³⁵ The paper also speculates about the potential for tension with Australia arising from Indonesia's claim to territorial waters and the associated airspace, and, in a probable allusion to the tensions that would lead to Confrontation (and other problems discussed later), from "disputes in respect of West and East New Guinea and the Borneo territories."³⁶

But in spite of its obvious concerns over the prospect of a Communist-dominated Indonesia and the severe consequences of that for Australia's security, the 1962 Strategic Basis avoids the trap of automatic despair. On the contrary, it introduces an important element of balance about possible outcomes:

The future political alignment of Indonesia is of vital importance to Australia's security. Depending on this alignment, Indonesia could face Australia with a range of situations from being a direct threat to our security to a situation in which, under certain forms of government, she could form a useful barrier to communist expansion southwards.³⁷

The Strategic Basis of 1964

Almost three years later, the situation had become much worse. In November 1964, the Cabinet accepted the general view of the 1964 Strategic Basis that "a further substantial deterioration in Australia's strategic position has taken place."³⁸ By now, the Netherlands had handed West New Guinea over to Indonesia (with the so-called "act of free choice" planned to be held in 1969), the Soviet Union had given massive support to Indonesia's armed forces (which now included, for example, twelve submarines, fifteen destroyers and destroyer escorts, sixty-eight MiG fighter aircraft, and twenty-five BADGER bombers), and Indonesia was well into its policies of Confrontation against the newly-established and independent state of Malaysia and the Commonwealth countries that were underwriting its external security. Further, "Communism is exerting a relentless pressure in [mainland South East Asia] backed by very strong military forces."³⁹

³⁴ *Ibid.*

³⁵ As quoted in David Goldsworthy (ed.), *Facing North: A Century of Australian Engagement with Asia, Volume 1: 1901 to the 1970s*, Melbourne, Melbourne University Press, 2001, p. 215.

³⁶ Strategic Basis 1962, p. 8.

³⁷ *Ibid.*, p. 7.

³⁸ Cabinet Decision No. 592, dated 4 November 1964, NAA A4940.

³⁹ Strategic Basis of Australian Defence Policy, dated October 1964, NAA A4940, p. 10.

In an interesting development, the 1964 paper comments that the policies of the United States were giving "a high priority to trying to avoid the transfer of power in Indonesia to a communist regime". Such policies had led the US "to show tolerance of Sukarno's policies and to move to bring about the transfer of West New Guinea to Indonesian control".⁴⁸ The paper surmises that, under some circumstances of Communist expansion, the US would apply pressure to persuade Indonesia not to align with any of the Communist powers, and it draws an important conclusion:

It is not to be assumed that Australian and United States assessments of the risks involved in conciliation of Indonesia in these circumstances would always coincide.⁴⁹

There is a related concern about the extent to which the ANZUS Treaty would apply to contingencies in PNG, especially after independence.⁵⁰ On this latter point, Cabinet wondered whether "the possibility of Australian forces being required to act without the assistance of United States armed forces" had been given sufficient recognition.⁵¹

Not for the first time, Australia was faced with the need to find ways to keep its relationship with Indonesia on an even keel while accepting that such a policy might not work or might become inappropriate.

It will no doubt be Australia's policy to endeavour to preserve friendly relations with Indonesia but this aim is not likely to be achieved unless we speak or negotiate from a position of strength in our own right. This requires ... demonstrably strong Australian forces with an offensive capacity sufficient to deter Indonesia from actions inimical to our interests. This would also provide an earnest of our endeavours to our allies.⁵²

The Strategic Basis of 1968

By the time of the 1968 Strategic Basis, Suharto had replaced Sukarno as President of Indonesia and Confrontation was over, and the external conduct of the new regime was proving "constructive and cooperative."⁵³ Further, Australian perspectives with respect to China and therefore to the threat of Communism had changed: "China does not contemplate the achievement of revolution by direct military conquest"; rather, outside China, the revolutionary struggle is "primarily a task for domestic forces."⁵⁴ The practical consequences of all this were very important: there were now far fewer reasons to fear that Indonesia would become Communist-dominated, automatically hostile to Australia and its interests.

There were, nevertheless, continuing concerns about Indonesia, with the risk of a struggle for power in Indonesia, the difficulties of maintaining effective government throughout the archipelago, and possible Indonesian pressure against its neighbours getting specific mention.⁵⁵ On the one hand,

Suharto's leadership, the strength of the Army and weakness of other political elements have enabled him to retain support for the constructive and moderate role the Government seeks after the excesses of the Sukarno era.

