A HISTORY OF AUSTRALIAN STRATEGIC POLICY SINCE 1945

Stephan Frühling

© Commonwealth of Australia 2009

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Department of Defence.

All Defence information, whether classified or not, is protected from unauthorised disclosure under the *Crimes Act 1914*. Defence information may only be released in accordance with the *Defence Security Manual* and/or Defence Instruction (General) OPS 13–4—*Release of Classified Defence Information to Other Countries*, as appropriate.

The Australian Department of Defence does not necessarily agree with the editor's views expressed in this book, nor does it affirm the veracity of any purported facts or assertions contained in it or inferences that might be drawn from it.

Announcement statement—may be announced to the public.

Secondary release—may be released to the public.

Sponsor:

Deputy Secretary Strategy, Coordination and Governance
Department of Defence
Russell Offices
CANBERRA ACT 2600

Developer and producer:

Deputy Secretary Strategy, Coordination and Governance
Department of Defence
Russell Offices
CANBERRA ACT 2600

Publisher:

Defence Publishing Service
Department of Defence
CANBERRA ACT 2600

An electronic copy of this book is available at:
http://www.defence.gov.au/strategicbasis

FOREWORD

The concept of national security has changed dramatically since the end of World War Two. While we still face the risk of catastrophic state-on-state conflict there are numerous new words in our lexicon that describe threats to our nation, our interests and our way of life. Terrorism, pandemics, state failure, climate change and disaster relief are all threats the modern Australian Defence organisation needs to face and be able to address.

Australia benefits from a long-standing bipartisan commitment to independent strategic policy-making. This has been a key factor underpinning our security and stability during this time. Governments continually review the strategic environment, develop strategic policy and capability options, and direct appropriate operations. From time to time, these elements are drawn together in a White Paper, but the important work which underpins and informs the White Paper is rarely seen by the public.

This project provides the public with an insight into the way Australia's view of the world, and our place in it, has evolved over time. While the impacts of capability decisions can be seen in the equipment used by the Australian Defence Force and the impacts of operational decisions can be seen through deployments, due to their very nature, strategic policy decisions and their impacts are often more difficult to see.

This book is a valuable reference for the way Australia and its governments have faced the challenges presented by the global environment over more than sixty years. The world views presented and the language used may be dated by modern standards, but while there have been some mistakes, there can be no doubt that the decisions outlined in these pages have kept Australia secure. These decisions continue to be made—and continue to preserve Australia's security—to this day.

Joel Fitzgibbon

Minister for Defence

EDITORIAL NOTE

This volume reproduces the text of fifteen declassified strategic guidance documents, with the exception of a small number of indicated deletions of words or sentences that remain classified under the Archives Act 1983. Cover pages, lists of the membership of the Defence Committee, and original tables of contents that were part of some of the documents are not reproduced. Instead, each document is accompanied by a summary written by the editor, and a new table of contents in a standardized form.

Efforts have been made to strike the appropriate balance between consistency and readability of the papers, and retaining some of the authenticity of the original format. Obvious spelling mistakes have been corrected, a standard heading hierarchy has been introduced, and the pagination of this volume differs from that of the original documents. Underlined words in the text, but not the headings, have been reproduced as per the originals, and paragraph numbering errors have not been corrected. Square brackets are used where text has been added by the editor.

ABOUT THE AUTHOR:

Dr Stephan Frühling is Lecturer in the Graduate Studies in Strategy and Defence Program of the Strategic and Defence Studies Centre at the Australian National University (ANU), and Managing Editor of the journal *Security Challenges*. He was awarded a PhD from the ANU for a thesis entitled 'Managing Strategic Risk: Four Ideal Defence Planning Concepts in Theory and Practice', and holds a Master of Science in Defense and Strategic Studies from Missouri State University, and a 'Diplom' in Economics from Christian Albrechts University in Kiel, Germany. His primary areas of research and publication include Australian defence planning, strategic theory, ballistic missile defence and nuclear strategy.

The author is indebted for helpful comments and suggestions on the project and drafts of the introducing essay and summaries to Richard Brabin-Smith, David Horner, Hugh White, Alan Thompson, Paul Dibb, Robert Ayson, and Ross Thomas.

TABLE OF CONTENTS

	Page
Foreword	iii
Editorial note/about the author	v
Essay	1
1946—Appreciation of the Strategical Position of Australia	51
1947—Appreciation of the Strategical Position of Australia	99
1950—The Basic Objectives of British Commonwealth Defence Policy and General Strategy	137
A Suitable Basis for the Distribution of Strategic Responsibility and War Effort	137
1953—A Strategic basis of Australian Defence Policy	167
1956—The Strategic Basis of Australian Defence Policy	199
1959—Strategic Basis of Australian Defence Policy	247
1962—Strategic Basis of Australian Defence Policy	277
1963—Australia’s Strategic Position	297
1964—Strategic Basis of Australian Defence Policy	309
1968—Strategic Basis of Australian Defence Policy	337
1971—Strategic Basis of Australian Defence Policy	391
1973—Strategic Basis of Australian Defence Policy	435
1975—Strategic Basis of Australian Defence Policy	487
1976—Australian Strategic Analysis and Defence Policy Objectives	543

ENDORSEMENT DATES

Dates are those of formal endorsement by the Chiefs of Staff Committee (CSC) or Defence Committee (DC).

20 March 1946	CSC	*Appreciation of the Strategical Position of Australia*
28 October 1947	CSC	*Appreciation of the Strategical Position of Australia*
15 June 1950	DC	*The Basic Objectives of British Commonwealth Defence Policy and General Strategy*
	DC	*A Suitable Basis for the Distribution of Strategic Responsibility and War Effort*
8 January 1953	DC	*Strategic Basis of Australian Defence Policy*
11 October 1956	DC	*Strategic Basis of Australian Defence Policy*
12 January 1959	DC	*Strategic Basis of Australian Defence Policy*
25 January 1962	DC	*Strategic Basis of Australian Defence Policy*
4 February 1963	DC	*Australia's Strategic Position*
15 October 1964	DC	*Strategic Basis of Australian Defence Policy*
19 August 1968	DC	*Strategic Basis of Australian Defence Policy*
5 March 1971	DC	*Strategic Basis of Australian Defence Policy*
1 June 1973	DC	*Strategic Basis of Australian Defence Policy*
3 October 1975	DC	*Strategic Basis of Australian Defence Policy*
2 September 1976	DC	*Australian Strategic Analysis and Defence Policy Objectives*

AUSTRALIAN STRATEGIC GUIDANCE SINCE THE SECOND WORLD WAR

STEPHAN FRÜHLING

This edition includes the texts of fifteen declassified strategic guidance documents of the Defence organisation in Australia between 1946 and 1976. Drafted by uniformed officers and civilian public servants, they represent the consensus view of the Chiefs of Staff or Defence Committees of their time about the key tenets underlying defence policy, such as the circumstances under which the Australian armed forces might be used, or the kinds of forces Australia should develop. All of them were submitted to the government of the day for formal consideration, which made them a key guidance mechanism at the interface between the government's policy directive, and the Defence organisation's professional advice. Therefore, the documents themselves must be seen in context with the government's formal responses, which this essay will outline below.

From 1953 to 1983, these guidance documents were usually entitled the *Strategic Basis of Australian Defence Policy* and generally produced at regular intervals of about three years. Within the Defence organisation, the *Strategic Basis* papers were endorsed by the Defence Committee, the highest decision making organ of the Department of Defence. Its membership varied over time but generally included the Secretary of Defence and the Chiefs of Staff, as well as (from 1957) the Secretaries of other related departments and agencies such as Department of External Affairs, Prime Minister's Department, Treasury and intelligence organisations. Two committees subordinate to the Defence Committee were usually involved in the production of the *Strategic Basis* papers: the Joint Intelligence Committee (later National Intelligence Committee) providing input relating to international developments, and the Joint Planning Committee drafting the *Strategic Basis* document itself, until that function migrated to the Deputy Secretary 'B' in the Department of Defence in the early 1970s. Like the Defence Committee, both of these subordinate committees included members of the Defence organisation, and other departments.

The 1976 *Australian Strategic Analysis and Defence Policy Objectives* paper, usually known as *ASADPO*, replaced the 1975 *Strategic Basis* which the new Fraser Cabinet 'did not accept as drafted'.[1] Despite its different title, the document is explicitly identified as part of the *Strategic Basis* series. However, five of the documents included herein are not formally *Strategic Basis* papers, although they are of a similar nature and fulfilled a similar function:[2] The 1946 and 1947 documents entitled *Appreciation of the Strategical Position of Australia* were drafted by the Chiefs of Staff Committee, not the Defence Committee. The former was sent to the Prime Minister in preparation for the 1946 Commonwealth Prime Ministers' Conference in London, while the latter was formally submitted to the Council of Defence.[3] In 1950,

[1] Cabinet Amended Decision No. 448 (FAD), 13 April 1976, NAA: A13075, 448/FAD AMENDED.

[2] These documents are therefore included when this essay refers to the *Strategic Basis* documents in general.

[3] The Council of Defence included the Prime Minister, relevant ministers and the Chiefs of Staff.

the Defence Committee submitted to the Council of Defence, a pair of documents entitled *The Basic Objectives of British Commonwealth Defence Policy and General Strategy,* and *A Suitable Basis for the Distribution of Strategic Responsibility and War Effort*, which were part of a larger process of defence coordination with the United Kingdom and New Zealand and addressed similar questions to the other documents included herein. The 1963 *Australia's Strategic Position* updated the previous year's *Strategic Basis* in the light of recent developments, and while it was submitted to Cabinet for formal endorsement, it did not replace the *Strategic Basis* paper itself. Finally, the 1973 *Strategic Basis* was not formally submitted to Cabinet. Instead, government endorsement took the form of a formal letter by the Minister for Defence to the Chairman of the Defence Committee.

The *Strategic Basis* papers differed substantially in style over time, and did not follow a standard format. Some looked less than five years ahead, others more than a decade. However, all of them included a discussion of threats[4] and uncertainties facing Australia, its strategy to deal with the identified threats, and most of them at least alluded to the force structure implications flowing from both of these considerations. In general they tended to become more polished and better structured over time. In the late 1960s, they also became more comprehensive in the treatment not only of international developments but also of broader foreign policy implications—and significantly longer. At that time public servants originally from the Department of Foreign Affairs, such as Arthur Tange and Bill Pritchett, gained significant influence over the development of strategic guidance—first as the Foreign Affairs representatives on the Defence and Joint Planning Committees, and later by moving into high-ranking positions in the Department of Defence itself. In general, the balance of influence on the drafting process and final content of the documents varied significantly over time, both at a collective level between the civilian and uniformed members of the Defence Committee, and at the level of individual personalities.[5] But although it was often widely known inside the Defence organisation which particular individual drafted certain *Strategic Basis* papers or provided the primary input in terms of concepts and ideas, all documents were formally attributed, by virtue of its endorsement, to the Defence Committee as a whole.

[4] Despite the clarity of the term, it should be recognised that 'threat' in the Australian context often meant the contribution to allied action in support of wider interests, rather than a direct possibility of harm to Australia itself.

[5] More background on these aspects are included in the *Australian Centenary History of Defence,* in particular volume five: Eric Andrews, *The Department of Defence* (Melbourne: Oxford University Press, 2001); Peter Edwards, *Arthur Tange: Last of the Mandarins* (Crows Nest, NSW: Allan & Unwin, 2006); and Sir Arthur Tange (ed. Peter Edwards), *Defence Policy-Making: A Close-Up View, 1950-1980,* Canberra Paper, no. 169 (Canberra: Strategic and Defence Studies Centre, 2008).

This essay will provide background and comment on the documents included in this edition, and is structured in four sections. It first discusses the nature of strategic guidance, the functions of the *Strategic Basis* papers, and their relationship with defence policy in a wider sense. The second part provides context to the documents by sketching the development of major concepts in strategic guidance, and their reception by the governments of the day. The third section discusses the end of the *Strategic Basis* series, and traces the development of strategic guidance up to the time of writing. The fourth section concludes with a discussion of change and continuity in Australian strategic guidance since the Second World War.

THE NATURE OF STRATEGIC GUIDANCE; AND THE FUNCTIONS OF THE *STRATEGIC BASIS* PAPERS

In the four decades following the Second World War, *Strategic Basis* papers were the most important source of Defence strategic guidance in Australia. Yet despite their prominent status, most of the earlier papers provided scant explanation of their purpose to the reader. Often they contained tautological comments along the lines of the following from the 1956 version, which explained its aim as '[t]o determine the strategic basis on which the development of Australian defence planning and preparations should proceed'.[6] This section therefore begins by expounding the nature of strategic guidance in more detail, and discusses a number of functions that the *Strategic Basis* papers served. It then examines the link between strategic guidance and defence policy more generally, and concludes with some remarks on how the criteria against which the quality of historic guidance can be assessed.

Political and Professional Judgement in Strategic Guidance

In the classic definition of von Clausewitz, strategy is 'the use of engagements for the object of the war,'[7] the latter being 'not merely an act of policy but a true political instrument, a continuation of political intercourse, carried on with other means'.[8] In a more general sense, Colin S. Gray defines strategy as 'the bridge that relates military power to political purpose'.[9] The link between military means and policy ends is at the core of what strategy and thus strategic guidance, is about. Hence, the *Strategic Basis* papers and the government's comments on them combined professional and political spheres in more than merely a bureaucratic procedural sense. However, the concept of strategy has in modern times moved beyond a focus on the use of force in a particular conflict, and the 1976 *ASADPO* document explained that

[6] Defence Committee, *Strategic Basis of Australian Defence Policy*, 11 October 1956, para 1.

[7] Carl von Clausewitz, *On War*, edited and translated by Michael Howard and Peter Paret (New York: Alfred A. Knopf, Everyman's Library, 1993), p. 146.

[8] Ibid., p. 99.

[9] Colin S. Gray, *Modern Strategy* (Oxford: Oxford University Press, 1999), p. 17.

> *This paper is essentially concerned with circumstances and policy related to the use of military force. This use of force may be present or potential, direct or indirect, short or long term. In accordance with the usage long established in this series of papers, the term 'strategic' is used to denote this characteristic, thus distinguishing strategic from e.g. essentially economic or political circumstances and policies.*[10]

Hence, strategy in the context of the *Strategic Basis* series does not end; in the words of Everett Carl Dolman, it seeks 'a favourable continuation of events',[11] and

> *shapes and guides military means in anticipation of an array of possible coming events. In the process, strategy changes the context within which those events will happen. Thus strategy, in its simplest form, is a plan for attaining continuing advantage. For the goal of strategy is not to culminate events, to establish finality in the discourse between states, but to influence states' discourse in such a way that it will go forward on favorable terms. For continue it will.*[12]

The purpose of *Strategic Basis* papers was thus to prioritise possible and actual threats to Australia's vital interests, and to develop the outlines of 'a plan for continuing advantage'—or avoiding disadvantage—from which principles could be derived to guide the development and use of Australia's armed forces. Both aspects, however, still relate the use of military means to policy purpose, and must inseparably combine judgements at the political and professional level.

The identification and prioritisation of threats in the *Strategic Basis* papers was based on intelligence assessments that surveyed the regional and global strategic situation, and were usually prepared by the Joint Intelligence Committee. The content of these assessments was generally integrated into the final document, although the 1956 *Strategic Basis* contained a separate 'Strategic Review', and several of them included annexes and appendixes of more detailed information. By their very nature these intelligence assessments combined description and professional advice with value-based prioritisation and political judgement.

On the one hand, assessments are factual and analytical, summarising what is known and unknown about strategic circumstances, what is judged probable or more remote—a task that lies squarely within the professional realm of the intelligence community. On the other hand, a strategic development can become a potential threat only if there exists a valued interest or position that is placed at risk. Moreover, combining the available information about threats and uncertainties into a priority order is ultimately based not only on the decision makers' views of national interests, but also on their risk aversion; tolerance of uncertainty; judgements about the relative importance of potential enemies' capabilities against their intentions; the relative priority of present and future threats; and about the balance between the cost and benefit of specific defence preparations. Hence, the nature of intelligence assessments is also intrinsically value-laden and requires political judgement—even though these judgements can in practice be inseparable from professional advice.[13]

The 1946 *Appreciation of the Strategical Position of Australia*, for example, explicitly equated Australia's strategic interests with those of the British Commonwealth as a

---

[10] Defence Committee, *Australian Strategic Analysis and Defence Policy Objectives*, 2 September 1976, para 5.

[11] Everett Carl Dolman, *Pure Strategy* (London: Frank Cass, 2005), p. 5.

[12] Ibid., p. 6.

[13] See Committee on Risk Characterization, *Understanding Risk: Informing Decisions in a Democratic Society* (Washington D.C.: The National Academy Press, 1996).

whole.[14] It was only in 1959 that the *Strategic Basis* papers first included a statement of specifically Australian 'National Policy Objectives'.[15] In general, the extent to which Australia should identify with the national interests and objectives of its global allies—or, more precisely, the extent to which national Australian and wider 'Western' interests overlap—always was and will remain a source of legitimate debate requiring the government's directives.

The development of strategy proper, of the use that can be made of military force in both its existing and its latent form, is also of a similar nature and intrinsically combines political and professional judgement. The experienced resident in the military Services is required to judge the feasibility of, and the requirements for, successful military operations. Civilian and military strategists provide advice on how armed force or the threat thereof may be used to further Australia's interests by influencing the behaviour of adversaries, allies and uncommitted countries alike. The organisation and implementation of defence preparations themselves require a range of financial, technical, scientific and other expertise.

At the same time, however, the use of force, preparation for it and strategic commitments to allies and friends are inherently political. The national treasure and other resources devoted to defence must be weighed against the national interest that is at stake, and against alternative uses they could be put to—questions that arise in their sharpest form once military commitments with the prospect of casualties have to be considered. Hence, behind the sometimes innocuous and occasionally mundane content of the *Strategic Basis* papers, lie fundamental judgements that ultimately touch upon society's implicit social contract.

Functions of the *Strategic Basis* Papers

The *Strategic Basis* papers themselves must be seen within the context of their drafting, endorsement by the Defence Committee, and consideration by Cabinet. The process itself, and the resulting documents, both served a number of related yet distinct functions. First, both the drafting process and the formal consideration allowed the Cabinet collectively, and Ministers individually, to discharge their general responsibility for directing the Defence organisation, in particular with regard to the threats and issues Defence should address and the overall strategy it was to follow. Ministers and Cabinet could do so in a number of ways. The most obvious were the formal Cabinet Decisions, in which Cabinet could make general comments on the paper submitted and sometimes explicitly endorse or not endorse particular paragraphs or ideas. However, political guidance was also exercised before and during the drafting of the documents themselves, in which case the government's influence is less immediately apparent from the Cabinet papers, but no less real. During the drafting of the 1953 *Strategic Basis*, for example, the Prime Minister sent the Defence Committee a memorandum of observations that were to guide the review.[16] Even less obvious from the files, but often very significant, was the direct involvement and informal guidance exercised by the Minister for Defence of the day.

A second function of drafting the *Strategic Basis* papers lay in the opportunity it provided the highest echelon of the Defence organisation for a regular review of changes in Australia's strategic circumstances, and of any adjustments that might

---

[14] Chiefs of Staff Committee, *Strategical Position of Australia*, 20 March 1946, paras 52-67.

[15] Defence Committee, *Strategic Basis of Australian Defence Policy*, 12 January 1959, para 5.

[16] Letter F.A. McBride to Prime Minister, 14 January 1953, NAA: A1209, 1957/4152.

have been required in the country's general strategic posture. This was all the more important as the Defence Committee's usual work was dominated by many detailed decisions on specific planning and preparation issues often of a rather mundane and short-term nature. The *Strategic Basis* documents rarely made specific force structure recommendations, although most of them informed multi-year defence programs, in which case they were often considered by Cabinet in conjunction with the program submissions. In addition, the *Strategic Basis* papers of the early 1970s all made reference to a number of more detailed studies of strategic questions relating to the defence of Australia, the implications of its physical environment and geography, and various force structure issues. They were led by the Force Development and Analysis, and the Strategic and International Policy Divisions in the Department of Defence, and later became collectively known as the 'Defence of Australia' studies, although only a small number carried that formal title. These studies thus provided an important context to the *Strategic Basis* papers of the time.

A third function of the *Strategic Basis* documents was that they served to communicate to the Defence organisation at large, both collectively and individually, the basic tenets of Australia's defence policy and strategy—as far, that is, as their high level of classification allowed. The activities of committees and divisions subordinate to the Defence Committee could thus be informed and directed by the *Strategic Basis* paper. In 1966, an *Interim Review of the Strategic Basis* also served this function following significant developments in Indonesia that occurred after the adoption of the 1964 *Strategic Basis*. It was endorsed by the Defence Committee as the basis for further studies but, like similar updates that had, for example, occurred in 1958 and would follow in 1967, it did not carry formal government approval.[17] While the *Strategic Basis* papers carried the classification 'AUSTEO'—Australian Eyes Only—from the late 1960s,[18] the earlier documents were often sent to Australia's close allies to inform them about the country's policy.[19] The Defence Committee also endorsed a short version of the 1973 *Strategic Basis* that was made available to all one and two star officers in order to acquaint them with the main tenets of post-Vietnam defence policy. In 1976, the government published the *Australian Defence* White Paper, which was based on strategic guidance documents and included additional comments on current force structure and future capability development. However, like the departmental 1972 *Strategic Review*,[20] it was for public communication only, and did not replace the *Strategic Basis* documents as the authoritative strategic guidance for the Defence organisation.[21]

[17] For this reason, and because there was significant overlap with the formally adopted 1959 and 1968 *Strategic Basis* papers, the text of these documents is not included in this collection.

[18] Those of the early 1970s even included a specific note by the Secretary of Defence, Sir Arthur Tange, highlighting their AUSTEO classification.

[19] Parts of the 1973 *Strategic Basis* were also shared with New Zealand.

[20] The 1972 *Strategic Review* was originally meant to be a White Paper, but government then decided to publish it as a departmental paper only. Tange, *Defence Policy-Making: A Close-Up View, 1950-1980*, pp. 40-43.

[21] Alan Thompson, *pers. comm*. The 1976 White Paper differs in this regard from its successors in later decades.

The fourth and perhaps most important function of the *Strategic Basis* papers was that they provided public servants and military officers with the opportunity to gain explicit government approval for the principles and priorities enunciated in the documents. In this context, the real authorship—as opposed to the formal endorsement by the Defence Committee—mattered a lot. At times, for example in the case of the 1973 paper, it even became the source of significant tension between civilian and uniformed members of the Defence Committee.[22] Because they rarely included specific decisions about the allocation of money and resources, the impact of the *Strategic Basis* documents was often indirect, in the sense that it largely derived from their influence on subsequent decision making. However, they could be an important tool to be wielded in the internal debates of the Defence organisation, especially between the Department of Defence, or Defence Central after 1976, and the three Services. In the words of Sir Arthur Tange, '[m]uch defence policy lies in the mind; and what may seem no more than a slogan can be made a powerful directing influence on more material matters'.[23]

Strategic Guidance and Defence Policy

All the *Strategic Basis* papers included in this edition were submitted to the government of the day, and—with the exception of the 1946 *Appreciation*—led to formal Decisions by Cabinet or the Council of Defence. White Papers, published since 1976, and other guidance documents endorsed after the end of the *Strategic Basis* series in 1983 were formally Cabinet documents to begin with. Hence, there is no doubt that they all were closely related to Australia's defence policy of the time. However, the exact relationship between strategic guidance and defence policy is important for an appreciation and understanding of the role of the documents reproduced in this edition, as well as those of more recent times.

Defence policy in general deals with all measures that, in one form or another, contribute to the use of armed force in the national interest, and falls for the most part within the scope of the Department of Defence. For the purposes of the discussion here, it can be usefully differentiated into three broad categories that capture different areas in which practical decisions are required.[24] First, declaratory policy deals with the communication of Australia's intentions, capabilities and strategy to the Australian public, allies and other countries—both on an ongoing basis, and in the context of particular crises or conflicts. Second, force employment policy comprises the decisions on how the Australian armed forces are used to achieve strategic effect—be it through independent operations, those alongside allies, or the basing of forces overseas to signal commitment to particular causes. Third, force structure policy concerns all decisions about the raising, maintenance or de-commissioning of defence capabilities and equipment. Alliance relationships are an important consideration for defence policy in general, and their practical implications cut across all three areas of declaratory, force employment and force structure policy—as do the implications of relations with actual or potentially hostile powers.

If the above and narrow definition of defence policy as a set of material decisions is

---

[22] Andrews, *The Department of Defence*, p. 219; Desmond Ball, *The Politics of Defence Decision Making in Australia: The Strategic Background*, Reference Paper, no. 93 (Canberra: Strategic and Defence Studies Centre, 1979), pp. 7-8.

[23] Tange, *Defence Policy-Making: A Close-Up View, 1950-1980*, p. 40.

[24] A view of defence policy that is inspired by the framework used in Desmond Ball, 'U.S. Strategic Forces: How Would They Be Used', *International Security*, vol. 7, no. 3 (Winter 1982/83), pp. 31-60.

accepted, the *Strategic Basis* papers and governments' comments on them informed and directed defence policy, but they were not directly part of it. The documents provided statements of priorities based on an analysis of the circumstances of Australia's strategic situation at the time of writing, and of trends affecting it into the future. They discussed major issues of concern that would have to be taken into account when making decisions about declaratory statements, force employment, and force structure in subsequent years, and the impact of current decisions and policies on those of the future. Often, they highlighted possible changes to priorities or policies that might be the consequences of contingent developments in the future. But it is important not to interpret them as 'rulebooks' of directly applicable instructions for future defence policy. For two main reasons, this is something that they were never meant to be, and never could be.

First, as mentioned above, the *Strategic Basis* papers rarely included direct decisions on force employment or force development, and being classified documents, they did not have a direct role in declaratory policy. Hence, any practical consequences that would flow from the analysis endorsed in the *Strategic Basis* documents still required separate consideration by the relevant departments, the Defence Committee, and often Cabinet itself—a situation that is only different by degree for later Defence White Papers. Strategic guidance is not legislation passed by Parliament, nor does it generally, as a classified document to be viewed by Australian citizens only, directly carry binding commitments to friends and allies. Therefore, the government of the day was neither legally, nor even morally bound to abide by the principles it endorsed in the *Strategic Basis* papers, when it was making separate decisions on defence programmes or on the use of Australian forces abroad. Moreover, as a former First Assistant Secretary is reported to have said, '[t]he *Strategic Basis* is the gospel; but it has as many interpretations as the gospel'.[25] When it was used to inform and direct planning and decisions within the Defence organisation, the effect of strategic guidance thus still had to be translated through the internal processes mentioned above. Hence, the extent to which the policy intent of strategic guidance was realised could differ with the balance of power within the Defence organisation, and was for example markedly higher after the 1987 White Paper, than in the period before.

However, there is a second and more fundamental reason why *Strategic Basis* papers were only meant to inform and direct, rather than prescribe, policy itself. As they were documents that were written only intermittently and rarely updated before the passing of three years, any *Strategic Basis* paper formulated as a set of policy prescriptions, rather than general principles, would already have been outdated and overcome by the time it was written. The papers described a range of credible future contingencies and made recommendations on the basis of this aggregation of possible developments. Time passing since their writing inevitably reduced the range of previously identified possibilities, as events did *not* happen, and at the same time opened up new possibilities that became credible on the basis of recent turns of history. Strategic guidance therefore informs and directs policy, but policy, as the body of material decisions, has to be based on the circumstances as they are realised at the time. Hence, a history of strategic guidance is as much a history of counterfactuals—of conflicts and events that could have been but never were—as it is a history of defence policy and operations as they did unfold in reality.

[25] Quoted in Ball, *The Politics of Defence Decision Making in Australia: The Strategic Background*, p. 1.

Evaluating Strategic Guidance

This means that strategic guidance also can not serve as a direct 'scorecard' against which the success or appropriateness of subsequent defence policy should be directly assessed. Defence White Papers in particular, because of their unclassified status, explicit government ownership, and associated force structure and budget programs, are sometimes interpreted in that way. Strategic guidance documents could not serve their basic functions, as discussed above, if they were written in a way that makes it impossible to compare later decisions against the priorities, principles and commitments they established. But divergence of later policy from the previously established principles can not, of itself, be the basis for a judgement about the appropriateness of the realised policy, nor of the quality of the strategic guidance: the former is inevitably based on a more complete knowledge of specific circumstances at the time than the latter, which can only discuss future possibilities in general terms.

This issue points to a larger question of how the 'quality' of past strategic guidance, and the policy that was based on it, can be evaluated. Any defence effort should ultimately be directed towards shaping future developments that affect a nation's security. However, a causal approach that evaluates the 'quality' of strategic guidance on the basis of its impact on subsequent policy, or that policy's impact on subsequent strategic developments, inevitably creates difficult analytical problems.

At a basic level, hindsight will always reveal whether, following specific policy or guidance decisions, a conflict or particular challenge arose or not. Therefore, it will usually be the case that either additional preparations would have proved of significant value, or that the resources devoted to defence were not called upon, and could have been safely reduced and used for other national priorities.[26] Hence, a judgement about the appropriateness of strategic guidance and the decisions that were based on it must only be based on the knowledge and circumstances available to the relevant decision makers at the time.

In addition, Australia's defence policy was only one among many influences upon the events it was directed at, and often a rather minor one at that. Purposefully linking ends and means through strategy is inherently a most difficult exercise,[27] whose nature can often resemble an experiment rather than orderly public policy.[28] Hence, the impact of Australia's policy on subsequent events is often impossible to determine. Judging strategic guidance or defence policy based on outcomes alone thus means comparing it against a counterfactual of what is assumed would have happened, had a different course of action been taken. In the absence of any unequivocal policy blunders, the credibility of such a counterfactual is in practice very difficult to establish—in particular, as it would have to be shown that decision makers at the time would have been able to reach similar conclusions based on the information then available to them.

---

[26] Defence capability can, of course, also have strategic effect by dissuading potential challengers, or deterring hostile actions. However, both effects are characterised by a non-event, therefore impossible to prove, and only add to the difficulty of evaluating past defence policy.

[27] Colin S. Gray, 'Why Strategy is Difficult', *Joint Forces Quarterly*, no. 22 (Summer 1999), pp. 6–12; David Jablonsky, 'Why is Strategy Difficult', in Boone Bartholomees (ed.), *U.S. Army War College Guide to Policy and Strategy* (Carlisle, PA: Strategic Studies Institute, U.S. Army War College, 2004), pp. 143-155; David J. Lonsdale, 'Strategy: The Challenge of Complexity', *Defence Studies*, vol. 7, no. 1 (March 2007), pp. 42-64.

[28] Stephan Frühling, 'Uncertainty, Forecasting, and the Difficulty of Strategy', *Comparative Strategy*, vol. 25, no. 1 (January-March 2006), pp. 19-32.

An evaluation of past strategic guidance must therefore primarily relate to the internal coherence and consistency of the argument in the document itself, rather than the consequences of later policy.[29] Good strategic guidance must not be based on a single-point prediction of future circumstances and strategic requirements, and should provide indications of how its core recommendations need to be adapted or interpreted in a range of plausible futures. It is deficient if it does not discuss the implications of a credible future contingency, provided that the information available at the time allows its authors to do so. But at the same time, it must also identify those core judgements whose violation would invalidate the analysis and conclusions contained in the document. In a very similar way, defence policy has to adapt to new strategic (and fiscal) circumstances as they develop over time, and against which its merits must be judged. Should core judgements of strategic guidance be violated, the certainty that policy is appropriate for the changed circumstances would be much reduced, and strategic guidance would need to be reviewed. In 1962, such a review was indeed requested by Cabinet and is included as the 1963 *Australia's Strategic Position* in this edition.

However, even when an evaluation of past strategic guidance is argued on the basis of its internal coherence and logic rather than on the basis of information that would not have been available at the time, the benefit of hindsight still leads to significant cognitive biases. In general, analysts and policymakers who were involved in the drafting of strategic guidance tend to overestimate the extent to which their past judgements were accurate. At the same time, the decision makers and recipients of the documents tend to underestimate how much they added to their knowledge and understanding. Finally, evaluations conducted in hindsight tend to judge that events and developments were more easily foreseeable than they were in fact at the time.[30] Even if they do not cause disagreement *per se*, such biases accentuate different viewpoints and perpetuate disagreements about particular judgements and decisions made in the past.

DEFENCE COMMITTEE, CABINET AND STRATEGIC GUIDANCE 1946-1976

With this caveat in mind, this section will provide chronological context and commentary on the documents in this edition, concentrating on governments' formal responses to the papers submitted for consideration. A comprehensive history of the strategic guidance process, of the interaction between the Department of Defence and Ministers, or defence policy at large is beyond the scope of this introductory essay. Therefore, the following should primarily be read as a history of ideas within the formal interaction between Defence Committee and Cabinet.[31]

[29] In the literature on organisations, this is known as the configurational approach. See Alan D. Meyer, Anne S. Tsui and C.R. Hinings, 'Configurational Approaches to Organizational Management,' *Academy of Management Journal*, vol. 36, no. 6 (December 1993), pp. 1175-1195.

[30] See Richards J. Heuer, *Psychology of Intelligence Analysis* (Langley, VA: Center for the Study of Intelligence, Central Intelligence Agency, 1999), pp. 161-172.

[31] Or the Chiefs of Staff Committee and Council of Defence for the 1940s and early 1950s.

Gaining Direction: The Chiefs of Staff Committee's *Appreciations of the Strategical Position*

Initial observations on Australian post-war strategic guidance date back to 1943, when the Minister for Defence named 'local defence', 'co-operation in Empire defence', and a contribution to a future system of collective security as the main drivers of Australia's post-war force structure. In January 1944, the Defence Committee was instructed to consider related questions, once 'a firm basis for the expression of its views has been established'.[32] In October, the Committee re-affirmed that Australia should not rely solely on a future system of collective security, nor that it 'should accept the risk of relying primarily for its defence upon the assistance of a foreign power'. Standing Australian forces for the 'initial defence of Australia' would be required to 'control the situation', until allies' help arrived, and the nation mobilised for war.[33] In June 1945, the Defence Committee submitted to the Minister for Defence a report on 'the nature and functions' of the post-war forces, which discussed the lessons of the war for future force structure requirements.[34]

But it was the Chiefs of Staff Committee, not the Defence Committee, that drafted the first comprehensive strategic guidance document after the war and submitted it to the Minister for his approval.[35] The 1946 *Appreciation of the Strategical Position of Australia* stated that should 'Australia be faced with the necessity for the local defence of her own territory, the situation would be desperate owing to the inadequacy of her resources and the extent of her territory'.[36] While it saw Australia as protected by its geographic situation and the collective security system of the United Nations, the country was 'unable to defend herself unaided against a major power'.[37] The 1946 *Appreciation* identified the Soviet Union (Union of Soviet Socialist Republics, USSR) as the only major power that 'is a potential enemy of the future',[38] requiring an 'alternative system to the United Nations'.[39] It stated that Australia's 'dependence on outside assistance, compels her to accept that the strategic employment of her forces will be governed by considerations wider than those of a purely regional nature'.[40]

In this context, the 1946 *Appreciation*, and its successor of 1947, are particularly instructive in highlighting the potential difficulty in strategic guidance of reconciling political direction with professional advice and preferences. Both documents identified the USSR as a potential enemy, suggested that defence cooperation should be conducted outside the United Nations, and that Australia should, or would have to, subordinate its own policy to the requirements of Empire defence—all of which were propositions at odds with the policy preferences of the Chifley government in general, and the Minister for External Affairs, H.V. Evatt, in particular.

---

[32] Defence Committee, Minute No. 25/1944, 18 January 1944, NAA: A2031, 25/1944.

[33] Defence Committee, Minute No. 335/1944, 18 October 1944, NAA: A5799, 206/1944.

[34] That report is discussed at length in Anthony Wright, *Australian Carrier Decisions*, Papers in Australian Maritime Affairs. No. 4 (Canberra: Seapower Centre, 1998), pp. 121-128.

[35] Chiefs of Staff Committee, Minute No. 11/1946, 20 March 1946, NAA: A5954, 1645/8.

[36] Chiefs of Staff Committee, *Appreciation of the Strategical Position of Australia*, 20 March 1946, para 109.

[37] Ibid., paras 1, 9, 32.

[38] Ibid., paras 45, 53.

[39] Ibid., paras 20, 45.

[40] Ibid., paras 3, 64.

In a letter to the Prime Minister accompanying the 1946 paper, the Secretary of Defence, Frederick Shedden, wrote that '[t]he Appreciation as a military planning document appears both sound and realistic', but that '[f]rom the Government's point, there are doubts as to wisdom of the acceptance of the Appreciation, and much less its endorsement'. He recommended that the Prime Minister not act on the document.[41]

In their 1947 *Appreciation of the Strategical Position of Australia*, the Chiefs of Staffs re-iterated the main arguments of the previous year's document, and drew out more precisely the implications for Australia's defence policy and planning. The previous year's Commonwealth Prime Ministers' conference had discussed that the dominions would take more responsibility for the defence of areas of strategic importance in their respective regions. The 1947 *Appreciation* proposed to define Australia's region by the areas that would allow an enemy to mount air attacks against the country, as well as those locations required to deny the enemy these areas.[42] However, Australian responsibility for this region—which was later to become the 'ANZAM'[43] area—was seen as part of an overall joint and coordinated Commonwealth defence.[44] In that global effort, 'Australia's most effective contribution' might be in the Middle East, and Australia's 'strategic plan for defence should, therefore, envisage provision of forces to operate in the Middle and/or Far East, in accordance with an overall plan'.[45]

Unlike the 1946 document, the 1947 *Appreciation* was formally considered by the Council of Defence in April 1948. The Council noted that the document had moved 'beyond the scope of a strategic appreciation into the political and administrative spheres'. Taking into account a longer submission by the Minister for Defence critically reviewing several elements of the Chiefs' document, the Council remarked that 'the designation of a potential enemy at this stage is not consistent with' government policy, and noted that 'political agreement between members of the British Commonwealth on joint strategic plans is impossible of attainment at the present time'. It remarked that

> *The vital question is whether Australia has the resources to accept the responsibilities which the Chiefs of Staff say would be involved in undertaking the formulation and control of strategic policy in the zone recommended by them*

and that 'these plans would need to be linked with those of the United States'. However, it did authorise planning to begin, in coordination with the other Commonwealth countries and the United States, for a zone of Australian strategic responsibility.[46] While formally rejecting the idea of Australia assuming a role in a joint Commonwealth defence plan, the Council thus nevertheless allowed planning with the United Kingdom to proceed.[47]

---

[41] Letter Secretary of Defence to Prime Minister, 5 April 1946, NAA: A5954, 1645/8.

[42] Chiefs of Staff Committee, *Appreciation of the Strategical Position of Australia,* 28 October 1947, paras 87-93.

[43] Australia, New Zealand and Malaya.

[44] Chiefs of Staff Committee, *Appreciation of the Strategical Position of Australia,* 28 October 1947, para 83.

[45] Ibid., paras 85, 86.

[46] Conclusions of the Council of Defence, 20 April 1948, NAA: A816, 14/301/321.

[47] An ambiguity pointed out in David Horner, *Defence Supremo: Sir Frederick Shedden and the Making of Australian Defence Policy* (St Leonards, NSW: Allen & Unwin, 2000), p. 269.

In May of 1948, the Prime Minister and the Minister for Defence directed that, in the future, the Defence Committee should be responsible for 'the development of strategic planning', while the Chiefs of Staff Committee would be limited to 'strategic appreciations and plans of an operational nature'.[48] The preparation of a new *Appreciation* paper was put on hold pending the negotiations about Australia's zone of strategic responsibility with the United Kingdom and New Zealand,[49] which would extend well into 1950 and into the term of the new Menzies Government. Hence, whether Australia's engagement in South-East Asia was to be part of, and subject to, a global allied strategy as advocated in the *Appreciation* papers of 1946 and 1947, or whether it was rather the expression of Australia's policy as an independent nation in its region, as advocated by the Department of External Affairs, ultimately remained unresolved under the Chifley Government.[50]

Global War and the Commitment to the Middle East

In the years following the 1947 *Appreciation*, relations between the Western Allies and the USSR in Europe rapidly soured, and the 1949 explosion of the first Soviet atomic bomb, as well as the communist victory in China, only heightened an already existing perception of real threat. Defence cooperation among Western countries had picked up pace with the Dunkirk treaty of 1947 and the Brussels treaty of 1948, culminating in the 1949 Washington Treaty, which established NATO and ended the US tradition of avoiding 'entangling alliances' in peacetime.[51] The 1953 *Strategic Basis* would later comment that in 1949/50,

> *Russia was considered to be capable of overrunning Europe and the Middle East before effective defensive measures could be taken by the Allies. It was apparent, therefore, that our preparations for war would have to be speeded up.*[52]

In June 1950, Field Marshal Sir William Slim, then Chief of the Imperial General Staff and later Governor-General of Australia, visited the country to discuss strategy and defence cooperation. As part of the deliberations, the Defence Committee forwarded two related reports on *The Basic Objectives of British Commonwealth Defence Policy and General Strategy* and *A Suitable Basis for the Distribution of Strategic Responsibility and War Effort* to the Council of Defence. Both of these documents were much less comprehensive than the earlier *Appreciation*, or later *Strategic Basis* papers. However, they provided strategic guidance from the new Menzies Government on Australia's defence role in the context of a deteriorating security situation in the northern hemisphere. The Council of Defence 'approved' the recommendations they contained only four days before the North Korean surprise attack that began the Korean War.[53]

---

[48] Letter Secretary of Defence to Defence Committee, 24 May 1948, Defence Committee Agendum No. 80/1948, NAA: A5799, 80/1948.

[49] Defence Committee, Minute No. 157/148, 22 July 1948, NAA: A2031, 157/1948.

[50] See David Lee, 'Britain and Australia's Defence Policy, 1945-1949', *War and Society*, vol. 13, no. 1 (May 1995), pp. 61-80; Peter Edwards, *Crises and Commitments* (North Sydney: Allen & Unwin, 1992), pp. 53-56; 60-62.

[51] David Miller, *The Cold War: A Military History* (London: John Murray, 1998), pp. 3-24.

[52] Defence Committee, *Strategic Basis of Australian Defence Policy*, 8 January 1953, para 2. Unbeknownst to the Australians, the adoption of these two documents coincided with the drafting in the United States of NSC-68, a new strategic guidance document that would significantly increase US military efforts for the Cold War. See S. Nelson Drew (ed.), *NSC-68: Forging the Strategy of Containment* (Washington DC: National Defense University, 1994).

[53] Minutes of Council of Defence, 21 June 1950, NAA: A9787, 113.

With the adoption of *The Basic Objectives of British Commonwealth Defence Policy and General Strategy*, Australia's defence policy had gained a decidedly global focus. It was

> *to join with the other Commonwealth countries, the United States and the countries of Western Europe in organising essential deterrent forces, in building up effective defences and in working out the necessary plans, preferably on a regional basis, ... [and] to resist the spread of communism by all means short of war.*[54]

In war, the aim would be '[t]o ensure the abandonment by Russia of further military and ideological aggression'.[55] *A Suitable Basis for the Distribution of Strategic Responsibility and War Effort* recommended that, in the overall struggle, Australia should have responsibility for its home defence, and for 'the overall direction and control of operations' for the defence of the ANZAM region, but that its effort should conform with overall British Commonwealth strategy.[56] It noted that

> *the threat to Australia might be increased by adverse events in South-East Asia, but the security of Australia will depend ultimately on the outcome of the major conflicts in Europe and the Middle East.*[57]

A military threat on land in South-East Asia would only develop with significant warning time, but the greatest need for additional forces in the early stages of a global war was in the Middle East, where they 'would have a beneficial effect out of all proportion to their size'.[58] Therefore, two sets of plans should be developed; one for the deployment of initially available Army and Air Forces to the Middle East, with follow-on forces going either there or to Malaya, and another set in which the first forces would deploy to Malaya, with later contingents being sent there or to the Middle East.[59]

In May 1951, the Defence Committee finalised a study of the *Strategic Concept for the Defence of the ANZAM Region* in global war, which concluded that the effort required to defend Malaya might be out of proportion to its benefit. In order to free forces for other theatres, and even at the cost of limited air and submarine attacks on Australia, it might be necessary in global war to fall back on the defence of New Guinea and the continent itself.[60] In a letter to the Prime Minister, the Minister for Defence noted that besides the increased threat during the war, such a strategy would also lead to a deterioration of Australia's long-term position, as the re-establishment of Western influence in South-East Asia would be very difficult. He concluded that

---

[54] Defence Committee, *The Basic Objectives of British Commonwealth Defence Policy and General Strategy*, Minute No. 86/1950, 15 June 1950, para 7.

[55] Ibid., para 8.

[56] Defence Committee, *A Suitable Basis for the Distribution of Strategic Responsibility and War Effort*, Minute No. 89/1950, 15 June 1950, paras 8, 16.

[57] Ibid., para 17.

[58] Ibid., paras 19, 22.

[59] Ibid., para 23.

[60] Defence Committee, *Strategic Concept for the Defence of the ANZAM Region*, Minute 147/1951, 31 May 1951, NAA: A816, 14/301/447.

> *Our immediate concern is the political and strategic policies to be adopted to win the next war should one occur, but we cannot disregard their effects on our future security. The Middle East is a vital area, but it is essential that the political implications of the Defence Committee's views should be considered.*[61]

Hence, a decision about a commitment of forces to either Malaya or the Middle East hinged on the judgement about the relative importance of the 'immediate concern' of making a contribution to global war where it counted most at the global scale, and hence emphasising the Middle East, against that of other 'effects on our future security' that would result from developments in Malaya. In December 1951, Cabinet decided to send the first Army and Air Force units available in wartime to the Middle East.[62] However, that decision and policy judgement was to last for only a few months.

The Australian Commitment to the Allied Defence Effort in South-East Asia

In the first half of 1952, it had become less likely that the Korean War was a feint before a global communist attack, and in July of that year the Prime Minster asked for plans to be drawn up to send troops to South-East Asia rather than the Middle East.[63] In early 1953, the first *Strategic Basis* paper was endorsed by the Defence Committee, and 'approved for planning and programme purposes' by Cabinet in April 1953.[64] The Prime Minister had directed that threats to the Middle East and to South-East Asia be considered as a basis for the review,[65] and both regions were discussed at length.

The 1953 *Strategic Basis* found the risk of global war to be less than it had been in 1950, and—following the logic outlined in the letter of 1951 by the Minister for Defence quoted above—recommended that cold war commitments in South-East Asia should take precedence over preparations for global war.[66] In global war, Australia would contribute 'the maximum possible' to theatres other than South-East Asia, but 'it is the Australian Government's view that the aim of the Allies should be to ensure the retention of Malaya', due to its importance for the defence of Australia, and for Australia's ability to contribute forces to other theatres.[67] Although the paper nowhere explicitly spelled out that South-East Asia was now to take priority for Australia in global war as well,[68] this was the clear implication and position taken into negotiations with the United Kingdom.[69]

In 1954, the end of the First Indochina War had created a new communist regime in North Vietnam, and eliminated France as a buffer between China and British possessions in South-East Asia. Australia increased its military and political efforts in

---

[61] Letter McBride to Prime Minister, 6 June 1952, NAA: A816, 14/301/447.

[62] Horner, *Defence Supremo: Sir Frederick Shedden and the Making of Australian Defence Policy*, p. 307.

[63] Ibid.

[64] Cabinet Defence Preparations Committee Minute, 8 April 1953, NAA: A5954, 1853/3.

[65] Joint Planning Committee Report No 56/1952, 14 December 1952, NAA: A816, 14/301/576.

[66] Defence Committee, *Strategic Basis of Australian Defence Policy*, 8 January 1953, paras 16, 20, 51.

[67] Ibid., paras 50, 70.

[68] Instead, it contained the rather cryptic statement that [i]n global war although the retention of the Middle East is of more importance to the Allies than South-East Asia, the retention of Malaya is of great importance.' Ibid., para 52.

[69] Horner, *Defence Supremo: Sir Frederick Shedden and the Making of Australian Defence Policy*, pp. 311-314.

support of the engagement of its major allies in the region. In February 1955, the Manila Treaty created the South-East Asian Treaty Organization (SEATO), which formally committed the United States to the region, and in October the first Australian ground troops were sent to serve in the Malayan emergency as part of the Commonwealth Strategic Reserve. Hence, in the lead up to the 1956 *Strategic Basis*, developments in the region and Australia's deliberate policy both cemented the focus on South-East Asia and Malaya as the 'first line of Australia's defence'.[70]

The second of the *Strategic Basis* papers was more coherently argued than its predecessor, although its separation into the report itself and a 'strategic review' twice the length of the former did not make the document as easily accessible as its successors. In general, the 1956 *Strategic Basis* stated and summarised Australia's policy rather than argued for a change in direction. Because Australia depended 'for her ultimate security' on major allies, its defence policy had to align with global Western strategy. Contributions to collective defence in South-East Asia would provide 'defence in depth' and 'strengthen her case for the support of her allies' should a future direct threat develop.[71] The confidence expressed in the use of strategic and tactical nuclear weapons reflected that of the United States and NATO at the time.[72] 'Limited War' in South-East Asia was included as a third type of conflict besides cold and global war. In line with wider Western theorising on such conflict at the time, it was considered in terms of a conventional or nuclear conflict confined to a specific region rather than the combination of insurgency warfare and conventional operations of the First Indochina war (which would later also characterise the Vietnam War).[73] Cooperation of Commonwealth powers in the ANZAM area was only mentioned as a fall-back arrangement should SEATO fail to withstand a communist attack,[74] indicating the extent to which the country now primarily looked to the United States for military support in the region. However, the document did not include an assessment of SEATO's potential weaknesses, and only a very oblique reference was made to the possibility that Australia might face conflicts in New Guinea without allied support.[75]

In February 1957 Cabinet 'endorsed' the document 'as the strategic basis for the development of Australian defence planning and preparations'.[76] In subsequent years the Malayan emergency wound down while South Vietnam made temporary inroads against communist subversion. International developments as far as Australia was concerned were dominated by two issues: the Suez Crisis of October 1956, in which America refused to support Australia's second major ally, the United Kingdom, and the diplomatic manoeuvrings between the Netherlands and Indonesia over the future of West New Guinea, in which Australia supported the former against

---

[70] Defence Committee, *Strategic Basis of Australian Defence Policy*, 11 October 1956, para 12. The only mention of the Middle East in the 1956 Strategic Basis is in an annex to the appendix of the document.