On the other hand, if economic and political progress were to prove too slow, there would be a resurgence of divisive factors, such as Communism, ethnic tension, and economic separatism, and a weak government might be tempted to exploit nationalist tendencies.⁵⁶

In spite of these concerns, the 1968 paper concludes that "a direct military attack on continental Australia by Indonesia is ... unlikely". There was, however, the possibility of a future threat against the Territory of PNG, either "by deliberate Indonesian policy or the action of uncontrolled elements". Such tension could arise "as a result of the growth of nationalism on either side of the border".⁵⁷ As a consequence of such circumstances, a limited threat to Australia might also arise, not least because Australia would most likely be involved in the defence of PNG, whether independent or still a Territory. The paper also flags the possibility of "situations which would lead to Indonesia denying rights to air and sea passage or restricting supplies of oil etc."⁵⁸

Overall, there is an element of tension in the paper's treatment of Indonesia. On the one hand, Suharto's policies had "removed to the later medium or long term, uncertainties about Indonesia's external conduct".⁵⁹ On the other hand, it was also important for Australian policy to take the possibility of changes in attitude into account. The consequent threat to Australia was "one more reason why the capability of the forces we develop from now on should be versatile enough to meet a possible future threat from Indonesia".⁶⁰

And the paper repeats the by-now familiar themes of "from or through Indonesia" and the prospect of rearmament assisted by a major power:

It is from or through Indonesia that the possibility of hostile action against Australia or its Territories is most likely to arise. Never to be forgotten is the possibility that Indonesia could over a short period increase her military

⁴⁸ *Ibid.*, p. 11.

⁴⁹ *Ibid.*

⁵⁰ *Ibid.*, pp. 14 and 18.

⁵¹ Cabinet Decision No. 592, op. cit.

⁵² Strategic Basis 1964, p. 16.

⁵³ Strategic Basis of Australian Defence Policy—1968, dated August 1968, NAA A5882, p. 23.

⁵⁴ *Ibid.*, p. 12.

⁵⁵ *Ibid.*, pp. 19-20.

⁵⁶ *Ibid.*, p. 22.

⁵⁷ *Ibid.*, p. 41.

⁵⁸ *Ibid.*, p. 43.

⁵⁹ *Ibid.*, p. 46.

⁶⁰ *Ibid.*, pp. 52-53.

no particular concerns; rather, and at least prior to independence, neither attack nor infiltration was likely, with the Indonesian Government seeming to follow a policy of relaxed and sensible co-operation on the common border.

Such sporadic border-crossing as has occurred has been directly connected with dissidence in West Irian and the Indonesian authorities have been co-operative in investigating such incidents and in seeking to prevent them.⁶⁶

After independence, there would be "room for doubt", in part because of the inexperience of the government in Port Moresby. Even so, there would be many constraints on the Indonesian Government. Nevertheless, the paper concludes that, against the unlikely possibility that Indonesian policies were to change, "we need to ensure that Australia's important interests in New Guinea, and the integrity of the Territory, should be appropriately safeguarded".⁶⁷

The Strategic Basis of 1975

These generally positive assessments are continued in the 1975 Strategic Basis, and if anything are reinforced.

The perspective on Communism continued to change: with competition between the USSR, China, and to some extent North Vietnam, the international communist movement was no longer perceived as monolithic. Further, the US and the USSR were continuing to find ways to make their own competition less potentially dangerous and the nuclear balance more stable, although there was at that time the prospect of strategic manoeuvring in the Indian Ocean, unwelcome to Australia. Nevertheless, concern about the risk of Communist-led insurgency, or, in the extreme, of Communist domination of weak governments, continued in the background. Indonesia, the paper observes, "has a firm conception of threat from Vietnam and China by a campaign of long-term subversion".⁶⁸

More generally on Indonesia, the 1975 Strategic Basis says that

Australian assessments have long identified the importance to Australia of a united and not unfriendly Indonesia. A friendly Indonesia could be expected to deter or at least impede a conventional assault on Australia.

There is much more in this vein, all positive; nevertheless, the paper adds the caveat that "for Australia there will always be problems in living alongside a large, alien and volatile state", and "difficulties in relations with Indonesia

⁶⁶ *Ibid.*, p. 29.

⁶⁷ *Ibid.*, pp. 29-30. About 250 words have been expunged from page 30 of the text released under the Archives Act, and there is a further deletion on page 59 where the same topic is discussed.

⁶⁸ *The Strategic Basis of Australian Defence Policy 1975*, dated October 1975, NAA A12934, p. 25.

capacity if a major power were prepared to provide military aid as the USSR did in the past.

The Strategic Basis of 1971

Three years on, the 1971 Strategic Basis offers in some respects an important change of tone. While making the familiar observation that

because of its geography it is the country from or through which a conventional military threat to the security of Australian territory could most easily be posed

the paper goes on to make the counter point that

A stable, cohesive and economically developing Indonesia, with which Australia enjoyed relations of close confidence, would provide depth to our defence and add considerably to our security.⁶⁹

Further, the prospects for the continuance of responsible policies by the Indonesian government were "reasonably good". And even if the worst happened and Indonesia's policies changed, the processes of such change would leave the country weak and militarily incapable. Indonesia's armed forces already had only an "extremely limited offensive capability" and it would require "massive" military aid over many years to remedy this. In summary, Australia "could expect warning over a period of many years of any change of Indonesia's intention or capability".⁶⁹

The 1971 paper observed that "it is in Australian strategic interest that Indonesia should secure the maximum international assistance to its economy", including from Australia, although "Australian aid alone will however be at best marginal". Then it goes a step further and introduces the notion of defence co-operation with Indonesia; it comments that "The favourable orientation of Indonesia's military government also suggests scope for selective Australian practical co-operation in defence". This would both "afford us opportunities to develop our defence and security relationships with Indonesia" and "opportunity to assist in the improvement of Indonesian military capability for internal security and for defensive weapons".⁶⁴

The paper raises both a general and a specific flag with respect to PNG; general in that its proximity means that it is of abiding strategic interest to Australia, not least because if in hostile hands it could provide facilities for operations inimical to Australia's interests; and more specifically because of the common border with Indonesia.⁶⁵ But on this latter point, the text shows

⁶¹ *Ibid.*, pp. 58-59.

⁶² *Strategic Basis of Australian Defence Policy - 1971*, dated March 1971, NAA A5619, p. 27.

⁶³ *Ibid.*, pp. 27-28.

⁶⁴ *Ibid.*, p. 28.

⁶⁵ *Ibid.*, p. 31.

are conceivable in respect of Portuguese Timor, Papua New Guinea and political change in Indonesia.⁶⁹

Developing the theme of potential adverse changes, the 1975 paper identifies the possibility, albeit improbable, of low-level operations by Indonesia against Australia, either directly or with respect to tension on the border with PNG. Such contingencies were

being given attention in the studies regarding the defence of Australia as part of the process of exploring possible future Australian defence problems.⁷⁰

Later, the text mentions the intention to study "the more remote contingencies of substantial assault on Australia", but without an explicit mention of Indonesia.⁷¹

The paper gives strong support to the continuation of defence co-operation with Indonesia "at an appropriate level", and speculates that Australia's need for maritime surveillance offers the opportunity "for co-ordinating to some extent" with Indonesia, Malaysia and Singapore.⁷²

The paper also judges that "Indonesian use of force in respect of Portuguese Timor appears likely".⁷³ We discuss this issue later in this article.

In all of this, the paper draws a distinction between the actual Indonesia and a hypothetical version of Indonesia that would or could be hostile to Australia. The paper sums this up well when it says

It is most important that Australian Defence thinking should not see Indonesia, because it is a near neighbour from which these contingencies could arise, as a menace to Australia. It has been since the foundation of the Republic that a secure and united Indonesia in friendly relations with Australia is of fundamental importance to Australian security. So long as Indonesia has such a government, our defence interest is served by an Australian policy of co-operation and avoidance of tension.⁷⁴

The 1976 Defence White Paper

The 1976 Defence White Paper makes only passing reference to the problems in the relationship and, consistent with the general tone of the 1975 Strategic Basis, moves quickly to reinforce the positive:

⁶⁹ *Ibid.*, p. 32.

⁷⁰ *Ibid.*, p. 65.

⁷¹ *Ibid.*, p. 67. Some of the text that discusses Indonesia as a potential threat has been deleted from the version released under the Archives Act.

⁷² *Ibid.*, pp. 53, 54, 57, 63, 64.

⁷³ *Ibid.*, p. 33.

⁷⁴ *Ibid.*, p. 66.

Friendly relations between Australia and its major neighbour Indonesia have prevailed for thirty years and have successfully weathered occasional sharp differences. The substantial conditions sustaining basic accord between the two countries have long been understood and acknowledged in Australian policy.⁷⁵

There is no mention here of Confrontation or the annexation in the previous year of East Timor.

The 1976 paper does not use the "from or through" formulation, but rather says that "The Indonesian archipelago, together with Papua New Guinea, would be an important factor in any offensive military campaign against Australia", giving Australia an "enduring interest" in Indonesia's "security and integrity ... from external influence."⁷⁶ The paper also includes reference to the interests that Australia, Indonesia and PNG share "regarding general strategic developments relevant to the security of the common neighbourhood."⁷⁷

Noting that "effective military forces are an important element in [Indonesia's] national resilience", the 1976 White Paper says that Australian co-operation can help maintain and develop skills and capacity in support of this. (Perhaps reflecting a need to assuage public concern following Indonesia's invasion of East Timor, the paper makes a point of saying that defence co-operation with Indonesia had been started by the conservative Coalition in 1972, and continued under the following Labor Administration.)⁷⁸

The 1976 Paper also picks up from the 1975 Strategic Basis the intention to examine contingencies, of varying levels of likelihood and severity. Contingencies were

situations, that while possible, are not considered likely to occur but that appear typical of the sort of situation that could arise or are important enough to warrant policy attention.⁷⁹

The Defence of Australia Studies

In the 1970s, Australian defence planners undertook a series of detailed classified studies of credible threats to Australia—described in Defence as "credible contingencies." Some of these contingencies included studies of Indonesia's present and foreseeable military capabilities, while recognising that any palpable military threat to Australia could only occur were there to be radical change in political attitudes in Jakarta.

⁷⁵ *Australian Defence*, Canberra, Australian Government Publishing Service, 1976, p. 7.

⁷⁶ *Ibid.*, p. 7.

⁷⁷ *Ibid.*, p. 8.

⁷⁸ *Ibid.*

⁷⁹ *Ibid.*, p. 12.