[71] Ibid., paras 14-16.

[72] Ibid., para 5. For the US strategy of the 'New Look' at the time, see Lawrence Freedman, *The Evolution of Nuclear Strategy* (New York: St Martin's Press, 2nd edition, 1989), pp. 76-90; and John Lewis Gaddis, *Strategies of Containment* (Oxford: Oxford University Press, 1982), pp. 164-175.

[73] Defence Committee, *Strategic Basis of Australian Defence Policy*, 11 October 1956, paras 10, 24, Appendix 5-11, 14, 29, 33, 38, 50-52. The contemporary classic texts on the theory of limited war are Henry Kissinger, *Nuclear Weapons and Foreign Policy* (New York: Council on Foreign Relations, 1957), and Robert E. Osgood, *Limited War: The Challenge to American Strategy* (Chicago: The University of Chicago Press, 1957).

[74] Defence Committee, *Strategic Basis of Australian Defence Policy*, 11 October 1956, paras 15, 24.

[75] Ibid., para 24 (c).

[76] Cabinet Decision No. 656, 22 February 1957, NAA: A4926, 522.

its northern neighbour.[77] Both developments reverberated strongly in the *Strategic Basis* paper that the Defence Committee endorsed in January 1959.

The 1959 *Strategic Basis* continued to see global war as unlikely, but it highlighted weaknesses in SEATO as an organisation and in the assumptions underlying Western strategy for limited war in South-East Asia.[78] China was growing stronger, while British power was waning and Western influence in general was diminishing in the newly independent countries of South-East Asia.[79] Australia 'should be prepared to act independently at least for a time' in limited war against Indonesia while its allies' forces were bound in other conflicts; in operations (including against Indonesia) following the incapacitation of its major allies in global war; and in conflict with Indonesia over West New Guinea.[80] The paper recommended that '[a]s our forces could be re-shaped only over a long period of years they should be designed primarily with the ability to act independently of allies'.[81] Reversing the judgement made in, for example, the 1946 *Appreciation*, it also remarked that forces able to act independently could also be used in conjunction with allies, but that the opposite was not necessarily true.[82] From now on, preparations for limited war rather than cold war commitments should take priority, although forces for the former could also be used for tasks in the latter.[83] Improved basing infrastructure in the north of Australia was required, as well as 'an increased offensive capability'.[84] The 1959 *Strategic Basis* was also the first to mention the possibility that Australia might have to acquire its own nuclear weapons at some stage in the future.[85]

In his Cabinet submission, the Minister for Defence, Athol Townley, supported the document's conclusions and remarked that 'they will involve far-reaching changes in our defence preparations'.[86] However, in March 1959 Cabinet simply 'noted the submission', and gave particular attention to the conclusion that the Australian forces should be designed primarily with the ability to act independently of allies. It found difficulty in accepting this conclusion. Cabinet decided to discuss the matter again in the presence of the Chiefs of Staff, in order to include in its consideration the changes to the force structure that would flow from the proposed new policy tenets.[87] The background note to the Decision made clear that Cabinet saw the situations in which Australia might have to operate independently as remote, and that the *Strategic Basis* paper 'was thought to look too much towards the defence of the mainland' and that 'it did not appear clear to the Cabinet why it should now be contemplated that Australia should have no allies'.[88]

---

[77] Edwards, *Crises and Commitments*, pp. 182-207; J.A.C. Mackie, 'Australia and Indonesia, 1945-1960', in Gordon Greenwood and Norman Harper (eds.), *Australia in World Affairs 1956-1960* (Melbourne: F.W. Cheshire, 1963), pp. 296-304.

[78] Defence Committee, *Strategic Basis of Australian Defence Policy*, 12 January 1959, paras 7, 18, 20-22, 33, Annex C 9, 12).

[79] Ibid., paras 11-17.

[80] Ibid., para 43.

[81] Ibid., para 44.

[82] Ibid.

[83] Ibid., para 48.

[84] Ibid., paras 27, 39.

[85] Ibid., para 54.

[86] Cabinet Submission No. 59, February 1959, NAA: A1838, TS677/3 PART 2.

[87] Cabinet Decision No 113, 23 March 1959, NAA: A1838, TS677/3 PART 2.

[88] Background Note to Cabinet Decision No. 113. 23 March 1959, NAA: A1838, TS677/3 PART 2.

In October 1959, Townley again submitted the *Strategic Basis* paper for 'general endorsement'.[89] He explained that 'I feel that there may have been some misconception as to what is meant' by independent action, highlighting the long-term nature of the aim and the fact that forces dependent on other countries' operational and logistic support were of lesser value in operations with allies. He noted that '[t]his proposal is in no way inconsistent with the accepted principle of Australian defence that we should seek security through regional defence arrangements and co-operation with our allies'.[90] When Cabinet considered the submission again in November 1959, it provided a more detailed reaction:

> *Cabinet noted the report presented in submission No. 59. However, it did not, as recommended in submission No. 424, give general endorsement to the report, and it is not to be assumed therefore that the Cabinet necessarily approves the report in all detail. In particular, the proposition that the Australian Forces should as an objective be designed primarily with the ability to act independently of allies was not endorsed. Views were expressed by Cabinet to the effect that in any war on the South-East Asian mainland, in which Australia would be fighting with major allies, there should be no obligation on the part of Australia or any expectation on the part of the allies that Australia, with its limited population and resources, should necessarily put forward self-supporting Forces. On the other hand, it was taken as conceivable that Australia could face a situation where it would be called upon to defend for a limited time independently of allies. This possibility indicates that the Australian Forces should be developed to be self-supporting to some degree. But this is a more limited and less ambitious concept of independent action then [sic] appeared to be envisaged in the strategic basis paper.*[91]

To some extent, the reasons for Cabinet's hesitation in 1959 in endorsing the call for an independent capability were of a financial nature.[92] Answering a request by the Chiefs of Staff for further guidance on the interpretation of this Decision, the Minister for Defence explained that the Cabinet's concept of independent action 'is being achieved as appropriate through the decisions on the three-year programme', such as new helicopters, light Army air and marine craft, and increased logistic support.[93] The following years would, however, illustrate more clearly what Cabinet had in mind: there was an acknowledged need for an independent operational capability in specific contingencies, but Australia's policy would not be based on a preference for independent action.

Growing Concerns about Indonesia and Indochina

Australia's international outlook in the first half of the 1960s was dominated by increasing concerns about, and prospects for military engagement in, conflicts in Indochina and Indonesia. In 1959, the communist Pathet Lao took up arms against the Laotian government again, leading to coups and countercoups in 1960 and a stand-off between two rival governments supported by different superpowers. During the first half of 1961, SEATO intervention seemed a serious possibility, and Cabinet decided on several occasions that Australia would in principle participate in such an operation alongside the United States. Also in 1959, North Vietnam began a covertly conducted armed conflict with the South, leading the United States to increase its

---

[89] Cabinet Submission No. 424, 23 October 1959, NAA: A1838, TS677/3 PART 2.

[90] Cabinet Submission No. 424, 23 October 1959, attached memorandum, p. 1, NAA: A1838, TS677/3 PART 2.

[91] Cabinet Decision No. 522, 9 November 1959, NAA: A1838, TS677/3 PART 2.

[92] Tange, *Defence Policy-Making: A Close-Up View, 1950-1980*, p. 11; Andrews, *The Department of Defence*, p. 176.

[93] Letter Minister for Defence to Secretary of Defence Committee, 18 December 1959, NAA: A1838, TS677/3 PART 2.

commitments to several thousand 'advisors' serving with the South Vietnamese armed forces by late 1961.[94] Closer to home, President Sukarno consolidated his hold on power in Indonesia after 1958, and sought Russian military aid in 1960. At the same time, Indonesia increased its diplomatic and military pressure on the Dutch in West New Guinea.[95]

Against this backdrop, the Defence Committee endorsed a new *Strategic Basis* paper in January 1962. It noted that an intervention in South-East Asia might lead to a requirement for a larger deployment than was sustainable from Australia's regular forces, and that Indonesia could become 'a direct threat', or 'a useful barrier to communist expansion'.[96] The Committee agreed that Australia's security 'can best be achieved by a forward defence strategy', but a reduced British interest in the region and the weaknesses of SEATO made the importance of the United States paramount.[97] While its predecessor had looked ten years ahead, the 1962 *Strategic Basis* limited its time horizon to three years, and hence placed less emphasis on long-term objectives. In the face of the deteriorating strategic situation, 'a major objective' had to be 'the development of the means to contribute adequate forces in support of collective defence arrangements'.[98] While it reiterated that the 'objective should continue to be the progressive development of self-supporting forces', it emphasised the allies' demands for organic logistics in common defence operations rather than the fact that this would also provide greater capability for Australia to operate independently of its allies.[99]

The *Strategic Basis* paper went to Cabinet with the defence program in July 1962. By that time, Indonesian and Dutch forces were skirmishing in West New Guinea, and Australia had committed a fighter squadron to Thailand, and a military advisor team to South Vietnam.[100] Cabinet deferred the consideration of the paper[101] and when it considered it again in September, the Dutch had agreed, under US pressure, to a transfer of the administration of West New Guinea to Indonesia.[102] In light of these developments, Cabinet 'noted the views set out' in the *Strategic Basis* paper, and 'called upon the Defence Committee to prepare an up-to-date appreciation of Australia's strategic position'.[103]

---

[94] Edwards, *Crises and Commitments*, pp. 208-236.

[95] Mackie, 'Australia and Indonesia, 1945-1960', pp. 304-323; Gordon Greenwood, 'Australian Foreign Policy in Action', in Gordon Greenwood and Norman Harper (eds.), *Australia in World Affairs 1961-1965* (Melbourne: F.W. Cheshire, 1968), pp. 86-90.

[96] Defence Committee, *Strategic Basis of Australian Defence Policy*, 25 January 1962, paras 22, 54.

[97] Ibid., paras 2, 35, 36, 44.

[98] Ibid., para 33.

[99] Ibid., para 62. The need to increase defence preparations, and to do so in that manner, was also highlighted in the Defence Committee's memorandum accompanying the *Strategic Basis*, see NAA: A1945, 83/2/8.

[100] Edwards, *Crises and Commitments*, pp. 237-252.

[101] Cabinet Decision No. 344(M), 19 July 1962, NAA: A1945, 83/2/8.

[102] Greenwood, 'Australian Foreign Policy in Action', pp. 90-94.

[103] Cabinet Decision No. 441, 7 September 1962, NAA: A1945, 83/2/8.

The resulting document on *Australia's Strategic Position* was endorsed by the Defence Committee in February 1963, following the Indonesian-supported Brunei revolt of December 1962, and only days after Indonesia announced the beginning of 'Konfrontasi' with Malaysia. It found that 'a further deterioration has taken place in Australia's strategic situation'.[104] In Vietnam, the United States was sustaining casualties and

> *a contribution will be expected from Australia which is commensurate with our growing resources and our direct stake in the outcome. In some circumstances, such as might develop over eastern New Guinea, the degree of obligation which America feels to Australia under ANZUS could be influenced by the contributions which Australia makes to the common defence.*[105]

In a re-statement of the 'domino theory', the paper agreed that Australia might also have to increase its effort in Malaya, as that country's Western alignment was essential to reduce the danger of Indonesia falling under communist control.[106] Ironically, support to Malaya might raise the likelihood of conflict with Indonesia over that country's opposition to the constitution of Malaysia.[107] Taking up the main theme of the 1959 *Strategic Basis,* the *Strategic Position* paper warned that in a conflict with Indonesia,

> *Australia could well be left to handle the situation with her own resources and without the assistance of the United States. Situations such as these could arise at the same time as an emergency involving the deployment of our forces nominated under SEATO plans.*[108]

Hence, the Defence Committee remarked that

> *[s]ome increase in the scale of defence programming will be necessary if our military capability is to be such that we can make an effective and sustained contribution to South-East Asia and at the same time deter Indonesia from possible activities inimical to our strategic interests.*[109]

When it considered the document, Cabinet 'generally' accepted its views, and

> *having in mind not only the possible risk of military involvement with Indonesia, but also the fact that Australia's military strategy is based on the maintenance of a forward position in South-East Asia, agreed that Australia should continue to support the creation of Malaysia and to accept the risk that thereby we may cause tension in our relations with Indonesia.*[110]

Cabinet also stated that it

> *agreed that there should be an increase in the present scale of defence programming … not only to ensure the security of the Australian mainland and East New Guinea, but also to enable us to make an effective and sustained contribution in South-East Asia and to present a deterrent to possible activities by Indonesia inimical to our strategic interests.*[111]

---

[104] Defence Committee, *Australia's Strategic Position,* 4 February 1963, para 34.

[105] Ibid., para 25.

[106] Ibid., paras 26-28.

[107] Ibid., paras 17, 18, 30.

[108] Ibid., para 31.

[109] Ibid., para 36.

[110] Cabinet Decision No. 675, 5 March 1963, NAA: A1945, 83/2/8.

[111] Ibid.

By 1963, Australia's *force employment* policy was thus still dominated by the need to support its main allies in South-East Asia. In terms of *force development*, however, Cabinet now supported the need for Australian capability to act independently of allies against Indonesia. It substantially increased military expenditure, raising the strength of the regular army, purchasing 40 additional Mirage fighters, a third DDG, and ordering 24 F-111 bombers.

Before the Defence Committee endorsed the next *Strategic Basis* paper in October 1964, Australia had begun to make relatively minor military commitments to assist Malaysia against 'Konfrontasi' in Borneo, and had increased its training effort in Vietnam. However, the Gulf of Tonkin incident and the beginning of more substantial landings of Indonesian soldiers in Malaya itself, both in August of 1964, foreshadowed escalations of both conflicts that would lead to much more substantial Australian troop commitments.[112] The 1964 *Strategic Basis* noted that Australia might have to commit forces to the South-East Asian mainland 'on a scale which could approach the proportions of a limited war', and that it should be simultaneously able to help Malaysia resist 'Konfrontasi', respond to similar attacks on Papua New Guinea (PNG), and maintain 'offensive capacity sufficient to deter Indonesia' from inimical action.[113] The overriding US aim with regard to Indonesia was to prevent the country from becoming communist. Australia's interests in Indonesia, which derived from its geographic location in the region, would not always be shared by its main ally.[114] Further increases in the size and capability of the defence forces would be required,[115] as they were indeed brought about by the reintroduction of conscription only weeks later.

At the same time, the 1964 *Strategic Basis* was also remarkably sanguine about the viability of Australia's forward defence posture, which should be maintained 'for as long as possible'.[116] But the situation in South Vietnam 'may be beyond recovery', while internal weaknesses of Malaysia might lead to a reduction in Western influence and basing rights, in which case 'Australia's forward defence posture would be most difficult to sustain'.[117]

In its Decision on the 1964 *Strategic Basis*, Cabinet

> *noted, and endorsed, the statement in paragraph 70 of the situations short of limited war for which Australia should be prepared to provide forces without prejudice to a limited war capability. It also noted, and also endorsed, the policy statement set out in paragraph 65 concerning the maintenance of a forward defence policy and readiness to respond to Indonesian policies and activities.*[118]

---

[112] Edwards, *Crises and Commitments*, pp. 285-323.

[113] Defence Committee, *Strategic Basis of Australian Defence Policy*, 15 October 1964, paras 45, 67,70.

[114] Ibid., para 43.

[115] Ibid., para 78.

[116] Defence Committee, *Strategic Basis of Australian Defence Policy*, 15 October 1964, para 66.

[117] Ibid., paras 10, 59.

[118] Cabinet Decision No. 592, 4 November 1964, para 2, NAA: A1945, 83/2/9.

However, it also

> *raised for consideration the question whether the possibility of Australian forces being required to act without the assistance of United States armed forces against Indonesian activities in Papua New Guinea is sufficiently recognized and sufficiently provided for in military planning.*[119]

Five years after the 1959 *Strategic Basis*, but still before Australia's main commitments to 'Konfrontasi' and Vietnam, the capability to act independently of allies had thus become a major government concern—although it complemented rather than replaced Australia's forward defence policy.

In September 1965, an attempted coup in Indonesia led to sustained anti-communist purges and the gradual removal from power of President Sukarno. One year later, Jakarta formally ended 'Konfrontasi' against Malaysia. In November 1966, the Defence Committee endorsed an *Interim Review of the Strategic Basis of Australian Defence Policy* for planning purposes which took account of recent events. It reiterated that a forward defence policy with allies in South-East Asia was 'the best course' available, while Australia also needed to be able to deal independently for a short time with a resurgent Indonesia.[120] But while Australian engagement in Malaya to contain communism had previously raised the possibility of tensions with Indonesia, the reverse was now the case: the end of 'Konfrontasi' raised uncertainties about the future British presence in the region, a reduction of which could lead to the threat to South-East Asia and Australia of communism increasing 'significantly'.[121] Ultimately, however, Australia's 'forward defence presence in South Vietnam, Thailand or elsewhere depends on the continuance of a United States commitment to mainland South-East Asia'. Should US policy change in this regard, 'a credible alternative strategy can still be maintained so long as the United States and her allies remain in the occupancy of the island chain from Japan to New Guinea'.[122] In the longer term, the failure of the 'allied forward strategy' could lead to a communist South-East Asia, including Indonesia, although there would be warning time of such a development that 'would have to be used for the expansion of our forces as rapidly as possible'.[123] While the force structure remained primarily designed for limited war, a 'potential for expansion' should now also be provided.[124]

The establishment of Suharto's 'new order' in Indonesia and British moves towards reducing its presence in South-East Asia continued over the next year. In March 1967, the Joint Planning Committee endorsed another update of the *Strategic Basis* paper, which differed only in minor detail from the previous year's version. However, it added that if bases in South-East Asia were no longer available, 'the initial defence of Australia and the security of our communications would depend primarily on sea and air power based on Australia and the island chain'.[125]

---

[119] Ibid., para 3.

[120] Defence Committee, *Interim Review of the Strategic Basis of Australian Defence Policy*, 24 November 1966, para 39, NAA: A1838, TS677/3 PART 10.

[121] Ibid., paras 20, 21, 29, 34.

[122] Ibid., para 40.

[123] Ibid., paras 41, 42.

[124] Ibid., paras 51.

[125] Joint Planning Committee, *Strategic Basis of Australian Defence Policy – 1967*, 21 March 1967, para 33, NAA: A1838, TS677/3 PART 10.

An Independent Role in South-East Asia

In May 1967, the Defence Committee asked for a second revision in light of recent developments, which again only changed the document in detail, but for the first time introduced the idea of independent Australian influence in South-East Asia:

> *In the longer term there will be a requirement for Australia and New Zealand to plan for the development of an alternative influence in Malaysia and Singapore to counter the steadily decreasing and possible disappearance of United Kingdom military influence from the area.*[126]

Bill Pritchett, then with the Defence Liaison Branch of the Department of External Affairs, wrote to the Secretary of his department that

> *the paper is still largely written around the threat of expanding, aggressive, international communism, the danger of Chinese attacks, our role in Malayan-type insurgency etc., and needs bringing up to date. The situation has changed in several ways, and has become more complex. The changes required by developments in the British position should be made the occasion for a critical review of the basic concepts and assumptions of the paper.*[127]

The Defence Committee endorsed the *Strategic Basis of Australian Defence Policy – Second Revision 1967* as a background for a further review,[128] which was to become the 1968 *Strategic Basis*. Endorsed by the Defence Committee in August 1968, it was by far the longest and most comprehensive *Strategic Basis* paper to date, and the first to make regular use of the phrase 'defence of Australia'.[129] The Defence Committee noted that despite difficulties in Indochina, Thailand was unlikely to fall to communism, and that the United States would remain committed to its defence.[130] Indonesia, Malaysia and Singapore had become more stable, and had 'decisively defeated' domestic communists.[131] Hence, the paper broke with the 'domino theory' that had been so influential on its predecessors of earlier years. Australia still had to be able to counter independently a possible future threat from Indonesia, due to the US reluctance in deploying forces.[132] However, the paper noted that the main military challenge was to counter insurgency,[133] or 'brush-fire wars which do not attract sufficient and timely reaction but which ultimately threaten security', as the Minister for Defence emphasised in Cabinet.[134] Regional governments needed assistance in addressing the economic and political sources of insurgency, and Australia should use political, economic and, in Malaysia and Singapore, limited military means to reassure South-East Asian countries.[135] After a settlement in

---

[126] Defence Committee, *Strategic Basis of Australian Defence Policy – Second Revision 1967*, 6 July 1967, para 30, NAA: A1838, TS677/3 PART 11.

[127] Letter W.B. Pritchett to Secretary of External Affairs, 5 July 1967, NAA: A1838, TS677/3 PART 11.

[128] Defence Committee Minute No. 48/1967, 6 July 1967, NAA: A1838, TS677/3 PART 11.

[129] The 1959 Strategic Basis had already contained a single, capitalised use of that term: Defence Committee, *Strategic Basis of Australian Defence Policy*, 12 January 1959, para 23.

[130] Defence Committee, *Strategic Basis of Australian Defence Policy*, 19 August 1968, paras 71-73, 124, 136-139.

[131] Ibid., paras 78, 170.

[132] Ibid., paras 105-107, 109, 164-165, 217, 220.

[133] Ibid., paras 127-135.

[134] Cabinet Decision No. 762 – Supplementary Note, 19 November and 4 December 1968, para 2, NAA: A5619, C470 PART 2.

[135] Defence Committee, *Strategic Basis of Australian Defence Policy*, 19 August 1968, paras 97-100, 145-155.

Vietnam, Australia should neither station forces in the region indefinitely nor exclude the possibility of deploying them to South-East Asia from Australia, under SEATO or other arrangements, if circumstances required.[136] Greater independence from the United States would lead to greater discretion in the use of force, and developing forces with a capacity for independent action would provide insurance should the new policy fail.[137]

The Gorton Cabinet considered the *Strategic Basis* document over two days in November and December 1968, producing a Decision six pages long. It

> *saw the Report of the Defence Committee as a wide-ranging analysis ... going in many instances beyond the immediate question of the basis of Australian defence policy ... and thus going beyond the range of total detailed endorsement.*[138]

With regard to the statement of strategic interests in paragraph 167 of the *Strategic Basis* paper, it

> *accepted them as guidelines, though with the gloss that other strategic interests might well be added – in particular, Australia's interest in developments in the Indian Ocean, the need to emphasize the importance of the Five Power arrangements as a basis for future activities and to obtain the best results from them, including in the sense of stimulating Malaysia and Singapore in their own security and defence effort, and the need to sustain a continuing British interest in the area of South-East Asia.*[139]

It 'endorsed' paragraphs 177-179 with their discussion of a need for future flexibility, 'which it regarded as central to future defence policy'.[140] It confirmed Australia's willingness to exercise independent military influence by noting that 'Cabinet does not reject a future military involvement in Asia',[141] and that regarding

> *the observation in paragraph 179 that the achievement of strategic flexibility would not carry the connotation that Australia would 'necessarily' have forces overseas continuously, the Cabinet observed that neither should it be assumed that forces would not remain continuously overseas.*[142]

However, Cabinet also clarified the limits to Australia's scope for independent action, making a proposition that

> *concerned Australia's area of involvement. This proposition, which was accepted, was first that Australia should stand ready to join with the United States in military action in South-East Asia in accordance with SEATO, but second, apart from a SEATO situation Australia would regard Malaya (i.e. excluding East Malaysia) and Singapore as its area of primary concern.*[143]

---

[136] Ibid., paras 176-179, 185-187, 200.

[137] Ibid., paras 187, 189-191.

[138] Cabinet Decision No. 762, 19 November and 4 December 1968, para 1, NAA: A5619, C470 PART 2.

[139] Ibid., para 2.

[140] Albeit with the slight amendment of substituting 'effective' for 'complete' in paragraph 177. Ibid., para 5.

[141] Ibid., para 7.

[142] Ibid., para 9.

[143] Ibid., para 8.

With regard to the role of Australian forces in Malaysia and Singapore, Cabinet

> *recalled its previous endorsement of statements made to Malaysia and Singapore at the time of the Five Power Talks, to the effect that Australian forces were not available for use in any local disputes between Malaysia/Singapore and their immediate neighbours, nor for internal disorder except when externally promoted insurgency was beyond the capacity of the local forces to handle.*[144]

It concluded by 'recognizing, and reaffirming, the commitment ... to maintain forces in Malaya and Singapore',[145] and added that with regard to Navy and Air Forces, 'it would stand ready to allow these forces to stay in Malaya and Singapore beyond 1971',[146] while

> *[i]n the case of ground forces, the beyond 1971 position was left open. The Cabinet specifically indicated that there should be no decision at this stage to withdraw after 1971 and that a ground force presence beyond 1971 is at present neither ruled out nor guaranteed. The general objective is to retain flexibility and to make assessments and judgements as necessary, taking into account the attitude and performance of Malaysia and Singapore, and the attitude and posture in the area of the United States.*[147]

By 1968, the spectre of South-East Asian countries consecutively falling to communism had thus ceased to dominate Australia's strategic outlook, and was replaced by a greater level of uncertainty about future developments, but also a greater confidence about the nascent resilience of the region. Australia was keeping its options open, and was willing to play an independent role in Malaya and Singapore. However, that role was carefully circumscribed to minimise the potential for friction with Indonesia, and to limit the likelihood of Australian forces being called upon to contribute to counter insurgency. Importantly, it also depended on an overall framework of US engagement in the region.

The next *Strategic Basis* paper, endorsed by the Defence Committee in March 1971, highlighted the constraints on a future Australian forward defence posture. It noted that the positive trends in the region, identified three years before, had continued and that following the Nixon doctrine, future US assistance depended 'on the degree to which Australia helps itself' rather than on its contributions to the common defence.[148] Hence, 'Australia must pursue her own security interests by her own efforts more than was necessary before', and could provide a limited counterweight to outside influence in South-East Asia.[149] But it could not independently defend other countries, and Australian forces in Malaysia and Singapore remained there primarily for political and diplomatic reasons.[150] There was, hence, 'no single or clear contingency' to base force development policy on, and 'more emphasis than hitherto should be given to the continuing fundamental obligation of continental defence'.[151] Within the Defence organisation, separate documents on the *Environment of the*

---

[144] Ibid., para 10.

[145] Ibid., para 12.

[146] Ibid., para 13.

[147] Ibid., para 14.

[148] Defence Committee, *Strategic Basis of Australian Defence Policy*, 5 March 1971, paras 6, 7, 19, 20, 23-26, 34, 40.

[149] Ibid., paras 16, 103-109, 166, 170.

[150] Ibid., paras 17, 19, 68, 72-74.

[151] Ibid., paras 182, 184.

1980s and *Environment of Future Australian Military Operations* (or *EFAMO*) laid the basis for numerous studies of this 'fundamental obligation' in subsequent years.

In his submission to Cabinet, Minister for Defence, John Gorton, wrote that 'the Report points to the need for our foreign and defence policies to continue to develop a more independent character consonant with our growth in wealth and strength', and that '[t]he development of an increasingly independent military capability backed by an increasingly independent defence infrastructure carries major cost implications.' He went on to state that

> *If we are, as I believe we must, progressively to enlarge Australia's independence of decision and therefore of capabilities I think we must accept that the price of that independence will have to be paid.*[152]

The formal Decision of the McMahon Cabinet on the *Strategic Basis* paper stated that it 'noted the report', and that

> *Against the background that it is Australia's own interests that are of fundamental importance, it noted in particular paragraph 167 of the Report which showed requirements for force capabilities.*[153]

As paragraph 167 listed a number of contingencies that might arise in the course of Australia's remaining 'forward defence' commitments, and Cabinet did not 'endorse' any part of the 1971 *Strategic Basis*, it is clear that it did not support the paper's main argument. Given the brevity of the formal Decision, an official in the Department of Prime Minister and Cabinet (PM&C) wrote to the Prime Minister that

> *The Cabinet discussion reflected a strong feeling that the orientation of Australia's defence policies should be sustained as much as it is at present. This being so it is important that the officials concerned with the development of the defence programme and force structures should be clear as to the position. I would propose that we should be in touch with [members of the Defence Committee] with a view to ensuring that the position is comprehended.*[154]

Additional documents prepared by officials in PM&C indicate that Prime Minister McMahon did not seem convinced by the argument in the *Strategic Basis* paper regarding US policy. He was reported arguing that 'we must rely for our forward defence policy on support from the United States, even though it is difficult to know just what they want from us', and that 'our policy must be one of defence beyond the Continent, partly because of the cost of Continental defence'.[155] The papers also noted that '[a]lthough Cabinet had put to it a view that large additional funds would be called for to meet defence requirements, it did not assent to this view'.[156]

However, there also seems to have been a more general reluctance to change Australia's defence posture, and to engage with the details of the *Strategic Basis* paper as Cabinet had been willing to do in 1968.[157] The Prime Minister was summarised as stating that 'politically, we cannot afford to be seen to be reducing the

---

[152] Cabinet Submission No. 107, 19 May 1971, para 6, NAA: A5619, C470 PART 2.

[153] Cabinet Decision No. 197, 8 June 1971, NAA: A5882, CO1191.

[154] Letter Lawler to Prime Minister, 9 June 1971, NAA: A5882, CO1191.

[155] Letter P.H. Bailey to Prime Minister, 7 June 1971, paras 4, 5, NAA: A5882, CO1191.

[156] Letter P.H. Bailey to Prime Minister, 18 June 1971, Notes, para 8, NAA: A5882, CO1191.

[157] An interpretation that is congruent with Tange, *Defence Policy-Making: A Close-Up View, 1950-1980*, pp. 34-46.

defence effort',[158] and the papers report that '[t]here was a clear view in Cabinet against exaggerated emphasis on continental defence and Cabinet indicated, in terms, that it did not accept the concept of 'Fortress Australia''.[159] Instead,

> *the Cabinet reflected a view that Australia should sustain a forward defence element for as long as she can and 'not be prepared to depart from a wish and a will to have defence as far away from Australia as possible'. … The Cabinet's attitude was against the background of some questioning of the emphasis given to naval and air forces in the case as put and a willingness, reflected in the Cabinet discussion, to see ground troops stationed in Malaysia and other forward areas.*[160]

Therefore, 'Cabinet did not accept an emphasis suggesting that the one test in the acquisition of arms or capacity should be whether such would contribute to the defence of continental Australia'.[161] Instead,

> *The whole thrust of the Cabinet discussion was that forward defence stands and the inclusion in the Cabinet Discussion of a reference to paragraph 167 of the report was precisely to minimise impressions which Cabinet felt might otherwise be conveyed by paragraph 184 of the report or any impression that Australia is becoming isolationist.*[162]

In a manner not unlike the reaction of its predecessor to the *Strategic Basis* of 1959, Cabinet thus did not accept the Defence Committee's arguments in 1971 for a re-orientation of Australia's defence policy towards a greater focus on the defence of Australia. Again, that judgement was to change within a few years' time. This time, however, it would be domestic political change, rather than adverse international developments, that brought the views held by government and its advisors in the Defence Committee back into closer alignment.

Self-Reliance, Expansion Capability and Low-Level Contingencies

The 1971 *Strategic Basis* had highlighted the difficulties of a future 'forward defence' policy, be it in conjunction with allies or in an independent capacity. But it did not yet set out a clear alternative that could guide subordinate defence planning and policy decisions. This was to be the focus of the *Strategic Basis* papers during the mid-1970s, two of which fell into the time of the new Labor government under Gough Whitlam.

In June 1973, the Defence Committee endorsed a *Strategic Basis* paper that assessed Australia's strategic situation for the next 15 years, and highlighted the importance of an expansion capability to meet future threats.[163] It was the first to include separate sections on global issues, South-East Asia, and Australia's own 'neighbourhood', establishing a structure that would be used by subsequent guidance documents to the present day. The paper noted that the 'strategic situation contrasts strongly with that which faced Australia ten years ago', that ASEAN members showed both progress in nation-building, and 'acute' hostility towards communism, and that there was no 'significant likelihood of a threat of armed attack upon

---

[158] Letter P.H. Bailey to Prime Minister, 7 June 1971, para 2, NAA: A5882, CO1191.

[159] Letter P.H. Bailey to Prime Minister, 18 June 1971, Notes, para 3, NAA: A5882, CO1191.

[160] Ibid., paras 4, 7.

[161] Ibid., para 5.

[162] Ibid., para 9.

[163] Defence Committee, *Strategic Basis of Australian Defence Policy*, 1 June 1973, para I-6.

Australia'.[164] Indonesia was now interested in a stable region and saw Australia 'as an ally rather than an enemy'.[165] There was a 'need for greater self-reliance and the ability to act independently' in the defence of Australia, although capabilities 'that would give it the choice to contribute assistance in the case of strong external attack by exploitation of insurgency' in South-East Asia should also be retained.[166] But force structure requirements drawn from specific identifiable tasks were 'insufficient in themselves to provide a valid base for force structure development'.[167] Hence, a 'comprehensive study', later known as the 'Defence of Australia' study, was to 'be initiated on continental defence'.[168] Australia 'must make allowance for circumstances which we cannot now predict'; in such cases 'warning and lead times will then become of substantial significance'.[169] Reserves, as well as 'nuclei' in the regular force, were important to provide an expansion base, which equipment purchases and force size should emphasise over present capability in the force-in-being.[170]

The 1973 *Strategic Basis* was lodged with the Cabinet Secretariat as part of a Cabinet submission by the Minister for Defence, Lance Barnard,[171] but Prime Minister Whitlam decided not to circulate the paper to the other Ministers, and the submission was withdrawn. According to notes placed on file in PM&C, the Prime Minister said that the *Strategic Basis* 'paper was 'conservative' and would arouse strong criticism', and that 'he could not see any acceptance of Australian involvement in 'insurgency', at least not for the next two or three years.' In April 1974, the Whitlam Cabinet 'noted' a submission providing background to major procurement programs, which summarised the main tenets of Australian defence planning in eight pages. However, the submission did not contain any reference to the existence of the *Strategic Basis* document itself, which was never re-submitted to Cabinet for consideration.[172]

Instead, the government's directives regarding the 1973 *Strategic Basis* took the form of a letter by the Minister for Defence to Sir Arthur Tange, in his function as Chairman of the Defence Committee. The Minister wrote that as a result of discussions with the Prime Minster and Foreign Minister, 'the Government has accepted the conclusions of the Report as expressed in Part VII', and that it 'has noted the assessment of the threats to Australia as outlined in Part V and endorses this assessment.' The letter went on to state that

[164] Ibid., paras III-24, 28; VII-1, 14.

[165] Ibid., paras IV-11-14.

[166] Ibid., para VII-5, 17.

[167] Ibid., paras VII-30.

[168] Ibid., para VII-35.

[169] Ibid., paras VII-1, 28.

[170] Ibid., paras I-11; VII-22, 23, 35, 36, 38.

[171] Cabinet Submission No. 409, June 1973, NAA: A5931, CL1030.

[172] Minister for Defence, Submission No. 1004, April 1974; and Cabinet Decision No. 2186, 7 April 1974, both in NAA: A5915, 1004.

> *In accepting these conclusions it must be stressed that this Government has no intention in present and foreseen circumstances of committing combat forces in a counter-insurgency role. I note the reference to 'an element which could be deployed should a future government wish it'. (p 81)*[173] *Of course no procurement or training is to be undertaken specifically for a deployment, foreseen or conjectured as desirable for a future government, but not favoured by this Government.*[174]

An attachment to the letter contained more detailed guidance on a number of issues. The government did not see the domestic stability of regional states as a 'strategic interest in its own right' for Australia, and supported the regional neutrality of South-East Asia.[175] It 'wishes to avoid interference in the internal affairs of other countries by deliberate support of governments against their domestic opposition', which had consequences for the type of defence aid that could be provided to countries in South-East Asia, and it was 'opposed to the stationing of British forces in the area other than for the purpose of providing assistance in the training of indigenous forces'. The attachment also noted that the *Strategic Basis* document should have discussed possible threats 'other than from nation states', such as 'guerrilla organizations' and 'large commercial organizations'.[176]

In the *Strategic Basis* paper of 1975, the Defence Committee identified the same 'strategic influences' as in 1973, but a 'more uncertain' outlook as a stable global balance could nevertheless be accompanied by significant change in relationships at a regional level.[177] It dropped references to the use of Australian troops against insurgencies in South-East Asia, but introduced the need to prepare for 'low-level contingencies' in the defence of Australia as a second major force structuring principle besides the expansion capability to meet a larger threat. 'Australia's obligations are first to itself' as it had to deal with regional threats on its own.[178] The maintenance of 'present favourable circumstances' was a task for the 'political arm of policy', while defence policy was primarily concerned with adverse contingencies—although no need existed to prepare for combat operations in South-East Asia, or a substantial Indonesian assault on PNG.[179] The USSR's naval presence in the North West Indian Ocean was increasing and required an Australian capability for surveillance and response. Major threats would take time to develop, but capabilities to deal with the unlikely contingencies of a low-level, short warning conflict with Indonesia or PNG had to be included in the force-in-being.[180] Capabilities for major contingencies would not necessarily be cost effective for that task, and were of a less immediate priority—although 'careful attention' should be paid to 'warning time, decision time and various lead times' in the expansion base.[181]

---

[173] Defence Committee, *Strategic Basis of Australian Defence Policy*, 1 June 1973, para VII-5.

[174] Letter Minister for Defence to Chairman Defence Committee, 29 January 1974, NAA: A4087, D106/1/3 PART 1.

[175] The letter makes explicit reference to paras I-4, VI-64 of Defence Committee, *Strategic Basis of Australian Defence Policy*, 1 June 1973.

[176] Letter Minister for Defence to Chairman Defence Committee, 29 January 1974, attachment, NAA: A4087, D106/1/3 PART 1.

[177] Defence Committee, *Strategic Basis of Australian Defence Policy,* 3 October 1975, paras 8, 20, 30-35, 50, 71, 247.

[178] Ibid., paras 159, 204, 275, 282.

[179] Ibid., paras 229, 241, 278, 280.

[180] Ibid., paras 10, 22, 52-53, 123, 153, 154, 203, 236-238.

[181] Ibid., paras 155, 248, 249, 255-259.

The new Prime Minister, Malcolm Fraser, read the 1975 *Strategic Basis* with some degree of scepticism. He asked Sir Arthur Tange to identify policy assumptions in the paper with which the new government may not agree.[182] In his response, Tange highlighted a number of passages that were at odds with the *previous* government's policies, and ended by stating that 'I consider that the paper is an objective statement of the consensus in the Defence Committee'.[183] However, notes in the Prime Minister's personal papers also raised a number of detailed concerns about the analysis contained in the *Strategic Basis* paper, especially with regard to the implications of global developments for Australia's security. The notes include remarks to the effect that factors that increased the stability of Australia's strategic position were consistently given more weight than factors leading to instability. It was noted that the 1975 *Strategic Basis* suggested that Australia expand its defence capability only in response to a threat rather than also in reaction to a general deterioration of strategic circumstances that merely increased the likelihood of a threat developing, as its predecessor had dome. The notes criticised that the document saw the United States as concentrating on its vital interests, without discussing the extent to which Australia's security was among these. Furthermore, several paragraphs[184] were interpreted as indicating that Australia might consider reducing its support for the United States under Soviet pressure.[185]

In April 1976, the Minister for Defence, James Killen, brought the 1975 *Strategic Basis* to Cabinet 'for consideration' without making the usual comments on its content or a formal submission.[186] Cabinet decided that it:

> *(a) did not accept the paper as drafted;*
> *(b) requested the Defence Committee to review the paper, with particular attention to:-*
> *(i) a full analysis of the global situation, including relations between the great powers and their likely effect on a 'neighbourhood' defence policy concept; and*
> *(ii) an examination of wider regional issues of concern to Australia and their implication for Australian defence policy*[187]

In response to the Cabinet's request, the Defence Committee endorsed a new document, the *Australian Strategic Analysis and Defence Policy Objectives* (or *ASADPO*) paper, in September 1976. It came to similar conclusions and force structure recommendations as the 1975 *Strategic Basis*, but discussed the impact of global and regional uncertainties on Australian strategic policy in more detail—in particular, with regard to the US alliance and the nature and scope of Australian defence involvement in South-East Asia. *ASADPO* recommended that Australia make a surveillance contribution to Western military effort in the Indian Ocean, but was clear that the main responsibility for countering the Soviet presence there lay with the United States.[188] The link between the support that the United States would

---

[182] Letter D.J. Killen to Prime Minister, 5 April 1976, NAA: A10756, LC183 PART 1.

[183] Letter A.H. Tange to D.J. Killen, April 1976, NAA: A10756, LC183 PART 1. The Prime Minister nevertheless laid part of the blame for what was in his eyes an insufficient treatment of the implications of the central balance on his Labor predecessors. See Russell Skelton, 'PM's defence charge', *The Age*, 8 July 1976.

[184] In particular, paras 161, 162, 169 of Defence Committee, *Strategic Basis of Australian Defence Policy,* 3 October 1975.

[185] Personal Papers of Prime Minister Fraser, 'Notes on the strategic basis 1975', undated and without author, NAA: M1276, 225 PART 2.

[186] FAD Paper No. 14, 1 April 1976, NAA: A12934, FAD14.

[187] Cabinet Amended Decision No. 448 (FAD), 13 April 1976, NAA: A13075, 448/FAD AMENDED.

[188] Defence Committee, *Australian Strategic Analysis and Defence Policy Objectives*, 2 September 1976, paras 56, 62-68, 70, 72, 361.

provide to Australia in times of conflict and the US interests involved received particular attention. On the one hand,

> *the US might react quite strongly to some militarily 'low-level' situation, which, however, exposed its own interests—such as small-scale harassment of Australia by the USSR or some dispute involving Law of the Sea.*[189]

On the other hand, US interests in Indonesia meant that '[t]he general proposition about Australia's security from major military threat, and the assurance of US combat support, need qualification in respect of Indonesia',[190] because in that situation '[t]he threshold of US military intervention could be quite high'.[191] Hence, 'self-reliance should be developed for national tasks in which US support is likely to be uncertain'.[192] This was a much closer link of the concept of self-reliance to the reservations about US support than indicated publicly in the 1976 *Australian Defence* White Paper.[193]

The main burden of providing military assistance to Malaysia and Singapore under the Five Power Defence Arrangements (FPDA) now rested with Australia, but Australian intervention 'could not be expected to be decisive', was 'not a foregone conclusion', and its 'policy concept ... would appear political rather than military'.[194] In any case, '[a]ny request for help on a significant scale would seem likely to be directed to Indonesia', and '[w]hat the Indonesians were going to do, if anything, would therefore be important for Australian policy'.[195] The deployment of fighter aircraft to Malaysia tied Australia to local developments, but was valued within the region as a signal and, 'provided a policy of avoidance of substantial involvement is agreed', no specific force structure requirement arose from Australia's commitments under the FPDA.[196]

When the Minister for Defence submitted *ASADPO* for consideration, Cabinet 'endorsed' the paper

> *for planning purposes ... on the clear basis that no particular sentence or section of the paper had specific endorsement or should be used privately or publicly to imply Government commitment later to particular expenditure proposals.*[197]

After a period of transition from a policy of 'forward defence' to one of the 'defence of Australia', the main tenets of a new strategic concept had thus been developed by 1976, and had found bi-partisan support. Australian interventions in South-East Asia or further afield were not excluded as possibilities, but Australia did not seek direct military influence beyond its immediate neighbourhood. In a situation without perceptible threat, the 'core force' should be able to expand in response to developments that would influence the likelihood of a future threat developing. At the same time, the force-in-being had to be able to deal with credible low-level

---

[189] Ibid., para 321.

[190] Ibid., para 86.

[191] Ibid., para 85.

[192] Ibid., para 388; see also 324.

[193] See: Department of Defence, *Australian Defence* (Canberra: Commonwealth of Australia, 1976), pp. 10, 12.

[194] Ibid., paras 180, 196, 197.

[195] Ibid., 186, 192.

[196] Ibid., paras 177-185, 198, 370.

[197] Cabinet Decision No. 1655 (FAD), 18 October 1976, NAA: A12909, 696.

contingencies in Australia's North. All three of these elements would remain, in a varying order of priority, the basis of Australian defence planning for more than two decades.

AUSTRALIAN STRATEGIC GUIDANCE 1979-2007

The last of the *Strategic Basis* papers passed through the Fraser Cabinet in 1983, three decades after the adoption of the first of its kind in 1953. That document, as well as its predecessor of 1979 and the associated submissions and Cabinet Decisions, do not become eligible for declassification until the passing of 30 years. Therefore, this section summarises publicly available information about the last two *Strategic Basis* papers, and discusses the reasons why that format of strategic guidance documents was abandoned in the early 1980s. It ends by tracing the development of Australian strategic guidance, as accessible in public documents, until the time of writing, in order to link the concepts and ideas embedded in the documents included in this edition to the defence policy and planning issues of later decades.

The 1979 and 1983 *Strategic Basis* Papers and Disagreements on Capability Priorities

Neither the 1979 nor the 1983 *Strategic Basis* departed from the broad policy outlines that had been established by 1976. A 1986 submission by the Department of Defence to the Joint Committee on Foreign Affairs and Defence quotes the 1979 *Strategic Basis* as stating that Australia had to be 'serious and competent in defence matters, and capable of responding effectively to low level pressures or military attacks and of timely expansion for responses to more substantial threat'.[198] The Department also made public that the 1983 *Strategic Basis*

> *emphasised that the force-in-being should not be regarded as static 'until a threat has materialized' but rather, in accordance with the concept of warning time, as 'one responsive to any strategic change with the potential for weakening Australia's security'.*[199]

The Department also noted that the 'possibility of invasion is being addressed, but priority in the development and readiness of forces is given to more limited contingencies with political rather than military aims'.[200] However, even for these, 'there would need to arise a dispute sufficient to support resort to hostilities. They would thus be preceded by a period of mounting tension'.[201] Hence,

> *The paper also proposed that 'more advantage should be taken of present favourable circumstances to develop and consolidate the supporting infrastructure, systems and services on which any operations in a defence emergency and defence expansion would critically depend'.*[202]

---

[198] Department of Defence, *Key Elements in the Triennial Reviews of Strategic Guidance since 1945*, Submission to the Parliamentary Joint Committee on Foreign Affairs and Defence, 17 February 1987, *Inquiry into the Management of Australia's Defence and National Security*, Official Hansard Report, Submissions and Incorporated Documents, Volume II, p. 15.

[199] Ibid., p. 17.

[200] Department of Defence, 'The Strategic Basis of Australian Defence Planning,' in Desmond Ball and J.O. Langtry (eds.), *Civil Defence and Australia's Security in the Nuclear Age* (Sydney: Allen & Unwin, 1983), pp. 105-106.

[201] Department of Defence, *Key Elements in the Triennial Reviews of Strategic Guidance since 1945*, p. 16.

[202] Ibid., p. 17.

In the late 1970s and into the 1980s, the most contentious issue within the Defence organisation was less strategic guidance itself than the way in which force structure priorities should be derived from the principles enunciated therein.[203] Traditionally, Australian Army, Navy and Air Force contingents on operations had worked with much larger allied sister Services, rather than as part of a joint Australian force. Hence, there was little tradition to draw on 'to ensure that each of the Services prepares for the same kind of conflicts, in the same places, and in the same time scale', as Minister for Defence Fraser had reportedly put it in 1970.[204] The 1986 *Review of Australia's Defence Capabilities* (or 'Dibb Review' after its author, Paul Dibb), found that

> *Navy's* Plan Green *and* Plan Blue … The Army Development Guide … *[and] Air Force's* RAAF Development Goals … *are not co-ordinated with one another, nor do they necessarily follow closely current strategic guidance.*[205]

The Air Force, for example, developed a concept of operations for the defence of Australia that focused on the need to prevent a lodgement of enemy forces by maritime strike against the adversary's bases, forces in transit towards the continent, and enemy lines of communication.[206] However, 'Army was not at all impressed by the Air Force concept, taking the view that Army was being relegated to a secondary role and that this was not acceptable'.[207] Instead, it trained and equipped to fight against a major conventional enemy, on the assumption that capabilities for low-level conflict could be derived and scaled down from an expansion base for large scale, higher intensity land combat.[208] At the same time, the Navy continued to place significant emphasis on anti-submarine warfare over other capabilities with direct benefit for continental defence, such as mine countermeasures.

Different interpretations of policy and strategic guidance did not only create disagreements between the three Services, but also with civilian analysts who tended to highlight the role of lesser contingencies in strategic guidance. These disagreements escalated over the years to a point where the Assistant Chief of the Defence Force Staff, Rear-Admiral Hudson, deplored a 'growing obsession with low level contingencies as the sole feature of defence planning' in 1984.[209] As it was with the military, opinion on the interpretation of strategic guidance was far from uniform amongst the civilian officials. However, two aspects of strategic guidance exacerbated the differences within the department.

---

[203] Paul Dibb, *Review of Australia's Defence Capabilities* (Canberra: Commonwealth of Australia, 1986), pp. 27, 30.

[204] Paraphrased in Tange, *Defence Policy-Making: A Close-Up View, 1950-1980*, pp. 21, 102.

[205] Dibb, *Review of Australia's Defence Capabilities*, p. 27.

[206] David Evans, *A Fatal Rivalry: Australia's Defence at Risk* (Melbourne: The MacMillan Company of Australia, 1990), pp. 21-24; Alan Stephens, *Power plus Attitude: Ideas, Strategy and Doctrine in the Royal Australian Air Force 1921-1991* (Canberra: Australian Government Publishing Service, 1992), pp. 164-168.

[207] David Evans, *A Fatal Rivalry: Australia's Defence at Risk*, p. 24.

[208] Albert Palazzo, *The Australian Army* (Melbourne: Oxford University Press, 2001), pp. 326, 332. Such an approach was also congruent with the strong continental traditions in the Australian Army. See Stewart Woodman and David Horner, 'Land Forces in the Defence of Australia,' in David Horner (ed.), *Reshaping the Australian Army: Challenges for the 1990s*, Canberra Paper no. 77 (Canberra: Strategic and Defence Studies Centre, 1991), pp. 13-27, 45-46.

[209] Quoted in Andrews, *The Department of Defence,* p. 245.

First, the fact that defence planning was to be responsive not only to the emergence of a direct threat, but also to adverse developments that might increase the likelihood of a later threat, or make such a threat less remote in time, was a double-edged sword. On the one hand, it allowed argument for increased defence preparations against high-level threats following, for example, the Soviet invasion of Afghanistan. On the other hand, it added a second stage to warning and expansion times, which made it more difficult to argue for the retention or acquisition of items with long lead times, or even infrastructure projects such as the Darwin railway and base improvements in the North.

Second, there was a logical trap with regard to the definition of low-level contingencies that, for example, the Joint Committee on Foreign Affairs and Defence fell victim to in a report on *Threats to Australia's Security* in 1981. It defined such contingencies as 'those threats which can be dealt with within the peacetime organisation and structure of the Defence Force'.[210] But since the defence force was required by strategic guidance to be able to deal with peacetime tasks as well as low-level contingencies, such a definition was a tautology, which made it very difficult to arrive at a clearly defined and universally accepted minimum lower boundary for a 'low-level' contingency.

The End of the *Strategic Basis* Series of Documents

In the context of these disagreements, the main functions of the *Strategic Basis* series migrated to the Defence White Papers and various other one-off documents after 1983. Most of the later strategic guidance documents, and the two White Papers of 1987 and 2000 in particular, included not only the wide-ranging observations on possible threats and Australian defence strategy that had characterised the *Strategic Basis* papers since 1968, but also explicit force structure decisions for all three Services.[211] The 1987 and 2000 White Papers also included explicit funding commitments for future years. Hence, input into the process by which these documents were drafted was often of a much greater and more immediate importance for the wider Defence organisation than was the case with the *Strategic Basis* documents of old.

Overall, there are four partly related reasons why the *Strategic Basis* format was abandoned in the mid-1980s. First, the Defence Committee had by 1983 already long lost the central place in the Defence organisation that it had occupied in the late 1950s, 1960s and early 1970s. During the early 1970s, the amalgamation of the Defence group of departments into the Department of Defence had lessened the rationale for the existence of the Committee, and budget issues were dropped from its charter. The frequency of its meetings decreased and the Defence Committee was effectively moribund by the time it was formally abolished in 1985.[212] In the development of strategic guidance, no comparable committee replaced it—the body that now carries its name, formerly the Defence Force Development Committee, does not include the representatives of other agencies and departments, such as Foreign Affairs, Treasury and PM&C, that had often been so influential earlier years.

---

[210] Joint Committee on Foreign Affairs and Defence, *Threats to Australia's Security: Their Nature and Probability*, (Canberra: The Parliament of the Commonwealth of Australia, 1981), p. 48.

[211] In this context, the 1991 *Force Structure Review* is also important, although it did not provide strategic guidance as such.

[212] David Connery, 'The Characteristics of Australian Policymaking in National Security Crises', PhD Thesis (Canberra: Australian National University, 2008), pp. 118-120.

Henceforth, the drafting of strategic guidance documents became the sole responsibility of a more powerful and confident Department of Defence, although there were still consultations with other departments and agencies.

Second, the Department at the time was riven by the deep divisions between civilian and uniformed communities, whose causes—as far as they lay in strategic guidance—have already been sketched above. One of their main effects was a paralysis of decision making within the Department. By the mid-1980s, these conflicts even surpassed in intensity the disagreements that had surrounded the amalgamation of the Defence group of departments in the early and mid-1970s. In the words of the *Centenary History* of the Department of Defence, '[f]rom all accounts almost a civil war then raged in the organization',[213] which would have made it very difficult to produce agreement on any new document from within the Department.

Third, a new *Strategic Basis* paper would have been quite unsuited to resolve the disputes that plagued the Defence organisation, exactly because these documents were designed only to provide strategic guidance about threats, and broad strategy, while proposals about force structure, training and basing priorities that flowed from them were deliberately left to the Services.[214] Hence, at a time in which the Committee that had reviewed the *Strategic Basis* papers had ceased to exist, and agreement on anything was hard to come by within the Department, there was little incentive to attempt the production of another guidance document that did not focus on the crucial and contentious force structure development questions. Instead, the Minister for Defence, Kim Beazley, in 1985 directly engaged Paul Dibb as an external consultant,[215] 'to undertake a review of the content, priorities and rationale of defence forward planning *in the light of the strategic and financial planning guidance endorsed by the Government*'.[216]

The fourth, and perhaps most important reason why the *Strategic Basis* series was abandoned, lies in the fact that these were always meant to be secret documents, never to be shared with the public. The new Labor government consciously broke with this tradition, which was admittedly made easier by the fact that strategic guidance had become much less entwined with sensitive operational aspects than it had been in previous decades. The aforementioned 1986 *Review of Australia's Defence Capabilities*, although classified in its complete version, was thus written with an eye to allowing the publication of an unclassified document,[217] and the last *Strategic Basis* paper of 1983 was replaced by the unclassified 1987 *Defence of Australia* White Paper. Unlike its predecessor of 1976, the 1987 White Paper was produced for the provision of formal strategic guidance for the Defence organisation itself, as well as for the information of the public. *Defence of Australia* was followed in 1989 by the classified *Australia's Strategic Planning in the 1990s* document, which was also published in an unclassified version in 1992 as 'an example of the Labor Party's commitment to more openness in Government'.[218] All subsequent strategic

---

[213] Andrews, *The Department of Defence,* p. 245.

[214] See also Tange, *Defence Policy-Making: A Close-Up View, 1950-1980*, p. 124-125; and Dibb, *Review of Australia's Defence Capabilities*, p. 30.

[215] The Department however allocated staff to the Review.

[216] Dibb, *Review of Australia's Defence Capabilities*, p. xv (terms of reference). Emphasis added.

[217] A classified annex dealt with the details of more sensitive analysis of contingencies related to Papua New Guinea (PNG) and the Cocos and Christmas Islands. See Paul Dibb and Richard Brabin-Smith, 'Indonesia in Australian Defence Planning', *Security Challenges*, vol. 3, no. 4 (November 2007), pp. 82-83.

[218] Robert Ray, 'Preface', in Department of Defence, *Australian Strategic Planning in the 1990s* (Canberra:

guidance documents have been published in an unclassified version, once they had gained Cabinet approval.

Although the *Strategic Basis* format had thus been superseded, the government continued to adopt a new strategic guidance paper of some kind about every three years. However, these did not necessarily replace earlier documents, and were less standardised in form, drafting process and scope than the old *Strategic Basis* series. The policy content of the 1987 *Defence of Australia* White Paper, for example, was to a significant extent based on the externally written 1986 *Review of Australia's Defence Capabilities.* It was complemented, rather than superseded, by *Australia's Strategic Planning in the 1990s*.[219] In general, the status of strategic guidance documents in relation to each other was not always made clear and explicit, and certainly the clarity of the *Strategic Basis* series in this regard was lost. But while the *Strategic Basis* papers, despite their consideration by Cabinet, had ultimately remained Defence Committee documents, the formal authorship of the guidance statements that succeeded them lies with Cabinet itself, which gives the documents an additional element of authenticity as the authoritative political guidance for the Department of Defence.[220] With this background in mind, the remainder of the essay will now trace the development of concepts in strategic guidance since 1987.

The 1987 *Defence of Australia* White Paper Framework

The description of Australia's strategic situation in the 1987 White Paper differed only in degrees from that of earlier strategic guidance documents. It remarked, on the one hand, that

> *No neighbouring country harbours aggressive designs on Australia, and no country has embarked on the development of the extensive capabilities to project maritime power which would be necessary to sustain intensive military operations against us.*[221]

On the other hand, it notes uncertainties in the regional situation,[222] and that 'defence policy must insure against uncertainties and the risk that they might resolve unfavourably to our interests'.[223] While 'Australian defence policy and force structure planning cannot ignore' major threats, should they emerge over long time scales, the White Paper makes explicit, in a way that a Defence Committee document could not have done, that 'the Government has directed that priority be given in defence planning to ensuring adequate and appropriate capabilities exist within the Defence Force to deal with [low-level] pressures'.[224] The only task used for force structure determinations proper was the defence of Australia, since

---

Commonwealth of Australia, 1992), p. iii. Interestingly, the document is identified as a 'strategic basis' in the preface, although it was different from that type of document in the way it was produced, as well as in its inclusion of detailed force structure considerations.

[219] Ibid.

[220] See also Tange, *Defence Policy-Making: A Close-Up View, 1950-1980*, p. 125.

[221] Department of Defence, *The Defence of Australia* (Canberra: Commonwealth of Australia, 1987), pp. 19-20.

[222] Ibid., pp. 13-14.

[223] Ibid., p. 20.

[224] Department of Defence, *The Defence of Australia*, pp. 26, 30.

> *Meeting our requirements for the defence of Australia will provide the Government with practical options for use of elements of the Defence Force in tasks beyond our area of direct military interest in support of regional friends and allies. It is therefore not necessary that such contingencies should themselves constitute force structure determinants.*[225]

The main innovation of the 1987 White Paper, drawn from the 1986 *Review of Australian Defence Capabilities*, was to provide a new framework on which planning for the defence of Australia should be based. It noted that '[t]he limits of escalated low-level conflict would be set at any one time by the military capabilities that could practically be brought to bear against Australia's interests'[226] by states within the 'area of direct military interest'. On the one hand, this provided an upper bound for 'credible contingencies', and capabilities that were justified solely as part of the expansion base for conflict of even higher intensity and scale were from now on to be held at the minimum level necessary to maintain essential skills. On the other hand, planning against the full panoply of regional capabilities—regardless of the countries' observed intentions—also provided a lower bound, minimum capability, required to deal with 'low-level' contingencies, that was more demanding than had been assumed in earlier years.

A second new contribution of the White Paper to strategic guidance related to the approach just described, was that it then defined the outlines of an operational strategy of 'defence in depth', centred around surveillance, maritime interdiction, the defence of focal areas, and the defeat of any incursions that might occur. In addition, strike operations 'would allow an important option'.[227] Applying this strategy against regional military capabilities allowed the document to make detailed force structure decisions which were largely based on considerations in the 1986 *Review of Australia's Defence Capabilities.* An important outcome of this net-assessment based analysis was to give further impetus to the shift of ADF capabilities from the south-east of the country into the north, particularly the Darwin-Tindal area.

By 1989, however, the *Australia's Strategic Planning in the 1990s* paper began the shift of strategic guidance away from such a clear focus on the defence of Australia. It highlighted increased uncertainty due to recent change at the global level, and regionally in South-East Asia and the South-West Pacific. Therefore, '[t]he planning challenge for Australia in the next decade is to influence regional strategic trends while ensuring that we are able to deal with such defence situations as might arise'.[228] There was a potential for 'ADF involvement in national defence tasks other than the direct defence of Australian territory', in particular 'alliance obligations', peacekeeping, disaster relief, and evacuation operations, which called for a 'margin of flexibility' in ADF equipment.[229] Australia should be 'ready to respond appropriately to crises within the South Pacific', increase defence cooperation and consultation with regional countries, and 'seek to keep the US strategically involved' in the region.[230] Hence, proposals in the 1990 review on *The Defence Force and the Community*—also known as the 'Wrigley Review'—for an Australian 'militia'

---

[225] Ibid., p. 6. See also p. 8.

[226] Ibid., p. 25. See also Dibb, *Review of Australia's Defence Capabilities*, p. 38.

[227] Department of Defence, *The Defence of Australia*, p. 25.

[228] Department of Defence, *Australian Strategic Planning in the 1990s*, p. 26 .

[229] Ibid., pp. 21-22.

[230] Ibid., pp. 41-45.

organisation and cuts to the ADF's ability to conduct overseas operations did not find government support.[231] Instead, the 1991 *Force Structure Review* complemented the 1987 White Paper's force structure with a modest increase in amphibious capability.[232]

The 1993 *Strategic Review*, looking only '3-5 years' ahead,[233] noted increased uncertainty about the future US security role in Asia following the Cold War, and mentioned that 'China has the potential to emerge in the long term as a regional strategic rival' to the United States in Asia.[234] It remarked that the renewal of United Nations activism had led to an increasing contribution by Australia to global security operations, and confirmed the need to be able to respond to crises in the South Pacific, and for increased defence cooperation within the region. But while roles other than the defence of Australia 'can influence training and the acquisition of materiel for specific missions', the paper confirmed that 'they do not determine the ADF's overall force structure'.[235]

The 1994 *Defending Australia* White Paper remarked that 'Australia's future security … is linked inextricably to the security and prosperity of Asia and the Pacific', and noted that with economic growth and political change in Asia, 'our security situation could deteriorate, perhaps quite seriously in the future'.[236] Australia's margin of technological superiority was eroding, and Australia would increasingly 'value our alliance with the United States not just for the contribution it makes to Australia's own defence, but also for its broader contribution to regional security'.[237] But while the White Paper stated that the government's policy consisted of 'ensuring that we are able to defend Australia from armed attack', and 'sustaining our alliances and contributing to a global and regional environment in which attack on Australia is less likely', it continued to argue that the latter task was not 'a primary basis for our defence capability planning, because forces developed for the defence of Australia give us a sufficient range of options to meet them'.[238] Unlike other strategic guidance documents, the White Paper discussed Australia's military capabilities in a similar manner to the 1987 White Paper framework, *before* turning to the discussion of Australia's region, alliances and global security.

Beyond the Defence of Australia: 1997-2007

While defence policy and strategic guidance had thus given increased attention to developments beyond Australia's immediate neighbourhood throughout the 1990s, it was left to the new Coalition Government to end the status of the defence of Australia as the primary force structure determinant for the ADF. Its 1997 *Australian Strategic Policy* paper noted that during the 1970s and 1980s developments in the wider Asia-Pacific had influenced Australia's security only indirectly through the global balance, but that they now had a direct impact on Australia's

---

[231] Alan K. Wrigley, *The Defence Force and the Community* (Canberra: Commonwealth of Australia, 1990).

[232] Department of Defence, *Force Structure Review 1991* (Canberra: Commonwealth of Defence, 1991), p. 28.

[233] Robert Ray, 'Preface', in Department of Defence, *Strategic Review 1993* (Canberra: Commonwealth of Australia, 1993), p. iii.

[234] Department of Defence, *Strategic Review 1993,* p. 8.

[235] Ibid., p. 46.

[236] Department of Defence, *Defending Australia* (Canberra: Commonwealth of Australia, 1994), pp. 3-4.

[237] Ibid., pp. 27, 95.

[238] Ibid., pp. 13, 15.

neighbourhood.[239] It would be 'a significant failure of Australian strategic policy to allow a direct threat to Australia to develop if there had been opportunities to forestall it', and 'Australia's defence posture therefore must include the means to influence strategic affairs in our region'.[240] The paper was the only strategic guidance document not to include its own discussion of the international environment, instead referring to the *In the National Interest* White Paper of the Department of Foreign Affairs and Trade of the same year.[241]

The key contribution of *Australia's Strategic Policy* to strategic guidance was to discuss in more detail how defence priorities for the new focus on the Asia-Pacific may be defined, remarking that Australia's

> *core strategic interests relate to those factors in our strategic environment which would increase the likelihood that Australia might come under direct attack, or erode our capability to resist such an attack.*[242]

These interests included the avoidance of an Asia dominated by a power with inimical interests, or the positioning of such a power in the area from where it could attack Australia. In addition, Australia might be required 'to provide substantial support to South Pacific countries' should a law-and-order breakdown occur.[243] The defence of Australia would remain the core of Australian force planning, but it would now have to be ensured that resultant capabilities could provide options to make a 'substantial' contribution to the defence of regional interests.[244]

The development of a framework to reconcile tasks for the defence of Australia with the new regional roles would be left to the *Defence 2000* White Paper, whose policy content reflected, *inter alia*, several long discussions by the National Security Committee of Cabinet.[245] It defined five strategic objectives: first, the defence of Australia, where *Defence 2000* followed its predecessors in demanding Australian self-reliance in combat forces;[246] second, 'the stability, integrity and cohesion of our immediate neighbourhood', where Australia would be concerned about internal unrest, outside attack, and the basing of forces by hostile powers[247]—Australia 'should be prepared to be the largest force contributor' to operations in this region;[248] third, in South-East Asia,

> *to maintain a resilient regional community that can cooperate to prevent the intrusion of potentially hostile external powers and resolve peacefully any problems that may arise between countries in the region.*[249]

---

[239] Department of Defence, *Australia's Strategic Policy* (Canberra: Commonwealth of Australia, 1997), pp. 9-10.

[240] Ibid., pp. 31-32.

[241] Ibid., p. 3.

[242] Ibid., p. 8.

[243] Ibid., p. 21.

[244] Ibid., pp. 35-36. However, the document only defined these interests in rather general terms (see p. 8).

[245] Hugh White, 'The New Defence White Paper: Why we need it and what it needs to do', *Perspectives* (Sydney: Lowy Institute, 2008), p. 12.

[246] Department of Defence, *Defence 2000: Our Future Defence Force* (Canberra: Commonwealth of Australia, 2000), pp. 46-47.

[247] Ibid., pp. 30-31.

[248] Ibid., p. 48.

[249] Ibid., p. 31.

Here, 'Australia would want to be in a position … to help our neighbours defend themselves' and 'to be able to make a substantial contribution';[250] fourth, the avoidance of major conflict and instability in the Asia-Pacific as a whole, notably in north-east Asia, where Australia would want 'the capacity to make a significant contribution';[251] and, finally, the fifth objective related to 'the efforts of the international community, especially the United Nations, to uphold global security', where Australia could make 'a relatively modest contribution'.[252]

While all three Services would be sized for the defence of Australia, Army would in addition be equipped to take the lead in stabilisation operations, particularly in the South-West Pacific. With regard to the other objectives, the White Paper looked primarily to Navy and Air Force, since '[f]ortunately the strategic geography of our neighbourhood makes this feasible'.[253] But while it explicitly linked the size of the Army to its new role, the absence of a more direct rationale for platform numbers in Navy and Air Force was one of the main weaknesses of the White Paper.[254]

Defence 2000 was followed by three so-called *Defence Updates*, which seemed by their nature primarily designed for public communication, and hence highlighted a potential disadvantage of using unclassified documents for strategic guidance. While the 2007 *Update* was by far the longest of the three, all were considerably shorter than previous papers, and devoted significant attention to recently undertaken operations or already initiated equipment purchases, rather than strategic guidance for the future.[255] The 2003 *Update* concentrated on the discussion of terrorism, 'weapons of mass destruction'—aggregating superpower stockpiles, rogue state proliferation and non-state actor interest—and instability in the region. It concluded that the need for a direct defence of Australia was 'less likely', that there 'may be increased calls on the ADF for operations in Australia's immediate neighbourhood', and that 'ADF involvement in coalition operations further afield is somewhat more likely than in the recent past'.[256] However, since the likelihood of specific operations had not been the basis for the setting of priorities in Australian strategic guidance since the early 1950s, the implication of this statement remained unclear.

---

[250] Ibid., pp. 44, 48, 51.

[251] Ibid., p. 31, 44, 51.

[252] Ibid., p. 31, 52.

[253] Ibid., p. 48. This policy idea was not new to post-war strategic guidance. With regards to South-East Asia, the 1971 *Strategic Basis* had already emphasised Australia's comparative advantage in naval and air forces in the region. Defence Committee, *Strategic Basis of Australian Defence Policy*, 5 March 1971, paras 16, 163. Nineteen years earlier, in a dissenting note to the 1953 *Strategic Basis* paper, the Navy representative on the Joint Planning Committee stated that he 'cannot subscribe to the view ... that Australia, with its limited population, should be further embroiled on the mainland of Asia against the multitudes of China.' Instead, he argued that 'any forces provided to resist further Chinese aggression should be confined to highly technical and trained Naval and Air Forces.' Joint Planning Committee, Report No. 56/1952, 1-14 December 1952, para 5, NAA: A816, 14/301/576.

[254] Ibid., pp. 78-84. Hugh White, Deputy Secretary for Strategy at the time, later stated that the document was drafted under instructions from the Cabinet that no capability was to be cut, and obsolete equipment was to be replaced. Hugh White, 'Buying Air Warfare Destroyers: A Strategic Decision,' *Issues Brief* (Sydney: Lowy Institute, 2005), p. 3.

[255] Department of Defence, *Australia's National Security: A Defence Update 2003* (Canberra: Commonwealth of Australia, 2003), pp. 13-14, 23-27; Department of Defence, *Australia's National Security: A Defence Update 2005* (Canberra: Commonwealth of Australia, 2005), pp. 10-11, 21-25; Department of Defence, *Australia's National Security: A Defence Update 2007* (Canberra: Commonwealth of Australia, 2007), pp. 41-63.

[256] Department of Defence, *Australia's National Security: A Defence Update 2003*, p. 23.

Although it was meant to 'update' the *Defence 2000* White Paper, the link of arguments made in the 2005 *Defence Update* to existing strategic guidance was tenuous at best, and it was much closer in its overall framework to the 1946 *Appreciation* than any other guidance document since that time. It found that '[t]he world in the years ahead may well face strategic shocks that cannot be anticipated today. The timing of such events is unpredictable and their cumulative effects hard to gauge'.[257] Global coalition operations were given significantly more emphasis as, despite Australia's limited resources, 'Government recognises the need to make a meaningful contribution'.[258] Noting the fact that 'Australian forces have deployed to the Middle East to support our interests in peace and stability many times since 1915', the *Update* identified that part of the world as a 'critically important region'.[259] Unlike the strategic guidance documents from 1971 to 2000, the 2005 *Update* did not discuss ADF capabilities in the context of Australia's geographic environment. As in the 1946 *Appreciation*, it saw a need for versatile land forces capable of operating across a spectrum of combat intensity and for generic naval amphibious task forces with associated air, surface and sub-surface vessels for protection.[260] As an aside, the document also introduced a completely new thought to Australian strategic guidance when it remarked, echoing similar passages in the 2001 and 2006 *Quadrennial Defense Reviews* in the United States, that

> *Decisions about the use and development of defence capability are concerned as much with forestalling future threats and shaping the strategic choices of potential adversaries, as they are with responding to specific contingencies.*[261]

Lastly, the main contribution to strategic guidance of the 2007 *Update* was the attempt to integrate the issues highlighted by its two predecessors into a framework of strategic priorities similar to that of the *Defence 2000* White Paper. It confirmed the principle of self-reliance in combat forces in the defence of Australia, and remarked that Australia should lead coalitions in its archipelagic neighbourhood, and only contribute elsewhere.[262] While it focused heavily on Australia's neighbourhood as the 'area of paramount defence interest', it also discussed the importance of the Middle East. But unlike the 2005 *Update,* which had based that region's importance on Australian military history, the 2007 *Update* noted the heavy engagement of Australia's main ally, the intersection of interests of a number of important powers, and the prevalence of terrorism.[263] Current strategic guidance has hence moved

---

[257] Department of Defence, *Australia's National Security: A Defence Update 2005*, p. 4.

[258] Ibid., p. 21.

[259] Ibid., pp. 16-17.

[260] Ibid., pp. 22-23.

[261] Ibid., p. 12. The 2001 QDR had remarked that: 'Through its strategy and actions, the United States influences the nature of future military competitions, channels threats in certain directions, and complicates military planning for potential adversaries in the future. Well targeted strategy and policy can therefore dissuade other countries from initiating future military competitions.' Office of the Secretary of Defense, *Quadrennial Defense Review* (Washington D.C.: Department of Defense, 2001), p. 12. The 2006 QRD made 'shaping the choices of countries at strategic crossroads' one of its four priorities. Office of the Secretary of Defense, *Quadrennial Defense Review* (Washington D.C.: Department of Defense, 2006), p. 19. In the Australian context, this idea had been canvassed in publications by the Strategic and Defence Studies Centre at the Australian National University in the late 1970s. See, for example, J.O. Langtry and Desmond Ball, *Controlling Australia's Threat Environment* (Canberra: Strategic and Defence Studies Centre, Australian National University, 1979); and Robert O'Neill, *The Structure of Australia's Defence Force*, Working Paper, no. 10 (Canberra: Strategic and Defence Studies Centre, Australian National University, 1979), p. 8.

[262] Department of Defence, *Australia's National Security: A Defence Update 2005*, pp. 25-29.

[263] Ibid., pp. 22-23.

back closer to the framework of *Defence 2000*, although the announced Defence White Paper of the new Labor Government will soon provide a new chapter to the story outlined in this essay.

CHANGE AND CONTINUITY IN STRATEGIC GUIDANCE: 1946-2007

Strategic guidance for the Australian Defence organisation since the Second World War has shown elements of significant change and of significant continuity. As strategic guidance includes government's directives to the Defence organisation, it would be intuitive to look to domestic politics as a driver of change. However, as this last section of the essay will argue, the main influences on changes to strategic guidance were major developments in the international order, and beyond Australia's control. Elements of continuity were largely due to the enduring features of geography and the limits to Australia's defence influence. The transition from 'forward defence' to the 'defence of Australia' that is documented in this edition must be seen in the context of all three of these cardinal forces—international order, geography, and limits to Australian influence—with which strategic guidance always has to contend.

Australian Governments and Strategic Guidance

The documents included in this edition were all submitted to the government of the day for consideration. Strategic guidance itself also included the political judgements expressed in, for example, the relevant Cabinet Decisions. Hence, it is not surprising that changes in government often coincided with changes in Australia's strategic posture. The strategic guidance of Coalition Governments that assumed power in late 1949, late 1975, and in 1996 discussed Australian support for allied endeavours at a distance from Australia to a greater extent than that drafted under their respective Labor predecessors. The physical return of the last Australian forces from South-East Asia under the Whitlam Labor Government was paralleled in the much greater emphasis on the direct defence of Australia as the main focus of its strategic guidance.

However, while the influence of governments is real and apparent from the Cabinet Minutes discussed in this essay, the influence of party politics on the development of strategic guidance must also not be over-stated. The nature of the *Strategic Basis* papers—endorsed by the Defence Committee, and submitted to Cabinet as a whole—provided an important element of underlying continuity, which served to moderate the direct impact of changes in government. Most of the shifts mentioned in the previous paragraph had been foreshadowed in the strategic guidance documents submitted to the respective preceding governments. During the decades covered by this edition, radical change in strategic guidance did occur in countries like France, and arguably New Zealand. In contrast, all Australian Cabinets, including the Whitlam Government, rather accentuated existing trends, or followed the argument of the Defence Committee to a greater extent, than their predecessors had done.

The Chifley Cabinet had thus already begun to integrate Australia into the wider Western global defence effort when it left office, and the 1968 *Strategic Basis* had found support in the Gorton Cabinet for its proposal of a greater independent defence role. Although the Whitlam Government's existence was too brief to allow a significant evolution in its endorsed strategic guidance, the 1975 *Strategic Basis* prepared during its term in office emphasised greater concern about global uncertainties than its predecessors—a trend that would become more prominent

under the Fraser Cabinet. The main tenets of the Coalition Government's 1996 *Australian Strategic Policy* document were a continuation of an existing trend away from some of the 1987 White Paper judgements, which had begun with earlier strategic guidance documents of 1990s endorsed by the Hawke and Keating Governments. Finally, the absence from the discussion above of the Labor Government that assumed office in 1983 is no coincidence. While the 1987 White Paper broke new ground in terms of force structure planning, the underlying strategic guidance was similar to that of the previous government, which had been faced with essentially the same international situation.

In general, new Cabinets were less committed and attached to established policy tenets than their predecessors—as was the case, for example, of the Gorton Coalition Cabinet, which largely endorsed the 1968 *Strategic Basis*.[264] Changes in government between Labor and the Coalition in particular are often part of broader political shifts, and that *Zeitgeist* is partly reflected in strategic guidance as well. But Australia's broadly bi-partisan agreement about the fundamentals of strategic guidance, professional advice provided to government that was both consistent over time and innovative when faced with changing circumstances, and governments' willingness to engage with and accept that advice, meant that the international situation, rather than party politics, was the over-riding force for change in Australia's strategic guidance since the Second World War. This applies in particular to the fundamental shift that occurred in the late 1960s and early 1970s.

From 'Forward Defence' to the 'Defence of Australia'

The 1946 *Appreciation of the Strategical Position of Australia* was written in the brief interlude between the end of the Second World War and the Cold War, and only foreshadowed the possibility of a breakdown of the alliance between the wartime allies, and of the end of European colonial empires in Asia. By the time of the 1947 *Appreciation*, however, both of these developments had begun—although neither had yet assumed the force of later years, and the former would, for about a decade, still overshadow the latter. Conflict with global communism heated up significantly around 1950, leading to the prospect over several years of a near-imminent outbreak of global war. In that context, Australia decided to be prepared to participate in a global war against the USSR by defending air bases in the Middle Eastern theatre—a judgement that, as discussed above, would be quickly reversed with the end of the global war scare.

From 1953 until 1968, recommendations regarding force employment in Australian strategic guidance remained firmly focused on a policy of 'forward defence' in South-East Asia. In many respects, this was a continuation of the pre-war tradition of assisting great and powerful friends, albeit now more focused on supporting the allies' military commitments in the defence of their own interests in South-East Asia, which would then at the same time reduce the risk of adverse developments affecting Australia itself. In this way, Australia sought to leverage its small commitments to much greater strategic effect overall—although the 1968 *Strategic Basis* paper noted that

[264] At the same time, however, its successor did not endorse the further marginalisation of the 'forward defence' policy proposed in the 1971 *Strategic Basis* paper.

> *we could hardly assert that this forward defence concept represents an independent strategy of our own. Rather has it been a case that we have deliberately, doubtless in our own interests and perhaps inescapably, tied Australia to the strategy of others.*[265]

However, 'forward defence' in its pure form was reflected in strategic guidance only in the *Strategic Basis* papers of 1953 and 1956. By the time of the 1959 *Strategic Basis*, a nationalist Indonesia had begun to become a major concern to Australian decision makers, related to but separate from the fear of communist expansion. That document thus marked the beginning of a trend that would first recognise de-colonisation and the establishment of new, independent countries in Asia as a separate strategic concern from the Cold War and its focus on the geographic containment of global communism, and then replace the latter as the main focus of Australia' defence policy. While Cabinet was not yet willing in 1959 to shoulder the cost of a capability for independent action as a force development objective, this would change as concerns about Indonesia escalated in the first half of the 1960s, and as it became apparent that the interests of Australia and its allies in that respect would not always coincide.

Under the impression of developments in Indonesia, *Australia's Strategic Position* of 1963 firmly established the need for a capability for independent action against threats to Australia itself as a main element of Australia's strategic guidance. At the same time, however, the war in Indochina also led to a parallel increase of the Australian commitment to the allied effort in South-East Asia. Australia's defence policy continued to be dominated by the 'forward defence' framework—as the 1964 *Strategic Basis* pointed out, even at the cost of further alienating Indonesia. The need for a capability for the independent defence of Australian territory had become a driver of force development. But in terms of force employment, which in the mid-1960s included operational deployments to Thailand, Malaya, Borneo and South Vietnam, operations independent from allies were only a credible contingency, and not a deliberate policy.

By 1968 and the early 1970s, however, a number of related international developments coincided and fundamentally changed the country's strategic situation. Australia's major allies—first the United Kingdom, then the United States—signalled a reduction in their military commitment to the region. In addition, regional host countries like Singapore and Malaysia emerged from their first years of independence determined to assert their own national and foreign policy identities. At the same time, the prospect of South-East Asian countries falling like dominos to communism became much less credible, as the resilience of local governments increased and local communist insurgencies were defeated, at least for the time being. Nationalist and ethnic conflicts between Vietnam and its neighbours, or between ethnic Chinese and non-Chinese in South-East Asia, provided additional obstacles to further communist expansion. Moreover, while the Sino-Soviet split had initially led to an element of competition between the two powers in supporting communist causes abroad, the nascent Sino-US alliance against the USSR significantly moderated Great Power relationships as a source of instability.

Hence, powerful forces in the international arena made the policy of 'forward defence'—at least in its established form—unviable, and less necessary at the same time. As 'forward defence' dropped in relevance to the new circumstances, the concern of maintaining a capability of independent action to meet direct threats to

---

[265] Defence Committee, *Strategic Basis of Australian Defence Policy*, 19 August 1968, para 173.

Australia, which had been over-shadowed by the engagement in South-East Asia during the 1960s, now moved to the centre stage of Australia's strategic policy. At the same time, it became more conceivable that threats to Australia from within the much more benign Asian order would be within its own ability to handle, unlike the threats from the unstable region, or even an unrelentingly hostile and communist-dominated one, that earlier decision makers had to contend with.

As its own neighbourhood became more benign, Australia did not make the central Cold War balance in Europe the focus of its defence effort—in a way that it had done, for example, in both world wars. Instead, it limited its direct Cold War contribution to the Joint Facilities[266] and surveillance operations in the Indian Ocean and South-East Asia. Despite the fact that Australia's military focus of the previous two decades had been on fighting communism, Australia's partial disengagement from the Cold War was consistent with the country's policy since the 1953 *Strategic Basis*, which had given precedence to the South-East Asian theatre over others where Australian forces might have been of greater use against global communism as a whole. On a global scale, Europe and the North Atlantic, where all Western Allies other than Australia and New Zealand concentrated their efforts, had been the Cold War centre of gravity even at the height of the Vietnam War.

However, the 1960s contingency of independent action only became the 1970s policy of 'defence of Australia' once the principle of self-reliance was introduced to Australian strategic guidance and defence policy. On the one hand, this was a necessity due to the limits of US assistance that could be reliably expected in any conflict with Indonesia—an issue that was openly addressed in strategic guidance after the 1959 *Strategic Basis*, in a way that successive Australian governments never did in public. On the other hand, the 1971 *Strategic Basis* also noted that US expectations had changed, and that it now primarily looked for its allies' capability and willingness to help themselves as a contribution to the common defence.[267]

Finally, the transition from 'forward defence' to the 'defence of Australia' also fundamentally changed the nature of defence policy and its relationship with wider foreign policy in Australia. Under the policy of 'forward defence', the Australian defence effort had sought to effect—through forward deployment of military forces to the region, and operations in Malaysia, Thailand or Vietnam—current and very real political developments. But Australia's effort was always indirect, in the sense that it was primarily aimed at influencing the policy of its allies. The *Strategic Basis* papers of 1968 and 1971 both highlighted the rising importance of economic, diplomatic, trade and other types of Australian influence, signalling that defence commitments were rapidly losing their status as the tool of choice of Australian foreign policy. In a situation in which strategic guidance documents did not see any significant likelihood of a threat to Australia itself developing, the defence effort became an insurance against 'circumstances which we cannot now predict'.[268] However, Australia's military operations would now need to achieve direct military objectives, which in many ways placed much greater potential demands on the country's armed forces, and made the development of coherent force structuring concepts of greatest importance.

---

[266] The joint facilities hardly featured in any of the documents discussed in this essay—partly because they were not part of Australia's defence force itself, and partly because the desirability of maintaining the US alliance was never placed in any serious doubt.

[267] Defence Committee, *Strategic Basis of Australian Defence Policy*, 5 March 1971, paras 19, 29.

[268] Ibid., paras VII-1, 16.

The regional circumstances that had led to the end of 'forward defence' would prevail for about twenty years, and provided Australia with a remarkable period of low volatility in its strategic situation. During this time, its defence policy would undergo a significant development with regard to the way in which capabilities were defined and prioritised—in particular, the replacement of the 'core force' construct by the 1987 White Paper. However, the main drivers of strategic guidance remained contingencies that were 'credible' but nonetheless highly unlikely in the benign regional order within which Australian foreign policy operated. This was only to change again once the slow but steady deterioration of the country's strategic position since the early 1990s led to the end of the era of the 'defence of Australia'. Around the turn of the millennium, the operational commitments of the ADF increased significantly again, signalling a reconvergence of foreign and defence policy within a whole-of-government framework as, for example, discussed in the three *Defence Updates* of the 2000s.

The Enduring Importance of Geography for Strategic Guidance

The time covered by the documents discussed in this essay is framed by three short episodes during which global concerns superseded Australia's regional focus—the 1946 *Appreciation*, and the Middle East commitment during the early 1950s, on the one hand, and the 2005 *Defence Update* on the other. But none of these three episodes lasted more than a matter of months—the 2007 *Defence Update* has already given more prominence, again, to Australia's regional neighbourhood, and there are no indications that the new Rudd Government will fundamentally change the main tenets of Australia's strategic guidance. This raises the question of the sources of continuity in Australian strategic guidance over such a long time. In the 'discourse of states' that strategic guidance is concerned about, these ultimately lie in geography, and relative strategic influence—which, in the case of a country with a population as small as Australia's, is inevitably always limited, even when supported by relatively high per-capita income and a strong technological base.

Over the last six decades, geography has been central to Australian strategic guidance and defence planning in three main ways—one enduring since the Second World War, the others being particular to the eras of 'forward defence', and the 'defence of Australia' respectively. The 1947 *Appreciation* remarked that

> *Australia is situated at the end of a series of Islands extending from South-East Asia. Except for these Islands to the North and North West, she is surrounded by vast oceans. Her geographical position, therefore, is such that no hostile Power, without possessing command of the sea and local air superiority, could successfully invade Australia, nor could she launch an effective major air attack on the vital areas of Australia, without possessing suitable bases for launching long-range weapons.*[269]

[269] Chiefs of Staff Committee, *Appreciation of the Strategical Position of Australia,* 28 October 1947, para 68.

This enduring feature of Australia's strategic situation provided an important element of continuity and has been, in one form or another, central to all strategic guidance documents since the Second World War—with the notable but short-lived exceptions of the 1946 *Appreciation* and the 2005 *Defence Update*. The inner island chain of Indonesia, Papua New Guinea, the states of the South-West Pacific and New Zealand, 'from or through which' a direct attack on Australia could be launched, was variously referred to as 'the neighbourhood' in the *Strategic Basis* papers of 1973 and subsequent years, the 'areas of Australian primary concern' in the 1976 *ASADPO* paper, the 'area of direct military interest' in the 1986 *Review of Australia's Defence Capabilities*, or the 'area of paramount defence interest' in the 2007 *Update.*

Among these countries, Indonesia stands out because of its demographic size, economic potential and close proximity to mainland South-East Asia.[270] The 1947 *Appreciation* remarked that

> *Having established herself in Indonesia, Russia could attack the mainland of Australia under cover of land based aircraft. Hence, it follows that Australia is vitally interested in this line of approach.*[271]

Since the 1959 *Strategic Basis*, Australian strategic guidance has also recognised the potential of Indonesia to pose a future threat to Australia in its own right, in particular should it be supported, if not controlled outright, by hostile external powers. PNG and the states of the South-West Pacific are too small to pose a direct military threat, and Australia's primary concern in their regard lies in the exclusion of other, potentially hostile powers from the region.[272] While the 1946 *Appreciation* noted that New Caledonia 'is within foreseeable rocket range of Australia's industrial area, may be of great consequence, and constant surveillance by the Intelligence Service is essential',[273] that region only fully entered strategic guidance as an area of concern in the 1960s, when it became apparent that it would soon be the last region worldwide to gain independence from its European colonial powers.

During the era of 'forward defence', geography was central to Australian strategic guidance in focusing Australia's attention and defence effort on the security of the Malay peninsula. Its status as a British dependency provided a convenient Commonwealth framework for the Australian presence, as well as a larger ally whose presence was central to the overall policy logic of 'forward defence'. However, the importance of Malaya itself was based less on historical reminiscences about 'Fortress Singapore', than on the peninsula's position as the geographical linchpin that—together with the Philippine archipelago, controlled by the United States—could provide access for a hostile power on the Asian mainland to the area of 'direct military interest' discussed above. Even before the communist victory in the Chinese civil war created a major land threat to Western interests in Asia, the 1947 *Appreciation* used these considerations to define a 'danger line for hostile penetration'. The line passed through the Kra Isthmus in the Malay peninsula, a natural defensive position that was also highlighted in the 1956 *Strategic Basis*, and was proposed as the minimum northern limit for Australia's zone of strategic responsibility. In the 'chain of dominos' that, following the independence of former

---

[270] See also Dibb and Brabin-Smith, 'Indonesia in Australian Defence Planning'.

[271] Chiefs of Staff Committee, *Appreciation of the Strategical Position of Australia,* 28 October 1947, para 89.

[272] See, for example, Department of Defence, *Defence 2000: Our Future Defence Force*, pp. 46-47.

[273] Chiefs of Staff Committee, *Strategical Position of Australia*, 20 March 1946, para 98.

European colonies, ran from China through Vietnam, Laos and Cambodia, Thailand, and Malaya, to Indonesia, and, finally, to Australia, strategic guidance thus recognised the Malay peninsula as having an intrinsic importance that, for example, South Vietnam never did.

With the diminishing concern about communists' military expansion from the mainland into archipelagic South-East Asia during the late 1960s and early 1970s, geography began to influence strategic guidance in a third, distinct way that related to operational, rather than grand strategic questions. As part of the transition from 'forward defence' to the 'defence of Australia', *Strategic Basis* papers from 1971 on highlighted the importance of Australia's geographical setting in determining force structure priorities. The 1975 document, for example, stated that 'our environment, as distinct from defined threats or contingent threats, should be one of the determinants of the size and shape of the Force'.[274] Henceforth, surveillance capabilities, maritime operations in the approaches to the continent and within an archipelagic environment, or land forces capable of operating over long distances in austere terrain would become areas of high priority. This use of geography as 'the independent variable in force planning'[275] was applied most consistently and exhaustively in the 1986 *Review of Australia's Defence Capabilities*, and has since led to a common, but erroneous assumption that arguments based on Australia's geography only came to prominence in strategic guidance during the era of the 'defence of Australia'.

The Limits of Australian Defence Influence

The fundamental importance of all three of these geographically-based considerations ultimately lies in the basis they provided for the definition of durable priorities, which could then be used to develop strategic guidance for the future. The need to define priorities was central to Australian strategic guidance as discussed in this essay, because the limits of Australia's resources, in a wider national, as well as a more narrow defence sense, were always apparent in absolute terms, as well as in relation to Australia's strategic objectives. The limits to Australia's defence influence were thus the most enduring as well as the harshest feature of Australia's position after the Second World War, and central to all major periods of the country's post-war defence posture.

The 1946 *Appreciation* began by stating that

> *Australia, being an isolated continent with a small population and limited resources, is unable to defend herself unaided against a major power. It follows that a policy of isolation can only lead to disaster, and that her strategy must be based upon co-operation with other nations.*[276]

The later strategy of 'forward defence' in South-East Asia was based on three related judgements about the limits of Australia's defence influence. First, that Australian engagement with its allies in South-East Asia was less expensive—in financial, political and human terms—than an alternative strategy based on the continent itself. Cabinet expressed this view twice in response to *Strategic Basis* papers in which the

---

[274] Defence Committee, *Strategic Basis of Australian Defence Policy,* 3 October 1975, para 276; also 251-253.

[275] Paul Dibb, 'Is strategic geography relevant to Australia's current defence policy?', *Australian Journal of International Affairs*, vol. 60, no. 2 (June 2006), pp. 247-264.

[276] Chiefs of Staff Committee, *Strategical Position of Australia*, 20 March 1946, paras 1, 2. See also Defence Committee, *Strategic Basis of Australian Defence Policy*, 11 October 1956, para SR 42.

Defence Committee argued for a more independent posture—first in 1959, and then again in 1971. Second, Australia's dependence on its allies meant that it had to sub-ordinate its engagement to its allies' policies even within South-East Asia—for example, by supporting US engagement in Vietnam, although Australia's primary focus was on the security of Malaya. In the words of the 1968 *Strategic Basis*,

> *Like all small countries we can best ensure our security by participating in regional security arrangements; as a result we find ourselves involved in situations not of our choosing and in the formation of which we have negligible, if any, influence.*[277]

Third, even within South-East Asia, Australia looked to its allies to shoulder the main burdens. For example, the 1953 *Strategic Basis* saw Australia as unable to make more than a 'token' additional contribution to the necessary strengthening of the allied presence,[278] while its successor of 1956 mentioned that even the defence of the Kra Isthmus in Malaya might require US combat assistance.[279] At the same time, however, both papers also highlighted the restrictions imposed by Australian legislation on overseas service by the Army Citizen Military Forces—an issue that the Cabinets of the day declined to pick up.[280] As demonstrated by the introduction of National Service and increased financial layouts for defence in the following decade, Australia's weakness at that time was, to an extent, also self-imposed.

As a new conceptual framework was developed in the *Strategic Basis* papers from 1968 on, the judgement on the relative cost of 'forward defence' and a 'defence of Australia' was reversed. Partly, this can be attributed to the fact that the need for a capability for independent action had already been accepted for about a ten years. However, the main difference lay in the fundamental change of the international order in Asia: Australia's allies, which had been central to 'forward defence', had left South-East Asia militarily and as colonial powers. At the same time, Australia found itself in a much more benign situation, to the extent that even the low-level contingencies that entered strategic guidance in the 1975 *Strategic Basis* were credible, but not likely. In the absence of a major power threat, the need to rely on powerful allies did not pose itself immediately and directly, other than in the unlikely contingency of global nuclear war, for which Australia relies on US extended deterrence to this day. This did not in any way mean that the ANZUS treaty became less important to Australia, but its immediate importance now derived less from the inherent promise of assistance against major assault, than the fact that it is the basis for Australian access to US technology, intelligence and other assistance that made a self-reliant defence posture in the 'defence of Australia' possible and affordable.

In recent years, the geographic boundaries of Australia's military ambitions have to some extent increased again. The *Defence 2000* White Paper introduced stabilisation operations in the South-West Pacific and the ability to contribute to high-intensity maritime coalition operations in South-East Asia, as well as the wider Asia-Pacific, as explicit force structure determinants besides the 'defence of Australia'. This was largely confirmed in the *Defence Update* of 2007, which included an increased focus on operations in the Middle East compared with the White Paper, but not to the significant extent of the *Update* two years before.

---

[277] Defence Committee, *Strategic Basis of Australian Defence Policy*, 19 August 1968, para 173.

[278] Defence Committee, *Strategic Basis of Australian Defence Policy*, 8 January 1953, paras 54, 64.

[279] Defence Committee, *Strategic Basis of Australian Defence Policy*, 11 October 1956, para SR 40.

[280] Defence Committee, *Strategic Basis of Australian Defence Policy*, 8 January 1953, para 63; Defence Committee, *Strategic Basis of Australian Defence Policy*, 11 October 1956, para 35.

However, the basic quandary of the independent 'forward defence' policy canvassed in the 1968 and 1971 *Strategic Basis* papers still remains: Within an overall benign international order in Asia, Australia can have a real and useful influence on strategic developments. But ultimately, that influence is marginal, and it is beyond Australia's military or economic power to prevent major change that could, once again, create situations in which the country faces a direct threat without the assurance of allied support—as was the case in the 1960s and, in an even more urgent form, in 1942. The challenge facing strategic guidance is hence to find ways of reconciling, or prioritising between, two potentially conflicting approaches to defence planning decisions that will largely determine the shape of the ADF for decades to come: On the one hand, increases in Australia's capability for a contemporary form of 'forward defence' in order to push the limits of Australia's influence through expeditionary operations alongside the United States or major regional allies. On the other hand, preparations for the possibility that Australia may, at some stage, be confronted again with developments in Asia that are beyond its power to avert and lead to a contingency in the direct defence of Australia. It is a sobering note in this regard that from 1959, all *Strategic Basis* papers included in this edition remarked that while the acquisition of nuclear weapons by Australia was not necessary in then-present circumstances, this would not necessarily remain the case indefinitely.[281]

Ultimately, even a policy of self-reliance thus cannot avert the fact that, above a certain level of conflict, Australia remains dependent on its allies for its ultimate survival. At the same time, it is impossible to be certain that assistance will always be forthcoming, and alliances create their own demands that can detract from a focus on the defence of the country itself. These basic tenets of Australia's strategic position have been valid since before Federation, and remain so to this day—even if such a major threat is not currently credible, let alone likely. At the heart of the strategic guidance documents included in this edition, and those that followed them, thus ultimately lie judgements on how the inherent contradictions in Australia's strategic position can best be accommodated, in the context of the specific circumstances at the time.

[281] The political sensitivity of this topic, following Australia's ratification of the Nuclear Non-Proliferation Treaty, is highlighted by the Cabinet Decision on the 1976 *Australian Defence* White Paper. The only change of substance made by Cabinet to the text was the deletion of the following two sentences from the original draft: 'We see no requirement in our present and prospective strategic circumstances to acquire nuclear weapons. Such a move would also cause concern among many nations of importance to us; it would impose a heavy and at present unnecessary burden on our defence effort.' See Cabinet Decision No. 1656 (FAD), 18 October 1976, NAA: A12909, 703.

APPRECIATION OF THE STRATEGICAL POSITION OF AUSTRALIA (1946)

Editor's Introduction

The 1946 Appreciation was endorsed by the Chiefs of Staff Committee within months after Japan's capitulation, and sent to the Prime Minister before the 1946 Commonwealth Conference. It pre-dated the rapid deterioration of relations with Russia and the communist victory in China, and did not yet discuss the implications of decolonisation, or of the atomic bomb (paras 59, 60, 103, 122). The basic tenets of post-war defence strategy it developed thus bore strong resemblance to Australia's pre-war policy, adapted to the new world situation.