Review that capabilities developed for the defence of Australia would provide options for appropriate force deployments to Cocos and Christmas Islands, and in support of PNG, should these be required. What was not said publicly was that both these contingencies might involve military operations against Indonesia. The classified version of the Review included a number of specific references to Indonesia and the defence of Australia itself, as well as consideration of how military conflict with Indonesia might be handled and its implications for the force structure. These contingencies, it should be emphasised, were not seen as likely unless a serious deterioration were to occur in political relations with Jakarta. But Indonesia was seen as having the proximity and military capabilities (albeit limited) to mount military operations against Australia, its offshore territories and interests in PNG.

The public version of the Review recognised that Indonesia was our most important neighbour. It stated that the Indonesian archipelago forms a protective barrier to Australia's northern approaches and that we have a common interest with Indonesia in regional stability, free from interference by potentially hostile external powers. At the same time, it was consistent with preceding official Strategic Basis documents by asserting that we must recognise that because of its proximity the archipelago to our north "is the area from or through which a military threat to Australia could most easily be posed."⁸⁰ This became one of the least understood phrases from the Review. Most commentators omitted the following sentence, which said clearly that this "would require a fundamental change in present circumstances, which are characterised by stable government in Indonesia."⁸¹ The Review went on to argue that Australia was a non-threatening country on Indonesia's southern flank and that we shared strategic interests and common concerns for regional security, which supported a cooperative bilateral relationship. It said that Australia was well placed to assist with training and exercising and the transfer of skills and doctrine necessary for operating modern equipment, and we should continue actively to seek opportunities in these areas.⁸²

There were no other references to Indonesia in the Review, other than the fact that Indonesia, PNG, the nearby island states of the Southwest Pacific and New Zealand comprised the area of direct military interest where we should aim to be able to apply independent military power.⁸³ However, implicitly if not explicitly, Indonesia does figure prominently in the Review's analysis of the effects of geography on force development. There it is stated that any serious military operations against Australia would require air and naval assets capable of protecting forces that would have to cross hundreds

⁸⁰ *Review of Australia's Defence Capabilities*, Canberra, Australian Government Publishing Service, 1986, p. 4.

⁸¹ *Ibid.*

⁸² *Ibid.*, p. 48.

⁸³ *Ibid.*, p. 37.

These contingency studies analysed in some detail the vulnerabilities of Australia's northern approaches and potential operating areas that an adversary could exploit. This involved filling in significant deficiencies in the information Defence planners held on Australia itself, and in particular the pattern of population settlements, infrastructure and transport, military logistics and the physical characteristics of the land and its sea approaches. At least one of the contingencies involved Indonesia as an ally, not as an adversary.

Some contingency-based studies conducted at that time were designed to help decision-making on major equipment acquisitions, such as fighter aircraft and naval air power. A further example is the major study of the defence of Australia undertaken in 1974. It examined the prospects for conflict with major powers and lesser powers and their implications for Australia's defence capabilities, including consideration of strategic and tactical nuclear weapons. It selected Indonesia as a hypothetical power for analysis both with major power support and without such support. The study concluded that there was a particular vulnerability with regard to those parts of Australia closest to Indonesian territory, i.e. the Torres Straits and Cape York. The then Secretary of the Department of Defence, Sir Arthur Tange, ordered all copies of this study to be destroyed because of its sensitivity and a view that the document indulged in too much speculation.

A more measured approach ensued, which recognised that Indonesia was not capable of a main force threat to Australia but that a widespread campaign of low-level operations in the north of Australia could be very demanding—particularly if combined with Indonesian military activities along the PNG border. For many years in the 1980s, Australian military exercises in the Kangaroo series envisaged a mythical enemy called Kamarua, which was located in the eastern Indonesian archipelago and had a military order of battle remarkably similar to that of elements of the Indonesian armed forces and their predominantly Soviet equipment.

Review of Australia's Defence Capabilities and the 1987 Defence White Paper

We turn now to how Indonesia figured in the 1986 *Review of Australia's Defence Capabilities* and the subsequent 1987 Defence White Paper, *The Defence of Australia*. These publications are important because they are the first public documents that deal in detail with the defence of Australia and the force structure required to meet credible military contingencies.

THE REVIEW OF AUSTRALIA'S DEFENCE CAPABILITIES

There was both a public and a classified version of the *Review of Australia's Defence Capabilities*. An annex that discussed military contingencies dealing with PNG and Cocos and Christmas Islands was not included in the public version. It was the general conclusion of the public version of the

of miles of water. Except for the Torres Strait, the nearest foreign territory varies from 250 nautical miles in the Timor and Arafura Seas, to 900 nautical miles from our north-west coastline.

The central concept here was that geography is an unchanging factor in Australia's strategic calculations. The Review proposed that the prospect of major invasion could be excluded as a possibility for the rest of the century at least. This left a range of contingencies from low level harassment and raids through to more substantial lodgement on Australian territory. The classified version of the Review recognised that Indonesia was capable of a sustained campaign of low-level raids and harassment in the north of Australia, which could be escalated to involve both the geographic extension of the conflict and supplementation of unconventional tactics and forces by military units prepared to confront our forces directly. This could involve air attacks on our northern settlements, attacks on coastal shipping and mining in northern waters, a dispersed campaign of raids that could stretch our own forces, and attacks on our offshore territories. The extent of escalation would be limited by the military capacity of the aggressor and by the expectation that escalation would allow Australia greater freedom in the use of its superior strike assets.

The Review recognised that the security interests at stake in the range of more credible regional threats facing Australia were primarily Australian interests, and we must have the independent military capability to defend them. The classified version of the Review noted that strike and interdiction capabilities against Indonesia, able to operate from bases in Australia, were one of the most evident means of demonstrating sovereignty and maintaining an advantageous military position. A manifest capacity to threaten bases from which an adversary's air and naval forces could attack Australia directly would be a disincentive to the use of those forces, and threatened use of our strike forces could bring to an end a potentially protracted conflict.

One sensitive issue of concern was left completely out of the public domain. The classified version of the Review examined the contingency of an Indonesian decision to cross the PNG border in force, destroy the rebel Free Papua Movement (Organisasi Papua Merdeka, OPM) and its infrastructure, and occupy the border region to some depth with a view to sanitising it permanently. This was not based on some fanciful scenario: it drew heavily on intelligence reports from Jakarta in 1980, taken seriously in Canberra at the time, which suggested the Indonesian military had developed such plans.⁸⁴ The classified version of the Review concluded that the physical

⁸⁴ In 1993, General Benny Moerdani (who had recently retired as Indonesia's Minister for Defence) discussed these allegations with Paul Dibb. Moerdani indicated that President Suharto had become exasperated in 1980 with Port Moresby's intransigence in allowing the OPM to operate with impunity in Irian Jaya and contingency plans had indeed been developed. But, he observed, the Indonesian military had enough on its plate at that time in East Timor.

terrain of the 750 kilometre long Irian Jaya-PNG border would make it impossible for even the full resources of the Australian Army and its Reserve component to defend it. It concluded that Australia would have little choice but to resort to escalation of the use of force, including the interdiction of Indonesia's supply lines from Java to Irian Jaya and strike at Indonesian military bases. The government never responded to this particular conclusion.

THE 1987 DEFENCE WHITE PAPER

The White Paper, *The Defence of Australia*, as an official document is naturally more cautious about what it says. So, the 1987 White Paper stresses that developments in the archipelagic states, and especially Indonesia, are of great strategic significance to us and that Australia sees a stable Indonesia as an important factor in its own security. Not only does Indonesia cover the majority of the northern archipelagic chain, "which is the most likely route through which any major assault could be launched against Australia," it also lies across important air and sea routes to Europe and the North Pacific.⁸⁵ Indonesia forms a protective barrier to Australia's northern approaches.⁸⁶

The White Paper goes on to argue that Indonesia possesses the largest military capability among the ASEAN nations, but this capability has been designed primarily to ensure internal security and to protect its very large and geographically diverse island chain.⁸⁷ It concludes by observing that Australia seeks to maintain a sound and constructive defence relationship with Indonesia but the Australian Government considers that such a relationship should "recognise fundamental features of our respective political and social systems".⁸⁸

And that is all the 1987 Defence White Paper has to say about Indonesia. It does, however, stress the need for continuous review and evaluation of strategic developments affecting the region. And it notes it is in respect of the potential impact of developments in the region that Australia's defence interests are primarily engaged. Uncertainties inherent in relationships in our region "could pose serious problems for Australia's defence were political relationships to deteriorate."⁸⁹ Defence planning has to contemplate the possibility that developments in our region could lead to direct military pressure or attack upon Australia. Such a development could generate requirements for defence efforts fully committing the level of resources currently or prospectively allocated. In keeping with these judgments,

⁸⁵ *The Defence of Australia*, Canberra, Australian Government Publishing Service, 1987, p. 15.

⁸⁶ *Ibid.*

⁸⁷ *Ibid.*

⁸⁸ *Ibid.*, p. 16.

⁸⁹ *Ibid.*, p. 20.

"efforts to make this strategically important relationship hostage to individual incidents".⁹²

Indonesia and East Timor in Australian Defence Planning

This brings us to Jakarta's occupation of East Timor in 1975, its violent withdrawal in 1999 and Australia's military intervention under United Nations' auspices.

INDONESIA'S INVASION OF EAST TIMOR IN 1975

Both the Whitlam and Fraser governments were ambiguous about Indonesia's plans for East Timor.⁹³ The advice from Defence to Foreign Affairs in August 1974 about the significance of Portuguese Timor was to argue strongly that Australia should inform Indonesia "at the outset of any consultations on the matter" that Australia had "a deep interest in the future status" of Portuguese Timor, and that Australia should be inclined to "favour the emergence of the territory through self determination, as an independent state."⁹⁴ This view was rejected by the Department of Foreign Affairs in favour of a stance "of studied detachment" motivated by an attempt to avoid any public impression of "collusion" with Indonesia over Portuguese Timor.⁹⁵ The history produced under the auspices of the Department of Foreign Affairs and Trade comments that Australia acquiesced in Indonesia's incorporation of East Timor, though not without having to confront some issues of principles versus pragmatism in foreign policy.⁹⁶ This was essentially because of conflicts between Australia's wish to engage with a powerful regional neighbour and its proclaimed commitment to self-determination and meeting the demands of the Australian public with regard to human rights and moral values.