Australia was protected by its geographic situation and the collective security system of the UN (paras 9, 32). However, it was 'unable to defend herself unaided against a major power', and should the UN became dysfunctional, its security was intrinsically linked to that of the Empire as a whole (paras 1, 3, 20, 35). Given the experience of the world wars, explicitly no reliance was placed on assistance forthcoming from the US, although it was 'essential' (paras 23, 24, 46, 77, 89). The USSR was identified as the only major power that 'is a potential enemy of the future', which could pose threats to the Empire 'in Europe, the Middle East, India and, if Russia develops sea power, in the South Pacific' (paras 45, 53). This required 'Australia to throw her maximum effort into the area in which her forces are most required' in accordance with a co-ordinated and prepared plan for Empire defence, even taking risks, if necessary, 'to the security of the homeland' (paras 3, 4, 19-21, 28, 29, 64). In the Pacific, Commonwealth strategy would be based on the maintenance of Empire lines of communication, initial offensive action from forward bases in the Formosa-Shanghai area, and mobilisation of the Empire's war potential (paras 66, 87). It was recognised that '[d]ominance of China by Russia would constitute a grave danger to the Empire' (para 94). This would make French Indochina 'of great strategic importance in preventing a serious threat to Malaya (and ultimately to Australia) from developing' (para 87).

Australian forces should be developed for their contribution to the wider strategic plan, with standardisation of organisation, equipment, and training throughout the Empire, and would then be adaptable to home defence 'without material re-organisation' should the need arise (paras 30, 108, 109). They should be either permanent forces, or be able to mobilise 'within the time limit which the International situation permits', without the need to re-organise or raise a special force for overseas duties (paras 48, 110). The force structure recommendations were ambitious compared to the forces Australia had maintained before the war. The Navy should provide aircraft carriers with escorts and fleet train, vessels for the protection of shipping, and amphibious transports. Army formations should be capable of operations in 'normal terrain' and amphibious operations, and be able to re-configure for jungle warfare. The Air Force should comprise a 'Mobile Task Force, including units for long range missions and transportation, ready to move wherever required', as well as defence of 'bases and focal areas against sporadic air raids' (paras 126-128).

AN APPRECIATION OF THE STRATEGICAL POSITION OF AUSTRALIA FEBRUARY 1946

CONTENTS

	Paragraph
SUMMARY OF CONCLUSIONS	
PART I — INTRODUCTION	
Isolation or co-operation	1
Conclusions	6
PART II — THE UNITED NATIONS ORGANISATION	
Consequences of membership of the United Nations	7
Military implications	10
Bases	11
Conclusions	16
PART III — EMPIRE SECURITY	
International status of member of the British Commonwealth	17
The fragile structure of the United Nations	19
Empire unity	21
Principles of Imperial defence	25
Planning for Empire defence	28
Conclusions	30
PART IV -— REGIONAL SECURITY WITH NEW ZEALAND	31
Conclusions	34
PART V — POTENTIAL ENEMIES	
General considerations	35
U.S.S.R.	41
Conclusions	45
PART VI — THE TIME FACTOR	47
Conclusions	51

PART VII — AUSTRALIA'S MAIN STRATEGIC INTERESTS 52

Europe 54
Middle East and Indian Ocean 55
South East Asia and the Pacific 61
The Empire's basic strategy 64
Conclusions 67

PART VIII — BASES

General considerations 68
Indian Ocean 71
South East Asia and the Pacific 77
Key area of system 87
Conclusions 89

PART IX — CO-OPERATION WITH FOREIGN POWERS

General consideration 90
United States of America 92
China 94
Siam 95
France 96
The Netherlands Indies 101
Portugal 104
Conclusions 105

PART X — LOCAL DEFENCE 106

Conclusions 113

PART XI — SCIENTIFIC DEVELOPMENT 114

Conclusions 122

PART XII — AUSTRALIA'S FORCES TO BE MAINTAINED IN PEACE 123

This paper was endorsed by the Chiefs of Staff Committee on 20 March 1946

APPRECIATION

OF

THE STRATEGICAL POSITION OF AUSTRALIA

FEBRUARY, 1946

OBJECT

The object of this paper is to examine Australia's Strategical Position, taking into consideration relevant political factors.

THE NEED FOR REVIEW

This paper has been prepared in the light of the situation as seen in February, 1946. In order that it should be kept up to date, it is intended that the paper should be reviewed in February of each year or whenever any change in the International Situation, or in scientific development, renders this necessary.

COMPOSITION OF THE PAPER

The paper is prepared in twelve parts as follows:-

PART I — Introduction.

PART II — The United Nations Organisation.

PART III — Empire Security.

PART IV — Regional Security with New Zealand.

PART V — Potential Enemies.

PART VI — The Time Factor.

PART VII — Australia's Strategic Interests.

PART VIII — Bases.

PART IX — Co-operation with Foreign Powers.

PART X — Local Defence.

PART XI — Scientific Development.

PART XII — Australian Forces to be maintained in Peace.

A Summary of Conclusions is included before Part I.

SUMMARY OF CONCLUSIONS

General

1. The concept of strategical isolation is irreconcilable with the realities of modern war.

2. As long as the United Nations remains in being, the problem of local defence is virtually non-existent. Should the United Nations break down, the security of every nation of the British Commonwealth will depend on the effectiveness of a plan of Empire Defence and on co-operation with the U.S.A.

3. Provided we have in peace a firm plan of Empire defence and arrangements for co-operation with the U.S.A., the possibility of invasion in the foreseeable future can be excluded.

4. The role of the armed forces in the next war should be the fulfilment of Australia's obligations in a wide strategical plan, and, consequently, any organisation on the basis of home defence would necessitate reorganisation and inevitable dislocation in the face of an emergency, as overseas commitments may be necessary and unavoidable in the initial stages of the war.

5. If the forces are organised with a view to playing their part in the overall strategical plan contemplated, they would, if circumstances so required, be adaptable to the home needs without material re-organisation.

6. The primary considerations in the organisation and training of the armed forces should be the provision of a balanced Task Force of the three Services, and the avoidance of any system which will require reorganisation or the raising of a special force on the outbreak of war.

The United Nations Charter

7. A study of the United Nations Charter leads to the following conclusions:-

a. the only war in which Australia could be involved while the United Nations remains in being would be with a minor power; further, it would be a war in which she would have major allies;

b. armed forces to be maintained by Australia for the fulfilment of obligations under the Charter will be small but will need to be Permanent Forces;

c. the facilities which Australia is under an obligation to provide, may include the use of bases at Darwin, the north-west coast, and Fremantle. There is no legitimate reason under the Charter for granting base facilities elsewhere on the Australian mainland or in any of her external territories. Reference should, however, be made to paragraph 85, in which it is stressed that the U.S.A. should be afforded facilities at Manus on the understanding that we have the clear right to their joint use at all times, in peace and war, whether or not the U.S.A. is a belligerent.

d. Australia does not require bases in any foreign territory for the purposes of the Charter;

e. a breakdown of the United Nations would almost certainly result from an irreconcilable difference among the Big Three, and, in such an event, a resultant war might commence immediately.

Empire Defence

8. Empire co-ordination (which is referred to later) need not conflict with our obligations under the United Nations Charter, but, on the contrary, would make it possible for the British Commonwealth to contribute in a more effective manner to the needs of the Security Council.

9. No nation of the British Commonwealth is comparable as a great power, with either the U.S.A. or the U.S.S.R., but, taken as a whole, with adequate co-ordination, the Empire is in a strong position.

10. If the Empire can be assured of the active co-operation of the United States of America in an emergency, her position is immeasurably strengthened. On the other hand, history has shown quite clearly that International agreements entered into with all sincerity may be evaded, if subsequently, such a course is advantageous. The strategy of the British Commonwealth therefore must make provision for the less favourable conditions under which the assistance of the United States cannot be guaranteed from the outset, and in these circumstances a co-ordinated Empire plan becomes of added importance.

11. All nations of the British Empire owe their individual security to the combined action of the Empire as a whole: they have a vital interest in the maintenance of Empire communications and their responsibilities towards Empire security must accordingly extend beyond the defence of their own territories. It is essential therefore, that Australia, in common with other nations of the Commonwealth, should, when necessary, throw her maximum effort into the area in which her forces are most required: it is in Australia's interests that agreement be reached with other nations of the Empire on a reciprocal basis, that her forces will be employed in accordance with an agreed over-all plan in an emergency, or when the international situation requires such action as a precautionary measure.

12. Economy of force requires that the initial responsibility for securing Empire interests should be borne, as far as is practicable, by the nation nearest to, or most immediately affected by, events in any particular area.

13. Standardisation of organisation, equipment, and training of the armed forces within the Empire, should be affected throughout the Commonwealth, and the revival of the Committee of Imperial Defence, in the organisation of which the Dominions should be permanently represented, is an urgent necessity for planning purposes.

Regional Security

14. Arrangements for Regional Security, to be effective, must be made in relation to a wider plan and not solely on local considerations.

15. The establishment of a regional zone of defence with New Zealand is without reason while the United Nations remains effective, and, unless it forms part of a wider plan, would invite disaster if the United Nations should break down. The Military Clauses of the Australia-New Zealand Agreement, 1944, therefore, require revision.

The Potential Enemy and the Time Factor

16. The U.S.S.R. is a potential enemy of the future, and it is at least prudent to plan our National Insurance Policy accordingly.

17. The provision of adequate forces might postpone resort to combat indefinitely. On the other hand, weak forces will result in war being a very high probability.

18. To ensure the protection of our vital interests against an aggressive U.S.S.R., not only will the united efforts of the nations of the British Empire in a co-ordinated plan be required, but the assistance of the U.S.A. will be essential.

19. A war against the U.S.S.R. will not be confined to any one area, but whatever course it may take there will always be a major threat to the Empire's interests in Europe, the Middle East, India, and if Russia develops sea power, in the Pacific. Australia is directly concerned with the main strategic interests of the Empire in each of the areas mentioned.

Strategic Interests

20. The strategic interests of the Empire in the areas of most immediate concern to Australia are as follows:-

a. *Middle East and Indian Ocean*

(i) The integrity of British Territories which border on the Indian Ocean;

(ii) Oil resources;

(iii) The sea route debouching from the Red Sea;

(iv) The air route through the Middle East;

(v) The Middle East Base for an Imperial Reserve.

b. *South East Asia and the Pacific:*

(i) The security of Australia, New Zealand and Western Canada, and of their sea and air communications;

(ii) The defence of possessions and dependencies, viz., Hong Kong, Malaya, North Borneo, New Guinea and the smaller islands in the Pacific. These territories apart from their political and economic significance, have a role in a strategical plan to ensure the security of the Dominions;

(iii) The supplies of raw materials from the Netherlands East Indies. In the event of our Persian oil fields being lost, the Empire's capacity to wage war would be seriously jeopardised, should we be denied supplies of oil from the Netherlands East Indies.

Essential Requirements in the Indian Ocean

21. The following are the essential requirements in the Indian Ocean area:-

a. Ceylon as the main operational base for controlling sea routes;

b. Maintenance of Addu Atoll as an alternative operational base;

c. A naval supply and repair base remote from Soviet air attack. Kilindini is suggested;

d. A naval escort base at Fremantle;

e. The development and maintenance in peace of the alternative air route through the Middle East, namely, Australia – Cocos Islands – Diego Garcia – Seychelles – East Africa.

Strategy in the Pacific

22. In South East Asia and the Pacific, our basic strategy should be to control the sea and air communications leading southward from Japan and North China, and to take such offensive action as is practicable against the enemy's communications, industrial areas, ports and bases, until such time as ultimate offensive action can be launched. In order to implement this basic strategy operational bases should be established in the vicinity of the following lines:-

a. Advanced operational bases on the line Shanghai – Okinawa – Iwo Jima – Wake – Midway;

b. Intermediate operational bases on the line Formosa – Philippines – Carolines – Marshalls – Midway – Dutch Harbour;

c. Rear operational bases on the line Hainan – North Borneo – Admiralties – Solomons – Fiji – Pearl Harbour. Although Singapore is in rear of this line, its advantages from an Empire point of view demand its inclusion as a rear operational base.

23. Whatever agreements may be entered into in peace, the active co-operation of the United States of America from the outset in an emergency, cannot be guaranteed. Failing her immediate and full co-operation, the importance of the line of bases under 22 (c) is greatly enhanced.

24. The south-east of Australia should be developed as an arsenal in the Pacific, analagous in function to that which the United Kingdom fulfils in the Atlantic.

25. The existing air bases at Moresby, Nadzab, the Admiralties, Rabaul, and in the Solomons, should be maintained by Australia.

Security of Bases

26. Reliance should be placed mainly on the Navy and the Air for the security of our operational bases in the Pacific and Indian Ocean areas.

Co-operation with Foreign Powers

27. Co-operation of the Empire with the United States of America is of paramount importance. Australia should also encourage the closest co-operation with China, France, Siam, the Netherlands Indies and Portugal, with particular reference to their possessions in the Indian and Pacific Oceans.

Scientific Development

28. Scientific developments may necessitate revolutionary changes in the organisation, equipment, and employment of the armed forces, but, in the existing state of our knowledge, it would be premature to make any major changes.

29. Many of the conclusions in this paper may require radical revision in the light of further knowledge.

30. There is a pressing need for the closest association between the services and scientific research on the highest plane, but, notwithstanding this need, the continuance of existing links between the individual services and science is necessary. Collaboration with other nations of the British Commonwealth and especially with the United Kingdom is essential.

Australian Forces to be Maintained in Peace

31. Australian forces for operations in the strategic concept envisaged in this appreciation should be organised to fulfil the requirements of –

a. A Naval mobile Task Unit consisting of aircraft carriers with their escorts, capable of forming part of an Empire Task Force and co-operating with the United States Navy;

b. A Fleet Train for the maintenance of our mobile Task Unit;

c. A Sea Frontier Force consisting of escorts for our shipping, and for the seaward defence of our bases;

d. Amphibious craft for combined operations;

e. Standard Army formations designed for operations on normal terrain, and for amphibious operations, but capable of conversion to meet the conditions of jungle warfare;

f. Army Garrison Forces for the protection of our bases against sea and air raids and for internal security;

g. Adequate maintenance provision for the Forces under (e) and (f);

h. An Air mobile Task Force, including units for long range missions and transportation, ready to move wherever required for strategic purposes or in support of the other Services;

i. Air units for the protection of our bases and focal areas against sporadic raids.

PART I — INTRODUCTION

ISOLATION OR CO-OPERATION

1. Australia, being an isolated continent with a small population and limited resources, is unable to defend herself unaided against a major power.

2. It follows that a policy of isolation can only lead to disaster, and that her security must be based upon co-operation with other nations.

3. It further follows that: -

a. her preparations for war must be such that her forces can co-operate with those of other nations,

and

b. her dependence on outside assistance, compels her to accept that the strategic employment of her forces will be governed by considerations wider than those of a purely regional nature.

The Fallacy of Isolation

4. Sound strategy frequently requires that risks be taken, at times with respect even to the security of the homeland, in order to secure strategical necessities elsewhere. Recent examples of this were the denuding of the United Kingdom of troops and material, while the risk of invasion was still present, in order to secure the Middle East, and the temporary diversion of the 6th Australian Division to Ceylon, in order to secure our communications in the Indian Ocean, at a time when the division was urgently required in Australia. In either case neglect of the measures taken could have resulted in a major disaster.

5. Dispositions of this nature may be required in the initial stages of a future war. Preparations for local defence, if carried out at the expense of the security of strategical focal points (which may be far distant), may not only defeat their object by permitting the enemy to carry the campaign to the homeland, but may well place him in such an advantageous position as to cause the loss of the war.

CONCLUSIONS

6. [In conclusion:]

a. The concept of strategical isolation is irreconcilable with the realities of modern war.

b. Overseas commitments may be necessary and in fact unavoidable in the initial stages of a future war.

PART II — THE UNITED NATIONS ORGANISATION

CONSEQUENCES OF MEMBERSHIP OF THE UNITED NATIONS

7. As Australia is a member of the United Nations her service commitments are affected by the following provisions of, or obligations under, the Charter:

a. The Security Council, in carrying out its duties for the maintenance of international peace and security, acts on her behalf (Art. 24).

b. She is bound to accept and carry out decisions of the Security Council (Art. 25).

c. Decisions of the Security Council may include complete or partial interruption of economic relations and of sea, air, postal, telegraphic, and other means of communication and the severance of diplomatic relations (Art. 41).

d. The Security Council may take such action by air, sea or land forces as may be necessary to maintain or restore international peace and security. Such action may include demonstrations, blockade, and other operations by the air, sea or land forces of members of the United Nations (Art. 42).

e. Australia has undertaken to make available to the Security Council, on its call and in accordance with a special agreement or agreements (not yet negotiated), armed forces, assistance, and facilities necessary for the purpose of maintaining international peace and security.

   Such agreements shall govern the numbers and types of forces, their degree of readiness and general location, and the nature of the facilities and assistance to be provided (Art. 43).

f. An agreement under (e) may require Australia to hold immediately available an air force contingent for combined international enforcement action (Art. 45).

g. Plans for the application of armed forces will be made by the Security Council with the assistance of the Military Staff Committee (Art. 46).

h. Australia is not directly represented on the Military Staff Committee but will be invited to be associated with it when the efficient discharge of the Committee's responsibilities requires her participation in its work (Art. 47(2)).

i. The Military Staff Committee, with the authorization of the Security Council and after consultation with appropriate regional agencies, may establish regional sub-committees (Art. 47(4)).

j. Nothing in the Charter impairs our inherent right of individual or collective self-defence if an armed attack occurs against us (Art. 51).

MILITARY IMPLICATIONS

8. The Security Council cannot invoke the use of armed force without agreement by all the Great Powers. If, therefore, one of the Great Powers should contemplate aggression the organization would automatically break down.

9. It is accordingly concluded that the only war in which Australia can be involved while the United Nations remains in being will be with a minor power, and, as she shall have major allies, her military commitment is unlikely to be heavy.

10. The forces required to fulfil such an obligation under the Charter will presumably be small, but will need to be Permanent Forces in order to be immediately available.

BASES

11. The facilities which Australia is under an obligation to make available may include the use of bases.

12. The only territories of minor powers against whom operations could be conducted from bases in Australian territory are the Netherlands East Indies, the Philippines, and Portuguese Timor. For the purposes of some of these operations it is conceivable that a member of the United Nations may require facilities at Darwin, the North-west Coast, or Fremantle. It is considered, however, that no legitimate claim can be advanced under the United Nations charter for facilities elsewhere on the Australian mainland.

Manus

13. The U.S.A. is showing continued interest in the base which she has developed at Manus and it is thus necessary that special consideration be given to the question whether the U.S.A. has any legitimate claim under the United Nations Charter for facilities in the Admiralties or in any other Australian external territory.

14. On the assumption that the U.S.A. will control the Carolines there is no military reason for her requiring base facilities in the Admiralties or in any other Australian external territory for operations against any small power except Australia. Further reference is made to Manus in Part VIII in which the question of the United States requiring the joint use of base facilities for reasons which are irrelevant to the United Nations Charter, are discussed.

Australian Requirements

15. Similarly, Australia does not require bases in any foreign territory for purposes of the United Nations Charter.

CONCLUSIONS

16. It is concluded, therefore, that –

a. The only war in which Australia can be involved while the United Nations remains in being will be with a minor power and with the assistance of major allies.

b. Armed forces to be maintained by Australia for the fulfilment of obligations under the Charter will be small but will need to be raised as Permanent Forces.

c. Australia is under an obligation to provide facilities for United Nations forces, which may include the use of bases and it is conceivable that these may include Darwin, the North-west Coast, and Fremantle.

d. There is no legitimate reason under the United Nations Charter for granting the U.S.A. base facilities at Manus or elsewhere in Australian external territory (see also Part VIII).

e. Australia does not require bases in any foreign territory for purposes of the United Nations Charter.

f. Australia's defence problem is of a comparatively minor nature under an effective United Nations Organisation.

PART III — EMPIRE SECURITY

INTERNATIONAL STATUS OF MEMBERS OF THE BRITISH COMMONWEALTH

17. The U.S.A. and U.S.S.R. are the world's most powerful nations–militarily, economically, industrially, and as regards manpower: they owe this position largely to the fact that they are united. The United Kingdom alone is not comparable as a Great Power with either. The Dominions are small powers.

18. No nation of the British Commonwealth is powerful enough to stand alone in the face of either the U.S.A. or U.S.S.R., but, taken as a whole, with adequate co-ordination, the British Commonwealth is in a strong position from the points of view of population, resources and strategical disposition.

THE FRAGILE STRUCTURE OF THE UNITED NATIONS

19. A breakdown of the United Nations, as contemplated in paragraph 8, would almost certainly result from an irreconcilable difference among the Big Three, and, in such an event, the resultant war might commence immediately. Under such circumstances, it would be too late to commence planning Imperial security on a new basis.

20. There is thus a pressing need to ensure Empire security by planning an alternative system to the United Nations and this is considered in the ensuing paragraphs.

EMPIRE UNITY

21. For the reasons given in paragraphs 17 and 18, it is of paramount importance that the nations of the British Commonwealth should appreciate fully that in the first instance, their individual security depends upon the combined action of the whole, and therefore that the closest co-ordination must be achieved both in foreign affairs and Empire defence. To be effective, this must be a continuing process and not a mere ad hoc arrangement in the face of a desperate situation.

22. Such co-ordination need not conflict in any way with our obligations under the United Nations Charter (Part II), but on the contrary, would make it possible for the British Commonwealth to contribute in a more effective manner to the needs of the Security Council.

23. If, however, the co-operation of the United States of America can be assured, the Empire's position is immeasurably strengthened. On the other hand, history has shown quite clearly that International agreements entered into with all sincerity, may subsequently be evaded, if, as the result of changed circumstances, this proves to be advantageous.

24. It may be a common belief that the two great English speaking nations will stand together in an emergency: nevertheless, history dictates that we should not place implicit reliance on the automatic assistance of the United States of America, and that our strategy must make full provision for the less favourable conditions in which her assistance cannot be guaranteed from the outset. A co-ordinated Empire plan therefore becomes of added importance.

PRINCIPLES OF IMPERIAL DEFENCE

25. The principles of Imperial defence as accepted at Imperial Conferences, may be summarised as follows:-

a. Each Nation of the British Commonwealth is primarily responsible for its own local defence.

b. Adequate sea power is essential to safeguard the sea communications of the Empire.

c. Bases for supply and repair are necessary throughout the British Commonwealth to ensure the mobility of its armed forces, and render possible the protection of its communications.

d. There must be consultation between the respective General Staffs on all matters of mutual defence.

e. An adequate chain of air bases and refuelling stations to ensure the fullest mobility of air power, should be created and maintained.

f. Interchanges of individual officers and complete units of the Royal Air Force and the air forces of the Dominions should be carried out. (It is assumed that this principle applies equally to the other two Services).

g. Resources should be developed in time of peace in different parts of the Empire for the manufacture of munitions, as well as for the supply of raw materials, with the objects of reducing the dependence of the Commonwealth on the United Kingdom, and of dispersing resources for manufacture and supply from areas vulnerable to attack.

h. Each Nation should aim at becoming self-supporting in the matter of armaments and munitions (including aircraft).

i. It is of vital importance that concerted arrangements for adequate supplies of raw materials be made.

j. Further steps should be taken to ensure the supply of all important food stuffs, including food stuffs for animals, in the event of a major emergency.

k. Standardisation of organisation, equipment, and training of the armed forces should be effected throughout the Commonwealth to the greatest extent possible.

26. All nations of the Commonwealth have a vital interest in the maintenance of Empire communications. Their responsibilities towards Empire security must accordingly extend beyond the defence of their own territories.

27. Economy of force requires that the initial responsibility for securing Empire interests should be borne, so far as is practicable, by the nation nearest to, or most immediately affected by events in any particular area.

PLANNING FOR EMPIRE DEFENCE

28. Inadequate, and to a degree, unco-ordinated planning, in the past together with the maintenance of insufficient forces to ensure the security of the Empire, has led in desperate circumstances, to fundamental decisions being made with a reliance on powers of improvisation rather than upon a well found plan. Planning omissions and the failure to provide sufficient forces adequately trained and equipped, have contributed largely to such disasters as the loss of Burma and Singapore, and to the direct threat of invasion to Australia.

29. The reconstitution of the Committee of Imperial Defence in the organisation of which the Dominions should be permanently represented, is an urgent necessity for planning purposes.

CONCLUSIONS

30. [In conclusion:]

a. No Nation of the British Commonwealth is comparable as a great power, with either the U.S.A. or the U.S.S.R., but, taken as a whole, with adequate co-ordination, the British Commonwealth is in a strong position.

b. The fragile structure of the United Nations demands a co-ordinated plan of Imperial defence, which is vital to Australia's survival. If the United Nations fails as a result of an irreconcilable difference among the Big Three, a resultant war might commence immediately.

c. The security of individual Nations of the British Empire is dependent upon the combined action of the whole.

d. Empire co-ordination need not conflict with our obligations under the United Nations Charter, but on the contrary, would make it possible for the British Commonwealth to contribute in a more effective manner to the needs of the Security Council.

e. All Nations of the Commonwealth have a vital interest in the maintenance of Empire communications. Their responsibilities towards Empire security must accordingly extend beyond the defence of their own territories.

f. Economy of force requires that the initial responsibility for securing Empire interests should be borne, as far as is practicable, by the Nation nearest to, or most immediately affected by, events in any particular area.

g. The revival of the Committee of Imperial Defence, in the organisation of which the Dominions should be permanently represented, is an urgent necessity for planning purposes.

h. Standardisation of organisation, equipment, and training of the armed forces within the Empire, should be affected throughout the Empire.

PART IV — REGIONAL SECURITY WITH NEW ZEALAND

31. By the Australian-New Zealand Agreement, 1944, a system of Regional Defence is envisaged. The clause of this Agreement relevant to this paper is as follows:-

> "13. The two Governments agree that, within the framework of a general system of world security, a regional zone of defence comprising the ~~zone of defence comprising the~~ South West and South Pacific areas shall be established and that this zone should be based on Australia and New Zealand, stretching through the arc of islands North and North-West of Australia, to Western Samoa and the Cook Islands."

32. It has been concluded (paragraph 9) that the only war in which Australia can be involved while the United Nations remains in being will be with a minor power. That conclusion applies equally to New Zealand. As there is no minor power in a position to threaten the security of either Dominion there is no longer any object in establishing the zone of defence contemplated in the Agreement which, it is noted, was concluded before the establishment of the United Nations.

33. It is in the event of war with a major power that we shall be concerned with the zone referred to in the Agreement, but the assistance New Zealand can give Australia is still small in relation to the forces required for an independent regional defence policy. Paragraph 1 of this paper could therefore be expanded to read – "Australia and New Zealand combined are unable to defend themselves unaided against a major power." In a war with a major power, Australia and New Zealand require not only assistance from beyond the South and South West Pacific, but also the application of a world-wide strategical plan.

CONCLUSION

34. It is concluded that:-

a. Arrangements for Regional Security, to be effective, must be made in relation to a wider plan and not solely on local considerations;

b. The establishment of a regional zone of defence with New Zealand is without reason while the United Nations remains effective, and unless it forms part of a wider plan, would invite disaster if the United Nations should break down;

c. The Military clauses of the Australian-New Zealand Agreement, 1944, require revision.

PART V — POTENTIAL ENEMIES

GENERAL CONSIDERATIONS

35. It has been explained (paragraph 9), that the only threat to Australia's security is by a major power. Furthermore, in the event of the United Nations breaking down and any nation of the British Commonwealth being threatened by a great power, the co-ordinated effort of the Empire as a whole is necessary to safeguard our security (paragraph 21). For this reason, our potential enemies, and the strategical considerations arising therefrom (Part VII) are examined generally from the view point of the Empire, but with particular reference to Australia.

36. Our closest co-operation with the U.S.A. in two world wars, our similar peaceful outlook, and our common beliefs regarding the rights of man, overshadow potential differences in political and economic matters, and war, as an instrument to settle differences between the two nations can be ruled out.

Germany

37. The total defeat of Germany has eliminated her as a threat to our interests in the foreseeable future, and it is a matter of necessity that this naturally aggressive nation should be suppressed for all time.

38. Should Great Britain and the United States of America fail to ensure this, we may safely assume that the U.S.S.R. and France will prevent the resurrection of Germany to the extent that unaided, she can again threaten major powers (see also paragraph 43).

Japan

39. Similarly, Japan, being a naturally aggressive nation, must be subjected for all time. Apart from any measures that may be taken by the U.S.A., it is in the interests of Russia to eliminate Japan's power of aggression and she can be relied upon to remain strong enough to do so. (see also paragraph 43 et seq).

France and China

40. Neither France nor China can be regarded as first class powers, nor, owing to their economic position, are they likely to become so in the foreseeable future.

U.S.S.R.

41. With the U.S.S.R. we lack the bonds of friendship, and to a large extent, the common ideals which make war with the U.S.A. unthinkable. Her recent attitude in South-East Europe and the Middle East has not been reassuring.

42. The U.S.S.R. is a land power of great significance, with an air force capable of rapid expansion.

43. Should she exercise an undue influence in Europe, especially in Germany, the threat to the Empire's main base in the United Kingdom would be considerable, whereas the threat to our interests in the Middle East and India can always be exercised irrespective of Russia's influence in Europe.

44. Russia can not exert a direct threat on Australia on a scale larger than a raid, unless she succeeds in her apparent determination to build up her naval strength. If, as appears possible, Russia is to become the dominant factor in the rejuvenation and rebuilding of Japan, especially in relation to the shipbuilding industry, the imminence of her becoming a potential aggressor in the Pacific would be advanced. Further if she were to dominate China (and the trend is in that direction) the situation as regards the interest of the British Commonwealth would be grave.

CONCLUSIONS

45. The U.S.S.R. is a potential enemy of the future, and it is at least prudent to plan our national insurance policy accordingly.

46. To ensure the protection of our vital interests against an aggressive U.S.S.R., not only will the united efforts of the nations of the British Commonwealth in a co-ordinated plan be required, but the assistance of the U.S.A. will be essential.

PART VI — THE TIME FACTOR

47. The International situation can deteriorate more quickly than armed forces can be built up, therefore military preparedness is essential however re-assuring the International outlook may be.

48. As it is not economically possible for the Empire to remain fully mobilised for war, the armed forces maintained should be those which the country can afford as a normal peacetime commitment and which can be built up to the maximum when the occasion demands, within the time limit which the International situation permits.

49. A well co-ordinated Empire plan, backed by adequate forces, would discourage an aggressor from employing armed force as a final instrument of policy. This is a fundamental principle, and if implemented, resort to combat to settle International problems might be postponed indefinitely.

50. On the other hand, failure to give full effect to this principle would encourage an aggressor and make war a very high probability.

CONCLUSIONS

51. It is concluded, therefore, that the provision of adequate forces might postpone resort to combat indefinitely, but that weak forces will result in a war being a very high probability.

PART VII — AUSTRALIA'S MAIN STRATEGIC INTERESTS

52. It has been stated (paragraph 21), that Australia's security, like that of other Nations of the Empire, is dependent upon the employment of the forces of the Empire being co-ordinated into an overall plan, and that Australia has an equal interest with other members of the British Commonwealth in the maintenance of Empire Communications (paragraph 26). In a study of Australia's strategic position, it is, therefore, necessary to take into account strategical considerations affecting the Empire as a whole.

53. A war against the U.S.S.R., confined to any one particular area, can not be visualised. Moreover, whatever course such a war may take, a major threat to Empire interests in Europe, the Middle East, India, and if Russia develops sea power, in the South Pacific, will always be present.

EUROPE

54. Broadly, the Empire's interests to be safeguarded in the European theatre, are the security of our main base, the United Kingdom, and the sea and air communications which are vital to her existence.

MIDDLE EAST AND INDIAN OCEAN

55. In the Middle East and India we are concerned mainly with –

a. The integrity of British Territories which border on the Indian Ocean;

b. Oil resources;

c. The sea route debouching from the Red Sea;

d. The air route through the Middle East which constitutes the shortest and best route for air supply and reinforcement from the United Kingdom to East Africa, India, Australia and the Far East;

e. The Middle East base for an Imperial Reserve.

56. The whole of India and the Middle East, including Egypt, and the oil fields in the Persian Gulf area, are within bombing range of Russian territory, and both are open to attack by the land forces of this greatest of the world's military powers.

57. It is possible that with a full scale attack in this area, Russia could deny to us our sea route through the Suez Canal, the air route, via the Middle East, and the oil fields of the Persian Gulf area. A campaign could then develop through Persia or Afghanistan into India, although the way is open for an attack on India irrespective of an initial thrust into the Middle East.

58. India is of great strategic importance owing to the following considerations:-

a. Its value as a base. British Commonwealth forces located there would be suitably placed for deployment either for the protection of India or the Middle or Far East.

b. Its position in relation to Empire sea and air communications.

c. Its manpower.

59. It is important that every endeavour be made to retain the right to station British Commonwealth Forces in India after she is granted Dominion status.

60. The possibility of wide spread civil unrest in India is always present. If the situation should so develop as to prevent the basing of British Commonwealth Forces in India, our strategical position, in respect of the Indian Ocean, the Middle East and the Far East, would be immeasurably weakened. Any strengthening of the British military position in India would, therefore, be a direct contribution to the defence of Australia.

SOUTH EAST ASIA AND THE PACIFIC

61. The strategic interests of the British Commonwealth in the Pacific and South East Asia are:-

a. The security of Australia, New Zealand and Western Canada, and of their sea and air communications.

b. The defence of possessions and dependencies, viz., Hong Kong, Malaya, North Borneo, New Guinea and the smaller islands in the Pacific. These territories apart from their political and economic significance, have a role in a strategical plan to ensure the security of the Dominions.

c. The supplies of raw materials from the Netherlands East Indies. In the event of our Persian oil fields being lost, the Empire's capacity to wage war would be seriously jeopardised should it be denied supplies of oil from the Netherlands East Indies.

62. In each case the main strategic interests referred to in the foregoing paragraphs are of direct concern to Australia.

63. Although the threat in the Pacific is less at this stage, than in other theatres, failure of the Empire to provide adequate forces now, may encourage Russia to extend her influence in the Far East to an extent that our subsequent efforts will of necessity have to be greater.

THE EMPIRE'S BASIC STRATEGY

64. The basic strategy in terms of theatres other than South East Asia and the Pacific, is not included in this paper, except to reiterate that it will be essential for Australia to throw her maximum effort into the area in which her forces are most required, and that the maintenance of Empire sea and air lines of communication is vital. It is to Australia's interest, that agreement be reached with other Nations of the Empire on a reciprocal basis, that her forces will be employed in accordance with an agreed over-all plan in an emergency, or when the international situation requires such action as a precautionary measure.

South East Asia and Pacific

65. In South East Asia and the Pacific the problems involved in the protection of our interests are mainly concerned with wide oceans and great distances where sea and air power are dominating factors: Army Forces are required in co-operation with the other Services for offensive and defensive roles.

66. The basic strategy to meet a threat from the U.S.S.R., whether Japan or China were participating or not, should be as follows:-

a. To control the sea and air communications leading southward from Japan and North China by means of naval and air forces operating from advanced bases. Bases are discussed in Part VIII.

b. To take such offensive action as is possible against the enemy's communications, industrial areas, ports and bases.

c. Ultimate offensive action, which would probably require considerable military forces, would be mounted from the system of bases referred to in (a).

CONCLUSIONS

67. It is concluded that:-

a. A war against the U.S.S.R. will not be confined to any one area, but that whatever course it may take there will always be a major threat to Empire interests in Europe, the Middle East, India, and if Russia develops sea power, in the Pacific. Australia is directly concerned with the main strategic interests of the Empire in each of the areas mentioned.

b. India is of great strategic importance, particularly as a base. Any strengthening of the military position there would be a direct contribution to Australian defence.

c. The threat in South East Asia and the Pacific is less at present, than in any other area, but the Empire's failure to provide adequate forces now, may encourage Russia to extend her influence in the Far East.

d. It is essential that Australia, in common with other Nations of the Commonwealth, should, when necessary, throw her maximum effort into the area in which her forces are most required. It is to her interest that agreement be reached with other nations of the Empire on a reciprocal basis, that her forces will be employed in accordance with an agreed overall plan in an emergency, or when the international situation requires such action as a precautionary measure.

e. In South East Asia and the Pacific, the Empire's basic strategy should be to control the sea and air communications leading southward from Japan and North China, and to take such offensive action as is practicable against the enemy's communications, industrial areas, ports and bases, until such time as ultimate offensive action can be launched.

PART VIII — BASES

GENERAL CONSIDERATIONS

The Areas under Review

68. The consideration of bases required has been confined in this paper to the Indian and Pacific theatres, as it is assumed that other nations of the British Commonwealth will examine in detail, the requirements in the areas with which they are immediately concerned in accordance with the approved Empire plan.

The Need for Bases

69. Naval and Air Forces cannot function unless suitable bases in the area are available, although in the case of the Navy, the provision of a Fleet Train reduces the facilities required in advanced areas, virtually to that of a safe anchorage. Thus assuming the necessary forces can be provided, the problems are mainly those of:-

a. Establishing bases from which offensive action can be taken to prevent enemy penetration to areas vital to the security of Empire interests, of which the security of our lines of communication is foremost; and

b. Securing such bases, and our lines of communication and to supply them.

Forces for Defence of Bases

70. In the defence of Indian and Pacific Ocean bases, reliance should be placed mainly on the Navy and Air. Army Garrison forces will be required, but these should be restricted to those necessary to counter minor raids, and for internal security.

INDIAN OCEAN

71. The Empire's main interests in the Indian Ocean are stated in Part VII in which the importance of India is stressed. Other requirements in the Indian Ocean are as in the following paragraphs.

Ceylon

72. Ceylon is well placed for controlling the main sea routes through the Indian Ocean and is essential as the main operational base for the forces allotted to this role.

Addu Atoll

73. If India were overrun, Ceylon would be untenable as a naval and air operational base and the importance of Addu Atoll would be increased. The latter base should, therefore, be maintained.

Kilindini

74. It will also be necessary to make provision for a naval supply and repair base remote from Soviet air attack. It would be required if a serious naval threat developed in the Indian Ocean or in the Middle East. Kilindini is suitable for this purpose and should be developed.

Fremantle

75. A navel escort base with fuelling facilities will be required in Western Australia; Fremantle is suitable.

Alternative Air Route

76. If the air route through the Middle East should be cut, the route Australia – Cocos Islands – Diego Garcia – Seychelles – East Africa, would have to be used. It is important that this alternative route should be developed and maintained in peace.

SOUTH EAST ASIA AND THE PACIFIC

77. Any strategical plan for safeguarding the interests of the Empire in the Pacific must take into account the predominant position of the United States in that ocean, and, therefore, it is of the utmost importance that every effort should be made to ensure her co-operation from the outset. It is to be remembered, however, that in two world wars the United States, though generally in sympathy with her eventual Allies, became a belligerent two to three years late, and then only as the result of a direct attack upon her interests.

78. In the ensuing paragraphs, a plan of operational bases is outlined which can be fully effective only if the United States co-operates from the outset, but which provides also for a British Commonwealth line which would operate with or without United States co-operation. Throughout the system the establishment of joint bases to which the British Commonwealth would have access at all times should be aimed at.

79. In amplification of the principles set out in paragraph 66 the requirements of bases in South East Asia and the Pacific consist of a line of:-

a. Advanced bases from which Naval and Air Forces can operate to control the sea and air communications leading south-wards from Russia, Japan and North China.

b. Intermediate operational bases to support our advanced bases.

c. Rear operational bases.

d. Main supply and repair bases.

Advanced Bases

80. Advanced bases are required in the vicinity of the line Shanghai – Okinawa – Iwo Jima – Wake – Midway.

Intermediate Operational Bases

81. To support the advanced bases, intermediate operational bases are required in the vicinity of the line Formosa – Philippines – Carolines – Marshalls – Midway – Dutch Harbour.

Rear Operational Bases

82. Similarly, rear operational bases should be provided in the vicinity of the line Hainan – North Borneo – Admiralties – Solomons – Fiji – Pearl Harbour.

83. *Singapore:* Hitherto, Singapore has been regarded as a main supply and repair base, as well as an operational base. Primarily because of its lack of industrial backing, it must be ruled out of the former category. Its geographical position in relation to the concept of operational bases in the Pacific is a disadvantage, but its assets from the Empire point of view, however, outweigh this, and demand its inclusion as a rear operational base – the category to which it properly belongs.

84. *Manus:* Manus is the pre-dominant interest of Australia in the chain of Empire bases, but owing to the extensive naval and air facilities established by the United States there, for which provision will be necessary in the future, Australia could not shoulder the expense of the maintenance of this main rear operational base, without serious detriment to the provision of mobile fighting forces.

85. It is of importance, therefore, that the U.S.A. be given facilities at Manus, so long as it can be established that we have a clear right to the joint use of the base, and United States facilities at all times, in peace or war, whether or not the U.S.A. is a belligerent.

Air Bases

86. There exists in the islands to the north of Australia, a very adequate chain of air bases: many lie in Australian territories or Mandates. The essential bases at Moresby, Nadzab, the Admiralties, Rabaul, and in the Solomons, could be kept in good order with little effort, and should be maintained by Australia.

KEY AREA OF SYSTEM

87. The key area in the system of bases would be a naval and air operational base in Formosa – Pescadores, with advanced air and naval operational bases in the Shanghai area so long as the military situation permits. Operational control of this key area pre-supposes the co-operation of China and if this were not forthcoming, or if China were overrun, the left flank of our defences would have to fall back on Indo-China which would become the pivot of the chain of rear bases and, therefore, be of great strategic importance in preventing a serious threat to Malaya (and ultimately to Australia) from developing.

Arsenals in the Pacific

88. Empire forces operating from the bases described in paragraphs 80-82 would require an arsenal or arsenals in the Pacific, analogous in function to that which the United Kingdom fulfils in the Atlantic. The south-east coast of Australia possesses outstanding advantages for development as such for British Commonwealth forces in the Pacific. It is best situated with respect to the system of operational bases, is immune from land attack, has no internal security problem, and is the main industrial area of the Empire in the Pacific. The North Island, New Zealand, though not possessing the industrial potential of south-east Australia, would also be required as an auxiliary base for supplies, especially foodstuffs, and for limited repairs.

CONCLUSIONS

89. [In conclusion:]

a. Naval and Air forces cannot function unless suitable bases in the operational area are available. In the case of the Navy the provision of a Fleet Train reduces the facilities required virtually to that of a safe anchorage.

b. For the security of operational bases in the Indian and Pacific Ocean areas, reliance should be placed mainly on the Navy and Air for their defences. Army garrison forces should be restricted to those necessary to counter minor raids, and for internal security.

c. Ceylon is essential as the main operational base for controlling the sea routes of the Indian Ocean.

d. If India were overrun, Ceylon would be untenable, and Addu Atoll should therefore be maintained.

e. A naval supply and repair base will be required at Kilindini, and an escort base at Fremantle.

f. It is important that the alternative air route to that through the Middle East, namely, Australia – Cocos Islands – Diego Garcia – Seychelles – East Africa, should be developed in peace.

g. Advanced operational bases are required in the vicinity of the line Shanghai – Okinawa – Iwo Jima – Wake – Midway, supported by intermediate operational bases in the vicinity of the line Formosa – Philippines – Carolines – Marshalls – Midway – Dutch Harbour.

h. Rear operational bases should be provided in the vicinity of the line Hainan – North Borneo – Admiralties – Solomons – Fiji – Pearl Harbour. Although Singapore is in rear of this line, its advantages from an Empire point of view demand its inclusion in this category.

i. Australia could not shoulder the expense of the maintenance of the main rear operational base at Manus without serious detriment to the provision of mobile fighting forces. It is essential therefore, that the U.S.A. be afforded facilities there on the understanding that we have the clear right to their joint use at all times, in peace and in war, whether or not the U.S.A. is a belligerent. America's lag in entering two world wars appears to be a constant factor which should be taken into account in this regard.

j. Our strategy in the Pacific pre-supposes the cooperation of the United States of America from the outset. In the absence of such co-operation, the importance of the rear line of bases would be greatly enhanced.

k. Without the co-operation of China, we would be denied the key area in the system of bases in Formosa and Pescadores, this would necessitate our left flank falling back on Indo-China which would then become the pivot of the chain of rear bases.

l. Empire Forces in the Pacific require an arsenal or arsenals, analogous in function to that which the United Kingdom fulfils in the Atlantic: South East Australia possesses outstanding advantages in this regard, and should be developed as such. The North Island, New Zealand, is necessary as an auxiliary base for supplies, especially foodstuffs, and for limited repairs.

m. The existing air bases at Moresby, Nadzab, the Admiralties, Rabaul and in the Solomons, could be kept in good order with little effort, and should be maintained by Australia.

PART IX — CO-OPERATION WITH FOREIGN POWERS

GENERAL CONSIDERATIONS

90. The question of co-operating with foreign powers is considered in relation to war with the U.S.S.R. – the only power which, it has been concluded, could threaten the security of the British Commonwealth, and therefore, of Australia. Such a war would extend through Europe and Asia and, if the U.S.S.R. had developed sea power, into the adjoining seas.

91. Any arrangement made by Australia with a foreign power could not, therefore, be divorced from the general world situation. In the light of this over-riding consideration, the position in the Australian sphere, vis-a-vis the several powers whose interests extend there, is here examined.

UNITED STATES OF AMERICA

92. The U.S.A. is the predominant power in the Pacific and her immediate assistance to the British Empire in the event of war with Russia as a naval power, is of paramount importance. It is further essential to the complete execution of the strategical plan contemplated in Parts VII and VIII, which, if it is to be effective, must be arranged in peace.

CHINA

94. It is important that the potential resources of China should be available to the British Commonwealth and the U.S.A. rather than to the U.S.S.R., and that the latter should be prevented from gaining an undue influence in China. Dominance of China by Russia would constitute a grave danger to the Empire.

SIAM

95. Siam is strategically important, especially in its relationship to Burma and Malaya, and should be encouraged to co-operate with us.

FRANCE

96. A powerful and friendly France remains a matter of immense importance to the Empire in the European zone.

Indo China

97. In the event of Russia becoming predominant in China, French Indo-China will be essential to our concept of completing a line of bases. Similarly, Indo-China is of the greatest strategic importance in the event of us temporarily losing control of the waters north of the Philippines.

New Caledonia

98. New Caledonia, which is within foreseeable rocket range of Australia's industrial area, may be of great consequence, and constant surveillance by the Intelligence Service is essential. An agreement to permit the stationing of Australian forces in New Caledonia in war time is desirable.

New Hebrides

99. The New Hebrides must not be allowed to fall into the hands of the enemy, and, as in the case of New Caledonia, constant intelligence surveillance is necessary in peace.

French Indian Ocean Possessions

100. Co-ordination of Empire Policy with reference to French possessions in the Indian Ocean is strategically important in relation to our Indian Ocean communications.

THE NETHERLANDS INDIES

101. The Netherlands East Indies flank our communications with India and the Middle East. Hostile naval or air forces based on the Netherlands East Indies would be a constant threat to those communications. The islands are also interposed between Australia and Singapore, and could afford us valuable facilities in war. Further, in the hands of a major power they could be a jumping-off place for an attack on the Australian mainland.

102. Oil from the Netherlands East Indies will be of great importance to the Empire war effort, especially if the resources of the Persian Gulf Area be denied us.

103. It is thus of great strategical importance that the Netherlands East Indies should be in the hands of a strong and stable government with which Australia should maintain friendly relations. An agreement to permit the stationing of Empire forces in the Netherlands East Indies in war, and for the free use of the passages between the islands to enable direct contact by sea between our forces in South East Asia and the Indian Ocean is most desirable.

PORTUGAL

104. Timor is the only Portuguese territory in the south-west Pacific area, but is too far south to be of any strategic value in the concept of bases set out in paragraphs 80-82. With Timor in the hands of an enemy, however, Darwin would be seriously threatened, but this potentiality can be discarded at this stage. Surveillance by the Intelligence Service is all that is required.

CONCLUSIONS

105. [In conclusion:]

a. Any arrangement made by Australia with a foreign power must be related to the general world situation.

b. Co-operation of the Empire with the U.S.A. is of paramount importance. Australia should also encourage the closest co-operation with China, Siam, France, the Netherlands Indies, and Portugal, with particular reference to their Indian and Pacific Ocean possessions.

PART X — LOCAL DEFENCE

106. It is clear from paragraph 9 that as long as the United Nations remains in being the problem of local defence is virtually non-existent, and further, that if the United Nations should break down, the security of Australia will depend, first, on the effectiveness of the plan of Empire Defence, and secondly on co-operation with the United States.

107. Further, it has been stated that a firm plan of Empire Defence and arrangements for co-operation with the United States should be made in time of peace. If these can be achieved the possibility of invasion in the foreseeable future can be excluded.

108. Under this concept the role of the armed forces in the next war will be the fulfilment of Australia's obligations in a wide strategical plan, and, therefore, they should be organised and trained with that end in view. Any organisation on the basis of home defence would necessitate re-organisation and inevitable dislocation in the face of an emergency requiring overseas operations.

109. If, on the other hand, arrangements embodying a firm plan of Empire Defence with U.S.A. co-operation should fail, and Australia be faced with the necessity for the local defence of her own territory, the situation would be desperate owing to the inadequacy of her resources and the extent of her territory. Her forces, however, if organised and trained to meet the more likely contingency of overseas service, would be adaptable to the home need without material re-organisation.

110. The primary considerations in the organisation and training of the armed forces should therefore be the provision of a balanced Task Force of the three Services, and the avoidance of any system which will require re-organisation or the raising of a special force on the outbreak of war. Further, in order that Australia should be able promptly to undertake commitments commensurate with her status, as large a proportion of the Forces as is economically possible should be permanent forces.