It is stated that Australia became an accomplice to an Indonesian exercise in realpolitik over East Timor.⁹⁷ But we need to remember the power vacuum left behind by Portugal when, after more than 300 years, it deserted its colony virtually overnight in August 1975. By September 1975 the pro-independence Fretilin had militarily defeated an alliance of the other two political parties, UDT (pro-Portuguese) and Apodeti (pro-incorporation into Indonesia), and was beginning to construct a government. In November 1975, it unilaterally declared independence. Jakarta was paranoid about Fretilin's Marxist-Leninist credentials, given its experience of Communism under Sukarno. And it had a firm conception of threat from Communist Vietnam (and China), which was heightened by the North Vietnamese victory over South Vietnam in April 1975. Jakarta's perception of growing instability

⁹² Australia's Strategic Policy, Canberra, Commonwealth of Australia, 1997, p. 22.

⁹³ See Goldsworthy, *op.cit.*, pp. 357-371.

⁹⁴ *Ibid.*, p. 361.

⁹⁵ *Ibid.*, p. 363.

⁹⁶ *Ibid.*, p.371.

⁹⁷ *Ibid.*, p. 362.

"provision for self-reliant national defence commands priority in this Government's defence planning."⁹⁰

There is discussion of possible forms of military pressure against Australia where it is observed that successive reviews of the strategic basis of Australian defence policy have noted the advantages an opponent might see in a campaign of sustained low-level military pressure against Australia. Again, neither Indonesia nor any other country is mentioned but what is highlighted is that such a campaign could be conducted in an attempt to demonstrate Australia's vulnerability and thereby to force political concessions over some disputed issue.

THE 1994 DEFENCE WHITE PAPER AND AUSTRALIA'S STRATEGIC POLICY 1997

Consistent with their status as public documents, and in part reflecting the nature of the relationship with Indonesia at that time, the 1994 Defence White Paper and the unclassified versions of the Strategic Basis documents (of which several were issued between the late-1980s and the late-1990s) say little that is surprising or overtly critical.

Thus the 1994 Defence White Paper reinforces the positive messages of the previous years:

The stability, cohesion, economic growth and positive approach to the region which have characterised Indonesia since 1965 have contributed much to the stable and generally benign strategic environment

and it foreshadows an increase in defence contacts with Indonesia. Any suggestion of difficulties is heavily veiled. There is a hint that Jakarta did not yet have an adequate appreciation of Australia's defence and security policies, and that "differences in the roles of our defence forces and in our political systems" could yet amplify misunderstandings between the two countries, in spite of shared strategic interests.⁹¹

The 1997 Strategic Review is also generally positive. It comments inter alia that the Agreement on Maintaining Security, signed in 1995, reflects a growing sense of shared strategic interests, and that Indonesia "is our most important strategic relationship in Southeast Asia". However, it also makes the most overt comment to date in a public document about concerns over human rights. It recognises that problems could arise because of concerns in Australia over the role of the Indonesian Armed Forces in "internal security, especially in East Timor", and stresses the importance of resisting

⁹⁰ *Ibid.*

⁹¹ *Defending Australia*, Canberra, Commonwealth of Australia, 1994, pp. 87-88.

on its eastern flank was also exacerbated by PNG's independence in September 1975.⁹⁸

What in fact happened was not the worst of all possible outcomes from an Australian defence planning perspective—that would have been a Communist East Timor. But Indonesia's invasion and occupation of its East Timor province over the next 24 years presented Australia with a *fait accompli*, which we recognised *de facto* in January 1978 and *de jure* early in 1979 during negotiations over the delineation of the Timor seabed.⁹⁹ The priority attached to maintaining Australia's relationship with Indonesia had, for reasons of national interest, prevailed. Indonesian control over East Timor was a position advocated by the Department of Defence itself after 1975.¹⁰⁰ The simple fact was that Australia was going to have to live with East Timor's annexation in order to maintain its relations with Indonesia.

From a Defence planning perspective, there was little that could be done.¹⁰¹ There was never any Australian defence planning to confront Indonesia militarily in East Timor. That was simply not a credible option given that in 1975 Indonesia had an army of some 200,000, whereas the Australian Army was only 31,000 strong. These relativities did not change much by the time of the 1999 crisis in East Timor.

AUSTRALIA'S INTERVENTION IN EAST TIMOR IN 1999

In geopolitical terms, Australia had more at stake in East Timor in 1999 than any country other than Indonesia. Australia's deployment to East Timor in late 1999 was its biggest overseas military operation since the Vietnam War and it was the first time we had led such a major peace-enforcement operation. If it had gone wrong it could have resulted in serious military conflict with Indonesia. Instead, the outcome was favourable for Australia's standing in the international community and a humiliation for those elements in the newly democratic Indonesia who did not want to see any change in East Timor. The result was a serious rift in bilateral relations, including Jakarta's abrogation of the 1995 Australia-Indonesia Agreement on Maintaining Security.

There were senior elements in TNI (Indonesia's Armed Forces) and others in Jakarta who for many years after 1999 promoted the idea that Australia's

⁹⁸ This point was argued forcefully in 1976 in the Australia-Indonesia intelligence talks held in Jakarta. The leader of the Australian delegation was Gordon Jockel, chairman of the National Intelligence Committee, and the leader of the Indonesian delegation was General Yoga Soejana, the head of Indonesia's national intelligence organisation, BAKIN.

⁹⁹ Goldsworthy, *op.cit.*, p. 370.

¹⁰⁰ *Ibid.*, p. 369.

¹⁰¹ Indonesia's counterinsurgency campaign in East Timor over the next quarter of a century did, however, provide a rich source of intelligence and helped illuminate contingency planning for the Defence of Australia studies.

next step was to detach West Papua from the Republic.¹⁰² Matters were not helped by a sense of triumphalism in Canberra after the success of its military operation in East Timor. According to the account of one of his ex-ministers, Habibie privately threatened to declare war in mid-September 1999 if Australian troops entered East Timor without his permission.¹⁰³ Indonesia's invitation to the United Nations to intervene was hardly voluntary: the international community extracted it by applying extreme pressure on Jakarta.

Australia's defence planning was masterful. While the preparation and deployment of 4500 troops (eventually 5500) was the most obvious manifestation of rapid decision-making, the Howard Government—on the advice of the Chief of the Defence Force, Admiral Chris Barrie—had decided as early as February 1999 to double the combat-ready troop strength based in northern Australia by adding another brigade that, along with troops in Townsville, were placed on 28 days' readiness to deploy. The build-up of logistics in Darwin and the preparation of hospital and other support facilities there were crucial.¹⁰⁴

On the eve of Major General Peter Cosgrove's deployment to Dili on 20 September 1999, Admiral Barrie advised the government that Australia had to be prepared for a further drastic deterioration in its relationship with Indonesia. Prudent military preparations were taken, including the deployment of F-111 strike aircraft and F/A-18 fighters to northern airfields, the Collins class submarines at sea, and the equipping of missiles to the frigates that accompanied Australian troopships across the Timor Sea. In the event, conflict did not occur although there were some tense moments when Cosgrove landed in Dili.

An important factor here was the good personal relations that had been built up over many years between senior members of the ADF and their opposite numbers in TNI. On 18th May 1999, for example, Cabinet decided that Australia should use the established relationship between the Australian and Indonesian militaries to deliver a private message at a senior level to TNI leaders on the extent of Australia's knowledge of what TNI was doing in East Timor.¹⁰⁵ Without these military relationships matters could have been very different, given the anger of many TNI officers over Indonesia's loss of a valuable province in which many of them had experienced military postings

¹⁰² This included the former Indonesian defence attaché to Canberra, Yost Mengko, who later became head of Indonesian military intelligence.

¹⁰³ Cited in Peter Edwards and David Goldsworthy (eds.), *Facing North: A Century of Australian Engagement with Asia, Volume 2: 1970s to 2000*, Melbourne: Melbourne University Press, 2003, p. 253.

¹⁰⁴ See *East Timor in Transition 1998-2000: An Australian Policy Challenge*, Canberra, Department of Foreign Affairs and Trade, 2001, pp. 74-75.

¹⁰⁵ Edwards and Goldsworthy, *op.cit.*, p. 241; and *East Timor in Transition*, pp. 98-99.

and hazardous counterinsurgency operations, as well as having lucrative financial stakes there.

The crucial outcome for Australian defence planners was that direct military conflict with Indonesia had been avoided. TNI's 30,000 troops in East and West Timor could have overwhelmed the initial 1,100 Australian, New Zealand and British Gurkha deployments,¹⁰⁶ if a fire fight had broken out, things may have got out of control quickly.

Even without military escalation, the relationship with Indonesia came under severe strain. Australia's role in the region more generally was tested because it became evident that no ASEAN state was willing to risk its relationship with Indonesia over East Timor. Events in East Timor had posed Australia's biggest foreign affairs challenge in a generation.¹⁰⁷

2000 Defence White Paper and the Defence Updates

The 2000 Defence White Paper observed the tumultuous events in East Timor in 1999 had "caused understandable tensions between Australia and Indonesia, which resulted in the suspension of most areas of defence contact."¹⁰⁸ It noted that "lingering misunderstandings" had made it hard to build on the opportunities offered by Indonesia's democratising achievements to establish the foundations of a new defence relationship. These misunderstandings were reflected even as late as 2006, when Jakarta withdrew its ambassador in Canberra over the issue of boat refugees from West Papua being granted asylum in Australia. The White Paper concluded by noting Australia's fundamental interests in having a good defence relationship with Indonesia "remain as important as ever", and that the government was committed to working with the Indonesian Government "to establish over time a new defence relationship that will serve our enduring shared strategic interests."¹⁰⁹

The 2003 Defence Update was able to note that some progress had been made in identifying areas such as maritime surveillance and intelligence exchanges "where we can cooperate in our mutual interest."¹¹⁰ And the 2005 Defence Update went on to claim that Australia had "rebuilt the defence relationship" after the stresses of East Timor and that high priority was attached to working with Indonesia on common security issues,

¹⁰⁶ Within 24 hours, INTERFET had deployed approximately 2300 troops and secured Dili, including vital installations such as hospitals, the electricity station and water supply facilities. See *East Timor in Transition*, p. 146.

¹⁰⁷ Edwards and Goldsworthy, *op. cit.*, p. 216.