111. A scheme of local defence based upon the islands to the north of Australia would dissipate our limited resources and invite defeat in detail. Moreover, if faced with the problem of local defence of Australia, complete withdrawal to the mainland may be necessary.

112. As the circumstances which could render local defence necessary would almost certainly include the severance of our overseas communications, the importance of rendering our essential industries as self-sufficient as possible is apparent.

CONCLUSIONS

113. [In conclusion:]

a. The possibility of invasion in the foreseeable future can be excluded if there exists a firm plan of Imperial Defence and co-operation with the United States is arranged.

b. The primary considerations in the organisation and training of the armed forces should be the provision of a balanced Task Force of the three Services, and the avoidance of any system which will require material re-organisation or the raising of a special force on the outbreak of war.

c. If faced with the problem of local defence, a complete withdrawal to the mainland may be necessary.

d. Our essential industries should be rendered as self-sufficient as possible.

PART XI — SCIENTIFIC DEVELOPMENT

114. Scientific developments in the last war, particularly in the fields of electronics and rocketry, exercised a profound effect on the design of service equipments and the tactics of their employment, whilst, in the closing stages of the war, the advent of the atomic bomb demonstrated that the results of research in nuclear physics may revolutionize the organization, equipment and employment of armed forces and, indeed, strategical theory generally.

115. One of the lessons of the war is that science can exercise a preponderant influence in the face of otherwise superior power – a fact that was demonstrated by the decisive effect of radar in the Battle of Britain. Superior scientific development can, if secrecy be preserved, redress the balance between a weak nation and a strong one and this is of profound significance to Australia.

116. It may well be that many of the conclusions recorded in earlier parts of this paper, which are based upon the practice of warfare at the present time, may require radical revision; but it is already clear that the range of modern weapons and the advent of the atomic bomb reinforce the arguments, in Part I of this paper, against the concept of strategical isolation.

117. There is thus a pressing need for the closest association between the Services and scientific research on the highest plane. Active collaboration with other nations of the British Commonwealth and especially with the United Kingdom is essential. It is considered that this is a joint-service matter and that it should not in any way affect the continuance of existing links between the individual services and science; these are, however, mainly in the field of technology and do not meet the fundamental requirements of a new scientific era.

118. In the existing state of our knowledge, it would be premature to make any major change in the organisation or equipment of the armed forces. In this regard, science in the past has resulted in marked changes in the organisation and equipment of the Services and will continue to do so: the change from sail to steam, the adaption of the internal combustion engine to armoured cars and tanks, and the advent of wireless telegraphy and the aeroplane are examples.

119. The resultant changes have been gradual, and while the increased development of science to-day can be expected to result in more revolutionary and rapid changes in the future, these must still be of a gradual nature.

120. The atomic bomb has been dropped in war from a conventional aeroplane. The atomic substance produced disruptive and incendiary effects many times greater than the conventional high explosive. The full implications of this innovation have not yet been assessed, but it is not as yet a practical proposition for general use.

121. Development of the use of atomic energy for war purposes may give rise to other applications. This cannot, however, be foreseen and it is therefore not taken into account in our consideration of this problem. Economic and financial implications of the use of atomic energy are not known.

CONCLUSIONS

122. [In conclusion:]

a. Scientific developments, particularly in the field of nuclear physics, may necessitate revolutionary changes in the organisation, equipment and employment of the armed forces, but, in the existing state of our knowledge, it would be premature to make any major changes.

b. Superior scientific development can, if secrecy be preserved, redress the balance between a weak nation and a strong one.

c. Many of the conclusions recorded in earlier parts of this paper may require radical revision in the light of further knowledge, but it is already clear that the range of modern weapons and the advent of the atomic bomb reinforce the arguments, in Part I of this paper, against the concept of strategical isolation.

d. There is a pressing need for the closest association between the services and scientific research on the highest plane, but, notwithstanding this need, the continuance of existing links between the individual services and science is necessary. Collaboration with other nations of the British Commonwealth and especially with the United Kingdom is essential.

e. The full implications, including economic and financial, of atomic energy are not yet known. Scientific development in the past has led to revolutionary changes which, however, have been gradual. While recent atomic developments may result in more rapid changes, these cannot be foreseen and have not been taken into account at this stage.

PART XII — AUSTRALIA'S FORCES TO BE MAINTAINED IN PEACE

123. In previous Parts of this paper, a review of Australia's position in the future has been made. Her potential enemy has been assessed and the strategical considerations examined. Reference has been made to the necessity for bases to enable the strategical concept to be applied, and it has been made clear that Australia alone can neither provide the bases nor the forces required to ensure her security.

124. It has been stressed, that it is necessary to depend upon a co-ordinated Empire plan employing Empire forces as a whole, and in certain circumstances, also those of the U.S.A.

125. Australian forces for operations in the strategical concept in this paper should be organised to fulfil requirements as in the following paragraphs.

126. *Navy*:

a. A mobile Task Unit consisting of aircraft carriers with their escorts, capable of forming part of an Empire Task Force and of co-operating with the United States Navy.

b. A Fleet Train for the maintenance of our mobile Task Unit.

c. A Sea Frontier Force consisting of escorts for our shipping, and for the seaward defence of our bases.

d. Amphibious craft for combined operations.

127. *Army*:

a. Standard formations designed for operations on normal terrain, and for amphibious operations, but capable of conversion to meet the conditions of jungle warfare.

b. Garrison forces for the protection of our bases against raids, and for internal security.

c. Adequate maintenance provision for the forces under (a) and (b).

128. *Air Force*:

a. Mobile Task Force, including units for long range missions and transportation, ready to move wherever required for strategic purposes or in support of the other services.

b. Forces for the protection of our bases and focal areas against sporadic raids.

APPRECIATION OF THE STRATEGICAL POSITION OF AUSTRALIA (1947)

Editor's Introduction

The 1947 Appreciation discussed in greater detail the threat posed by the USSR, and Australia's role in Empire defence. It noted the precarious situation in China, finding that '[a] danger to South East Asia and, therefore, to Australia, will arise from the Far East if the U.S.S.R should dominate, or be allied with, China', in which case 'she would derive substantial assistance from the large groups of Chinese who honeycomb' South East Asia (paras 21-37, 52). Due to the limits of the Soviet economy and the time required for it to develop an atomic capability, 'the probability of a war before 1950/51 appears remote' (paras 34-36, 73).

Australia was 'isolated from the remainder of the British Commonwealth' by the effects of decolonisation, and 'separated by the great expanse of the Pacific from North America', creating a need for 'greater efforts for self-sufficiency' (paras 3, 4). 'By virtue of her geographical position, Australia should assume increased responsibilities in British Commonwealth matters in the Indian Ocean, South East Asia and the Pacific', and the Appreciation developed a framework for defining a zone of Australian strategic responsibility (para 4). With forces based in Malaya and North Borneo, it was aimed at preventing the establishment of hostile bases within the range of long-range bombers from Australia's industrial centres (paras 68, 87-93). In this context, it was 'most desirable' that Indonesia 'should be administered by strong and stable governments with whom Australia could establish friendly relations' (para 81).

But the zone of strategic responsibility would only be the focus of Australia's contribution to major war 'should hostilities occur before agreed overall plans have been formulated', as Australia's 'dependence on co-operation with other nations for her security will compel her to accept the fact that the strategic employment of her forces will be governed by considerations wider than those of a purely regional nature' (para 86). Since the USSR 'would probably first seek to overrun Western Europe', a direct threat to Australia would be unlikely before subsequent successful attacks in the Middle or Far East, and Australia should 'envisage provision of forces to operate in the Middle and/or Far East, in accordance with an overall plan' (para 85). The 'early assistance of the United States of America would be essential' in a war with the USSR, although 'history dictates that reliance' should not be placed on 'automatic assistance' of what was recognised as the 'predominant Power in the Pacific' (paras 12, 51, 81).

The Appreciation discussed technological developments in atomic and biological weapons, rockets, long-range bombers and submarines, and it found it 'premature to make, at this stage, any major change in the organisation and normal equipment of armed forces' (paras 59-66). While it acknowledged that 'the size of forces in peace and war will be dictated by the extent of resources which will be made available', the paper repeated the ambitious force structure recommendations of the previous year's version (paras 100-101).

AN APPRECIATION OF THE STRATEGICAL POSITION OF AUSTRALIA SEPTEMBER 1947

CONTENTS

Paragraph

PART I — INTRODUCTION

Australia in relation to world affairs 1
The effect of scientific development 7

PART II — AN EXAMINATION OF THE FACTORS AFFECTING AUSTRALIA'S STRATEGIC POSITION. 8

(A) The United Nations 9
(B) British Commonwealth security 12
(C) Potential enemies 15
(D) The time factor 33
(E) British areas of strategic importance 38
(F) Foreign areas of strategic importance 50
(G) Scientific development 59
(H) Australia's vulnerability to attack 68
(I) Australia's resources 69

PART III — CONCLUSIONS RELATIVE TO AUSTRALIA'S STRATEGIC POSITION 70

PART IV — MEASURES TO ACHIEVE SECURITY 79

PART V — A SUMMARY OF THE MEASURES TO ACHIEVE SECURITY 1

Appendix:

A. Map—ANZAM Region

This paper was endorsed by the Chiefs of Staff Committee on 28 October 1947

APPRECIATION
OF
THE STRATEGICAL POSITION OF AUSTRALIA
SEPTEMBER, 1947

THE OBJECT

The object of this Paper is to examine Australia's Strategical Position, taking into consideration relevant political factors.

THE NEED FOR REVIEW

This paper has been prepared in the light of the situation as it existed in September 1947. In order that it may be kept up to date, it is intended that the paper be reviewed annually or whenever any change in the International Situation, or in Scientific Development, renders this necessary.

ARRANGEMENT OF CONTENTS.

PART I	Introduction
PART II	An Examination of the Factors affecting Australia's Strategic Position.
PART III	Conclusions relative to Australia's Strategic Position.
PART IV	Measures to achieve Security.
PART V	Summary of Measures to achieve Security.
APPENDIX 'A'	A Chart on which is shown-
(a)	The danger line for hostile penetration, and suggested minimum Northern limit of the Australian Zone of Strategic Responsibility.
(b)	A line drawn at a distance of 1500 miles from the Australian coastline.
(c)	A line of bases.
(d)	Area containing the majority of the important and vital targets.

PART I — INTRODUCTION

AUSTRALIA IN RELATION TO WORLD AFFAIRS

1. Australia emerged from the war of 1939-1945 with a greater consciousness of world affairs and their impact on her political and economic structure, and a realisation that her own domestic affairs cannot remain unaffected by events overseas. The two years which have elapsed since then, have intensified this consciousness, which is reflected in the part played by Australia in peace treaty negotiations and other international problems.

2. As the United Nations arrangements for world security have not been completed, this examination of Australia's strategic position has been related to the situation as it now exists. It is considered however, from indications to date, that even when the United Nations arrangements for world security have been established, they may be effective in dealing with minor powers only, whilst the powers of VETO exist. In such circumstances, Australia's dependence on close British Commonwealth co-operation for her security becomes more clearly evident.

3. Growing Nationalist Movements, accelerated by the War of 1939-45, have caused inevitable and definite grouping of political sympathies throughout the world, with consequent repercussions on the balance of power by which Australia's security was formerly achieved, and on world crude. The effects of the partitioning of India, and of the imminent withdrawal of Burma from the Empire, are uncertain. The possible split in China, with Northern China under Communist control, and Southern China divided within itself, will have an effect on security in the Pacific. In South East Asia – of particular concern to Australia – the Indonesian Movement creates a security problem as well as an economic problem. Similarly, the unrest in Malaya will have an impact on Australia's security problem.

4. The recent war has reduced the military and economic strength of the United Kingdom considerably, with the result that Australia can no longer rely, to the same extent, on the assistance previously provided by the United Kingdom in both these aspects. Furthermore, the unsettled state of the world in general, and the increase in nationalistic movements in Asia in particular, finds Australia isolated from the remainder of the British Commonwealth and separated by the great expanse of the Pacific from North America. It is necessary, therefore, that Australia should make greater efforts for self-sufficiency and also contribute to the military and economic strength of the British Commonwealth to a greater extent than in the past. By virtue of her geographical position, Australia should assume increased responsibilities in British Commonwealth matters in the Indian Ocean, South East Asia and the Pacific. Australia is interested in events in Europe, Asia and the Middle East, since these will affect events in South East Asia, the Indian Ocean and the Pacific.

5. Australia's industrial potential depends, to a considerable extent, on access to raw materials in which she is not self-sufficient. The maintenance of friendly relationships with foreign countries, particularly those from which these materials are procured, is of obvious importance in this regard.

6. Military appreciations and plans will depend upon the potential enemy and likely theatres of operations. Different plans would be required to meet different circumstances, and those necessary to deal with a minor aggressor would be inadequate in the event of Australia's security being threatened by a major power. It would be prudent, therefore, in order that preparations for defence might be basically suitable to meet any emergency, to plan for the worst possible contingency, which would consist of a threat by a major Power, or combination of Powers, before the United Nations becomes fully effective.

THE EFFECT OF SCIENTIFIC DEVELOPMENT

7. The effect of scientific and mass destruction weapons will be discussed later in this paper. However, it is important to stress here that the conclusions reached in this appreciation will be based upon the practice of warfare at the present, taking into account the lessons of the recent war and the probable effect of new scientific and mass destruction weapons at their present stage of development. As developments which are of practical application occur, it will be necessary to review this appreciation in the light of their probable effect. In this connection, it is probable that, except in Russia, the rate of development of scientific weapons in peace will be slow compared with that during war. Present evidence indicates that the Russian effort in this regard is being accelerated in an endeavour quickly to reach parity with the United Kingdom and the United States of America.

PART II — AN EXAMINATION OF THE FACTORS AFFECTING AUSTRALIA'S STRATEGIC POSITION

8. The following are the major factors to be taken into account in considering the Strategic Position of Australia:

(a) THE UNITED NATIONS.

(b) BRITISH COMMONWEALTH SECURITY.

(c) POTENTIAL ENEMIES.

(d) THE TIME FACTOR.

(e) BRITISH AREAS OF STRATEGIC IMPORTANCE.

(f) FOREIGN AREAS OF STRATEGIC IMPORTANCE.

(g) SCIENTIFIC DEVELOPMENT.

(h) AUSTRALIA'S VULNERABILITY TO ATTACK.

(i) AUSTRALIA'S RESOURCES.

(a) THE UNITED NATIONS

Consequences of Membership of the United Nations

9. As Australia is a member of the United Nations, her military commitments are affected by the following provisions of, or obligations under, the Charter:

a. The Security Council, in carrying out its duties for the maintenance of international peace and security, acts on her behalf (Art. 24).

b. She is bound to accept and carry out decisions of the Security Council (Art. 25).

c. Decisions of the Security Council may include complete or partial interruption of economic relations and of sea, air, postal, telegraphic, and other means of communication and the severance of diplomatic relations (Art. 41).

d. The Security Council may take such action by air, sea or land forces as may be necessary to maintain or restore international peace and security. Such action may include demonstrations, blockade, and other operations by the air, sea or land forces of members of the United Nations (Art. 42).

e. Australia has undertaken to make available to the Security Council, on its call and in accordance with a special agreement or agreements (not yet negotiated), armed forces, assistance, and facilities necessary for the purpose of maintaining international peace and security. Such agreements shall govern the numbers and types of forces, their degree of readiness and general location, and the nature of the facilities and assistance to be provided (Art. 43).

f. An agreement under (e) may require Australia to hold immediately available, an air force contingent for combined international enforcement action (Art. 45).

g. Plans for the application of armed forces will be made by the Security Council with the assistance of the Military Staff Committee (Art. 46).

h. Australia is not directly represented on the Military Staff Committee but will be invited to be associated with it when the efficient discharge of the committee's responsibilities requires her participation in its work (Art. 47(2)).

i. The Military Staff Committee, with the authorisation of the Security Council and after consultation with appropriate regional agencies, may establish regional sub-committees (Art. 47(4)).

j. Nothing in the Charter impairs Australia's inherent right of individual or collective self-defence if an armed attack occurs against us (Art. 51).

Military Implications

10. From the foregoing paragraph, it will be seen that the forces which Australia requires to fulfil her obligations under the Charter, must be permanent forces in order that they may be immediately available to the United Nations. Australia may also be required to make available facilities, including bases, from which United Nations forces would operate in the event of action being taken in the vicinity of Australia.

Present Effectiveness of United Nations

11. Any action by the Security Council is subject, at present, however, to the power of "VETO" by any one of the permanent members. While the power of 'VETO" continues to exist, the Security Council is unable to invoke the use of armed force against a major Power, since all the major Powers are represented on the Council. If then, one of the Great Powers contemplates aggression, United Nations will break down. It is unlikely that the United Nations, charged with a task of such magnitude as the preservation of world peace, will function efficiently from its inception. Such an organisation requires an initial testing period before it is reasonable to expect

effective results. It appears, therefore, that no great reliance can be placed on the United Nations until it is proved to be an effective organisation.

(b) BRITISH COMMONWEALTH SECURITY

International Status of Members of the British Commonwealth

12. The United Kingdom alone is not comparable as a great Power with either the U.S.A. or the U.S.S.R. which are the world's most powerful nations, militarily, economically, industrially, and in manpower. The Dominions are small Powers, but the British Commonwealth taken as a whole with adequate co-ordination, is a major Power.

Co-ordinated action by the British Commonwealth, which need not conflict in any way with British Commonwealth obligations under the United Nations Charter, would make it possible for the British Commonwealth to contribute in a more effective manner to the requirements of the Security Council.

The only specific agreement among British Countries to provide for co-ordinated defence action is included in the Australian-New Zealand Agreement of 1944, of which the clause relevant to this paper, is as follows:-

> "The two Governments agree that within the framework of a general system of world security, a regional zone of defence, comprising the South West and South Pacific areas shall be established, and that this zone shall be based on Australia and New Zealand stretching through the arc of islands North and North East of Australia, to Western Samoa and the Cook Islands."

If it can be assured that in any major war the British Commonwealth will have the U.S.A. as an ally, the former's position is immeasurably improved. Nevertheless, history dictates that reliance should not be placed on the automatic assistance of the U.S.A. and British Commonwealth strategy must make full provision for conditions in which in the opening stages of a war, the British Commonwealth may stand alone.

Principles of British Commonwealth Defence

13. Proposals made by the United Kingdom at the Prime Ministers' Conference in 1946 with reference to British Commonwealth Defence, are set out below:-

> "Each member of the Commonwealth should –
>
> (i) Accept responsibility for the development and defence of their Main Support Area[1] and the strategic zone around it.

[1] The term "Main Support Area" as used in this paper, means an Area in which the following facilities are available – Industrial Facilities, Manpower, Materials and Supplies, Training Facilities, Capacity for Research and Development, and an Intelligence Organisation. Such areas within the British Commonwealth are – The United Kingdom, Canada, South Africa, and Australia and New Zealand.

(ii) Accept the principle of joint responsibility between members of the Commonwealth concerned for the protection of lines of communication between main Support Areas.

(iii) Agree that it is in their strategic interest to assist both politically and militarily in maintaining our position in those protective areas which directly affect the security of their territory and communications."

It is observed, however, that no complete and final agreement has yet been reached with regard to these or any other governing principles.

Machinery for Co-Ordination

14. Inadequate, and to a degree, un-co-ordinated planning in the past, together with the provision of insufficient forces to ensure the security of the British Commonwealth, has led, in desperate circumstances, to fundamental decisions being made, with a reliance on powers of improvisation, rather than upon a well found plan. These have contributed largely to such disasters as the loss of Burma and Singapore, and to the direct threat of invasion to Australia. The question of the institution of machinery, to enable planning to take place on a British Commonwealth basis, was discussed at the Prime Ministers' Conference in London in 1946, but as yet, no machinery is in existence.

(c) POTENTIAL ENEMIES

15. For the purpose of this Appreciation, and with a view to determining which, if any, nations may be classed within the category of "potential enemy", all nations have been included in the examination hereunder –

Minor Powers

16. Any attack by a minor Power on an individual member of the British Commonwealth, would probably involve the aggressor in war with the other members of the British Commonwealth. Therefore, a war between Australia and any minor Power is highly improbable, unless the minor Power be guaranteed the assistance of a major Power.

United States of America

17. The close co-operation between the British Commonwealth and the U.S.A. in two world wars, their similar peaceful aspirations and their common language and customs, outweigh potential differences in political and economic matters, and the idea of war as an instrument to settle disagreements between them can be discarded.

France and China

18. Owing to their unstable political and economic position neither France nor China can, at present, be regarded as first-class powers, nor are they likely to become, by themselves, a threat to the British Commonwealth.

Germany

19. The total defeat of Germany has eliminated her as a threat to the interests of the British Commonwealth in the immediate future. There is an increasing tendency for Europe to become split into two groups, one with Western democratic ideas, the other with the totalitarian ideas of Communism. Should Germany be allowed to join with the latter, her great industrial capacity and technical ability, combined with her considerable manpower, would form a very considerable threat to the security of the British Commonwealth.

Japan

20. Japan has been an aggressive nation but, at present, is militarily impotent as the result of the recent war. Unless she is subjected to effective control, she may again become an aggressor, or ally herself with some potential enemy of the British Commonwealth.

Union of Soviet Socialist Republics

21. The U.S.S.R. is a first-class Power with large manpower and economic resources. Though she lacks sea power, she has more men under arms than any other nation, and shows little indication that she proposes to disarm to the same extent as other major Powers.

22. The U.S.S.R.'s recent attitude, in international conferences and in the deliberations of the United Nations, does not appear reassuring to the peace of the world. Her actions in countries on her borders do not inspire international confidence, and her general lack of co-operation, in world affairs, points to her as the only major Power which is likely to resort to military action to obtain her objectives.

23. Such threats to Australian security by the U.S.S.R., as here require consideration, will be those in consequence of hostile or unfriendly action in the Middle East or Far East. This does not disregard Europe as a possible theatre of war, or the possibility that initial moves by the U.S.S.R. will be made in Europe. Inevitably, hostile action in any one of the three major theatres, whether Europe, the Middle East or the Far East, will quickly react in the other two, thus establishing in the case of Australia, a necessity to include the Middle East and the Far East in her defence planning.

24. Each of these two areas, particularly the former, is capable of producing a situation which threatens some vital British Commonwealth interest. This situation could result in Australia becoming involved, either because of her ties with the United Kingdom, or because it was felt that Australian participation was essential in order to protect her own ultimate position.

25. It is not suggested that the U.S.S.R. is committed to aggression, or that diplomacy is incapable of adjusting current or future differences, but, in estimating the military contingencies that can arise in the near future, special consideration must be given to the factor of the U.S.S.R.

26. *The U.S.S.R. in the Far East:* From the economic point of view, the Far East is important to the Soviet because of the great potential resources of her own eastern territories and those of Manchuria and the potentialities of the Chinese market.

27. The U.S.S.R. also has a definite political interest in the Far East. Her frontiers with China are largely protected by a chain of buffer states and provinces in which Soviet influence predominates, but her Pacific seaboard provides a back door through which Russian security can be seriously threatened. In the face of the growing influence of the United States, which now confronts her in Asia as well as in Europe, it has become essential that she establish for herself a strong position on the Pacific coast. The Eastward movement of Soviet industry will be of assistance in achieving this objective. The Soviet position is further strengthened by her occupation of Northern Korea, by the acquisition of the Kuriles and Southern Sakhalin, and by the activity of Chinese Communists in Manchuria and elsewhere in Northern China.

28. *The U.S.S.R. and Japan:* The U.S.S.R. is unlikely to regard her position in the Far East as consolidated while United States' influence is predominant in Japan. Withdrawal of United States' influence would leave the way open for a Russian influx, possibly resulting in Japan being quickly brought, for all practical purposes, under Soviet direction. If, on the other hand, United States' influence remains predominant, the prospects are that Japan will establish a stable democratic government and maintain a sound economy. These characteristics may, nevertheless, be insufficient, after the period of occupation, to keep her out of the Russian camp. Whatever the nature of their government, the Japanese may be prompted by expediency to turn to any nation whose support might facilitate the re-establishment of Japan as a first-class Power. This urge might orientate Japan towards the U.S.S.R.

29. *The U.S.S.R., China and South East Asia:* With United States' influence predominant in Japan, and China hostile to the U.S.S.R., Russia would face the unfavourable prospect of China becoming a base for military operations against her. The reappearance of Japan as a strong economic unit, especially if this results from the policy of the Western Powers, may cause a reorientation of Chinese sympathy towards the U.S.S.R.

30. A danger to South East Asia and, therefore, to Australia, will arise from the Far East if the U.S.S.R. should dominate, or be allied with, China. Under these circumstances, the U.S.S.R. forces would be well placed to embark on operations in Indo-China, Burma, Siam, Malaya or elsewhere in the region. In such an event, she would derive substantial assistance from the large groups of Chinese who honeycomb these countries. These Chinese must be considered a potential source of trouble in South East Asia, because incidents, between them and indigenous peoples of the area, would be capable of provoking demands or providing the excuse for intervention in South East Asia. Furthermore, in the event of such intervention, they could facilitate the entry of Soviet or Chinese forces and, in some regions, cause widespread paralysis of public services.

31. South East Asia is important in Soviet strategy, in that it plays a part in the economy as well as in the strategic dispositions of the Western Powers, and unrest there could have a prejudicial effect on their military capacity in Europe, in the Middle East, and in the Far East. The U.S.S.R. by propaganda and disruptive tactics in this area, could curtail the resources of the Western Powers and hold down some of their forces. Direct U.S.S.R. intervention in South East Asia is most improbable, as she would hardly risk the danger of extending her forces into South East Asia, while the United States remained unchallenged on her Eastern flank.

32. *The U.S.S.R. in the Middle East:* The Middle East area is of particular strategic concern to the Soviet. Even if the U.S.S.R. merely aims at self-protection, there will still be some appreciable measure of Soviet activity in the Middle East. She must be conscious of her great weakness in this region in two important respects. Firstly, while the industrialisation of her eastern areas – an essential feature of her planning – has reduced the vulnerability of Soviet industry to attack from the West, that industry has now become vulnerable to attack from the South. Secondly, the main oil supplies of the U.S.S.R. are in the Caucasian area. These oil fields are within easy air striking distance of an attack from the south.

The Middle East is believed to contain one-third of the oil resources of the world. The oil supplies of the U.S.S.R. are not inexhaustible and for her long-term requirements, she must therefore, at some stage, look beyond her Southern borders to increase them. This requirement indicates the reason for Russia's present attitude in Persian affairs. Conversely, the Soviet's own position is strengthened, not only in the Middle East, but in every other theatre, if by political or other measures, she can deny the Middle East oil to Britain and the United States of America. Since approximately seventy percent of British requirements are drawn from this region, the implications of any serious curtailment of this supply are obvious.

(d) THE TIME FACTOR

33. While there is no evidence to show that war between the British Commonwealth of Nations and the U.S.S.R. is inevitable, the possibility cannot be ignored that such a conflict might occur. Therefore, in planning, consideration must be given, not only to the possibility of a clash with the U.S.S.R., but also to the future time at which such a clash could most likely occur. This would be governed primarily by the following factors:-

a. The future foreign policy of the U.S.S.R.

b. The ability of the economy of the U.S.S.R. to support an aggressive foreign policy.

c. The possession by the U.S.S.R. of atomic and biological weapons.

d. The military strength of possible opponents of the U.S.S.R.

34. Probably the largest single factor in determining the future time, at which a war with the U.S.S.R. might take place, is the ability of the Soviet economy to support a major war. At present, Soviet economy is not in a position to do this, as it is engaged in the process of rehabilitating itself after the exhausting struggle of World War II. The overall economic objective has been officially stated as being, to increase its military economic potential to such a degree that the country will be safe in the future against any contingencies. All efforts under the present five-year plan are being directed towards this end, with special emphasis on heavy industry. In this sphere the U.S.S.R. hopes to reach, by 1960, the U.S.A. output level of 1939. At the present rate of progress, there appears to be little chance of the Soviet economy being able to achieve its ultimate aim until 1955 at the very earliest. There is a possibility however, that, at the end of the current five-year plan, in 1950, it may be sufficiently far advanced for the Soviet Government to become somewhat bolder in its foreign policy. In addition, the U.S.S.R. is having its own share of internal

problems, the cumulative effect of which may be to retard production and so lengthen the period required to reach the ultimate economic goal.

35. While it is impossible to judge, accurately, to what extent the development of atomic and biological weapons has progressed in the U.S.S.R., her espionage activities, and her endeavour to have control of atomic energy included in disarmament, lead to the inference that she has not yet developed these weapons. The Soviet Government is however, expending considerable money and energy on atomic research, and it appears to be a reasonable assumption that, by 1951, she will be in a position to produce atomic weapons.

36. Observing that the possibility of war with U.S.S.R. does exist, particularly if that country continues an expansionist foreign policy, the probability of a war before 1950/51 appears remote. Thereafter, however, the possibility will increase until 1960, when, if her economic plans are successful, U.S.S.R. may consider herself in a position to support, economically, an aggressive foreign policy, backed by military force.

37. The International situation can deteriorate more rapidly than armed forces can be built up. The relative strengths of the armed forces of Russia and those of her potential opponents, will be a factor in determining whether Russia will resort to war, as an instrument of policy, and the time at which this will occur. Already the armed forces, excepting naval forces, of Russia are numerically greater and at a higher state of readiness for war than the combined forces of the United States of America and the United Kingdom, and the balance in favour of Russia increases rapidly with the passage of time. In this respect, it is well to remember the economic plight of the United Kingdom which may continue for some years. British forces have been withdrawn from Egypt, India, and Burma, and shortly will be withdrawn from Palestine. The fighting services are undergoing drastic cuts. It is true that the United States of America is taking an interest in the Mediterranean Area, in particular in Greece and Turkey, which can be regarded as bastions to the Suez Canal and the Middle East oil fields. However, United States foreign policy has invariably been somewhat volatile and her armed forces have already been drastically reduced. It may, therefore, be premature to rely on her maintaining her Mediterranean forces in sufficient strength to counter balance United Kingdom weakness vis-à-vis Russia. If this balance of power at any time becomes marked, Russia's foreign policy will probably be developed accordingly even going so far as to risk war, although her economic situation may not yet be sufficiently improved to warrant this step. Until 1950 however, this possibility is remote.

(e) BRITISH AREAS OF STRATEGIC IMPORTANCE

Europe

38. Broadly, the interests of the British Commonwealth to be safeguarded in the European theatre are – the security of the United Kingdom base, and the sea and air communications vital to her existence. Of particular importance to Australia, are the communications which link the United Kingdom to Australia, through the Middle East.

The United Kingdom, due to her proximity to the European mainland, coupled with the development of scientific weapons of mass destruction, is becoming increasingly vulnerable to attack from that quarter.

The Middle East

39. In the Middle East, the main considerations are – the preservation of our sea and air communications and the maintenance of access to oil resources in the Persian Gulf area. The Middle East, including Egypt, and the oil fields in the Persian Gulf area, is within bombing range of Russian territory, and is also open to land attack by Russia.

The Continent of India

40. The Continent of India is of great strategic importance owing to the following considerations –

a. It dominates British Commonwealth sea and air communications through the Indian Ocean.

b. It is of great value as a base. British Commonwealth forces, located there, would be suitably placed for deployment, either for the protection of India, the Middle East, or South East Asia.

c. It has great manpower and economic resources.

41. Whether India as two separate Dominions, will continue to participate in the overall security of the British Commonwealth, will depend on the degree of their co-operation in British Commonwealth defence matters. The withdrawal of the British Army from India, and the division of the Indian Army into separate forces, each under the control of its own Dominion, will weaken the strength of reserves which may be available to the British Commonwealth in any future emergency. These armies, backed by the great manpower of India, have, in the past, been a major source of supply of military forces. Without them the ability of the British Commonwealth, to carry out military operations of any magnitude, in the Middle or Far East, would be reduced in the future.

Ceylon

42. Ceylon occupies a commanding position in relation to British Commonwealth sea and air communications in the Indian Ocean. The maintenance of these is one of the basic requirements of British Commonwealth strategy. In any future war, Ceylon would be required as a base for defence of these communications. The island is also an essential link in the cable and wireless network to Australia and the Far East, and is the centre of naval intelligence organisations for countries bordering on the Indian Ocean.

Inability to use Ceylon, which contains the only existing fleet base between Malta and Singapore, would seriously weaken British Commonwealth control in the Indian Ocean. If, in addition, the British Commonwealth were unable to use ports and air fields in India, sea communications and air routes, to Australia and the Far East, would be seriously endangered.

The Indian Ocean

43. The Indian Ocean, flanking the Middle East, India, Ceylon and South East Asia, contains lines of sea and air communications from Australia to these areas, to the Middle East, to East Africa and to England via the Cape. The air route through Australia-Cocos Islands-Diego Garcia-Seychelles-East Africa is an important alternative to the Middle East Air Route.

Addu Atoll and Diego Garcia – In the event of war in the Indian Ocean, Addu Atoll and Diego Garcia would be useful supplementary bases to Ceylon. Should Ceylon become untenable, these islands would assume increased importance.

Andamans and Nicobars – The Andaman and Nicobar Islands are well placed for use as bases for the defence of sea and air communications in the Bay of Bengal, particularly between Ceylon and Singapore.

Cocos Islands – Cocos Islands have a potential value as an air base, for the protection of communications through the Indian Ocean.

Burma – Burma flanks British Commonwealth lines of communication through the Indian Ocean, and particularly those from India, through the Bay of Bengal, to the Far East.

South East Asia and the Pacific

44. The strategic interests of Australia in the Pacific and South East Asia are –

a. The security of Australia and New Zealand and of their sea and air communications within this area, and to the Middle East, South Africa and North America;

b. The security of British territories and dependencies, viz., Malaya, North Borneo, New Guinea Mandated Territories, Hong Kong, and Islands in the Pacific; and

c. The continuity of supplies of raw materials from Malaya and the East Indies (e.g., in the event of failure to secure supplies of oil from Persian oil fields, the capacity of the British Commonwealth to wage war would be seriously jeopardized unless supplies of oil could be assured from the East Indies.)

45. *Malaya and Singapore* – Malaya lies at the heart of South East Asia, and Singapore is the focal point of communications in that area. Singapore is either directly on, or is near, the main sea routes between South East Asia and Australia, and between the Indian and Pacific Oceans. It is also an essential link on the air route from Australia to India, to the Middle East, to the Eastern seaboard of Asia, and to Japan. It flanks the sea and air communications from Australia to the Middle East through the Indian Ocean.

46. *British North Borneo* – This area flanks the North-Eastern approaches to Singapore, through the China Sea, and also the North-Western approaches to Australia through Indonesia.

47. *Hong Kong* – Hong Kong is at present a base of the British Pacific Fleet, and is also the focal point of air and sea communications to South China and Japan. It is important for the protection of lines of communication of British Commonwealth forces, which may be in Japan or elsewhere in this area. Should China be in the hands of hostile forces, Hong Kong is vulnerable to attack, particularly from the mainland.

48. *New Guinea and Mandated Territories* – New Guinea and Territories at present under mandate to Australia, are of particular importance to Australia. They cover the approaches from the Northwards to the East coast of Australia, and contain potential naval and air bases at Manus, Rabaul and Port Moresby, and a potential air base at Nadzab.

The Australian Mainland

49. *North West Australia* – North West Australia is the nearest Australian territory to South East Asia. Darwin, the focal point of sea and air communications, possesses the main developed port and air facilities in this area.

South West Australia – Sea communications, passing through the Indian Ocean to the Southern portion of Australia, converge in the vicinity of South Western Australia, in which Fremantle is the focal point and main port. Naval and air facilities are maintained in this area.

South East Australia – South East Australia possesses outstanding advantages for development as the main support area for British Commonwealth Forces in the Pacific. Remote from attack, it has considerable economic resources capable of development, and is the main industrial area in the South West Pacific. It contains the necessary facilities for the maintenance of large forces of all three Services.

(f) FOREIGN AREAS OF STRATEGIC IMPORTANCE

50. Australia's strategic position is affected by the geographical proximity of the territory of the undermentioned foreign Powers, also by our relations with these Powers and the inhabitants of the territories concerned:-

United States of America

51. The United States of America maintains strong forces and bases in the Pacific, and her war potential exceeds that of any other major Power in this region. She is, consequently, the predominant Power in the Pacific and Australia's security will be vitally affected by U.S.A. policy in this ocean.

The American major base at Guam is of particular interest, in view of its position vis-à-vis potential Australian bases in the New Guinea Area, e.g., Manus. The base at Pearl Harbour is of importance, since it covers the Ocean and Air Routes, between Australia and North America.

China

52. The possibility of strong European influence remaining in China is extremely remote. Soviet influence in Northern China is extending and further southward penetration would bring Russia, nearer to South East Asia, and thus, nearer to the vital interests of Australia.

53. France:

(i) *French Indo-China* – Should a major Power dominate China, that Power would then have a land route through Indo China to areas from which the vital interests of Australia in Indonesia could be threatened.

(ii) *New Caledonia and New Hebrides* – Should New Caledonia and the New Hebrides fall into the hands of an enemy, they would provide bases from which the East Coast of Australia and lines of communication, between Australia and America, could be threatened.

(iii) *French Indian Ocean Possessions* – The main French possessions in the Indian Ocean – Madagascar, Reunion and Kerguelen, are important, in that they flank British communications in that Ocean.

Siam

54. Siam, as in the case of Indo-China, is strategically important, when considered in relation to a possible land route for an enemy thrust to South-East Asia, from China.

The Philippine Islands

55. In the event of China being dominated by a major Power, hostile to the British Commonwealth, the Philippines would be of increased strategic value as a base, from which counter measures could be taken against enemy activities in the South East Asia area.

Portugal

56. Portuguese Timor is the nearest foreign territory to Australia, and, in the hands of a hostile Power, would be strategically placed to threaten Australia and her communications to South East Asia through Indonesia.

Indonesia

57. Indonesia, which includes the territories formerly known as the Netherlands East Indies, is the only practicable route from Asia to Australia, for an aggressor strong in land and air power, but comparatively weak in sea power. Indonesia flanks Australia's communications with India and the Middle East, and is astride her communications with Singapore. Hostile naval or air forces, based on these islands, would be a constant threat to those communications. Oil and other raw materials from Indonesia would be of great importance to Australia's war effort, especially if the oil resources of the Persian Gulf area were denied to her.

The Antarctic

58. The Antarctic contains the nearest land mass to the Australian centres of population. In the hands of a hostile power, it might possibly provide the launching sites from which the weapons of the future could be directed at these centres of population.

(g) SCIENTIFIC DEVELOPMENT

59. A major lesson of the recent war is that science can exercise a preponderant influence in the face of an otherwise superior power – a notable example of this was the decisive effect of radar in the Battle of Britain. Superior scientific development may, if secrecy be preserved, redress the balance between a weak nation and a strong one and this is of profound significance to Australia.

Atomic Weapons

60. In the final stage of the war, the use of the atomic bomb demonstrated that research in nuclear physics has resulted in the production of the most devastating weapon of mass destruction known to mankind. Although the destructive effect of atomic bombs, when they have been carried to the target, has been demonstrated, they were used too late in the war for their effect on the organisation, equipment and strategical employment of armed forces to be tested. It is apparent, however, that dispersion and concealment of the armed forces and measures for deception, will be of great importance in future warfare.

Biological Weapons

61. Although biological weapons have not yet been used in war, research, indicates that when the complex and difficult problems relating to their production, storage, and dissemination have been solved, biological weapons may prove even more effective than atomic weapons.

Long Range Weapons

62. The two essential elements of a long range weapon are the agent used to achieve the destructive effect at the target, and the carrier in which the destructive agent is transported to the target. The capabilities and limitations of these carriers are discussed in paragraphs 63 and 64.

63. Rockets and pilotless aircraft may be fitted with guiding and/or homing devices by which they can be directed to the target. At long ranges, i.e., over 400 miles, it has yet to be demonstrated that a guided weapon can be directed to its target with any degree of accuracy. There are many practical difficulties to be overcome in solving the technical problems involved in developing and perfecting the necessary control equipment and automatic navigation devices. Radio, and other counter measures, to jam or interfere with the guiding and homing devices used with guided weapons, may also be developed concurrently with these devices, but there are existing weapons which are not subject to interference by Radio Counter Measures, and it must be assumed that some future weapons will be immune from such interference.

The limitations of rockets and pilotless aircraft, for long range attack, focus attention on the conventional heavy bomber which, by virtue of its human control, can find its target and deliver an accurate attack at extreme ranges. Lacking the impetus of war, there is unlikely to be any considerable increase, until about 1955, in the present performance of the heavy bomber, which is powered both with conventional reciprocating engines and jet turbine engines. The present heavy bomber powered with conventional reciprocating engines has a maximum speed in the order of 350 miles per hour and an operational radius of action of 5,000 miles with a 10,000 lb.

bomb load. The present heavy bomber powered with jet turbine engines has a maximum speed in the order of 550 miles per hour and a radius of action of 3,000 miles with a 10,000 lb. bomb load. However, under the stimulus of a war emergency declared at any time after 1950, it is probable that a manned jet bomber would be produced, within two years, having a maximum speed of 550-600 miles per hour and an operational radius of action of 5,000 miles with a bomb load of 10,000 lbs.

Thus, it appears that, although the rocket may supersede the conventional heavy bomber at ranges up to 400 miles, the long range heavy bomber may well continue to be the best method of long range attack for some time to come.

64. The evolution of the submarine has been such that it must be assumed that the true submersible will come. An interim stage is the present schnorkel submarine, the range of which is of the order of 7,000 miles and its maximum submerged speed is 25 knots for up to 250 miles. Within the foreseeable future, there is no effective counter to the true submarine. The development of these types of submarine renders the sea lines of communication to and from Australia more vulnerable than before. Additionally, important targets near the Australian coast line are open to attack by such submarines.

65. The weapons with the greatest potential for mass destruction, and which are likely to have the greatest effect in the course of a future war, are the missile, aircraft, or submarine, carrying atomic or biological war heads, bombs or rocket projectiles.

Changes in the Armed Forces

66. During the recent war, scientific development of weapons and war equipment was greatly accelerated and was most evident in the fields of electronics and rocketry.

In the light of the lessons of the recent war and based on our present knowledge of scientific development and the probable effect of its application to war, it would be premature to make, at this stage, any major change in the organisation and normal equipment of armed forces. We consider that changes in the armed forces should keep pace with scientific development and that these will be evolutionary rather than revolutionary.

Civil Defence

67. It is clear that the use of scientific weapons of mass destruction would have a great effect on the civil population and on the measures which should be taken for civil defence, and dispersal of population, industry, and resources. This is of particular significance to a nation, which is situated adjacent to the territory of a potential enemy, but is not so in the case of Australia.

(h) AUSTRALIA'S VULNERABILITY TO ATTACK

68. Australia is situated at the end of a series of Islands extending from South East Asia. Except for these Islands to the North and North West, she is surrounded by vast oceans. Her geographical position, therefore, is such that no hostile Power, without possessing command of the sea and local air superiority, could successfully invade Australia, nor could she launch an effective major air attack on the vital areas of Australia, without possessing suitable bases for launching long-range weapons. At present, no potential enemy possesses such bases, which are within range of the vital areas of Australia.

The possibility will always exist of attacks by mass destruction agents launched from long-range aircraft, ship-borne aircraft, long-range submarines, or by missiles launched from ships or submarines. Such attacks would be in the form of raids on important localities and shipping lanes, with results equally serious to those to be expected from attacks from bases established in the course of sustained operations. Sabotage of vital and important industries and installations would also be a possibility.

(i) AUSTRALIA'S RESOURCES

69. In the present state of world shortage of essential commodities, which may continue for some time Australia is obliged to rely to the maximum extent on her own resources. Furthermore, Australia, as a main support area in the Pacific, must strive towards self-sufficiency, for the twofold purpose of providing for her own security and of implementing the Government's policy of making a larger contribution to British Commonwealth defence. Under the impetus of the recent war, Australia's industrial capacity was increased. This capacity is capable of further extension to reduce reliance on overseas sources. Continued access to essential raw materials, or stock piling of items in which she is deficient, is necessary to maintain or expand her capacity. Australia's war potential is restricted by her limited manpower.

A further restriction is found in the limited trained scientific research staff available in this country. Only in countries where the scientific potential is developed to the highest practicable degree will the "scientific health" be sound at all levels, enabling basic research and development to proceed without interruption.

PART III — CONCLUSIONS RELATIVE TO AUSTRALIA'S STRATEGIC POSITION

70. Australia is an isolated small Power with limited manpower and resources. She is not able to defend herself unaided against a major Power. While the United Nations remains in being, there is no threat from a minor Power to Australia's security, but whilst the power of the Veto exists, it would appear that the United Nations does not offer security against aggression by a major Power.

71. Australia is unlikely to become a primary objective of any major Power, determined on aggression, until after the defeat of the major Powers with whom Australia may be allied. She may, however, become involved in war, as a member of the British Commonwealth, in order to protect her ultimate position, or as a member of the United Nations, in enforcing the decisions of the United Nations Security Council.

72. The security of the British Commonwealth, and therefore of Australia, requires the safeguarding of the Main Support Areas from which war potential can be developed, and the maintenance of sea and air communications between them. These areas, of which the United Kingdom is the most important, are the United Kingdom, Canada, Australia, New Zealand and South Africa.

73. The U.S.S.R. is the only major Power with which the British Commonwealth might become involved in a war. The possibility of the U.S.S.R. precipitating a war before 1951 appears remote, although her war potential will increase as time elapses. By 1960 her economic development could be sufficiently advanced to support an aggressive foreign policy, backed by military force, including scientific weapons. She would, however, probably still lack sea power.

74. War against the U.S.S.R. would not be confined to any one area, but whatever course it might take, there would always be a major threat to British Commonwealth interests in Europe, the Middle East, India and South East Asia. If Russia develops sea power, there may also be a threat in the Pacific.

In relation to the protection of her ultimate position, Australia is concerned with events in Europe, the Middle East, India and the Far East. She is directly concerned with events in South East Asia and with the security of sea and air communications in the Indian and Pacific Oceans and through South East Asia.

75. It is unthinkable that the British Commonwealth would embark upon a war of aggression. Her action, therefore, in the first phase of a future major war, would be largely defensive in character, followed by an offensive phase to achieve victory. The action to be taken in the defensive phase by each nation of the British Commonwealth will depend on its geographical position and vulnerability to attack.

76. Because of her geographical position, the United Kingdom is very vulnerable to attack from the mainland of Europe. Scientific development, particularly of long range weapons, will make it possible for an attack on the United Kingdom to be so effective as to necessitate the United Kingdom devoting all her resources to her own self-preservation. It is, therefore, possible that, in the first phase of a future war, she would be unable to provide assistance to the Dominions, increase her overseas garrisons, or send expeditionary forces abroad. The other members of the British Commonwealth may, in this case have to rely entirely upon their own resources, for the provision of the forces and war material necessary for British Commonwealth security. The central co-ordination and direction of British Commonwealth defence in these circumstances, may be located in one of the Dominions.

77. Australia's geographic and strategic position is very different from that of the United Kingdom. Australia is remote from Asia, hence, no major hostile Power could launch a sustained and effective air attack against her, even with the use of new long range weapons, until that Power has first established bases within range of vital objectives in Australia. At present, no potentially hostile Power possesses such bases. Australia could not be successfully invaded except by a strong naval Power which had established command of the sea and air, but the possibility of sporadic raids on communications and vital areas exists.

78. For her own security, and to fulfil the functions of a main support area, it is necessary that Australia should further develop her industrial capacity and resources. Continued access to essential raw materials or stock piling of items in which she is deficient, is necessary to maintain or expand her capacity.

PART IV — MEASURES TO ACHIEVE SECURITY

79. An examination of Australia's strategic position indicates that the following measures are necessary to ensure Australia's security. These will involve closely co-ordinated political and military action:-

Collective Security

80. Australia unaided, cannot ensure her own security, nor can she rely upon the United Nations for security, until such time as international confidence is achieved and the United Nations organisation becomes fully effective. In the meantime, it is necessary to rely upon a system of British Commonwealth co-operation and upon such security arrangements as are practicable with foreign nations. Individual security of each of its components will depend on concerted action by the British Commonwealth as a whole.

Co-Operation with Foreign Powers

81. It is essential to Australia's security that a situation favourable to Australia should be assured in the Pacific and Indian Oceans and in South East Asia. For this purpose, friendly relations are desirable with foreign Powers, particularly with the undermentioned:-

a. *United States of America* – In the event of U.S.S.R. becoming the aggressor, not only would a concerted effort be required by the nations of the British Commonwealth to ensure their security, but the early assistance of the United States of America would be essential. The United States of America is unquestionably the predominant Power in the Pacific and accordingly, the security of Australia will depend upon close co-operation with the United States of America. It is, therefore, in Australia's strategic interest to support any measures designed to perpetuate the United States of America's influence in the Western Pacific.

b. *China* – The possibility of China entering the U.S.S.R. sphere of influence is very real, and this fact should be borne in mind in guiding our relations with China.

c. *France* – Relations with France should be designed to ensure that her possessions in French Indo China, New Caledonia, New Hebrides or the Indian Ocean, are not available to a potential aggressor as bases from which to menace British Commonwealth lines of communication or the Australian mainland.

d. *Siam* – It is desirable that a stable government should be established in Siam, with which Australia could maintain friendly relations, with the object of ensuring that Siamese territory is not used by a potential enemy as a means of threatening Australia's security.

e. *Philippines Republic* – The promotion of friendly relations with the Republic is important in view of the position the Philippine Islands occupy in relation to the Northern approaches to Australia. The continued right of the United States of America to bases in the Philippines is of great importance to Australia's security.

f. *Indonesia* – This region, which includes the territories formerly known as the Netherland East Indies, is of great strategic importance. It is most desirable that this region should be administered by strong and stable governments with whom Australia could establish friendly relations, since the only route by which an aggressor weak in sea power could approach Australia, is through this region.

Indonesia is astride the line of communications between Australia and Singapore and must be denied to potential enemies who, once established there, could threaten Australia's supplies of raw materials, her lines of communication, and ultimately, the mainland.

g. *Portugal* – It is strategically important that Australia should foster friendly relations with Portugal, to ensure the denial of facilities, in Portuguese Timor, to other Powers whose motives might conflict with Australian interests.

The Necessity for an Intelligence Organisation

82. An effective intelligence organisation is a basic requirement in war, and is also essential in peace to provide the information necessary for strategic planning. The Australian intelligence organisation should, therefore, be an integral part of the world-wide British system, and permit of affiliation with those of the United States of America and other likely Allies. The organisation should be firmly established and functioning in peace if it is to be of real value in war.

The Necessity for Co-Ordinated Planning

83. An aggressor could deliver a crippling blow against one or more of the nations of the British Commonwealth, if they were unprepared. Scientific development accentuates this possibility. Should aggressive action eventuate, it will occur with great rapidity, and the success of the defence will depend upon the extent and speed with which counter measures are taken. To ensure that each member of the British Commonwealth can, without delay, take that action which will be most effective in meeting a threat, it is essential that the joint strategic plans for the defence of the British Commonwealth should be formulated and co-ordinated in time of peace. In such plans, provision should also be made for probable participation by the United States of America, in particular, and by any other prospective Allies. An overall strategic plan cannot be developed, however, until political arrangements between the nations concerned have been made and effective machinery for the co-ordination of British Commonwealth defence measures has been introduced.

A Basis for Overall Plans

84. Prior to the preparation of overall strategic plans, it is necessary to forecast the broad situations with which the plans would probably have to deal, in the event of war with U.S.S.R. Based on this forecast, it would be possible to consider the part which Australia might play, in such plans, to protect her ultimate position.

85. U.S.S.R. would probably first seek to overrun Western Europe, before embarking on large scale operations in the Middle East or Far East. Australia is unlikely to be directly threatened, except as the result of successful action by the U.S.S.R. in one, or both of these two areas. In such a situation, Australia's interests might best be served by making a contribution either in the Far East or Middle East. If the United States of America were involved in the war prior to, or at the same time as the British Commonwealth, her forces would probably be employed in both Europe and the Far East. Since it might be difficult for the United Kingdom to reinforce the Middle East, Australia's most effective contribution in this case, might best be made in that region. If, as in the past, a period elapses after the commencement of hostilities, before the United States of America becomes involved, then it might be preferable for Australia's contribution to be made in the Far East, to stabilise the situation until aid is forthcoming from the United States of America.

86. A plan will be required to deal with each of the varying situations which might occur on the outbreak of war. This should provide both for action by the British Commonwealth alone, and for action in conjunction with United States forces. Essential pre-requisites to the formulation of any plans are the knowledge of the forces which each nation might be prepared to provide, and the alternative tasks each nation might be prepared to undertake. It is evident, however, that in the event of war with U.S.S.R., Australia should be prepared to make a contribution in either the Far East or the Middle East. Her dependence on co-operation with other nations, for her security, will compel her to accept the fact that the strategic employment of her forces will be governed by considerations wider than those of a purely regional nature. Her strategic plan for defence should, therefore, envisage provision of forces to operate in the Middle and/or Far East, in accordance with an overall plan. However, should hostilities occur before agreed overall plans have been formulated, then each nation of the British Commonwealth would be primarily concerned with the defence of its own zone of strategic responsibility and its vital communications. Plans made for this purpose would have to form the basis for the subsequent preparation of hastily improvised overall plans with other nations of the British Commonwealth and the United States of America.

Australia's Zone of Strategic Responsibility

87. Economy of force, and the great distances between the components of the British Commonwealth, require that the initial responsibility for defence of its vital interests, should be borne, as far as practicable, by the nation nearest to, or most immediately affected by, events in any particular area. This factor, coupled with the knowledge that Australia must make a greater contribution to the security of the British Commonwealth than in the past, establishes the need for defining the zone in which Australia should formulate and control strategic policy, and accept the responsibilities involved in the formulation and control of such policy. This strategic policy should conform, in general, with overall British Commonwealth policy, but it will be difficult to define Australian policy unless agreement is reached as to the zone with which Australian planning should primarily be concerned.

88. From the defence aspect, the extent of the Australian Zone of Strategic Responsibility should be based on the following factors:-

a. The likely aggressor;

b. The important and vital areas to be protected;

c. The protection of essential lines of communication;

d. The need to exclude an enemy from areas from which he could attack these important and vital areas and lines of communication;

e. The availability of suitable existing or potential bases from which forces could operate.

89. The view has been expressed in this paper that the U.S.S.R. is at present the only major nation which is likely to resort to armed force in order to achieve her ends. In the event of the British Commonwealth becoming involved in war with Russia, Australia is unlikely to be directly attacked until Russia has attained her objectives in the Far East, and her attack in the Far East may either be concurrent with, or follow the securing of her position in Europe and the Middle East. The U.S.S.R. is at present weak in sea power, and her line of approach towards Australia would, therefore, be through South East Asia and Indonesia. Having established herself in Indonesia, Russia could attack the mainland of Australia under cover of land based aircraft. Hence, it follows that Australia is vitally interested in this line of approach.

90. The greatest threat would occur if the enemy were able to bring its long range weapons within range of the important or vital areas of Australia. In the present stage of development the weapon with the longest range is the heavy bomber powered with reciprocating engines, which armed with an atomic bomb, has an operational radius of action of 5,000 miles. However, from the present information available, it is unlikely that the U.S.S.R. possesses a heavy bomber which armed with an atomic bomb or equivalent bomb load could exceed an operational radius of action of about 3,500 miles.

91. The most profitable and likely targets for long range attack are important centres of population, industry and communications. The majority of such centres in Australia, are located in the vital area to the South East of a line drawn from immediately North of Brisbane to Spencer Gulf in South Australia. From bases in Malaya and the Philippines, an attack could be made on vital targets in any portion of the Australian mainland. Should an enemy attacking from south East Asia, succeed in establishing himself within 3,500 miles of the Australian mainland, the Perth-Fremantle Area and Darwin would be vulnerable to sustained air attack, and a grave threat to Australia's security would exist. The enemy would then be in a position from which to make an invasion of the North West coast of Australia. Such an invasion could be a prelude to a further Southward advance, or have as its object, the establishment of a base from which sustained air attacks could be launched on the vital South East area of Australia.

92. Singapore is the key to the approaches to Indonesia from South East Asia. Forces based on Singapore and British North Borneo, would command the North Western approaches to Australia through Indonesia, and those based on Manus would dominate the sea approaches from the North. Adequate forces operating in these areas should be able to deny to an enemy, positions from which he could launch sustained air attacks with long range weapons against vital targets in Australia. Consequently, it is essential that the areas containing Singapore, North Borneo and Manus should be included in Australia's zone of Strategic Responsibility. Since attacks could be launched on the vital area of South East Australia from bases in the Malay Peninsula and the Philippines, hostile penetration South of a line including these areas, would be dangerous. The Australian Zone of Strategic Responsibility should, therefore, extend at least, as far as this line.

93. The chart attached as Appendix 'A' indicates –

a. The danger line for hostile penetration and suggested minimum Northern limit of the Australian Zone of Strategic Responsibility.

b. A line drawn 1500 miles from the coast of the Australian mainland.

c. The line of bases described in para. 92 above.

d. The area containing the majority of important and vital targets.

Regional Security with New Zealand

94. The Australian-New Zealand Agreement of 1944 would require review in the light of the proposals made in paragraphs 92 and 93 relating to the Australian strategic zone. The Northern limit of the Australian zone has been suggested in paragraph 92 above. Before an Eastern limit can be established, it will be necessary to consult with the New Zealand Government, in order to decide whether there will be a separate New Zealand zone abutting on the Eastern limit of the Australian zone, or whether the two zones will be a joint Australian-New Zealand responsibility. In the former case, a dividing line between the two zones must be determined, and in the latter, it will be necessary to seek agreement with the New Zealand Government concerning the Northern limit of the joint zone. Until these matters have been resolved, the military plan for the defence of the Australian area of strategic responsibility cannot be formulated.

Local Defence

95. Provided an enemy can be prevented from establishing himself in the Australian zone of strategic responsibility – and this can be prevented only by the successful implementation of an agreed overall plan – there is no danger to Australian territory except from raids. Such raids are likely to be directed mainly at vital areas and at focal or terminal points of lines of communication. To counter such threats, it will be necessary to provide operational bases and local air and seaward defences, so disposed as to provide the necessary degree of protection commensurate with the scale and type of attack. It must be accepted that even in minor attacks, some missiles will reach their target, and in this age of long range weapons, such missiles will be directed against important centres of industry, population and communication. Although their accuracy may not be great, it would be manifestly unwise to risk the loss of a vital establishment through too great a concentration of industry. To minimise the effect of raids, a civil defence organisation, dispersion of resources, and duplication of vital industries to the economic limit, are necessary.

96. It is important, however, to maintain a proper balance between the effort devoted to local defence against raids, and that devoted to the security of distant strategic areas. Undue emphasis on the former, at the expense of the latter, might permit the enemy to reach positions from which he could launch major attacks on the mainland.

97. In planning defence measures, it must be assumed that the main overseas sources of supply may be interrupted, and therefore, to maintain Australia's war effort, essential industries should be rendered as self-sufficient as possible and stock piles accumulated.

Development of Australia as a Main Support Area

98. If Australia is to become an effective Main Support Area for the forces of the British Commonwealth engaged in hostilities in the Indian and Pacific Oceans and in South East Asia, it will be essential to –

a. establish potential for the production of equipment, supplies, etc., essential to the prosecution of a war. This potential includes shipbuilding, ship repair and aircraft production;

b. make concerted arrangements for adequate supplies of raw materials;

c. provide the manpower essential to give effect to (a) and (b) above;

d. establish capacity for scientific research and development;

e. establish an organisation responsible for the survey of national resources, and for the planning, in peace, of the allocation and development of the industrial economic and manpower resources of the country, to meet the requirements of war conditions;

f. make provision for training and maintenance facilities required both by Australian Forces and any other British Commonwealth Forces which may be based on this country.

Scientific Development

99. Australia is relatively weak in conventional war potential, and it is therefore important that she should seek to gain every advantage which the possession of scientific weapons would bestow. Just as co-ordination of British Commonwealth strategic effort will be necessary in future wars, it is equally important that the British Commonwealth's scientific effort in the research and development necessary for the production of such weapons, should be co-ordinated in peace and war.

Composition of Australia's Armed Forces

100. At the outbreak of future war Australia, in accordance with an agreed British Commonwealth plan, should be prepared to deploy her maximum available effort, at home or abroad, without delay. The armed forces should therefore be organised and trained in peace, with this end in view. Furthermore, the peace time organisation should provide for rapid expansion. The size of forces in peace and war will be dictated by the extent of resources which will be made available, but their composition should be of the following nature:-

Navy

a. A mobile Task Unit consisting of aircraft carriers with their escorts, capable of forming part of an Empire Task Force.

b. A Fleet Train for the maintenance of our mobile Task Unit.

c. A Sea Frontier Force consisting of escorts for our shipping, and for the seaward defence of our bases.

d. Amphibious vessels for combined operations.

e. A training and maintenance organisation for the support of the above forces, and for expansion in war.

f. A reserve of ships, equipment, and trained personnel for expansion in war.

Army

a. Standard formations designed for mobile operations on normal terrain, and for amphibious operations, but capable of conversion to meet the conditions of jungle warfare.

b. Garrison forces for the protection of our bases against raids, and for internal security.

c. A training and maintenance Organisation for the support of the above forces, and for expansion in war.

d. A reserve of equipment and trained personnel to facilitate expansion in war.

Air Force

a. A mobile Task Force, including units for long range missions and transportation, ready to move wherever required for strategic purposes or in support of the other services.

b. Forces for the protection of our bases and focal areas against sporadic raids.

c. A training and maintenance organisation for the support of the foregoing forces, and for expansion in war.

d. Reserves of equipment and trained personnel for expansion in war.

Standardisation

101. The Australian Forces should be standardised in their organisation, equipment and training with those of other nations of the British Commonwealth and, as far as possible, with those of allies with whom a permanent association is likely to be achieved. This would permit flexibility of employment in accordance with a co-ordinated plan, and facilitate co-operation with the forces of those nations and allies.

PART V — A SUMMARY OF THE MEASURES TO ACHIEVE SECURITY

1. Until the United Nations becomes fully effective, Australia should rely for her security on a system of British Commonwealth co-operation, and upon such security arrangements as are practicable with foreign nations, particularly with the United States of America.

2. Friendly relations should be maintained with all countries having territories in the Pacific and Indian Oceans, in South East Asia, and above all, with the United States of America, which is the predominant Power in the Pacific.

3. It is essential that overall strategic plans for the defence of the British Commonwealth should be formulated and co-ordinated in time of peace. In such plans, provision should also be made for probable participation by the United States of America in particular, and by any other prospective allies. Strategic plans cannot be developed, however, until political arrangements between the nations concerned, have been made, and effective machinery for the co-ordination of British Commonwealth defence measures has been introduced.

4. Should hostilities occur before agreed overall plans have been formulated, then each nation of the British Commonwealth would be primarily concerned with the defence of its own zone of strategic responsibility and its vital communications. Plans made for this purpose would have to form the basis for the subsequent preparation of hastily improvised overall plans with other nations of the British Commonwealth and the United States of America.

5. Australia should accept responsibility for a strategic zone, the suggested minimum limits of which, are shown in Appendix ‘A’.

6. The Australian-New Zealand Agreement of 1944 requires review, in order to establish whether there is to be a joint Australian-New Zealand Strategic Zone, or whether there should be two separate zones.

7. To guard against raids on the Australian mainland, it is necessary to provide operational bases, and local air and seaward defences. To minimise the effect of raids, a Civil Defence Organisation, dispersal of resources and duplication of vital industries to the economic limit, are necessary. It is important, however, to maintain a proper balance between the effort devoted to local defence against raids, and that devoted to the security of distant strategic areas. Undue emphasis on the former, at the expense of the latter, might permit the enemy to reach positions from which he could launch major attacks on the mainland.

8. Australia should develop the essentials of a Main Support Area.

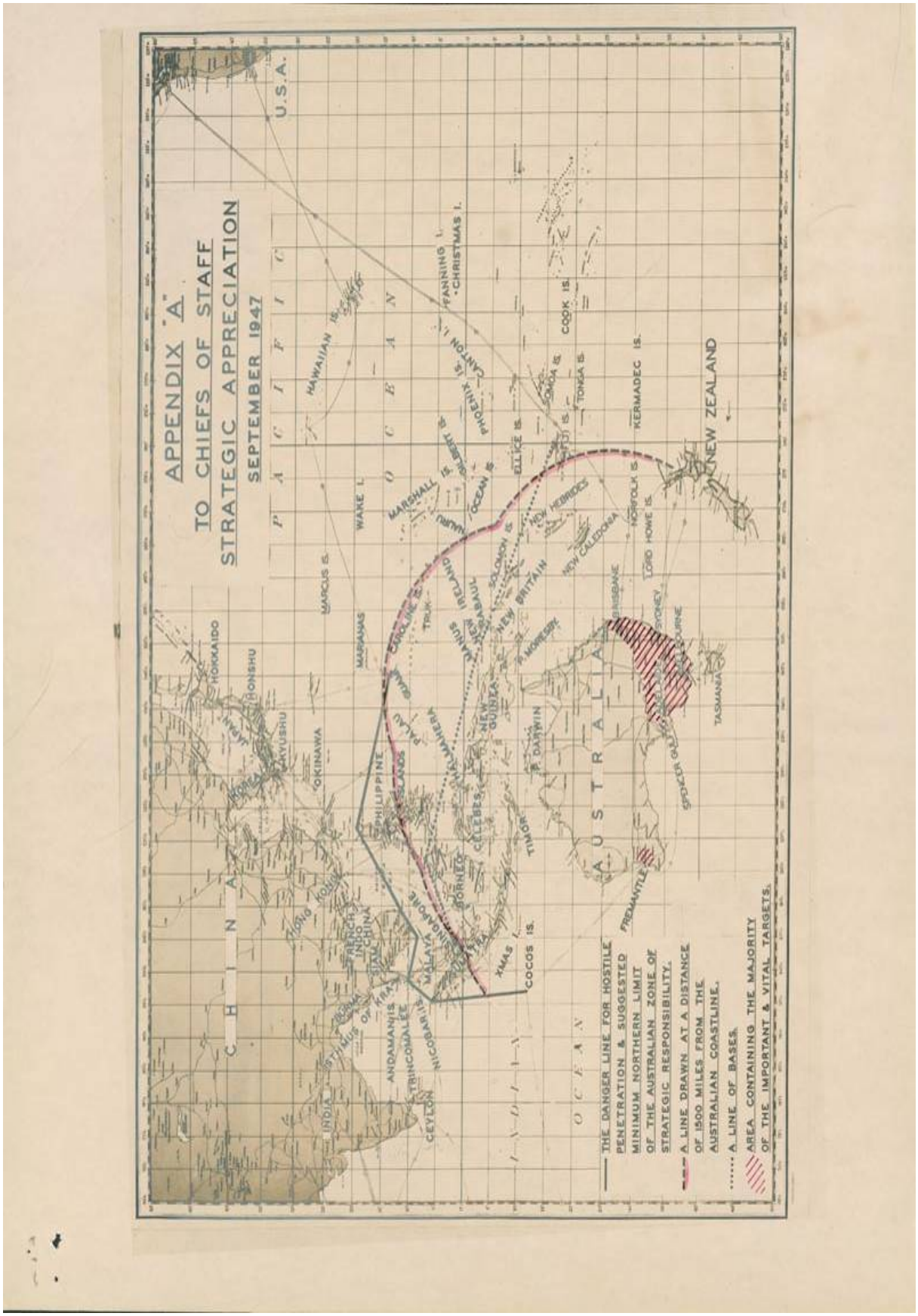
9. Every possible advantage should be sought from the application of scientific development to the defence of Australia.

10. Australia’s armed forces should be organised and trained so that they would be available without delay, for mobile operations at home or abroad, as required. Their organisation should permit of rapid expansion in war, and for this purpose, reserves of equipment and trained personnel are essential.

11. Australian forces should be standardised in their organisation, equipment and training with those of other nations of the British Commonwealth, and, as far as possible, with those of allies with whom a permanent association is likely to be achieved.

12. An intelligence organisation is essential to provide the information necessary for strategic planning, and for the security of the nation both in peace and war.

APPENDIX A


APPENDIX "A"
TO CHIEFS OF STAFF
STRATEGIC APPRECIATION
SEPTEMBER 1947
PACIFIC OCEAN
INDIAN OCEAN
CHINA
U.S.A.
HAWAIIAN IS.
WAKE I.
MARCUS IS.
MARIANAS
MARSHALL IS.
GILBERT IS.
PHOENIX IS.
CANTON I.
FANNING I.
CHRISTMAS I.
ELLICE IS.
SAMOA IS.
COOK IS.
TONGA IS.
KERMADEC IS.
NEW ZEALAND
NORFOLK IS.
LORD HOWE IS.
HOKKAIDO
HONSHU
KYUSHU
OKINAWA
KOREA
HONG KONG
FORMOSA
PHILIPPINE ISLANDS
PALAU IS.
CAROLINE IS.
TRUK
BISMARCK ARCHIPELAGO
SOLOMON IS.
NEW BRITAIN
NEW HEBRIDES
NEW CALEDONIA
NEW GUINEA
PORT MORESBY
CELEBES
BORNEO
TIMOR
DARWIN
AUSTRALIA
BRISBANE
SYDNEY
MELBOURNE
TASMANIA
FREMANTLE
XMAS I.
COCOS IS.
INDIA
BURMA
FRENCH INDO-CHINA
STATUS OF SIAM
ANDAMANS IS.
TRINCOMALEE
CEYLON
NICOBARS IS.
MALAYA
SINGAPORE
SUMATRA
THE DANGER LINE FOR HOSTILE PENETRATION & SUGGESTED MINIMUM NORTHERN LIMIT OF THE AUSTRALIAN ZONE OF STRATEGIC RESPONSIBILITY.
A LINE DRAWN AT A DISTANCE OF 1500 MILES FROM THE AUSTRALIAN COASTLINE.
A LINE OF BASES.
AREA CONTAINING THE MAJORITY OF THE IMPORTANT & VITAL TARGETS.

THE BASIC OBJECTIVES OF BRITISH COMMONWEALTH DEFENCE POLICY AND GENERAL STRATEGY (1950)

A SUITABLE BASIS FOR THE DISTRIBUTION OF STRATEGIC RESPONSIBILITY AND WAR EFFORT (1950)

Editor's Introduction

The following two reports by the Defence Committee were part of a larger body of correspondence and analysis that informed and summarised negotiations with Great Britain and New Zealand about defence cooperation between the three countries. They outlined Australia's overall strategy within the Commonwealth framework and were endorsed by the Council of Defence only days before the outbreak of the Korean War.

The report on The Basic Objectives of British Commonwealth Defence Policy and General Strategy confirmed earlier assessments that 'all free nations' were endangered by the USSR, which could 'engage in a land war at any time' (para 5). Australia should 'join with the other Commonwealth countries, the United States, and the countries of Western Europe in organising essential deterrent forces, [and] building up effective defences', requiring forces at high readiness, equipped for their wartime tasks (paras 7, 26, 27). Western strategy would be based on an atomic air offensive, which required defended air bases within striking distance of the USSR (paras 9-10). While '[e]ach allied nation will naturally consider the security of its own country as its first strategic aim', success required prioritising the defence of support areas, their approaches and lines of communication (paras 12-15). There was 'no threat of invasion' and the security of Australia's zone of strategic responsibility required only the defence of communications, of vital areas against sea and air attack, and internal security measures (paras 19-22). As '[t]he fate of Australia would depend upon the result of the conflicts in Europe and the Middle East', Australian forces not required for home defence should be made available for Commonwealth planning, which 'would need to be co-ordinated with American plans for the defence of the Pacific' (paras 18, 24, 28-30).

The report on *A Suitable Basis for the Distribution of Strategic Responsibility and War Effort* noted that the ANZAM region was 'necessary to give defence in depth to Australia and New Zealand', and that while Britain, Australia and New Zealand remained responsible for the direct defence of their 'home areas' in the zone, the 'Australian Government and Defence Machinery' should plan, direct and control all other operations within the zone (paras 5-9). After mobilisation, Australia would have forces available beyond those needed for home defence, which should be employed in accordance with overall Commonwealth strategy (paras 12-16). The US had sufficient forces available for the North Pacific, while a land threat to the ANZAM area did not yet exist and 'should be evident well in advance' (para 19). But '[t]he arrival of any forces in the Middle East, in the very early stages after the outbreak of war, would have a beneficial effect out of all proportion to their size' (para 19). Therefore, two sets of plans should be drawn up – one for the initial deployment of army and air force contingents to the either Middle East, the other for Malaya – with the possibility of sending later contingents to either of these two theatres (paras 21-23).

THE BASIC OBJECTIVES OF BRITISH COMMONWEALTH DEFENCE POLICY AND GENERAL STRATEGY

JUNE 1950

CONTENTS

	Paragraph
Introduction	1
World situation and threat to security	4
Defence policy	7
War aims	8
Military measures to achieve the aims	9
Conclusion on Allied strategy	16
The strategic problem in the Australian area	18
Time factor	25
Basis of planning	28
Recommendation	31

This paper was endorsed by the Defence Committee on 15 June 1950

STRATEGIC PLANNING IN RELATION TO CO-OPERATION IN BRITISH COMMONWEALTH DEFENCE

DEFENCE COMMITTEE REPORT ON "THE BASIC OBJECTIVES OF BRITISH COMMONWEALTH DEFENCE POLICY AND GENERAL STRATEGY"

INTRODUCTION

1. In December, 1948, the Prime Minister and the Minister for Defence approved recommendations which had been made in a report by the Defence Committee after consideration of the United Kingdom Paper PMM(48)1, "The World Situation and its Defence Aspects". The recommendations referred to were that:-

> "…the Government should authorise an examination by the Defence Committee, in conjunction with the United Kingdom and New Zealand Liaison Staffs of the following:-
>
> a. The basic objectives of British Commonwealth Defence policy and general strategy;
>
> b. A suitable basis for the distribution of strategic responsibility and war effort.
>
> When Government approval has been given to the conclusions reached in staff discussions under (a) and (b) above, general outline plans to meet immediate and long term dangers should be prepared.

2. This paper deals specifically with subject (a) above but only in general terms with subject (b) which is the subject of a separate report.

3. The undermentioned documents have been taken into consideration by the Committee in its examination of this subject:-

a. Memorandum of the United Kingdom Government *The World Situation and its Defence Aspects* (PMM(48)1, 23rd September, 1948).

b. A report by the Defence Committee on the United Kingdom Paper PMM(48)1 at (a) above (Attachment "A" to Defence Committee Minute No: 252/1948).

c. Comments by the United Kingdom Chiefs of Staff on Australian Chiefs of Staff Appreciation September, 1947 (Attachment to letter from United Kingdom Prime Minister of 29th December 1948).

d. United Kingdom Chiefs of Staff Committee – Defence Appreciation as a basis for discussion between Commonwealth Military Staff (JOS(49)49, 9th February 1949).

WORLD SITUATION AND THREAT TO SECURITY

4. To determine the Basic Objectives of British Commonwealth Defence Policy and General Strategy, it is necessary first to consider the world situation and the threat to security.

5. The following outstanding factors of military significance from United Kingdom paper PMM(48)1 which are still cogent, formed the basis of the Defence Committee's report which was approved by the Prime Minister and the Minister for Defence, and forwarded to the Prime Minister of the United Kingdom with a letter dated 10th December, 1948:-

a. "The establishment of collective security under the United Nations has not been achieved.

b. Soviet policy and aims are a threat to all free nations who are in danger of being subjugated one by one.

c. Soviet policy, if pursued, will inevitably lead to a clash.

d. The Soviet can engage in a land war at any time. The probability of the Soviet engaging in war may be affected for the time being by economic or relative air power factors, but if she felt confident of attaining her primary objective rapidly, economic considerations themselves would not prevent her from engaging in war.

6. It was stated in the United Kingdom paper PMM(48)1, that, in the present world situation, the United Kingdom Government had thought it necessary to pursue the following policy:-

(i) To stimulate political resistance to the spread of communism and to promote economic recovery in those countries threatened by it, and

(ii) Recognising that no one country can safely stand alone, to join with the United States and the countries of Western Europe and the Commonwealth in organising all deterrent forces, in building up effective defences, and in working out appropriate collective security arrangements in accordance with Article 51 of the United Nations Charter.

DEFENCE POLICY

7. The Committee was of the opinion that the following policy, which has been recommended by the United Kingdom Chiefs of Staff and conforms to the United Kingdom Government policy, should be adopted as Australian Defence Policy:-

a. To join with the other Commonwealth countries, the United States and the countries of Western Europe in organising essential deterrence forces, in building up effective defences, and in working out the necessary plans, preferably on a regional basis, in accordance with Article 52 of the United Nations Charter.

b. To resist the spread of communism by all means short of war.

WAR AIMS

8. With a view to building up effective defence and working out the necessary plans, it is necessary first to determine the war aims toward which Allied strategy should be directed. In this connection we are in agreement with the following views of the United Kingdom Chiefs of Staff:-

> "We consider that it is not possible to limit the Allied War Aim to the narrow one of restoring the situation to that immediately preceding the outbreak of war, or even to that of driving the Russians out of territories over which they have acquired control. We therefore define the Allied War Aims as:-
>
> a. to ensure the abandonment by Russia of further military and ideological aggression;
>
> b. to create conditions conducive to world peace."

MILITARY MEASURES TO ACHIEVE THE AIMS

9. *Air Offensive*: Because of the geographical characteristics of Russia, and the great numerical superiority of her land forces, the only means of taking offensive action initially is by a strategic air offensive.

10. *Bases and Sea Areas Essential for the Strategic Air Offensive*: To launch an air offensive, the bases from which it must be mounted and the vital sea and air communications necessary to the maintenance of the allied war effort must be protected. Air bases must be selected so that all the important targets in Russia are within range. Nearly all the important targets in Soviet territory could be reached from bases in Western Europe, the Middle East, Pakistan, and the Japanese Islands. At present it is not possible to plan on using Pakistan bases, at least from the outset, as there is no defence arrangement with that country. It may be, however, that this situation will change and these bases become available.

11. *Defence of Areas Essential to the Allies*: In addition to the land areas required for air bases, the retention of certain other areas is vital to the allies. These fall into three classes -

a. Home territories of the Allies.

b. Support Areas.

c. Areas to give depth in defence

12. *Home Territories of the Allies*: Each allied nation will naturally consider the security of its own country as its first strategic aim. Nevertheless, if the Allies are to achieve victory, their resources must be concentrated on the defence of those areas which are essential to overall strategy. In the long run, it is by an allied victory in the principal theatres of operations that the ultimate security of the home territories of all the Allies will be achieved.

13. *Support Areas*: Certain areas are the sources of manpower, raw materials and industrial resources, to which the Allies must have ready access if they are to be able to prosecute the war. It is obvious that such areas must be defended.

14. *Areas to give Depth to Defence*: Certain additional areas must be held in order to give defence in depth to our bases and support areas in war. The decision as to which areas these are will be brought out in the detailed plans for each area. It is of paramount importance to hold that part of Western Europe that is adjacent to the British Isles.

15. *Control of Sea and Air Communications*: To hold the air bases essential for launching the air offensive, sea and air communications between these air bases, and the main support areas must be controlled. Similarly, to deploy forces as required by the overall strategy, and to utilise materials and resources to the full, control of certain sea and air routes will be essential.

CONCLUSIONS ON ALLIED STRATEGY

16. We are in agreement with the conclusion of the United Kingdom Chiefs of Staff, that the following military measures are essential to implement allied strategy:-

a. To deliver the strategic air offensive from the outbreak of war;

b. To hold the air bases and sea areas essential for our air offensive. These are:-

(i) The United Kingdom.

(ii) The Middle East.

(iii) Japan.

c. It would also be desirable to hold as bases for our air offensive:-

(i) Sea areas for possible carrier offensives.

(ii) Pakistan.

d. To defend the main support areas which are:-

(i) United States of America and Canada.

(ii) Australia and New Zealand.

(iii) South Africa and certain other parts of the African continent.

(iv) The Argentine and certain other parts of South America.

e. To ensure the internal security and local defence of support areas of less importance.

f. To hold those areas necessary to give defence in depth to allied air bases and support areas.

g. To retain firm control of the essential sea and air communications, and of land areas necessary to ensure this control.

17. *Indian Sub-Continent*: Should it be possible subsequently to make appropriate arrangements with India and Pakistan, under which the Indian Sub-Continent could be included as a support area, this would be most advantageous.

THE STRATEGIC PROBLEM IN THE AUSTRALIAN AREA

18. In the event of a major war in the foreseeable future, it would be global in character, the major conflicts taking place in Europe and the Middle East, and to a lesser degree in the Far East. The fate of Australia would depend upon the result of the conflicts in Europe and the Middle East where the war would be decided.

> In paragraphs 12 and 16 above, the security of Australia has been shown to be essential to the war aims, firstly as a 'Home Territory' and secondly, as a 'Support Area'. It is essential to strike a correct balance between the requirements of local defence and the contribution to decisive overseas theatres, on which the security of Australia depends.

19. The strategic importance to Russia of Europe and the Middle East is such that the major effort of her armed forces is likely to be made in those theatres. We note and agree with the views expressed by the United Kingdom Chiefs of Staff in the attachment to the United Kingdom Prime Minister's letter of 29th December, 1948, that –

> "…The most immediate and dangerous Russian threats will be in Western Europe and the Middle East,…The successful defence of the Middle East depends on the rapid build up of Commonwealth and American Forces. We estimate that we shall be hard put to it to deploy adequate forces in time."

Australia is most unlikely to be an objective of high strategic priority in Russian plans. In addition, geographic factors and the inferiority of Russian surface naval forces, decrease the probability of serious attack. The security of the Australian mainland will depend, therefore, on –

a. The distance from Australia of possible enemy air bases; and

b. The control and security of sea and air communications in the Pacific, South-East Asian Area and Indian Ocean.

20. The Australian Chiefs of Staff in their Appreciation of the Strategic Position of Australia (September 1947) defined the danger line for hostile penetration as a line which includes the Philippines and Malaya. The United Kingdom Chiefs of Staff were in general agreement with this view. There is no threat of invasion, and, provided there is an adequate superiority of Allied Naval and Air Forces in the Pacific and a secure hold is maintained on the Philippines and Malaya, the scale of air attack will be negligible.

21. Insofar as the military threat is concerned, it is considered that the extension of Communist influence in Asia will make available to Soviet Russia further potential air and submarine bases from which attacks could be mounted against sea communications in South-East Asia, and thus lead to an increase in the probable scale of attack in this area. The degree of subversive activity in South-East Asia will also increase. However, the appreciation of the Australian strategic position, outlined in paragraphs 19 and 20 above, is not materially affected by the foregoing during the present review.

22. The security of the zone of immediate strategic interest to Australia, south of the line through the Philippines and Malaya therefore, requires the following in relation to the probable form and scale of attack:-

a. Protection of sea and air communications.

b. Seaward and air defence of vital areas.

c. Measures to ensure internal security.

23. *Outline Plans* for seaward and air defences of vital areas in Australia are under consideration and an assessment of the forces required to implement these plans has been made. The Defence Committee's views on the measures required to ensure internal security in Australia have been formulated and incorporated in a separate paper.

Plans for protection of sea and air communications are currently under consideration in conjunction with the United Kingdom and New Zealand Service Liaison Staffs and will be completed in the near future.

24. In the light of this situation, we consider it essential to prepare for participation of Australian forces, surplus to those required for Australia's home defence in British Commonwealth emergency and long range plans.

TIME FACTOR

25. In previous wars, deterioration of the world situation has usually provided a considerable period of warning prior to the advent of war. It has been possible to collect, well in advance, evidence of preparation for war. In addition, the ready availability of United Kingdom forces has provided a cushion of time during which this country has been able to organise and mobilise her armed forces.

The principal factors which affect the present situation are:-

a. The speed of modern warfare has increased immeasurably. This provides an aggressor nation with an opportunity for much greater strategic gains in the opening stages of war; and

b. Russian Armed Forces are maintained in a high degree of mobilisation, and could engage in war at any time. Their strategic location is such that they can launch offensive operations without moving forces overseas.

For these reasons the period of warning of the possible outbreak of hostilities is likely to be very short. In certain circumstances there may be no warning at all.

26. In view of the time factor it is essential for plans to be fully developed in peace for the deployment of adequate Allied forces to protect vital strategic areas with maximum speed in an emergency. Armed forces must be maintained in a higher state of readiness for war than has previously been necessary.

27. Allied general strategic plans will directly influence the composition, strength and armament of the Australian Services, and the material resources which Australia should provide in war. The maximum effectiveness of Australia's contribution, in a future war, will only be achieved if the composition, strength and armament of the Services in peace is based on their probable role in the general strategy for war. It is essential, therefore, that there should be an early examination, in conjunction with the United Kingdom and New Zealand Authorities of the part which Australian Armed Forces may play in British Commonwealth emergency and long range plans.

BASIS OF PLANNING

28. It is considered that plans for Australian participation in British Commonwealth Defence should be developed initially on a regional basis in conjunction with the United Kingdom and New Zealand. At an appropriate stage of development, the plans would need to be co-ordinated with American plans for the defence of the Pacific. It is desirable also that plans for the defence of the area of vital strategic importance to the security of Australia should be linked ultimately with the plans of other friendly nations having possessions in the South-West Pacific Area.

29. Information with regard to United States intentions in the Pacific will have a major effect on planning. The information now available to us is a satisfactory basis for the preparation of plans and alternative plans on a Service level, but ultimate consideration and acceptance of such plans by the Australian Government would appear to be contingent on an agreement between the United Kingdom, the United States and Australian Governments as to how defence responsibilities are shared in the Far East, Southwest Pacific Area and the Middle East.

30. As has been stated in paragraphs 26 and 27 above, plans, and alternative plans if necessary, for the employment of all Australian forces likely to be engaged in war both at home and abroad, must be fully developed well in advance of events if the Australian contribution to Allied strategy is to be effective. Subject to it being clearly understood that the preparation of plans for the employment of Australian Armed Forces will not commit the Australian Government, unless it subsequently accepts specific plans, it is recommended that approval be given for emergency and long range plans to be developed, initially on the Service level, in conjunction with the United Kingdom and New Zealand Liaison Staffs. Proposals arising out of this planning should be submitted to the Minister for Defence.

RECOMMENDATION

31. The Committee recommended:

A. That the defence policy and general strategy, upon which planning is to based, be –

(a) *Defence Policy:*

(i) To join with the other Commonwealth countries, the United States and the countries of Western Europe in organising essential deterrent forces, in building up effective defences and in working out the necessary plans, preferably on a regional basis, in accordance with Article 52 of the United Nations Charter.

(ii) To resist the spread of communism by all means short of war.

(b) *War Aims:*

(i) To ensure the abandonment by Russia of further military and ideological aggression.

(ii) To create conditions conducive to world peace.

(c) *Military Measures to implement Allied Strategy:*

(i) To deliver the strategic air offensive from the outbreak of war.

(ii) To hold the air bases and sea areas essential for our air offensive. These are –

The United Kingdom.
The Middle East.
Japan.

(iii) It would also be desirable to hold as bases for our air offensive –

Sea areas for possible carrier offensives.
Pakistan.

(iv) To defend the main support areas which are –

United States of America and Canada.
Australia and New Zealand.
South Africa and certain other parts of the African continent.
The Argentine and certain other parts of South America.

Should it be possible subsequently to make appropriate arrangements with India and Pakistan, under which the Indian Sub-Continent could be included as a support area, this would be most advantageous.

(v) To ensure the internal security and local defence of support areas of less importance, as necessary.

(vi) To hold those areas necessary to give defence in depth to Allied air bases and support areas;

(vii) To retain firm control of the essential sea and air communications, and of land areas necessary to ensure the control; and

B. That, subject to it being clearly understood that the preparation of plans for the employment of Australian Armed Forces will not commit the Australian Government, unless it subsequently accepts specific plans, approval be given for emergency and long range plans to be developed, initially on a Service level, in conjunction with the United Kingdom and New Zealand Liaison Staffs. Proposals arising out of this planning should be submitted to the Minister for Defence.

A SUITABLE BASIS FOR THE DISTRIBUTION OF STRATEGIC RESPONSIBILITY AND WAR EFFORT

JUNE 1950

CONTENTS

	Paragraph
Introduction	1
Consideration	4
Conclusions	24

Appendixes:

A. Map—ANZAM Region

B. Initial estimate of Australian Forces likely to be available by the end of the first year of War

This paper was endorsed by the Defence Committee on 15 June 1950

STRATEGIC PLANNING IN RELATION TO CO-OPERATION IN BRITISH COMMONWEALTH DEFENCE

DEFENCE COMMITTEE REPORT ON "A SUITABLE BASIS FOR THE DISTRIBUTION OF STRATEGIC RESPONSIBILITY AND WAR EFFORT"

INTRODUCTION

1. The Australian Prime Minister, in a letter dated 10th December, 1948, to the Prime Minister of the United Kingdom stated –

> "3. In extension of the conclusions of the Council of Defence of 20th April, 1948, I have authorised an examination by the Defence Committee, in conjunction with the United Kingdom and New Zealand Liaison Staffs, of the following:-
>
> a. The basic objectives of British Commonwealth Defence policy and general strategy.
>
> b. A suitable basis for the distribution of strategic responsibility and war effort.
>
> 4. When Government consideration has been given to the conclusions reached in official level discussions under paragraph 3(a) and (b) above, the next step would be the authorisation by Governments of the preparation of general outline plans to meet immediate and long term dangers."

2. The views of the Defence Committee on "The basic objectives of British Commonwealth Defence policy and general strategy" have been given in a separate report.

3. As a result of the discussions in July and August, 1949, with the United Kingdom Planning Team and the New Zealand Chiefs of Staff, and of the views received in March, 1950, from the United Kingdom Chiefs of Staff with regard to the Regional Defence Organisation and Malaya, an outline of the overall requirements necessary to implement British Commonwealth Defence policy and general strategy has become available. This information has enabled the Defence Committee to formulate its views on "A Suitable Basis for the Distribution of Strategic Responsibility and War Effort." These views are subject to any significant change in the probable form and scale of attack.

CONSIDERATION

Distribution of Strategic Responsibility

4. In the paper in which the Defence Committee gave its views in respect to the "Basic Objectives of British Commonwealth Defence Policy and General Strategy", it was observed that, in the event of a major war in the foreseeable future, it would be global in character, the major conflicts taking place in Europe and the Middle East, and, to a lesser degree, in the Far East. Of these Australia would be directly interested in the North Pacific/Far East and the Middle East, in which areas are two of the main bases for the strategic air offensive. It is understood that, in war, the North Pacific/Far East will be a region of American responsibility, while the Middle East would be primarily a region of British responsibility.

5. Between these two regions of major importance, there is a region, which is necessary to give defence in depth to Australia and New Zealand, and for which Australia has assumed the responsibility for the initiation of defence planning in peace. This region (the ANZAM Region), includes Australia and New Zealand, and territories in South-East Asia where the United Kingdom has responsibilities. The proposed detailed boundaries of the ANZAM Region, which have been agreed between the Australian Defence Committee and the United Kingdom and New Zealand Chiefs of Staff, are shown at Appendix 'A'.

6. The defence of the ANZAM Region includes the home defence of the countries within it. The Australian and New Zealand Governments, advised by their Chiefs of Staff, would remain responsible for the home defence of their respective countries. As regards Malaya, the United Kingdom Prime Minister, in a letter dated 28th September, 1948, in which he referred to the region in which Australia would assume the initiative for defence planning in peace-time, commented as follows:-

> "I should like to emphasize that such planning does not involve any executive control in peace-time and that we do not contemplate removing the present United Kingdom Command in the Far East either in peace or war. Our treaty commitments with the Malay rulers entail very special responsibilities in that area for the United Kingdom, and we feel it necessary to reserve the right to make it clear to the local population, if necessary, that we have no intention of transferring to other countries either in peace or war, the responsibilities for and in Malaya which now rest with us."

For this reason, Malaya and other British possessions in the Region will be treated as home territories of the United Kingdom and the United Kingdom Chiefs of Staff would be responsible to the United Kingdom Government for internal security and the home defence of those territories.

7. The defence of Malaya is, however, part of the regional defence problem, the military responsibility for which will be shared by the Australian, the United Kingdom and the New Zealand Chiefs of Staff. Until Malaya is actively and seriously threatened, the United Kingdom Chiefs of Staff would be able to exercise direct military authority over Malaya Command, but should a serious threat develop, it would be desirable for the regional defence organisation described in paragraph 10 below to exercise overall responsibility for the defence of Malaya. In these circumstances, the United Kingdom Chiefs of Staff could exercise their authority for

internal security through their accredited representative on the regional defence organisation, whilst the Service Commanders in Malaya would be responsible to that organisation for the executive control of operations. This would vest the responsibility for the defence of Malaya in an organisation situated geographically closer to the operations and would, moreover, be in accordance with the Australian Prime Minister's statement at the Prime Ministers' Conference in 1946, that there should be assigned to the Australian Government Machinery, responsibility for the development of the defence aspect of matters relating to regional security in the Pacific.

8. From an Australian point of view, therefore, it is considered that a suitable basis for the distribution of strategic responsibility would be for Australia –

a. to be responsible for home defence of Australia and its Territories;

b. in conjunction with the United Kingdom and New Zealand, to accept responsibility for the overall direction and control of operations, other than home defence, in an area which would approximate to the ANZAM Region. This responsibility would include all matters relating to the defence of the region as a whole, of which the defence of sea communications and the defence of Malaya will be the major considerations.

Regional Defence Organisation

9. The agreed machinery for developing British Commonwealth defence plans in the ANZAM Region is the Australian Government and Defence Machinery. This machinery consists essentially of the Council of Defence and the Department of Defence, including the Defence Committee and the Chiefs of Staff Committee. Full consultation in developing these defence plans with the United Kingdom and New Zealand Authorities through their accredited political and Service representatives in Australia is provided for. In peace, owing to important implications of Government policy and commitments that may be involved, the development of strategic planning in connection with co-operation in British Commonwealth Defence is under the general direction and supervision of the Defence Committee, in consultation with the United Kingdom and New Zealand Chiefs of Staff through their accredited representatives in Australia.

10. The political structure of the regional defence organisation to operate in war, has not yet been determined. From the military point of view, the responsibility for the overall direction and control of operations, other than for home defence, would lie with the Australian, the United Kingdom and the New Zealand Chiefs of Staff. It is proposed that this overall direction and control of operations would be exercised by the Australian Chiefs of Staff, and an accredited representative each of the United Kingdom Chiefs of Staff and the New Zealand Chiefs of Staff, functioning through the Australian Defence Machinery. This organisation would be known as the ANZAM Chiefs of Staff. Subsequently, it may be necessary for the Chiefs of Staff of other nations which may participate in the defence of the Region to be represented in this organisation.

11. Participation in the regional defence organisation by the countries concerned, should be on the basis of equality and an effective voice, and should be subject to the principle that the sovereign control of each country's policy is retained by its respective government and that the assent of its representative is required on whatever level a matter is considered. Without the assent of its accredited representative, a country should not be bound by the view of other representatives on any matter affecting a commitment on its part or the control or use of its forces and resources.

Distribution of Australian war effort

General

12. A conclusion as to the allocation of the manpower and material resources available for the main categories of the Australian war effort (the three fighting Services, their supplies and equipment, civilian needs, main support area requirements, &c.), would be required before final plans for each category could be approved. In order to establish a starting point for any detailed examination of the distribution of the Overall National War Effort of Australia, it is essential that the Fighting Services should make available the best possible estimate of the Australian forces which should be provided to assist in implementing Allied strategy in a future war.

13. An initial and conservative estimate of the Australian forces likely to be available has been made, based on the experience of the recent war. Under the present assessment of the probable form and scale of attack, the forces required for home defence have been estimated in current planning. It is evident, on this basis, that there will be certain forces available to meet other strategic requirements of British Commonwealth Defence, which are also essential for the security of Australia. A table embodying the following details is attached at Appendix "B".

a. an initial estimate of the Australian forces likely to be available by the end of the first year of war;

b. the estimated forces required for the home defence of Australia and its Territories;

c. the estimated forces available to meet other strategic requirements after provision has been made for (b) above.

14. As a basis for planning it is necessary to make firm assumptions as to the areas in which Australian Forces may be deployed in war. These areas will determine –

a. the organisation and training of the forces; and

b. the amount and type of equipment and supplies and their provision.

15. Planning should be carried out in consultation with the appropriate United Kingdom and New Zealand authorities. When the Service plans become available, it will be possible to assess the Service demands on the National War Effort of Australia. It should then be possible to make a detailed examination of the manpower and material resources with a view to making an allocation of them to the main categories of the Australian War Effort.

Strategic Considerations in Important Theatres of War

16. The available military war effort should be employed where it will best contribute to the security of Australia in particular, and the British Commonwealth in general, in accordance with the basic objectives of British Commonwealth defence policy and general strategy.

17. In the event of a future war, the threat to Australia might be increased by adverse events in South-East Asia, but the security of Australia will depend ultimately on the outcome of the major conflicts in Europe and the Middle East, and to a lesser degree, on conflicts in the Far East.

18. To meet the threat in Western Europe, Atlantic Pact countries are best situated to provide the forces in time and thereafter maintain them effectively.

19. The main strategic considerations in the theatres of particular interest to Australia, are –

a. North Pacific/Far East – The threat in this theatre, except for Hong Kong, would be confined to a sea and air threat, as the result of U.S.S.R. endeavouring to neutralise Japan and the Ryukyus as Allied bases for the strategic air offensive. Thus, enemy operations would be conducted primarily by Naval and Air Forces. Land operations of any magnitude in this theatre are not envisaged. This theatre is likely to be part of an American area of responsibility, and from information available it is safe to assume, as a basis for planning, that America will provide adequate forces there to counter any threat.

b. The ANZAM Region – One of the Russian aims is the continued aggressive promotion of communism by all means short of war throughout the non-communist world, and experience indicates that she will first try to gain her objectives by subversive methods. An intensification of subversive activity in the ANZAM Region, especially in Malaya, is to be expected; and it is probable that Russia will rely initially on this form of aggression in her endeavour to gain control of Malaya. A military threat, therefore, may not develop until the outcome of this subversive activity in Malaya is apparent.

   In the event of a military threat developing, provided control of the sea and air is maintained, the only possible serious threat to the region, as a whole, would be in the form of a land attack on Malaya from the north. This threat would not be likely to occur suddenly and should be evident well in advance.

c. Middle East – The retention of this theatre is essential to British Commonwealth strategy. In this regard, the Prime Minister of the United Kingdom, in his letter of 29th December, 1948, stated –

"The successful defence of the Middle East depends on the rapid build up of Commonwealth and American Forces. We estimate that we shall be hard put to it to deploy adequate forces in time. The British Chiefs of Staff suggest, therefore, that any contribution which Australia is prepared to make, over and above those forces which she requires for the defence of areas vital to her home defence, would be most usefully employed in assisting in the defence of the Middle East."

The crisis in the Middle East theatre will arise early, possibly within about three months of the outbreak of war. The arrival of any forces in the Middle East, in the very early stages after the outbreak of war, would have a beneficial effect out of all proportion to their size, and would be of greater value then, than would much larger forces sent at a later date.

Distribution of Australian Military War Effort

20. Initially, and possibly for some time after the outbreak of war, all Australian Naval Forces will be required for home defence and, in co-operation with United Kingdom, New Zealand and United States Forces, to secure the sea communications in the Pacific, South-East Asia and Indian Ocean Areas, and to protect overseas movements of Australian and New Zealand forces.