¹⁰⁸ *Defence 2000: Our Future Defence Force*, Canberra, Commonwealth of Australia, 2000, p. 42.

¹⁰⁹ *Ibid.*

¹¹⁰ *Australia's National Security: A Defence Update 2003*, Canberra, Commonwealth of Australia, 2003, pp. 19-20.

particularly terrorism and border security.¹¹¹ But it implicitly recognised continuing bilateral problems by saying that the focus was on developing activities "at a pace comfortable to both countries" and that developing "mutual confidence and awareness" between the two armed forces would be an asset for both countries.¹¹²

The focus of the 2007 Defence Update was on internal security matters and in particular terrorism, insurgency and communal violence.¹¹³ It observed that the consolidation of democracy in Indonesia gave the country its best chance for long-term stability and, as indicated by its signature of the Lombok Treaty in November 2006, Australia remained "committed to the territorial integrity of Indonesia" and a stable and secure Indonesia was "very much in Australia's own strategic interests."¹¹⁴ In part, "territorial integrity" is of course code for West Papua remaining an integral part of Indonesia. Thus, more than seven years after the events in East Timor in 1999, Canberra still felt it necessary to stress it recognised the importance of this to Indonesia.

Conclusions

What can we learn from this review of Australia's defence relationship with Indonesia? There are four principal conclusions. The first is that geography counts. This is evident in several ways: Indonesia's general proximity to Australia and its lines of communication; the issues on Australia's doorstep over East Timor; and those relating to the border between Indonesia and PNG. While these factors have varied in their importance over the decades reviewed in this article, they have an enduring nature, deriving from a geostrategic perspective that cannot be ignored.

The second conclusion is the need to recognise that some of the differences between Australia and Indonesia can be significant and have the potential to be a source of tension. In this respect, some of the sores from East Timor are still with us, and a further example is the potential for events surrounding the Indonesian province of Papua, and perhaps human rights more generally, to become a major irritant in the relationship. To ride out such difficulties will require commitment on both sides to build on shared interests and to have relationships and mechanisms in place to deal with the differences that, inevitably, will arise.

The third conclusion relates to the future trajectory of politics in Indonesia. There is now the prospect of a much closer strategic relationship between

¹¹¹ *Australia's National Security: A Defence Update 2005*, Canberra, Commonwealth of Australia, 2005, p. 14.

¹¹² *Ibid.*

¹¹³ *Australia's National Security: A Defence Update 2007*, Canberra, Commonwealth of Australia, 2007, p. 20.

¹¹⁴ *Ibid.*, pp. 20-21.

Australia and the new democracy of Indonesia. But while welcoming Indonesia's democratisation, Australia has to learn to deal with a country that is in some ways more difficult and unpredictable than it was in the Suharto era because of the emergence of a climate of strong, sometimes brittle nationalism, which could lead to more frequent disputes with neighbours.¹¹⁵ And yet, the failure of the democratic experiment in Indonesia could face us with highly unpalatable strategic alternatives—such as a nationalist Islamic military government in Jakarta. Our view is that such an eventuality is unlikely but not to be entirely dismissed. Were it to occur it would become an issue of first-order priority for Australia's defence planners.

The final conclusion is that, from the point of view of defence planning, a degree of ambiguity is therefore inherent in the relationship. On the one hand, it is important to see Indonesia as a positive asset: a shield to Australia's north, and a country which, when united, tolerant and prospering, would make a major contribution to the security not only of Australia but of the region more generally. This theme recurs frequently across the decades, including at the times when Australia's biggest fear had been the spread of militant Communism in Indonesia. And a contemporary illustration of the benefits of friendship is the co-operation between Australia and Indonesia on terrorism and other manifestations of large-scale lawlessness, such as people-smuggling.

On the other hand, pessimism is intrinsic to the business of defence. There is already the historical experience of the era of increasing Communist influence in Indonesia—a time of acute concern, although in circumstances much different from today. Given the differences between the two countries and the potential for issues to arise, it would be a big step to conclude that Australia should rule out circumstances in which a regime installed in Jakarta would be hostile to Australia and its interests. We have given some examples above. Not least because of the extended times required for the development of defence capabilities, such uncertainties and ambiguities can be at the heart of much defence planning.

Historically, neighbouring countries that have markedly different cultures, ethnic compositions and religions have most often gone to war (witness the history of Europe and parts of Asia). But over the last half-century Australia and Indonesia have averted that fate through a combination of good management and some luck. The decades ahead will probably not see much diminution in the scope for periodic differences and disagreements between our two countries. Future leaders would be well advised to consult

¹¹⁵ Ken Ward, *Dealing with A Democratic Indonesia: the Yudhoyono Years*, Sydney, Lowy Institute for International Policy, 2007, p. 1. He points out that Australia's geographic position puts it at a long-term disadvantage: located to Indonesia's southeast, Australia is near those areas—the Malukus, Timor and Papua—which have large non-Muslim populations and about which (Aceh aside) the Jakarta elite has felt most vulnerable to separatist pressures. (p. 15).

the history of crisis management and political cooperation, as well as prudent defence planning, as we have set out in this paper.

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ISSN 1833-1459

VOLUME 3, NUMBER 4
November
2007

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