21. As indicated above (paragraph 19(b)), provided control of the sea and air is maintained, the security of Malaya will depend on the provision of adequate ground forces to repel a land attack. To meet the estimated possible threat, only comparatively small air forces would be required, and the Australian land forces likely to be raised during the first year of war could, in addition to meeting home defence requirements, provide for a contingent for the Middle East and a possible demand in Malaya.

22. In the opening stages of a war, the greatest danger, in areas of direct interest to Australia, is likely to exist in the Middle East, unless adequate forces can be deployed there in time. The security of the Middle East in the critical early stages, and ultimately the security of Australia, might be adversely affected if Australian forces were withheld unnecessarily to meet a possible threat to Malaya.

23. It is considered, therefore, that alternative plans for the employment of Australian Army and Air Forces, other than those required for home defence, should be developed concurrently to provide for:-

a. deployment, in the Middle East, of the first army contingent and air force task force raised, with provision for later forces to be allotted to Malaya, should the possible threat develop;

b. deployment in Malaya of the first army contingent and air force task force raised, with provision for later forces, not required in Malaya, to be allotted to the Middle East.

CONCLUSIONS

Strategic Responsibility

24. A suitable basis for the distribution of strategic responsibility in war would be for Australia –

a. to be responsible for home defence of Australia and its Territories;

b. in conjunction with the United Kingdom and New Zealand, to accept responsibility for the overall direction and control of operations, other than home defence, in an area which would approximate to the ANZAM Region, which includes Australia and New Zealand and territories in South-East Asia where the United Kingdom has responsibilities. The proposed detailed boundaries of the Region, which have been agreed between the Australian Defence Committee and the United Kingdom and New Zealand Chiefs of Staff, are shown at Appendix "A". This responsibility would include all matters relating to the defence of the region as a whole, of which the defence of sea communications and of Malaya will be the major considerations.

Regional Defence Organisation

25. The political structure of the regional defence organisation to operate in war has not yet been determined. The executive control of operations in the ANZAM Region should be exercised by the Australian Chiefs of Staff, an accredited representative of the United Kingdom Chiefs of Staff, and an accredited representative of the New Zealand Chiefs of Staff, functioning through the Australian Defence Machinery, each nation having an equal effective voice. This command organisation should be known in war as the ANZAM Chiefs of Staff. It is a development of the existing machinery which has been established for co-operation in British Commonwealth Defence. Subsequently, it may be necessary for the Chiefs of Staff of other nations, which may participate in the defence of the Region, to be represented in this organisation.

War Effort

26. In order to establish a starting point for the detailed examination of a balanced distribution of the overall National War Effort of Australia, the requirements of the Australian military war effort should first be estimated.

27. The Australian military war effort should be employed so that it will contribute most effectively to the security of Australia in particular, and the British Commonwealth in general, in accordance with the basic objectives of British Commonwealth defence policy and general strategy. The most effective employment of Australian forces to meet these requirements would be:

a. in home defence;

b. in the defence of sea communications in co-operation with United Kingdom, New Zealand and United States forces;

c. in the Middle East; and

d. in South-East Asia, should a land threat develop against Malaya.

28. Planning for home defence and also for defence of sea communications is now proceeding, but approval has not yet been granted to the planning for the possible employment of Australian forces in the Middle East or in South-East Asia. This approval would be an essential factor in determining the demands of the Australian Military War Effort on the civil economy. When Service plans become available, it will be possible to assess the Service demands on the National War Effort of Australia. It should then be possible to make a detailed examination of the manpower and material resources with a view to making an allocation of them to the main categories of the Australian War Effort (the three fighting Services, their supplies and equipment, civilian needs, main support area requirements, etc.).

RECOMMENDATIONS

29. In the light of the foregoing it is recommended that:

a. In war, Australia should accept strategic responsibility –

(i) for the home defence of Australia and its Territories;

(ii) in conjunction with the United Kingdom and New Zealand, for the overall direction and control of operations, other than home defence, in an area which would approximate to the ANZAM Region.

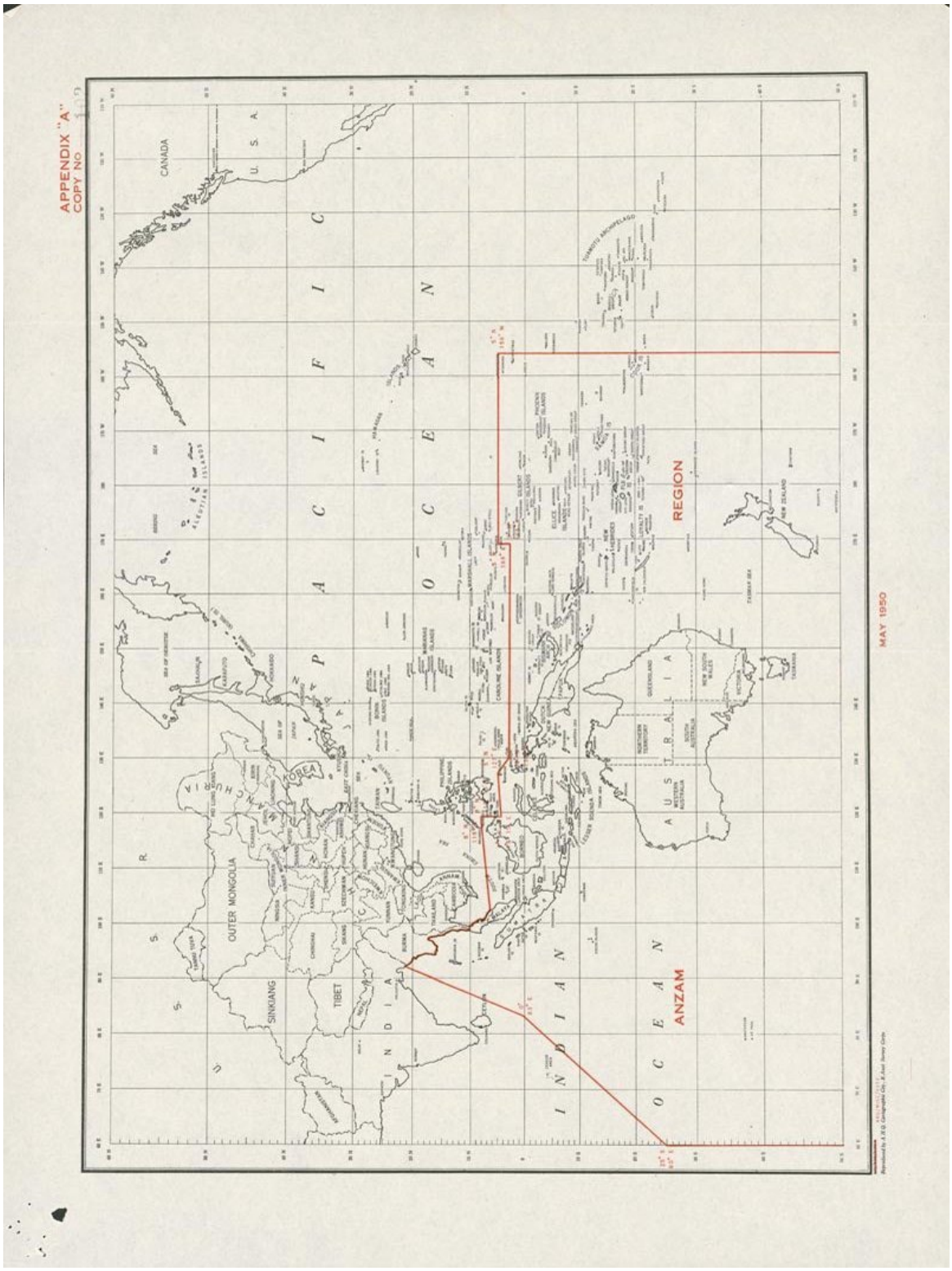
b. Approval should be given for regional planning to proceed on the basis that the proposed military regional defence organisation, known as the ANZAM Chiefs of Staff and consisting of the Australian Chiefs of Staff, and an accredited representative of each of the United Kingdom Chiefs of Staff and the New Zealand Chiefs of Staff, functioning through the Australian Defence Machinery, will come into existence on the outbreak of war.

c. Approval should be given for the development concurrently, of the plans to meet immediate and long term dangers recommended in the paper on “The Basic Objectives of British Commonwealth Defence Policy and General Strategy”. These plans should be based on both the following alternatives:

(i) Deployment in the Middle East of the first army contingent and air force task force raised, with provision for later forces to be allotted to Malaya, should the possible threat develop;

(ii) Deployment in Malaya of the first army contingent and air force task force raised, with provision for later forces, not required in Malaya, to be allotted to the Middle East.

APPENDIX A


APPENDIX "A"
COPY NO
CANADA
U. S. A.
PACIFIC OCEAN
REGION
KOREA
OUTER MONGOLIA
SINKIANG
TIBET
INDIA
INDIAN OCEAN
ANZAM
AUSTRALIA
NEW ZEALAND
MAY 1950

APPENDIX B

INITIAL ESTIMATE OF AUSTRALIAN FORCES LIKELY TO BE AVAILABLE BY THE END OF FIRST YEAR OF WAR

TOTAL FORCES LIKELY TO BE AVAILABLE		FORCES STATIONED IN AUSTRALIA AND ITS TERRITORIES FOR HOME DEFENCE, TRAINING, MAINTENANCE, ETC., AND EXPANSION OF THE WHOLE FORCE		FORCES LIKELY TO BE AVAILABLE FOR OTHER STRATEGIC REQUIREMENTS		REMARKS
(a)		(b)		(c)		(d)
NAVAL:	Approx Personnel		Personnel		Personnel	
		Home Defence:				
2 Light Fleet Carriers	2,200	5 'Q' Class Destroyers	1,100	2 Light Fleet Carriers	2,200	
1 8" Cruiser	1,000	8 A/S Frigates	1,440	1 8" Cruiser	1,000	
1 6" Cruiser	700	2 A.A. Frigates	360	1 6" Cruiser	700	a. After the end of 1954, 4 Daring Class Destroyers <u>will</u> be available in Columns (a) and (c) instead of the 2 as shown.
2 Battle Class Destroyers	600	2 Frigates (ex Sloops)	240	2 Battle Class Destroyers	600	
2 Daring Class Destroyers	600	22 A.M.S.	2,000	2 Daring Class Destroyers	600	
3 Tribal Class Destroyers	800	Part of Fleet Train	500	3 Tribal Class Destroyers	800	
5 'Q' Class Destroyers	1,100	Auxiliary Craft	1,000	2 A.A. Frigates	360	
8 A/S Frigates	1,440	Harbour Defence Forces	3,000	Part of Fleet Train	500	
4 A.A. Frigates	720		9,640			b. Detailed planning for the Defence of Sea Communications in Home Waters and the ANZAM Region may necessitate minor alterations to those estimates.
2 Frigates (ex Sloops)	240					
22 A.M.S.	2,000					
Fleet Train	1,000	Training, Maintenance Establishments, Etc. Personnel under Training for Reinforcements and for Expansion of the whole Force				
Auxiliary Craft	1,000					
Harbour Defence Forces	3,000					
Training, Maintenance Establishments, Etc. Personnel under training for Reinforcements and for Expansion of the whole Force	10,600		10,600			
<u>TOTAL PERSONNEL</u>	27,000		20,240		6,760	

TOTAL FORCES LIKELY TO BE AVAILABLE		FORCES STATIONED IN AUSTRALIA AND ITS TERRITORIES FOR HOME DEFENCE, TRAINING, MAINTENANCE, ETC., AND EXPANSION OF THE WHOLE FORCE		FORCES LIKELY TO BE AVAILABLE FOR OTHER STRATEGIC REQUIREMENTS		REMARKS
(a)		(b)		(c)		(d)
ARMY:						
Field Forces - Three Infantry Divisions One Armoured Brigade Corps Troops	127,000	**Home Defence -** Coast and Anti-Aircraft Defences and Garrison Battalions	23,000	**First Component -** Force HQ One Division (a) Corps Troops including One Armoured Regiment Force and Base Troops	41,000	a. Formed from expansion of A.R.A.
Home Defence - Coast and Anti-Aircraft Defences Garrison Battalions	23,000	Training, Maintenance Establishments, Etc. Personnel under training for Reinforcements and for Expansion of the whole Force.	90,000	**Second Component -** HQ Corps Two Divisions (b) Corps Troops Force and Base Troops	81,000	b. These formations exist in peace time as 2nd and 3rd C.M.F. Divisions.
Training, Maintenance Establishments, Etc. Personnel under training for Reinforcements and for Expansion of the whole Force.	90,000			One Armoured Bde. Group	5,000	
TOTAL PERSONNEL	240,000		113,000		127,000	

TOTAL FORCES LIKELY TO BE AVAILABLE		FORCES STATIONED IN AUSTRALIA AND ITS TERRITORIES FOR HOME DEFENCE, TRAINING, MAINTENANCE, ETC., AND EXPANSION OF THE WHOLE FORCE		FORCES LIKELY TO BE AVAILABLE FOR OTHER STRATEGIC REQUIREMENTS		REMARKS
(a)		(b)		(c)		(d)
AIR FORCES:						
Operational Flying Units	**Aircraft**	**Operational Flying Units**	**Aircraft**	**Operational Flying Units**	**Aircraft**	
1 Bomber Wing ø (3 Squadrons)	36	4 Fighter Squadrons	48	1 Bomber Wing (3 Squadrons)	36	Operational Flying Units marked thus ø are units of the peace-time R.A.A.F.
1 Fighter Wing ø (2 Squadrons)	48	1 Transport Squadron	18	1 Fighter Wing (2 Squadrons)	48	
1 Fighter Wing (2 Squadrons)	48	4 General Reconnaissance Squadrons	48	1 Fighter Wing (2 Squadrons)	48	
4 Fighter Squadrons ø	48	Maritime Strike Squadron	12	1 Transport Wing (2 Squadrons)	36	
1 Transport Wing ø (2 Squadrons)	36			1 Transport Squadron	18	
2 Transport Squadrons	36			1 Tactical Reconnaissance Squadron (with Air Observation Post Flight)	12 9	
2 General Reconnaissance Squadrons ø	24			1 Photographic Reconnaissance Squadron	12	
2 General Reconnaissance Squadrons	24					
1 Tactical Reconnaissance Squadron (with Air Observation Post Flight) ø	12 9					
1 Photographic Reconnaissance Squadron ø	12					
1 Maritime Strike Squadron ø	12					
TOTAL 4 Wings (9 Squadrons) 13 Squadrons				4 Wings (9 Squadrons) 3 Squadrons		
22 Squadrons	345	10 Squadrons	126	12 Squadrons	219	

PERSONNEL		**PERSONNEL**		**PERSONNEL**		
Task Force - Operational Flying Units plus Ancillary Units	11,500	**Home Defence -**	25,000	**Task Force -** Operational Flying Units plus Ancillary Units	11,500	
Home Defence - Training, Maintenance Establishments, Etc. Personnel under Training for Reinforcements and for Expansion of the whole Force	25,000 40,500	Training, Maintenance Establishments, Etc. Personnel under Training for Reinforcements and for Expansion of the whole Force.	40,500			
TOTAL PERSONNEL	77,000		65,500		11,500	

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY (1953)

Editor's Introduction

When the 1953 *Strategic Basis* was endorsed by the Defence Committee, Australia had signed the ANZUS treaty, and the Korean War was drawing to a close. Communist insurgencies were active in Malaya and French Indochina, but Dien Bien Phu had not yet fallen. Due to the increased strength of the West, and communist successes in limited wars, the risk of global war was seen as less than three years earlier (paras 16, 17, 20). Moreover, global war 'may well be decided in the first few weeks, when the atomic onslaught is expected to take place' (para 11). However, the West was faced with a prolonged challenge in the form of cold war tensions and the possibility of limited war (para 70). Communist cold war efforts were expected to increase in Asia – especially South East Asia – and the Middle East (paras 9, 20, 23).

With NATO having responsibility for the defence of Europe, Australia's focus was on the Middle East and South East Asia (paras 22, 24). The former was more important for the Western strategy in a global war, and 'excessive' troop reductions there were rejected as they would make communist advances short of global war more likely (paras 13, 28, 40). However, 'it is the Australian Government's view that the aim of the Allies should be to ensure the retention of Malaya' against an expected Chinese offensive in global war, because of its importance in the defence of Australia, and Australia's ability to contribute forces to other theatres (paras 41, 50, 70). Nevertheless, in the event of global war, Australia would contribute 'the maximum possible' to theatres other than South East Asia, and the document endorses the fundamentals of Commonwealth defence policy and strategy (para 55, Appendix). South East Asia was also seen to be more vulnerable than the Middle East to communist advances through limited war, which could result in the successive loss of countries on the mainland (paras 35, 39). 'South East Asia should be given priority of Allied effort' during cold war and, although preparations for both cold and global war were necessary, the former took priority (paras 20, 51). Australia did not see itself capable of making meaningful contributions beyond the forces already committed at that time, and looked to its allies to provide a strategic reserve for countering cold and limited war dangers in South East Asia (paras 54, 64). In general, the document warns that '[t]he maintenance of unnecessarily large armed forces during the cold war, would have a disastrous effect on the economy of the Allies' (para 15).

The overall force structure of all three Services was confirmed, but mobilisation schedules of global war forces were to be reviewed in light of the lesser immediacy of that threat (para 67). Should Malaya be lost, Australian forces would need to occupy the Admiralty Islands, New Guinea, North and north-west Australia and the Cocos Islands (para 69). The document demanded that '[s]ufficient forces must at all times be maintained to ensure the security of Australia' but, at the same time, it was 'considered that the communists could not operate from air and naval bases throughout Indonesia, before Australian forces were fully mobilised' (paras 62, 69).

A STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

JANUARY 1953

CONTENTS

	Paragraph
PART I — INTRODUCTION	1
PART II — DEVELOPMENTS IN THE GENERAL WORLD SITUATION SINCE 1950	5
PART III — THE GLOBAL STRATEGIC PROBLEM	
General	21
The Middle East	25
Far East and South-East Asia	31
ANZAM region	45
PART IV — AUSTRALIA'S STRATEGIC PROBLEM	53
Employment of Australian forces	63
PART V — MAIN CONCLUSIONS	70
Recommendation	71

Appendix

1. *The basic objectives of British Commonwealth Defence policy and general strategy* as adapted for *The Strategic Basis of Australian Defence Policy*

This paper was endorsed by the Defence Committee on 8 January 1953

DEFENCE COMMITTEE'S REPORT

ON

"A STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY"

PART I — INTRODUCTION

Current Australian Defence Policy and General Strategy

1. In its conclusions of 21st June, 1950, the Council of Defence "approved the following Defence Committee recommendations upon which planning is to be based:-

a. *Defence Policy*

(i) To join with the other Commonwealth countries, the United States and the countries of Western Europe in organising essential deterrent forces, in building up effective defences and in working out the necessary plans, preferably on a regional basis, in accordance with Article 52 of the United Nations Charter.

(ii) To resist the spread of communism by all means short of war.

b. *War Aims*

(iii) To ensure the abandonment by Russia of further military and ideological aggression.

(iv) To create conditions conducive to world peace.

c. *Military Measures to Implement Allied Strategy.*

(v) To deliver the strategic air offensive from the outbreak of war.

(vi) To hold the air bases and sea area essential for our air offensive. These are –

The United Kingdom.
The Middle East.
Japan.

(vii) It would also be desirable to hold as bases for our air offensive –

Sea areas for possible carrier offensives.
Pakistan.

(Note:-In this connection the Defence Committee observed "at present, it is not possible to plan on using Pakistan bases, at least from the outset, as there is no defence arrangement with that country".)

(viii) To defend the main support areas which are:-

United States of America and Canada;
Australia and New Zealand;
South Africa and certain other parts of the African continent;
The Argentine and certain other parts of South America;

Should it be possible subsequently to make appropriate arrangements with India and Pakistan, under which the Indian Sub-Continent could be included as a support area, this would be most advantageous.

(ix) To ensure the internal security and local defence of support areas of less importance, as necessary.

(x) To hold those areas necessary to give defence in depth to Allied air bases and support areas.

(xi) To retain firm control of the essential sea and air communications, and of land areas necessary to ensure this control."

The Basis of the Present Defence Policy

2. 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 overrunning Europe and the Middle East before effective defensive measures could be taken by the Allies. It was apparent, therefore, that our preparations for war would have to be speeded up. Action in this regard was based on the forecast that, to meet a global war, such preparations should be completed by the end of 1953. Further, the rate of development of the potentially great military power of communist China with Soviet assistance, was not then foreseen.

The Object of this Report

3. To review the present basic objectives of Australian Defence Policy and General Strategy and from this review to deduce a Strategic Basis of Australian Defence Policy.

Definitions

4. In this review the following definitions are used:-

a. *Cold war* – Existing conditions, wherein overt Chinese communist aggression is limited to Korea but tension is maintained elsewhere.

b. *Limited war* – Further Chinese communist aggression in South East Asia without overt Soviet participation.

c. *Global or Hot war* – Total war with the U.S.S.R. and communist China.

d. *Regional Terminology* – Definitions of the Middle East, Far East and South East Asia are as follows:-

(i) Middle East –

Egypt, Turkey, Iraq, Persia, Syria, Lebanon, Jordan, Israel, Saudi-Arabia, the Trucial Sheikdoms, Kuwait, Bahrain, Muscat, the Aden Protectorate and the Yemen.

(ii) Far East –

China, Hong Kong, Formosa, Japan and Korea. The smaller Pacific Islands (e.g., Micronesia) should not be considered to be in the area covered by the term. Sinkiang and Tibet should not be considered parts of China in this context.

(iii) South East Asia –

Burma, Siam, Malaya, the Crown Colonies of Singapore (including Christmas and Cocos Islands), British North Borneo and Sarawak, the Sultanate of Brunei, Indo-China (now the independent States of Vietnam, Laos and Cambodia), the Philippines, Portuguese Timor, the Republic of Indonesia and Dutch New Guinea.

PART II — DEVELOPMENTS IN THE GENERAL WORLD SITUATION SINCE 1950

The Communist Aim

5. A Moscow controlled communist dominated world is the ultimate Soviet aim.

Communist Strategy

6. By maintaining large armed forces, Russia has threatened the rest of the world with global war, thus forcing the Allies into expensive re-armament programmes. By this means, the Communists aim to disrupt Western economy and, in the ensuing depression, to win a bloodless victory. The establishment and subsequent development of the North Atlantic Treaty Organisation (NATO) has caused Soviet Russia to direct its main cold war effort towards the Far East and South East Asia, the Chinese communist regime being its principal collaborator. At the same time, Russia is maintaining pressure in Western Europe and the Middle East, and developing the war potential of her satellites. In addition she is fostering subversive activities throughout the world.

Europe.

7. In order to counter the threat of Soviet aggression in Europe, NATO was established. The subsequent development of Supreme Headquarters Allied Powers Europe and the European Defence Community, as well as the progress in defensive measures to date, have resulted in Russia being confronted with a very real obstacle to further territorial expansion in Western Europe, without recourse to global war. NATO, however, is the only existing effective organisation for co-ordinating the efforts of the non-communist nations.

Middle East

8. The setting up of a Middle East Defence Organisation (MEDO) which was first mooted in late 1950, will be a further keystone in Allied defensive measures in the cold war. It is important that unnecessary delay in the setting up of MEDO should be avoided, in order that Allied measures in the cold war in Europe can be extended to embrace the Middle East. The added security in the Middle East, that might be expected from the setting up of MEDO should also assist in furthering Allied influence throughout North Africa.

Far East and South East Asia

9. In the Far East and South East Asia, Communism has achieved marked success in China, Korea, Indo-China and Malaya. It is to be expected, therefore, in view of the opposition to further communist expansion in Europe, that Russia will intensify her cold war activities in the Far East and South East Asia, in order to force the Allies to maintain large forces in those areas, and to bring new territories under communist control.

10. There is no Defence Organisation to meet the threat in this area other than Anzam and Anzus. The United States however, has entered into treaties or arrangements with Japan, the Chinese Nationalists and the Philippines and in the event of further communist aggression in the area, the United States would expected assistance from those countries.

The Atomic Weapon

11. The recent explosion of an atomic weapon in the Monte Bello Islands by the United Kingdom, coupled with the freely publicised fact that the United States has now exploded 28 atomic weapons, emphasises the growing capabilities of the Allies and the size of their atomic stockpile. The ultimate result of the next world war may well be decided in the first few weeks, when the atomic onslaught is expected to take place. It is considered therefore, that Russia will not precipitate a global war, until, at least, such time as she considers she holds an adequate stockpile of atomic weapons.

The Strategic Air Offensive

12. Coupled with the stockpile of atomic bombs, the Allied policy of establishing strategic air bases throughout the world, has provided a further deterrent to Russian aggressive intentions. The Allies thus are capable of delivering an air offensive against the whole of Russia and China. The air defence problem facing the Russians is, therefore, of great magnitude. The existence of these air bases, together with the concurrent expansion of the United States Strategic Air Command, cannot but have a sobering effect on any intended Russian aggression which would be likely to cause global war.

Spread of Nationalism

13. The spread of nationalism throughout Africa, the Middle East and South East Asia presents the Allies with a serious problem. In certain cases, nationalism is being used as a cover for communist activities, resulting in internal disorder and disruption of civil services, e.g., Morocco, Tunisia, Burma and Indonesia. Action, therefore, should be taken by the Allies to ensure that true nationalism is assisted and directed to ensure that the countries concerned remain within the Western orbit.

Rise of Communist China

14. The rapid rise of Communist China, involving the consolidation of communism therein and its development into a potentially powerful military power, was not catered for when the present Defence Policy and General Strategy was determined. As a result of Soviet technical and economic assistance, however, Communist China is now capable of pursuing an aggressive policy for the furtherance of communism in the Far East and South East Asia.

The Economic Factor

15. As indicated by the Prime Minister in respect of Australia, the fundamental basis of defence preparations of the size at present being undertaken by the democracies is a sound National economy. The financial, economic and manpower resources that can be allotted to the defence sector of the economy have to be in balance with the essential needs of other sectors. The maintenance of unnecessarily large armed forces during the cold war, would have a disastrous effect on the economy of the Allies. Excessive expenditure on defence preparations to meet a threat which may never materialise would further the communist aim and may even result in a bloodless victory for Russia. However, Allied forces must be maintained at a level sufficient to meet the needs of defence and to act as a deterrent to further communist aggression.

Likelihood and Form of a Future Global War

16. The most favourable time for Russia to have precipitated a global war would have been during the period immediately prior to 1950, when Allied defence capabilities were at a low ebb, in relation to the following:-

a. the Allied atomic stockpile must have been comparatively small;

b. the post-war rundown in air forces was such that the Allies had few modern aircraft of any type;

c. the Allied capacity to deliver a strategic air offensive was so limited that Europe and the Middle East could have been overrun with comparatively little damage to Russia as a whole.

17. It is considered that Russia does not desire a global war if her aims can be achieved by other means. It cannot be denied that her cold war tactics have achieved considerable results. However, should circumstances, such as some ill-considered or precipitate action, cause a global war, it would probably begin with a full-scale attack by Russia directed against Western Europe and the Middle East and sea communications, including heavy air attacks on the United Kingdom, and any air attacks she was able to make on the United States.

18. She might refrain from using the atomic bomb in the hope that world opinion would deprive the Allies of their most effective weapon. But whether or not Russia used the atomic bomb, the Allies would undoubtedly launch an all-out atomic attack against her, and probably against her satellites. The outcome of this two-way atomic offensive cannot be foreseen; however, both sides, would suffer devastation and, even if the Russian regime were to collapse, as it is hoped, conventional operations would still have to be undertaken by the Allies.

Conclusions

19. The ultimate alternatives confronting the Allies are:-

a. a negotiated settlement with communism which ensures peace;

b. a prolonged period of defence preparedness and cold war activity as a deterrent to aggression and the spread of communism;

c. an ultimate conflict if a settlement is not reached.

20. It is concluded that:-

a. the likelihood of global war is now more remote than it was considered to be at the time the present Defence Policy was determined for two main reasons, namely, the strength of the Allies has considerably increased and Russia has achieved much by her cold war tactics;

b. the need to prepare for a possible global war remains;

c. whilst the immediate threat of global war has receded the cold war has been intensified, as exemplified by communist activities in Korea, Indo China and Malaya;

d. Defence preparations should be on a blended basis of deterrents to aggression and the spread of communism by building up strength, by participating in cold war activities and by preparing for global war. Priority should be given to cold war commitments;

e. probably there will be a longer period available in which to prepare for a possible global war, nevertheless forces must be readily available to contain communism in either cold or limited war;

f. Russia and communist China will intensify their cold war efforts in the Far East and South East Asia;

g. defence measures must be in balance with national economy.

PART III — THE GLOBAL STRATEGIC PROBLEM

GENERAL

21. The security of sea communications is vital to the Allies.

22. The three land areas, which are vital to the Allies are Europe, the Middle East and South East Asia (including the Far East). The defence of Europe has been accepted as a responsibility of the NATO powers.

23. It is considered that, whilst the immediate threat of global war has receded, preparations must be made to meet increased communist pressure in the cold war. The areas in which their activities are likely to be intensified are the Middle East and South East Asia.

24. The relative strategic importance to Australia of the Middle East and South East Asia is examined hereunder.

THE MIDDLE EAST

25. The Middle East constitutes the land bridge between Europe, Asia and Africa and is a most important link in the Commonwealth system of sea and air communications. Further, its oil supplies are of very great importance, it contains a number of air bases from which the Allies are capable of delivering the strategic air offensive against Russia, and its possession by the Allies denies Russia access to the Mediterranean and the Persian Gulf. The Middle East is the centre of the Moslem world in which there would be serious repercussions if it came under Russian influence.

26. The retention of the Middle East within the Western orbit is a cold war requirement. In the event of global war, all possible measures must be taken to defend it.

The Danger in the Cold War

27. Russian policy is fundamentally opportunist. The Soviet will always exploit weakness, especially that inherent in the lack of unified policy. The very nature of the group of Middle East States, with their mutual distrusts and jealousies, makes it very difficult for them to agree on any policy affecting their collective interests. Individually, the Arab States are politically unstable, owing to their low standard of living. A common religion is all that holds them together. Successful economic development and improvement in the standard of living in the Middle East States would materially assist in preventing the spread of communist influence therein.

28. The upsurge of nationalism in Iran, Iraq, Egypt and Tunisia has not only embarrassed the Allies, but has created a situation ripe for communist exploitation. Should the field be left open to Russia, it is clear that it will be only a matter of time before communist influence dominates the area. Therefore, an excessive reduction of forces in the Middle East should not be countenanced, as this would result in the rapid spread of communist influence and reduce our prospects of holding the area in the event of global war.

The Threat in Global War

29. Russia is capable of mounting an offensive against the Middle East, either through Turkey or Persia (or both simultaneously), immediately on the outbreak of war. The speed and depth of advance would depend on the effectiveness of Turkey's defence and on logistic considerations. Once having gained control of Persia, Russia would have access to the Indian Ocean through the Persian Gulf, in which case the submarine threat to our sea communications would be increased.

Conclusions

30. Allied measures in the Middle East should:-

a. *in the cold war* –

(1) provide for the establishment of a Middle East Defence Organisation;

(2) provide economic assistance to the Middle East States;

(3) ensure the retention of adequate forces in the area.

b. *in global war* –

(1) ensure the retention of at least the oil-fields along the Persian Gulf;

(2) maintain sea and air communications;

(3) ensure the holding of an area East of the Suez Canal, thus securing Egypt.

FAR EAST AND SOUTH EAST ASIA

31. The Korean war forms part of the communist cold war strategy which is designed to wreck the morale and economy of the democratic nations without directly affecting Soviet Russia.

32. 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.

33. Communist domination of South East Asia would result in the loss of strategic materials of great importance to the whole non-communist world and would increase China's prestige immensely, particularly in the Indian sub-continent. It would tend to outflank the United States Island Chain (Japan, Formosa and Philippines) and to tie up Allied Forces both there and in Australia. Subsequent liberation, after Allied victory in other theatres, would be difficult and might prove impossible.

34. Communist acquisition of the rice surplus areas – Burma, Indo-China and Thailand – would enable the communists to apply effective economic pressure against the non-communist Asian countries in which rice is the principal food and which depend for their already low standard of living, on importation from the rice surplus areas. In these circumstances the Western Powers would be forced to assume the burden of supplying foodstuffs to the rice deficit areas, or acquiesce in their reaching an accommodating agreement with the communists.

35. Indo-China is the key to the defence of South East Asia. It is considered, therefore, that it will be the first Chinese communist objective. The loss of this area would greatly simplify continued communist expansion in South East Asia which would probably lead to the collapse of Burma and Thailand, and to a dangerous weakening of internal security in Malaya, Indonesia and the Philippines.

36. Current deployment of Chinese communist ground forces in South China is such that the enemy is capable of overrunning the present defence forces in Hong Kong, Indo-China and Burma simultaneously. Therefore, although little can be done with regard to Burma, it is apparent that to secure Hong Kong and Indo-China, adequate reinforcements must be provided before any such aggression occurs. Such reinforcement would have to be by national and indigenous forces, as the motive in employing forces from Allied nations would probably be open to misinterpretation throughout the world, particularly in Asia, and would probably involve violent Chinese reactions.

37. While Indo-China is held, defence in depth is provided for the Australia-New Zealand main support area. Therefore all possible action should be taken by the Allies to bolster the French in their defence of Indo-China, both in cold or limited war.

38. It will be seen that the effect on the security of Australia of a communist dominated and controlled South East Asia is such that existing and potential communist threats in the area must be countered.

39. Limited war, as an extension of the present Communist cold war policy, could result in at least the whole of the mainland of South East Asia being lost to the Allies, unless timely and effective measures are taken to strengthen this area. South East Asia is therefore more vulnerable to communist aggression than the Middle East.

40. The cold or limited war requirements of the Far East or South East Asia, however, should be balanced against the requirements of other theatres. Accordingly, since the security of Europe is of primary importance and as the Middle East will be of greater importance than Asia in global war, an excessive reduction of forces in Europe and the Middle East should not be countenanced in cold or limited war, in order to further Allied aims in the Far East or South East Asia. Apart from weakening the Allied strategic position for global war, such a reduction in the Middle East, as stated previously, would assist in the spread of communism therein. Nevertheless, the maintenance of internal security and national independence in South East Asia is of extreme importance to the Allies.

41. In the event of global war, it is considered that communist China will launch an offensive against South East Asia with the object of securing this area and at the same time diverting much needed Allies forces from the more importance theatres of Europe and the Middle East.

42. In view of the foregoing and the fact that the Allied policy of containment applies equally to this theatre, there is a need for a co-ordinated, agreed Allied military policy.

Conclusions

43. South East Asia in the cold war is of greater importance than the Middle East.

44. Allied military measures in the Far East and South East Asia should:-

a. *in cold or limited war –*

(i) be based on a co-ordinated, agreed military policy for the region;

(ii) ensure that communism is held in Korea;

(iii) allow for the adequate reinforcement of Hong Kong and Indo-China by national or indigenous forces before any Chinese communist aggression occurs therein;

(iv) ensure that all possible action is taken to bolster the French in Indo-China;

(v) in the event of Chinese communist aggression against Hong Kong or Indo-China, allow for the reinforcement of the area/s affected by ground forces with naval and air support (provided action as in (iii) above has been taken) possibly in conjunction with a blockade and air bombardment of China;

(vi) in the event of the fall of Indo-China, ensure that Malaya is held, thus retaining a foothold on the mainland of South East Asia;

b. *in global war* –

(i) allow for the withdrawal of all forces from Korea and their redeployment in vital theatres;

(ii) ensure the defence of Malaya and the retention of a foothold on the mainland of South East Asia, if the overall military situation permits;

(iii) maintain sea communications.

ANZAM REGION

45. The importance in global war of the ANZAM Region to Allied strategy lies in the fact that it contains the main support area of Australia and New Zealand. Provided the whole Region is retained under Allied control, the threat to the mainland of Australia from direct communist attack is almost negligible.

The Danger in the Cold and Limited War

46. From the point of view of the Anzam nations, the main dangers to be guarded against are-

a. the loss of Indo-China to communism and the collapse of Thailand and Burma;

b. a deterioration in the situation in Malaya;

c. a successful communist exploitation of the unstable situation in Indonesia.

The Threat in Global War

47. The immediate threat to the Anzam Region would be to the sea communications. In the initial stages, the probable form and scale of attack would be confined to minelaying and to attacks by submarines. It is anticipated that communist China would launch an offensive against South East Asia. Subversive activities would also have to be countered.

48. 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. This would mean that practically the whole of Australia would be within range of enemy bombers, thereby necessitating a large air defence commitment. Even if the whole of New Guinea were denied to the enemy, the mainland of Australia North and West of the general line Rockhampton-Adelaide-Albany would be within range of enemy bombers.

Conclusions

49. The aim of the Allies should be –

a. in cold or limited war –

(i) the elimination of communism in South East Asia;

(ii) if Indo-China were lost, to ensure that adequate forces are available for the defence of Malaya;

b. in global war –

to ensure the security of sea communications and the retention of Malaya.

Comparison of Strategic Values

50. A comparison of the relative strategic value, in global war, of the Middle East, South East Asia and the Anzam Region is shown hereunder:-

a. The Middle East is important, owing to:-

(i) the need of the strategic airfields as bases for atomic attacks on Russia;

(ii) the need of the Middle East oil;

(iii) the need for maintaining Egypt as a base for offensive operations;

(iv) the importance of the Middle East sea and air communications, the loss of which would critically affect the ability of the Allies to operate in the Middle East;

b. South East Asia and the Anzam Region are important as -

(i) the Anzam Region contains the Australia-New Zealand main support area;

(ii) the loss of the area to the Chinese communists would increase Chinese prestige and war potential. It would tend to outflank the United States island chain (Japan, Formosa and Philippines) and to tie up Allied Forces both there and in Australia.

Conclusions

51. In cold or limited war, the threat to South East Asia is greater than that to the Middle East. Therefore during this period, South East Asia should be given priority of Allied effort.

52. In global war although the retention of the Middle East is of more importance to the Allies than South East Asia, the retention of Malaya is of great importance.

PART IV — AUSTRALIA'S STRATEGIC PROBLEM

Cold War

53. Australia must have forces readily available in the cold war to meet obligations under the United Nations Charter, or commitments undertaken as a member of the Commonwealth, or as a result of the Anzus Pact. At present Australia has units of the three Services committed in Korea and maintained from Japan. In addition, R.A.A.F. units stationed in Malaya and Malta are assisting the United Kingdom in her cold war commitments. In existing circumstances, all Army and Air Force units available for cold war tasks are committed.

54. In view of the anticipated prolonged period of cold war and its probable increase in tempo, the only manner under present circumstances in which Australia could further assist in cold war operations would be by additional regular forces. In view of our limited manpower resources it is considered that we could not make more than a token contribution.

Global War

55. In a global war, Australia's basic strategy should be:-

a. to defend Australia. The physical security presents a comparatively small problem at the present time;

b. to make a major contribution to the defence of the Anzam Region. It is planned that Australia will accept a large share of the defence of the Anzam Region, from which United Kingdom maritime forces are planned to be withdrawn in war;

c. to make the maximum possible contribution to the vital theatres in accordance with global strategy. As Australia's security will ultimately depend on the outcome of the fight against communism in the major theatres, it is there that the maximum contribution in global war must be made.

(Note: Under Cabinet decision, deployment of Australian forces in war is subject to Government decision in the light of the strategic situation at the time).

56. The Naval and Air Forces responsible for the maritime defence of our sea communications must be operational from the outbreak of war. The Army and Air Force contributions to overseas theatres in the event of global war must be available for operations with the minimum of delay.

Civil Defence

57. The probable form and scale of attack against Australia, so long as Indo-China and/or Malaya are held and sea communications are kept open, would be confined to minelaying and to attacks by submarines.

58. It is envisaged that the main Russian atomic effort would be directed mainly against Western Europe, possibly in conjunction with a limited atomic attack on the United States. The Russian atomic stockpile is believed to be too small to enable atomic attacks to be launched against other areas. However, defence arrangements must include precautions against the unlikely introduction of an atomic bomb into our harbours by clandestine methods.

59. It is considered that, provided reasonable precautions are taken against the entry of a "Trojan" vessel and in view of Australia's economic position, the need or justification does not exist for the diversion to Civil Defence preparations of resources urgently required for immediate defence purposes of a high priority.

60. Notwithstanding the remote possibility of atomic attack, it is considered that the civil defence organisation should be limited to a planning one only in order to keep abreast of the development and techniques of civil defence.

Manpower and Technological Aspect

61. In the event of global war, communist controlled countries will possess manpower greatly in excess of that available to the Allies. Therefore, in the cold war, the Allies must maintain:-

a. their greater industrial capacity and technical ability;

b. their lead in the production of atomic weapons;

c. their superiority in the effectiveness of weapons and ensure adequate supplies;

d. their numerically smaller fighting forces at a more highly skilled and trained standard.

To achieve this, the necessary resources for scientific research and development, and adequate productive capacity must be provided, commensurate with the Services' requirements.

62. Conclusions:

a. Sufficient forces must at all times be maintained to ensure the security of Australia.

b. Australia must have forces readily available in the cold war to meet obligations under the United Nations Charter, or commitments undertaken as a member of the Commonwealth, or as a result of the Anzus Pact. In existing circumstances, all Army and Air Force units available for cold war tasks are committed. In view of our limited manpower resources it is considered that any additional contribution could not be more than a token one.

c. Australia should prepare for a possible global war, including a major contribution to the defence of the Anzam Region and to make the maximum possible contribution to the vital theatres, in accordance with global strategy and as decided by the Government.

d. The Civil Defence Organisation should be limited to a planning one only in order to keep abreast of the developments and techniques of civil defence.

e. Australia should continue to play a part in Scientific Research and Development and should provide adequate productive capacity commensurate with the Services' requirements.

EMPLOYMENT OF AUSTRALIAN FORCES

Forces Available

63. The only forces available to meet Australian cold or limited war commitments are the Regular Forces of the three Services. In the event of a global war, the Navy and Air Force will have their Reserve and Citizen Force components available to augment their Regular Forces for overseas service. The Army, on the other hand, has no means of augmenting its Army Field Force for overseas service other than from volunteers.

Requirements to meet Further Cold or Limited War Tasks

64. As further Chinese communist aggression can be opposed effectively only by forces on the ground supported by tactical air forces, with naval support as appropriate, the Allies should endeavour to build up a strategic reserve for this purpose. In view of our limited manpower resources it is considered that we could not make more than a token contribution to such a reserve.

Requirements for Home Defence

65. The detailed requirement of forces for the Home Defence of Australia in the event of global war, will be affected mainly by the success or otherwise of communist efforts to expand during the cold or limited war period.

66. Under existing conditions, the requirement at the outset of a global war would be –

a. forces for the defence of sea communications;

b. Naval and Air Forces for the maritime defence of the Australian areas of the Anzam Region;

c. forces of the three Services for the air and seaward defences of important ports and vital areas and for internal security.

Requirements in a global war

67. Whilst the immediate threat of global war has receded, the cold war has been intensified. Defence preparations for a global war should therefore be reviewed. Although the present targets of all three Services remain the same, as regards their nature, composition and planned availability, the rates of peacetime build-up for mobilisation should be capable of being spread over a longer period.

Requirements for Defence of Anzam Region

68. Whilst Indo-China is held, there will be no direct threat to the Anzam Region, except to sea communications in global war. Similarly, whilst Malaya is held, there will be no additional threat to the remainder of the Region. Should Malaya be lost, and the communists successfully infiltrate throughout Indonesia, the threat to sea communications would be increased, and a direct air threat to the mainland of Australia would exist.

69. Requirements for the defence of the Anzam Region under the foregoing conditions would be as shown hereunder:-

a. *Indo-China held by the Allies.*

The requirement for the maintenance of internal security in Malaya and of sea communications in a global war will continue.

b. *Loss of Indo-China to Communism.*

In this case, the requirement would be –

(i) ground forces for the defence of Malaya against external aggression;

(ii) naval and air support for the forces in (i) above, together with air defence forces for Malaya and the Singapore base;

(iii) forces for the maintenance of internal security;

(iv) naval and air forces for maintenance of sea communications.

c. *Loss of Malaya.*

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. In this eventuality, the requirement would be:-

(i) Ground forces for the occupation of the Island Chain (Admirality Islands, New Guinea, the coastal waters of North and North-West Australia and the Cocos Islands);

(ii) Naval and air forces for the defence of sea communications and for offensive operations;

(iii) Army and air forces for the defence of vulnerable areas in Australia and its territories;

(iv) Forces for the seaward defence of the main ports.

PART V — MAIN CONCLUSIONS

70. It is concluded that:-

Introductory

The ultimate alternatives confronting the Allies are:-

a. a negotiated settlement with communism which ensures peace;

b. a prolonged period of defence preparedness and cold war activity as a deterrent to aggression and the spread of communism;

c. an ultimate conflict if a settlement is not reached (paragraph 19).

a. **Cold War**

(i) there will be a prolonged period of intensified cold war activity (paragraphs 19, 20, 23 and 54);

(ii) our policy must be designed to assist in winning the cold war and to prepare for a possible global war (paragraphs 19 and 20);

(iii) further communist aggression must be countered wherever it occurs. For this purpose, the Allies should endeavour to build-up a strategic reserve. Australia's contribution in present circumstances could only be a token one (paragraph 64);

(iv) in the cold war, South East Asia is more vulnerable to communist aggression than the Middle East but adequate forces must be retained in the latter area (paragraphs 39. 40, 43 and 51);

(v) all possible action must be taken by the Allies to hold Indo-China and to ensure stable democratic government (paragraphs 37, 44(a)(iii), (iv) and (v));

(vi) if Indo-China were lost, adequate forces must be made available for the defence of Malaya (paragraphs 44(a)(vi) and 49(a)(ii));

(vii) every endeavour should be made to obtain an agreed Allied Global Strategy and a co-ordinated, agreed Allied military policy for the Far East and South East Asia (paragraphs 42 and 44(a)(i)).

b. **Global War**

(i) the probability of global war has receded but our policy must be designed to prepare for a possible global war (paragraphs 20(a) and (b), and 62(c);

(ii) even if global war begins with an intensive two way atomic offensive, the outcome of which cannot be foreseen, conventional operations will still have to be undertaken by the Allies (paragraphs 17 and 18);

(iii) in the event of global war, action must be taken to ensure the security of sea communications and the Middle East (paragraphs 21, 26, 30(b), 44(b)(iii) and 55(e);

(iv) in the event of global war, Australia's security will ultimately depend on the outcome of the fight against communism in the major theatres, and it is appreciated that it is there that every effort must be made to make the maximum contribution. In view of the effects on the defence of Australia of the fall of Malaya, and the influence this would have on Australia's capacity to deploy forces in the Middle East, it is the Australian Government's view that the aim of the Allies should be to ensure the retention of Malaya (paragraphs 48, 49(b), 55(e) and 69(c));

(Note: Under Cabinet decision, deployment of Australia forces in war is subject to Government decision in the light of the strategic situation at the time).

(v) The planned rate of build-up of Australian forces and their preparedness for global war should be reviewed in the light of the above conclusions (paragraph 67).

c. **General**

(i) the Civil Defence Organisation should be limited to a planning one only in order to keep abreast of developments and techniques of civil defence (paragraphs 60 and 62(a));

(ii) Australia should continue to play a part in Scientific Research and Development and should provide adequate productive capacity commensurate with the Services' requirements (paragraph 61 and 62(e));

(iii) defence measures must be in balance with the national economy (paragraphs 15 and 20(g)).

RECOMMENDATION

71. It is recommended that "The Basic Objectives of British Commonwealth Defence Policy and General Strategy" outlined in paragraph 1 be re-affirmed as the basis of Australian Defence Policy with the adaptations shown in the Appendix hereto.

APPENDIX

THE BASIC OBJECTIVES OF BRITISH COMMONWEALTH DEFENCE POLICY AND GENERAL STRATEGY

as adapted for

THE STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

(Note: Adaptations are shown in red)

[Editor's note: Due to the nature of this reproduction, adaptations are shown in italics]

---

a. **Defence Policy**

(i) To join with the other Commonwealth countries, the United States and the countries of Western Europe in organising essential deterrent forces, in building up effective defences and in working out the necessary plans, preferably on a regional basis, in accordance with Article 52 of the United Nations Charter.

(ii) To resist *counter* the spread of communism by-all-means-short-of war *and resist further aggression*.

b. **War Aims**

(iii) To assist in winning the cold war.

(iv) To prepare for a possible global war.

(v) To ensure the abandonment by Russia of further military and ideological aggression.

(vi) To create conditions conducive to world peace.

c. **Military Measures to Implement Allied Strategy in Global War**

(vii) To deliver the strategic air offensive from the outbreak of war.

(viii) To hold the air bases and sea areas essential for our air offensive. These are –

The United Kingdom,
The Middle East,
Japan.

(ix) It would also be desirable to hold as bases for our air offensive –

Sea areas for possible carrier offensives.

Pakistan .

(Note: In this connection the Defence Committee observed "at present, it is not possible to plan on using Pakistan bases, at least from the outset, as there is no defence arrangement with that country.")

(x) To defend the main support areas which are:-

United States of America and Canada,
Australia and New Zealand,
South Africa and certain other parts of the African continent,
The Argentine and certain other parts of South America.

Should it be possible subsequently to make appropriate arrangements with India and Pakistan, under which the Indian Sub-Continent could be included as a support area, this would be most advantageous.

(*Note: In the event of global war, Australia's security will ultimately depend on the outcome of the fight against communism in the major theatres, and it is appreciated that it is there that every effort must be made to make the maximum contribution. In view of the effects on the defence of Australia of the fall of Malaya, and the influence this would have on Australia's capacity to deploy forces in the Middle East, it is the Australian Government's view that the aim of the Allies should be to ensure the retention of Malaya.*

Under Cabinet decision, deployment of Australian forces in war is subject to Government decision in the light of the strategic situation at the time.)

(xi) To ensure the internal security and local defence of support areas of less importance, as necessary.

(xii) To hold those areas necessary to give defence in depth to Allied air bases and support areas.

(xiii) To retain firm control of the essential sea and air communications, and of land areas necessary to ensure this control.

d. Australian Military Measures to Implement Allied Strategy in a Global War

To meet the requirements of Allied Strategy in (c) above, plans for the use of the Australian Forces should be based on the following roles and probable strategic employment, which will govern the organisation and strength of the Forces, and their equipment needs:-

(xiv) The defence of Australia (local).

(xv) The provision of Australia's share in the defence of the Anzam Region (regional).

(xvi) An appropriate contribution to the vital theatres overseas (global).

THE STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY (1956)

Editor's Introduction

When the 1956 *Strategic Basis* was written, the Korean and First Indochina war had ended. SEATO had been established and was described as the 'most effective and economic method of ensuring Australia's security' (para 15). As thermo-nuclear weapons began to dominate the central balance, global war would be brief and devastating for the major combatants but unlikely due to mutual deterrence (paras 9; SR paras 3, 4, 28; App. 1 paras 2, 3). The risk of escalation also reduced the likelihood of the USSR or China engaging in limited war, although they could do so by proxy (SR paras 5, 7, 18). Western powers would have used nuclear weapons as required, including in South East Asia, seeking to end war within a year (paras 5, 8, 10, 22; SR paras 29, 33).

A reduction in Western influence in the Middle East was noted, but South East Asia was identified as '[t]he first line of Australia's defence', and the country's 'primary effort should be directed to that area in cold, limited and global war' (para 12; App. 1 para 6). Indonesia was unstable but its forces 'remain badly equipped and ineffective' (App. 1 para 12) and it would take several years to pose a threat even if it became communist, although Australia might not have the support of its allies in a conflict over Dutch New Guinea (para 24, App. 2 para 4). The importance of Malaya in the development of a direct threat to Australia was highlighted, as a communist peninsula could provide a base for sporadic Chinese air attacks on North Australia, and precipitate a communist Indonesia (para 12; SR para 46; App. 2 paras 1, 3, 4). Thailand supported the defence of Malaya, and the protocol states assisted in the defence of Thailand (SR para 47). The need for communist consolidation, their limited naval strength and the vulnerable lines of land communication would lead to a 'considerable period' between a loss of Malaya and a threat of invasion developing (App. 2 para 2). However, 'the possible availability to the Communists of base facilities in Indonesia would need to be kept under examination' (para 26). 'Subversion and quasi-overt military action' were the main threats 'at present', and Australia should prepare for cold, limited, and global war, in that order (paras 12, 18). In cold war, it was willing to deploy and operate forces in support of governments in South East Asia, and '[a]ll steps should ... be taken to ensure that Thailand and the protocol states do not fall to Communism through subversion or quasi-overt action' (SR para 47(a)). In limited and global war, it would contribute to the collective defence of Indochina through SEATO or, if that organisation failed, to the ANZAM defence of Malaya (paras 24, 25; SR paras 35, 40, 47, 54).

There were no detailed force structure requirements included in the document, as those for limited war were to be developed from SEATO plans (SR para 51). However, in cold, limited and global war, Australia required regular forces for initial deployment to South East Asia, and additional forces generated by an expansion base for follow up, or the defence of the North West approaches (paras 24, 35, 36). In war, UK or US forces would support Australian forces with nuclear weapons, or might make them available to Australian forces 'in the field' (para 22).

THE STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

OCTOBER 1956

CONTENTS

	Paragraph
THE STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY	
Aim of report	1
Strategic review	2
Main strategic factors affecting basis of Australian defence planning and preparations	3
Implications for Australian defence planning and preparations	17
Role of Australian forces	21
Nature of Australian defence forces	35
ANNEX — STRATEGIC REVIEW	
Part I — The likelihood of war and probable Communist strategy	1
Part II — Strategy of the Western Powers	22
Part III — Australia's strategic role	42

Appendixes to Annex:

1. Changes in the world situation affecting Australia since 1952
2. The threat to Australia

This paper was endorsed by the Defence Committee on 11 October 1956

DEFINITIONS

GLOBAL WAR	–	Unrestricted conflict between the USSR and her allies on the one side and the United States and her allies on the other.
LIMITED WAR	–	Any international armed conflict short of global war.
COLD WAR	–	Continuing world-wide struggle between Communism and the Free World waged by all Means short of international armed conflict.
QUASI-OVERT MILITARY ACTION	–	Armed action, under conditions which do not permit it to be identified as overt aggression, by organized bands or groups responsive in varying degrees to foreign control or direction.
FAR EAST	–	East Asia and South East Asia.
EAST ASIA	–	China (Singkiang and Tibet should not be considered parts of China in this context); Formosa; Hong Kong; Macao; Japan, Korea; Ryukyu Archipelago.
SOUTH EAST ASIA	–	Burma; Thailand; Malaya; Singapore, North Vietnam; South Vietnam; Laos; Cambodia; Philippines; Indonesia; Borneo.
THERMO-NUCLEAR AND NUCLEAR WEAPONS	–	Although “nuclear weapons” is the generic term for all types of fusion/fission weapons, for the purposes of this paper the term is used to refer to low-yield weapons. The term “thermo-nuclear weapons” is used to denote only weapons of a high-yield character, e.g. hydrogen bombs.
WAR MATERIEL	–	The term “War Materiel” as used in this paper means items such as ships, guns, aircraft, weapons, ammunition, equipment, stores and supplies of all kinds which are in the form in which they would be used by the armed forces.

THE STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

REPORT BY THE DEFENCE COMMITTEE, OCTOBER, 1956

AIM OF REPORT

1. To determine the strategic basis on which the development of Australian defence planning and preparations should proceed. The report is based on an assessment of the position up to 1960; it will be kept under regular review.

STRATEGIC REVIEW

2. A Strategic Review is attached at ANNEX to this report comprising the following parts :-

Part I — The Likelihood of War and Probable Communist Strategy.

Part II — Strategy of the Western Powers.

Part III — Australia's Strategic Role.

MAIN STRATEGIC FACTORS AFFECTING BASIS OF AUSTRALIAN DEFENCE PLANNING AND PREPARATIONS

3. The main strategic factors affecting the basis of Australian defence planning and preparations which emerge from the above Strategic Review are set out in the following paragraphs.

Use of Nuclear Weapons

4. The Military Advisers reported to the SEATO Council at Karachi in March that "if nuclear weapons are not used the forces required for successful defence (of the treaty area in South East Asia) are unlikely to be available for the time being in the numbers needed and within the time by which they must be deployed". The agreed definition of global war is "unrestricted conflict between the U.S.S.R. and her allies on the one side and the United States of America and her allies on the other".

5. The following assumptions have therefore been made in the preparation of this report :-

a. That in global war, the Western Powers and the U.S.S.R. would use thermo-nuclear and nuclear weapons;

b. That the SEATO Powers would use nuclear weapons where necessary in limited war in South East Asia as provided for in existing SEATO strategic concepts.

Likelihood of War

6. Global war is unlikely but could occur as a result of miscalculation; such a miscalculation is more likely to occur during the course of a limited war. Limited war is generally more likely than global war and could break out with little or no warning as a result of:-

a. a conflict of national interests in various unstable areas from the Middle East to the Far East;

b. a decision by USSR and/or Communist China to encourage a minor power to achieve its national aims by limited war;

c. a decision by the Communists to take a calculated risk.

7. In the end, the Communists might achieve more by limited war than they could hope to achieve by initiating a global war. Before initiating a limited war, the Communists will continue to exploit every opportunity to achieve their aims by cold war techniques.

The Likely Duration of War

8. On the outbreak of either limited or global war, both contestants will endeavour to achieve a decision in the shortest possible time.

9. The phase of thermo-nuclear bombardment in global war will be of brief duration, and the eventual outcome will probably be decided during this phase. Subsequently, there may be a prolonged indecisive period of localized operations.

10. It is possible for limited war to be of longer duration than twelve months, but a decision is militarily feasible within that period.

11. Although it is impossible to predict the duration of either limited or global war with any certainty, it is probable that future wars will be of shorter duration than past wars.

Area of Primary Strategic Interest

12. The first line of Australia's defence lies in South East Asia, and no major threat to her security can develop, nor is she likely to be a primary objective of a major Communist power, whilst Malaya is held. South East Asia is therefore of great strategic importance to Australia, whose primary effort should be directed to that area in cold, limited and global war. Subversion and quasi-overt military action constitute the main threat to South East Asia at present.

13. It is possible that under certain circumstances, e.g. support for United Nations action, it may be decided to deploy Australian forces outside South East Asia and adjacent areas. This can only be done at the expense of military effort which could be made available for South East Asia.

Reliance on Western Powers

14. Australia is a geographically isolated small power with limited manpower and resources. She is not able to defend herself unaided against a major power, and is dependent on the Western Powers, in particular the United States, for her ultimate security. She must therefore relate her defence policy and planning to the global strategy of the Western Powers, and must be prepared to contribute to the implementation of this strategy.

Co-Operation in Collective Security

15. Participation in regional arrangements for collective defence is the most effective and economic method of ensuring Australia's security, and provides the best means of relating her defence policy and planning to the global strategy of the major Western Powers, particularly the United States. At present SEATO is the most important of the regional arrangements for the defence of South East Asia and is the most practicable organisation in which Australian strategic plans can be co-ordinated with those of the United States. Participation by the United States is essential to the success of SEATO plans. ANZAM and ANZUS continue to fulfil essential and valuable functions from the Commonwealth and Australian points of view.

16. Australia must be prepared to play an effective part in the implementation of Western strategy in cold, limited and global war, in accordance with the plans developed under the regional arrangements of which she is a member. This will not only contribute directly to her own defence in depth, but will strengthen her case for the support of her allies should the future course of events result in the development of a direct threat to the security of Australia.

IMPLICATIONS FOR AUSTRALIAN DEFENCE PLANNING AND PREPARATIONS

Priorities for Preparations

17. Defence planning and preparations should be based on a blending of requirements to meet cold, limited and global war situations and enable Australia to fulfil her strategic role in each. However certain priorities of effort are dictated by the assessment of the relative likelihood of the various situations which could threaten our security, and the need to ensure that the limited resources available for defence are used in the most effective and economic way.

18. In view of the present assessment of the international outlook, preparations to enable Australia to participate effectively in cold war activities, and to increase her preparedness to participate in limited wars, should take priority, in that order, over measures directed solely to preparedness for global war.

19. At the same time, however, it is essential that a sound basic defence structure be maintained, including the necessary administrative and training organisation, to provide the basis for expansion in the event of global war, or to meet the requirements of Home Defence in all cases.

20. The probability that a future war will be of short duration is a major factor in determining peace-time preparations and allocation of resources.

Role of Australian Forces

Conventional Nature of Australia's Contribution

21. Unlike her major allies (the United States and the United Kingdom), Australia does not have any nuclear weapons. In view of her limited resources, the costs involved in their production in Australia would make this completely prohibitive. Present legislative provisions prevent the United States from making supplies of such weapons available to Australia. It is doubtful if the United Kingdom has sufficient stocks of her own at present to make any available.

22. Australia's operational contribution to the global strategy of the Western Powers must therefore be confined at present to forces armed with the most modern conventional weapons available. It is considered, however, that provided it is timely and significant, this will be an essential and worthwhile contribution, for the following reasons –

a. Conventional forces will continue to be required for cold war activities and for limited wars which are more likely than global war.

b. Conventional forces will continue to play an important role in global war, particularly in the Far East.

c. Planning can reasonably proceed on the basis that Australian forces engaged in operations in conjunction with United Kingdom and United States forces, in accordance with common treaty obligations, will be supported by nuclear action by the United Kingdom and United States, when circumstances require such support. This is inherent in the SEATO strategic concepts developed to date for the defence of South East Asia in limited war, and can be expected similarly to apply in other cases as plans are developed to meet other situations (e.g. global war and contingency plans for the defence of Malaya). The form of support might well be by making available for service with our forces elements armed with and capable of using nuclear weapons or by making such weapons available to our forces <u>in the field</u> under certain operational circumstances.

In Cold War

23. Australia requires trained regular forces available to perform cold war tasks in South East Asia and to provide other types of military assistance. Success in cold war action will be dependent upon close co-ordination in the military and political fields. The complex politico-military situation in South East Asia increases the importance of maintaining an effective intelligence organisation in cold war as well as during the course of war.

In Limited War

24. [The following would apply:]

a. SEATO Defence Plans

Support for SEATO concepts will involve Australia in the struggle for the defence of the mainland of South East Asia. SEATO strategic concepts envisage the use of all types of air, naval, and ground forces, and it is important that Australia should make a prompt and significant contribution to these forces. The time factor in these SEATO concepts is such that Australia's contribution to the force requirements for the opening defensive phases can only be met by regular forces. The initial force contributions should include the forces allocated to the Commonwealth Strategic Reserve. The time factor in relation to the deployment of additional forces required for subsequent phases has not yet been determined; however, it will continue to be a critical factor in deciding the contributions which Australia may make to these subsequent phases.

b. Contingency Planning for the Defence of Malaya/Singapore

In the event of the political or military failure of SEATO to defend Thailand, contingency plans would be implemented to defend a position on the border of Malaya or to the north in the Kra Isthmus which provides the best natural defensive positions. The Australian force contribution to such contingency plans in the event of the political failure of SEATO should be similar to the force contribution to the existing SEATO concepts, but the time factor for the deployment of forces should be more favourable. In the event of a military failure of SEATO, it could be expected that SEATO forces would withdraw to the best natural defensive position in the Kra Isthmus.

c. Defence of the North West Approaches to Australia

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. Australian forces would be required to undertake operations as follows:-

(i) To prevent key areas, particularly in New Guinea, coming under Communist control or the control of Indonesia either by means short of war or through a limited war;

(ii) To combat a Communist attack on Australia.

(iii) In the event of a Communist-controlled Indonesia actively threatening the north-west approaches to Australia, to conduct military operations against that country to provide depth to the defence of the north-west approaches and to prevent the development of a substantial air threat to Australia.

For all the above cases, Australia must have adequate forces immediately available to deter or defeat any hostile action which might prejudice vital Australian interests in the area. In the situations described in (ii) and (iii) above it is considered that Australia will have the support of her allies, the United States, the United Kingdom and New Zealand. 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, provided her basic defence structure is sound. In the event of Indonesia becoming Communist, an air threat could develop more quickly than an invasion threat.

In Global War

25. The form and scale of Australia's participation in global war would be decided in the light of circumstances at the time, the main factors being :-

a. the political and military situation in South East Asia, e.g. the extent of the Allies' foothold on the mainland;

b. the nature of regional defence plans then existing and the form and scope of United States participation in operations to implement such plans;

c. the extent to which Allied nuclear attacks would limit the capacity of China to wage war.

Although global war plans have not yet been developed on a regional basis, for planning purposes the employment of Australian forces in global war is likely to be generally similar to the employment of Australian forces in limited war, as set out in paragraph 24 above.

Home Defence

26. To ensure the security of Australia and the performance of her role as a support area, appropriate forces to meet the assessed probable form and scale of attack are required to provide for defence of communications, air defence of vital areas, defence of designated Defended Ports, and defence against sabotage of Key Points within Australia. The threat needs to be closely watched and reviewed in the light of developments. In this respect the possible availability to the Communists of base facilities in Indonesia would need to be kept under examination.

The Effects of War on Overseas Supplies to Australia

27. *In Limited War*

There will be no serious threat to Australia's sea communications in limited war while South East Asia is successfully defended. In limited war, the major supplier nations would give priority to building up their own forces, and Australia's requirements might not be met at short notice. However, continued overseas supply of war materiel could be expected after this initial delay. Nevertheless, there could be situations of limited war in which supplies of certain commodities essential for the production of war materiel may be prejudiced e.g. oil from the Middle East. To meet such circumstances, it is necessary to plan alternative sources of supply or substitutes.

28. *In Global War*

In global war planning should be on the assumption that the sea communications from Australia would be kept open. It is not possible to give an estimate as to how any particular shipping route would suffer from enemy action or of the state of the terminal ports in the countries liable to attack e.g. United Kingdom and United States. In the event of global war, the allout bombardment with thermo-nuclear weapons is likely to result in widespread devastation in the territories of the major contestants. Therefore it should be assumed that supplies from the main production centres of Western Europe and the United Kingdom would not be available and those from the North American continent would be doubtful.

Provision of War Materiel for the Services

29. The long term aim in war production planning in Australia should be the maximum achievable self-sufficiency in the production of defence requirements in selected fields. The criteria for these should be strategic necessity, a logical and natural development of existing capacities and a creation of assets in plant and technique for war production which will also contribute to the welfare and development of the nation in peace.

30. It is essential, however, that the resources devoted to defence production in Australia should at all times be kept in balance with the other requirements of defence preparedness, and that defence production planning should be in accordance with stated defence priorities and requirements.

31. To meet the Services' requirements of war materiel, it is also necessary that planning should proceed for the procurement from overseas sources of those items of equipment which are beyond existing Australian production capacity, or potential capacity on the basis of the criteria stated above.

Research and Development

32. If the Australian Defence Forces are to be equipped to play their proper part in implementing Australia's strategic role, it is necessary that they undertake research and development projects both jointly with other countries and on their own initiative. Resources devoted to this effort should be kept in balance with the other requirements of the Defence Forces and our effort should not duplicate those of our Allies. Australian research and development projects should be primarily related to tropical warfare in South East Asia.

Australia's Role as a Support Area in War

33. Australia must be the main support area for her own forces. Despite her limited industrial resources and small population, Australia can play a valuable role as a support area for Allied forces operating in South East Asia. The further development of Australia as a support area should result from the natural growth of the economy of the country.

> In addition to the above, Australia's potential as a support area in global war could be of particular importance in view of the extensive damage likely to be sustained in the main support areas in the United Kingdom and North America as a result of thermo-nuclear bombardment.

Civil Defence

34. Although Civil defence planning should take into account all possible contingencies, preparations on this basis would be beyond Australia's resources and are unnecessary in view of the assessment that global war is unlikely. Therefore the scale of direct Civil Defence preparations should be based on the assessment of the probable form and scale of attack, and the reasonable resources that can be devoted to Civil Defence as part of overall national Defence preparedness. Long term measures, for example, those concerned with dispersal, should be encouraged in civil development.

NATURE OF AUSTRALIAN DEFENCE FORCES.

35. The nature of the Australian defence forces required for cold, limited or global war will be conditioned by the following factors:-

a. The requirement to commit forces to meet Australia's regional obligations overseas;

b. The capacity to expand the defence forces as necessary;

c. The needs of Home Defence;

d. The civil and defence production needs of Australia and her allies.

A careful balance must be preserved between the demands of the factors listed above in order to make the best use of the limited resources available to Australia. The effort required of the Services in cold or limited war to meet regional commitments overseas cannot be met by having to rely on large numbers of partially-trained men; moreover many of these men cannot be sent to overseas theatres unless existing legislation is changed.

36. Australia's defence requirements can best be met with hard-hitting, flexible, mobile and readily available forces. These forces must be of sufficient size and available in sufficient time to fulfil Australia's role in all situations envisaged. This requirement has both an immediate and a subsequent aspect:-

a. Immediately available there should be highly trained and mobile regular forces both for cold war tasks and for rapid deployment in the initial stages of limited war (or global war should it occur) in South East Asia.

b. Subsequently additional forces may be required either to follow up those forces initially deployed or for the defence of the North West Approaches to Australia in the event that South East Asia is lost.

37. Should a situation in South East Asia develop which indicates that war with China is imminent, a danger of war threatening Australia's security would exist. This would necessitate special measures to increase the preparedness of the Services, e.g. the selective calling up of reserves and citizen forces by the issue of a proclamation under Section 46 of the Defence Act that a danger of war exists.

THE STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

REPORT BY DEFENCE COMMITTEE, OCTOBER, 1956

ANNEX - STRATEGIC REVIEW

ANNEX – STRATEGIC REVIEW

CONTENTS

PART I — THE LIKELIHOOD OF WAR AND PROBABLE COMMUNIST STRATEGY 1

PART II — STRATEGY OF THE WESTERN POWERS 22

PART III — AUSTRALIA'S STRATEGIC ROLE 42

Appendixes :

1. Changes in the world situation affecting Australia since 1952
2. The Threat to Australia

ANNEX to
Strategic Basis of
Australian Defence
Policy

STRATEGIC REVIEW

PART I — THE LIKELIHOOD OF WAR AND PROBABLE COMMUNIST STRATEGY

Changes in the World Situation Affecting Australia Since 1952

1. Since the Strategic Basis for Australian Defence Policy dated December 1952 was written there have been far-reaching changes in the world situation as a result of rapid developments in the political, military and scientific fields. A summary of these changes is contained in Appendix 1 to this Annex.

The Ultimate Communist Aim

2. The ultimate aim of the Communists is a Communist dominated world. It is likely that the USSR envisages this world as being controlled by Moscow. Although it is doubtful whether Communist China would acquiesce in this, in the short term her aims are likely to run parallel to those of the USSR. It is uncertain whether they would automatically go to war to support one another, although it is unlikely that either would embark on a military adventure which involved the risk of a full scale war, except with the agreement of the other, and after the consultations stipulated in the October 1954 bi-lateral agreements.

The Likelihood of Global War

3. Because of the mutual deterrent force which possession of thermo-nuclear weapons by the United States and the USSr provides, and the realisation by each that a third world war would inevitably involve the use of these weapons of mass destruction, neither side is likely to embark deliberately on global war, and indeed each will seek to prevent situations developing which could lead to such a conflict.

4. This situation is unlikely to alter so long as the Western Powers maintain the validity of the deterrent and continue to demonstrate their ability to retaliate effectively. However, the danger always exists that global war could be precipitated as the result of a miscalculation by either side, and in no event can the Western Powers rely on a period of warning which would enable them to complete preparations for war.

The Likelihood of Limited War

5. The possibility of the use of nuclear weapons in a limited war and the risk of such a war spreading into global conflict because of this or other reasons, reduces the likelihood of limited war directly involving a major Communist Power with Western Powers.

6. This consideration applies particularly to areas of special sensitivity where, because of treaty commitments or paramount economic interests, the danger of limited war turning into global war would be recognised by both sides as grave.

7. Amongst the principal areas of dangerous friction, most – including Germany, Korea, Formosa Straits, Vietnam and Laos – are now covered by treaty arrangements involving armed assistance by the United States (to the Republic of South Korea and Nationalist China) or Western or Western sponsored coalitions (NATO for West Germany, SEATO for Vietnam and Laos); thus overt aggression by the major Communist powers in these areas is unlikely. However, they may conduct limited war by proxy as in Korea.

8. The possibility exists that limited war could come about in Korea or Vietnam, through the unilateral action of either of the opposing sides of these divided states. In the case of the Formosa Straits, the same possibility exists, but to a lesser degree.

9. There remains the further possibility of limited war involving a member of either camp with a so-called neutralist state, or between two neutralist states. In either of such circumstances, limited war could possibly occur in areas where there is no major clash of interests between the major Western and Communist Powers or where for political reasons or due to the counterweight of the thermo-nuclear deterrent the major powers, i.e. the United States and the USSR, would be unlikely to intervene.

10. There is the added danger, however, that due to actions of a neutralist state critically threatening the economic or strategic interests of either camp, the measures taken by that camp to protect these interests, e.g. by armed intervention, could lead to limited war.

Possible Situations of Limited War of Concern to Australia

11. Possible situations of limited war of particular concern to Australia could be :-

a. Conflict in the Middle East arising from, for example, the Arab-Israel dispute, or threats to Western interests.

b. War between Pakistan and Afghanistan.

c. Indo-Pakistan conflict.

d. Conflict as a result of quasi-overt or overt Communist aggression in South East Asia.

e. War in the Formosa Straits area.

f. Resumption of hostilities in Korea.

g. War between Indonesia and the Netherlands over New Guinea.

Probable Communist Strategy in Global War

12. *U.S.S.R.*

In the event of global war, it is likely that –

a. the Soviet aim will be to defeat decisively and quickly the United States and the Western European Powers, and at the same time to maintain the security of her homeland;

b. the Soviet general strategy would be based on the element of strategic surprise in the employment of weapons of mass destruction which would probably be used against target systems in the following order of importance –

(i) Allied thermo-nuclear striking forces at source.

(ii) War potential of North America.

(iii) The United Kingdom Base

c. concurrently with or subsequent to the major air offensive, the USSR could launch a full scale ground offensive with the object of over-running Western Europe, and of gaining exits from the Baltic and Black Seas; subsidiary campaigns would aim at securing control of the Middle East land bridge and Middle Eastern oilfields. The main tasks of the Communist navies will be the security of the homeland from Allied attacks, including those by carrier task forces, and the disruption of the Allied lines of sea communications, particularly between North America and Europe.

13. *Communist China*

Communist China, if in a position to do so, would be likely to take advantage of the pre-occupation of the Western Powers to pursue her own expansionist aims in the Far East. Should Communist China undertake armed aggression to achieve her ambitions, she would plan to :-

a. neutralize as far as possible Allied air bases and carrier task forces which threaten her security;

b. occupy initially Korea, Hong Kong, Macao and South East Asia.

It should be borne in mind, when assessing Communist China's capabilities, that it is unlikely she could avoid becoming involved in a global war. There would be serious consequences for the defence of Australia as well as that of other Allied Powers if China were to emerge from a global war as the one unscathed major military power.

Probable Communist Strategy in Limited War in South East Asia

14. Of the possible operations which the Chinese Communists could undertake in the event of their resorting to overt aggression in South East Asia, operations against Thailand in conjunction with operations against Laos and South Vietnam are likely to come first. It is possible, however, that the Vietminh might invade the protocol states of Indo-China without there also being overt Chinese Communist aggression. The Communist Air Forces would be employed in the air defence of the homeland, air attacks against SEATO military bases, and support for their advancing ground forces. The task of protecting Chinese ports and coastal shipping would reduce the naval support on the flanks of the advancing armies to striking forces of MTBs and possibly destroyers. Submarine attacks and minelaying would probably be used against Allied shipping in the South East Asia area.

Probable Communist Strategy in Cold War

15. Short of war and against the background of the threat of war, the Communists will do all in their power to further the cause of world Communism by :-

a. exploiting every opportunity to divide the Western Powers, particularly the United Kingdom and the United States;

b. eliminating Western economic and other interests from Afro-Asian countries, and American economic and other interests from European countries (for example, by nationalization, or by withdrawal of concessions, or by restriction of foreigners);

c. the encouragement of neutralism in pro-Western countries;

d. greater "legal" political activity;

e. an intensification of international economic and cultural activities for political purposes;

f. penetration and subversion of non-Communist organisations;

g. exploitation of dissident elements and Overseas Chinese;

h. propaganda aimed at discrediting the West and inducing tolerance of Communism;

i. propaganda aimed at preventing the West from developing or using thermonuclear or nuclear weapons;

j. increased use of international “front” organisations;

k. quasi-overt military action aimed at gradually taking over control of the countries concerned without being faced with the charge of overt aggression.

16. By the maintenance of relatively large armed forces, and in the case of the USSR, the development of her capacity to attack with thermo-nuclear weapons, the Communists will retain the ability to revert to the “threat of war” technique when required, in an attempt to cause strains on the economies of the Western Powers. An alternative to this technique is the use of propaganda proposals for disarmament with a view to lulling the peoples of the free world into a false sense of security, and this could have prejudicial effects on the defence preparedness of the Western Powers. Advantages will accrue to the Communists either way, unless the democracies maintain a proper balance between the requirements of preparedness and a stable economy.

17. The above activities are likely to be stepped up from time to time in widely separate areas in accordance with the communist assessment of where the greatest results are likely to be achieved at a particular time. Thus any existing or potential trouble centre is regarded by the Communists as a target of opportunity for the application of whatever form of cold war activity seems most appropriate. Under-developed, newly independent countries provide fertile fields for Communist cold war activities.

18. It is probable that China will encourage war by proxy. She is more likely to endeavour to achieve her aims, by means short of overt aggression. In this respect South Vietnam, Laos and Cambodia are likely to be first priorities for subversion, although the detachment of Pakistan, Thailand, Malaya and Singapore from their present ties with the West will also be a major target.

19. Whilst implementing the courses outlined in paragraph 18 above, Communist China will continue to:-

a. take steps to build up a stronger bomber force with the aim of attacking the air bases of the Western Powers in the Far East whilst at the same time she will further develop her already extensive air defence system;

b. take steps to build up a submarine force with the aim of restricting the operation of Allied carrier task forces and disrupting Allied lines of supply;

c. improve and modernize her ground forces especially in the fields of organization, standardization of equipment, supporting arms, and communications.

Summary of Likelihood of War

20. Global war is unlikely but could occur as a result of miscalculation; such a miscalculation is more likely to occur during the course of a limited war. Limited war is generally more likely than global war and could break out with little or no warning as a result of:-

a. a conflict of national interests in various unstable areas from the Middle East to the Far East;

b. a decision by USSR and/or Communist China to encourage a minor power to achieve its national aims by limited war;

c. a decision by the Communists to take a calculated risk.

21. In the end, the Communists might achieve more by limited war, than they could hope to achieve by initiating a global war. Before initiating a limited war, the Communists will continue to exploit every opportunity to achieve their aims by cold war techniques.

PART II — STRATEGY OF THE WESTERN POWERS

United Kingdom and United States policy reviews

22. It is known that the United Kingdom and the United States are currently reviewing their defence policies. In the absence of the results of these reviews, it has been assessed that their basic strategic aims are likely to remain as set out in the following paragraphs. Such changes as are made as a result of these reviews are likely to be in method rather than in basic aims and policy. Although in due course the full results of the current United Kingdom review are expected to be made known to Australia, this is not likely to be the case with the United States. However, sufficient information is likely to be made available by the United States on a "need-to-know: basis, through ANZUS, and possibly SEATO, and also through informal contacts.

The Balance Between Nuclear and Conventional Forces

23. The United Kingdom, and to a lesser degree the United States, are finding it increasingly difficult to ensure sound national economies and at the same time maintain large conventional forces while continuing to develop their capacity to wage war with thermo-nuclear and nuclear weapons. Apart from the expense of these latter types of weapons, the cost of maintaining and developing their means of delivery is becoming increasingly high. The trend in both the United Kingdom and the United States is for the balance to be weighted more in favour of building up the capacity to wage war with thermo-nuclear and nuclear weapons. If, however, adequate conventional forces are not maintained by the Western Powers to meet the requirements of cold and limited war, it may be possible for the Communist powers to achieve their aims despite the maintenance by the Western Powers of the thermo-nuclear deterrent. In determining this balance, the military requirement that, in certain circumstances, nuclear weapons will be used in conjunction with conventional forces in the field, is an important factor.

Global strategy

Prior to the Outbreak of War

24. Whilst continuing to wage the cold war with maximum possible effort it is considered that the primary military aims of the Western Powers are likely to be :-

a. To maintain their capacity to wage thermo-nuclear war as a deterrent to the outbreak of war.

b. To secure the necessary main base and peripheral areas required for (a) above.

c. To prevent the Communists from making territorial gains at little cost by :-

(i) building up the effectiveness of various regional defence organizations and arrangements; and

(ii) maintaining adequate conventional forces which are flexible, mobile, well trained, well equipped and ready for immediate action.

In Global War

25. Security of Base Areas and Communications

To prosecute the war successfully, the Western Powers must secure their main base area in the United Kingdom and North America and protect their lines of communications.

26. Peripheral Areas

It will also be necessary to secure certain peripheral areas to provide suitable bases from which to subject the USSR and her Allies to thermo-nuclear attack and to provide depth for the defence of main base areas. These bases are at present situated in the following areas :-

a. Western Europe including the United Kingdom.

b. The North African coast.

c. The Middle East including Turkey and covering the Suez Canal and the major oil producing areas.

d. The Far East including the United States Pacific Island Chain stretching from Japan to the Philippines.

e. Those sea areas required for offensive carrier operations.

27. Thermo-Nuclear Attack

The policy of the Western Powers in global war will be to carry out immediate and heavy attacks with thermo-nuclear weapons on the USSR and her allies. The aim of these attacks will be so to damage the power of the Communists that they will be unable effectively to prosecute the war. When considering how a decision might be taken as to which of the important allies of the USSR should be attacked, the time factor demands that the targets be determined prior to the outbreak of unrestricted warfare against the USSR. Communist China in particular is in a position to provide forward bases and very valuable dispersion for USSR forces and war materiel which could be used at any critical stage of the war. The USSR is likely to call for such help from her ally if not for direct participation by Chinese Communist Forces. On military grounds it is considered that Communist China will inevitably be involved in a global war.

28. Subsequent Developments

The all out bombardment with thermo-nuclear weapons is likely to result in such widespread devastation in the territories of the major contestants that it is impossible to make any worthwhile forecast of subsequent developments or predict with any certainty the duration of the war. However, the forces and resources of the smaller nations and the neutral nations could be a major factor in these subsequent developments, particularly in the Far East.

In Limited War

29. Limited war may take a number of diverse forms, and it is therefore impracticable to foresee an overall strategic pattern. The Western Powers may not directly intervene in all cases, particularly if such an action is likely to spread the conflict. However, any intervention by the Western Powers will involve the use of the minimum force necessary to achieve their primary aims which are likely to be as follows:-

a. By whatever means appropriate, including the use of nuclear weapons, to achieve a rapid decision and to prevent the conflict spreading to global war.

b. As a minimum, to halt the aggressor and expel him from the territories that he may have occupied whilst being prepared to conduct expanded military operations to complete the defeat of the armed forces of the aggressor.

c. To ensure in particular that base and peripheral areas, and communications that may be required in global war, and those areas which cover the source of strategic war materials, are not lost.

Far East Strategy

30. It is considered that Allied policy in the Far East is likely to flow directly from the overall global strategy of the Western Powers and be shaped primarily by the United States as in the following paragraphs.

Prior to the Outbreak of War

31. Prior to the outbreak of global or limited war Allied policy will continue to be directed in particular to:-

a. taking steps to ensure that the peripheral areas required in global war are secured;

b. building up the effectiveness of existing regional defence organizations and arrangements;

c. building up the capacity of indigenous forces of the region to resist Chinese and/or Vietminh quasi-overt aggression and be capable of providing initial resistance to meet overt aggression.

d. Countering Communist subversion in the region.

In Global War

32. In global war thermo-nuclear attacks by the Western Powers are likely to be directed on the USSR and China from bases in the Far East and aircraft carriers in concert with attacks from elsewhere. At the same time the Western Powers will maintain the security of their essential peripheral areas and bases in the United States Pacific Island Chain. In addition, the Western Powers will take such action on the mainland of South East Asia as is necessary to prevent the Communists from pursuing their expansionist aims.

In Limited War

33. In limited war Allied strategy will be directed to:-

a. intervening promptly in South East Asia using nuclear weapons if necessary to halt Chinese and/or Vietminh overt aggression and to expel the enemy from any areas he may have occupied;

b. ensuring the security of essential peripheral areas and bases in the United States Pacific Island Chain that may be required in global war.

Current Measures to Implement Allied Strategy in the Far East

Regional Arrangements

34. The emergence of SEATO, and the steady progress it has achieved, have acted both as a deterrent to the Communists, and as an important factor in conditioning its members, particularly the Asian members, to resist both Communist subversion and overt aggression. From the point of view of Australian and ANZAM planning in particular, SEATO appears to provide the most effective means of achieving, to the greatest degree possible, the longstanding aim of co-ordination with United States defence planning in this area. The development of the SEATO strategic concepts for the defence of South East Asia, and the subsequent detailed military planning which is to follow therefrom, will achieve this so far as limited war situations are concerned.

35. The ANZAM arrangement continues to fulfil essential Commonwealth functions in the area. In addition to providing a general forum for discussion of United Kingdom, Australian and New Zealand defence matters of common concern in the Far East, its functions include the development, where necessary, of ANZAM planning in support of SEATO, and the preparation of contingency planning for the defence of Commonwealth interests in South East Asia in case SEATO fails to provide such defence.

36. The value of ANZUS as a United States guarantee by treaty of the security of Australia and New Zealand remains undiminished. ANZUS military planning has been largely overtaken by SEATO planning, which is desirable because of the latter's wider scope and membership, but certain studies which are inappropriate for SEATO, e.g. Indonesia, are undertaken in ANZUS. ANZUS provides an extremely valuable forum for free and frank discussion with the United States, and for obtaining information concerning United States plans and intentions, which would not otherwise be available.

Defence of South East Asia against Subversion and Quasi-Overt Military Action in the Cold War

37. Subversion and quasi-overt military action constitute the main threat to South East Asia at present. Direct counter measures can only be carried out by the governments of the countries affected, and these counter measures can only be effective if the government concerned is capable of maintaining order and has the will to resist Communist influence. The immediately affected countries are Thailand and Malaya and the Protocol States of Laos, Cambodia and South Vietnam. The capacity of certain of these countries to maintain internal order is steadily being increased by aid and assistance from outside countries. The countering of subversion and quasi-overt military action in South East Asia is one of the priority tasks of SEATO nations.

Defence of South East Asia under SEATO against Overt Aggression

38. Limited War

Strategic concepts and concepts of operations, together with broad outlines of force requirements, have been drawn up in SEATO for the defence of the mainland of South East Asia in limited war, in the following circumstances :-

a. Vietminh attack on South East Asia – attention has, in particular, been focused on the defence of the protocol states.

b. Chinese Communist and Vietminh attack on South East Asia – attention has, in particular, been focused on the defence of the protocol states, as in (a), and on Thailand.

Both these concepts are based on the use of nuclear weapons where necessary against selected targets of military importance. Considerable further detailed planning is necessary to develop the strategic concepts.

39. Global War

The question of developing a SEATO concept for the defence of South East Asia in global war is under consideration.

Defence of Malaya

40. If for any political or military reason it is not possible for SEATO to provide effective defence for South East Asia as a whole, the successful defence of Malaya may depend on United States assistance in holding a defence line in the Kra Isthmus. Contingency plans for the defence of Malaya are therefore being prepared in ANZAM to fit in with SEATO plans.

Indonesia

41. It has been assessed that Indonesia is unlikely to become Communist controlled before 1960. Thereafter, if she became Communist controlled, the Allies might eventually be faced with a situation in which Communists from Indonesia could:-

a. seriously interfere with sea and air communications in South East Asia;

b. increase the subversive threat to Malaya and to South East Asia as a whole;

c. in war, pose a military threat to South East Asia and Australia and in particular to the direct sea and air routes between Australasia and the mainland of South East Asia. Depending on the military situation in South East Asia an air threat to vital centres in Australia could evolve if bases in Indonesia were used.

The ANZUS nations have given consideration to military measures which may be necessary in the circumstances outlined above. These include preparatory intelligence action and envisage plans for military intervention in support of anti-Communist indigenous elements.

PART III — AUSTRALIA'S STRATEGIC ROLE

Australia's Association with the Strategy of the Western Powers

42. *Reliance on Western Powers*

Australia is a geographically isolated small power with limited manpower and resources. She is not able to defend herself unaided against a major power, and is dependent on the Western Powers, in particular the United States, for her ultimate security. She must therefore relate her defence policy and planning to the global strategy of the Western Powers, and must be prepared to contribute to the implementation of this strategy.

43. *Advantages of Collective Defence*

Participation in regional arrangements for collective defence is the most effective and economic method of ensuring Australia's security. It is also through such arrangements that Australia's defence planning can be linked with the global strategy of the Western Powers. At the present time SEATO is the most practicable organisation in which these plans can be developed.

44. *Primary Role in South East Asia*

Due to her geographical position in proximity to South East Asia, it is this area which is of great strategic importance to Australia, and her primary role should be directed to that area in cold, limited and global war. Australian planning in South East Asia, including planning in ANZAM, must be closely co-ordinated with that of the United States. This is being done in SEATO and ANZUS to the greatest extent possible.

45. *Nature of Australian Contribution*

Since Australia has not at present the weapons with which to wage thermo-nuclear or nuclear war, her operational contribution to global strategy is limited to the provision of forces armed with conventional weapons. However, because limited wars are more likely than global, the availability of conventional forces will continue to be of importance, particularly in the Far East. In addition, Australia can make an important contribution by acting as a support area to the allied effort in South East Asia in the supply of food and a limited range of war materiel.

Areas of Strategic Importance to the Defence of Australia

46. The first line of Australia's defence lies in South East Asia. No major threat to Australia's security can develop, nor is she likely to be a primary objective of a major Communist power whilst Malaya is held.

47. A general survey of areas of strategic importance in relation to the defence of Australia is set out below :-

a. Areas North of Malaya

Should the Communists invade South East Asia, the successful defence of Thailand would ensure the security of Malaya. In turn, the successful defence of the protocol states of Indo China will contribute to a large extent to the security of Thailand. All steps should therefore be taken to ensure that Thailand and the protocol states do not fall to Communism through subversion or quasi-overt military action.

b. The Philippines

In support of operations in South East Asia, it is of the utmost importance that the Philippines should be secured. In view of the position of the Philippines in the Pacific Island Chain stretching north to Japan and linking with New Guinea, the Philippines are of strategic importance to Australia. The security of the Philippines is guaranteed by the United States which has committed forces for its protection.

c. Malaya and Singapore

In the event that Thailand is not held, the defence of Malaya would have to be carried out on the border of Malaya or to the north in the Kra Isthmus which provides the best natural defensive positions. Overt aggression against Malaya is unlikely to succeed provided the Western Powers with whom Australia is allied take effective counter-action in the Far East.

d. The North West Approaches to Australia

Should Malaya be lost, Australia's forward defence would then have to be carried out in the north-west approaches to Australia. This should be based on north western Australia and areas in Dutch New Guinea including the Vogelkop Peninsula, which link up, through the Philippines, with the United States Pacific Island Chain. Cocos Island should be held as an important forward base, whilst the Admiralty Islands and Australian New Guinea contain significant supporting bases which must be secured. 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.

e. Indonesia

The situation in Indonesia will have an important bearing on the problem of holding the north western approaches to Australia, and in the event of a Communist-controlled Indonesia actively threatening these approaches, military operations may be necessary against that country to provide depth to the defence of the north west approaches to Australia, and to prevent the development of a substantial air threat to Australia.

48. *The Threat to Australia*

The development of an invasion threat to Australia as a result of Malaya being lost either in the cold war or as the result of overt Chinese Communist aggression would require a long period. In the event of Indonesia becoming Communist, an air threat could develop more quickly than an invasion threat.

An assessment of the threat to Australia is attached as Appendix 2 to this Annex.

Role in Cold War

49. The cold war will continue in varying degrees of intensity. Since Communist aims could be achieved in the cold war in default of effective action by the Western Powers, it is necessary that Australia should make a military contribution to the waging of the cold war. All possible steps should be taken to prevent the loss, by default, of the strategically important areas in South East Asia and the vital areas in the north-west approaches to Australia, including the whole of New Guinea. These steps would include the following :-

a. Being in a position to meet Australian obligations under the United Nations' Charter (e.g. Korea).

b. Encouraging and assisting Governments concerned to take measures to counter the threat of subversion and quasi-overt military action, including, where necessary, assistance in the building up of their forces to the requisite levels of strength and efficiency (e.g. by assistance in training and equipment).

c. Being prepared to station forces in South East Asia and thus showing her willingness to accept regional obligations. This will also help maintain the morale and confidence of the peoples and encourage them to resist Communist propaganda (e.g. the anti-terrorist role of the Commonwealth Strategic Reserve).

d. Being prepared to take part in operations to counter potentially dangerous activities when so requested by the Government concerned (e.g. the anti-terrorist role of the Commonwealth Strategic Reserve).

Role in Limited War

50. Australian forces may, in limited war, be called upon to undertake operations in any theatre in support of Australian government policy in accordance with the strategy of the Western Powers. However, the areas of primary importance to Australia are South East Asia and adjacent areas.

51. Whereas in global war no concepts of operations for the defence of South East Asia have yet been evolved, in limited war concepts of operations involving United States participation have been prepared in SEATO. Detailed plans on the basis of these concepts are being developed, which will lead to an assessment of force requirements to meet the various possible contingencies, and consideration by the SEATO countries of their planned contributions of forces towards meeting the overall requirements. Provided that the SEATO members contribute the forces necessary for the effective implementation of agreed plans, they should be able to win a limited war in South East Asia by virtue of their overall superior military power.

52. Australia's strategic role in limited war in South East Asia should be :-

a. Initially to –

(i) take part in implementing the initial phases of appropriate SEATO strategic concepts or such other concepts of a similar nature that may have been prepared;

(ii) take part in protecting sea and air communications in South East Asia and adjacent areas;

b. Subsequently and as necessary to either –

(i) take part in implementing the counter offensive phases of the strategic concepts referred to above, or

(ii) assist in the defence of Malaya should contingency plans for that purpose require to be put into effect.

c. Concurrently with (a) and (b) provide for Australian Home Defence requirements.

The contribution of conventional forces that Australia should make in limited war would be at least of equal importance as her contribution in global war.

Role in Global War

53. There are at present no SEATO plans for global war but it can be assumed that SEATO plans or plans of an alternative nature will be developed for the collective defence of South East Asia in global war and that in either case they will involve United States participation.

54. Although it is not possible to assess whether the Communists would openly attack in South East Asia in global war it is in Australia's best interests to ensure that they are not given the opportunity to pursue their expansionist aims in South East Asia while the Western Powers are preoccupied elsewhere. Therefore, Australia's role in global war is likely to be similar to that in limited war as in paragraph 58 above.

Appendix 1 to
ANNEX

CHANGES IN THE WORLD SITUATION AFFECTING AUSTRALIA SINCE 1952

1. The major changes which have occurred since 1952 are set out in the following paragraphs.

The Advent of the Thermo-Nuclear Weapon

2. It is known that the U.S.S.R. is rapidly approaching parity with the Western Powers in the development of thermo-nuclear weapons, and the means of delivery. This has enormously increased the possibility of mutual destruction and therefore decreased the likelihood of global war.

Current Form of Communist Relations with the Free World

3. Since 1952 the Communist ambition for world domination has continued to threaten world peace, although cease fires have been effected in both Korea and Indo China, and the Communists appear, at least temporarily, to have abandoned armed aggression as one of the means for achieving their ambition. Whilst Communist military pressure continues to be felt by the West, the thermo-nuclear counter-offensive power of the United States has provided an effective deterrent to Communist aggression. The Communist powers have temporarily relaxed military provocation and aggression as a means of achieving their aim of ultimate world domination. Nevertheless, there are politically unstable areas in both the Far East and the Middle East, which have inadequate defence or defence arrangements, and which remain vulnerable to Communist inspired military action.

4. The new line of Communist policy has aimed at weakening the position of the West by attempting to win over or encourage neutralism in such uncommitted countries as Egypt, India, Burma and Indonesia, whilst at the same time attempting to detach countries such as Greece, Pakistan and Thailand from their alignments with the West. To this end, the Communist powers have launched an economic and cultural offensive especially in under-developed areas, aimed at weakening western economic and political influence in the Free World. Communist propaganda has been directed to the need for peaceful co-existence, and the end of colonialism and Western military treaties. In certain cases, such as Egypt and Afghanistan, Communist bloc military aid has had the effect of aggravating the relations between those countries and neighbouring pro-Western powers.

Europe

5. The relaxation of political tension by the U.S.S.R., the slow development of the West German armed forces, and France's continued pre-occupation with her national problems have placed considerable stresses on the solidarity of NATO. New forms of initiative are being sought by the Organisation. On the other hand, the U.S.S.R. through the Warsaw Pact of June, 1955, has assured some integration of satellite forces and her own ability to intervene rapidly to reinforce the satellites.

The Middle East

6. Since 1952 the most important developments in the Middle East have been :-

a. The intensification of Arab nationalism and its tendency towards neutralism and rejection of Western influence.

b. Soviet success in replacing, to some extent, Western influence in the Middle East.

c. The continuance of the Arab-Israel dispute.

d. The Baghdad Pact, designed by the West to deter Soviet expansion in the Middle East, but attacked by Egypt as an attempt to split the Arab world.

e. Soviet supplies of arms and assistance to Egypt and Afghanistan.

f. Reduction of British power and influence culminating in the evacuation of British troops from the Suez Canal base in 1954/55.

g. The situation arising from Egypt's abrogation of her agreement with the Suez Canal Company, and the possible adverse effects on the production and distribution of oil from the Middle East.

h. The Cyprus dispute, which has increased friction between NATO members Britain, Greece and Turkey.

i. The recognition by the United States that in the long term the Middle East oil reserves are vital to the Western Powers.

The Far East

7. *Japan*

Japan's weakened post-war economy was given an artificial boost during the Korean war. The end of that war and the gradual withdrawal of American forces from Japan has brought about a serious economic situation. Although she is the most industrially advanced of the Asian nations she remains militarily and economically tied to the United States. Lacking any government sanction for the raising of military forces other than for self defence and the means of transporting them, and cut off from former supplies of raw materials, Japan is in no position to acquire the status of a military power in her own right for many years to come. There are indications, however, that in an attempt to correct her fundamentally unsound economic position she is looking towards her traditional avenues of trade and sources of raw materials on the Chinese mainland.

8. *China*

The development of Communist China with a present population of 600 million into a modern industrial state is and will continue to be a matter of prime significance to Australia. Whilst still dependent on Soviet capital goods, technical assistance and military aid her rate of industrial expansion has been extremely high. The problem of feeding her population which is growing at the rate of 10 million a year will remain a serious one and could spur her to more positive expansionist policies. China's progress has been retarded by weaknesses in the application of science to the development of heavy industry the modernisation of agriculture and to meet military requirements particularly in the fields of electronics, nucleonics and the chemistry of fuels. Vigorous measures to remedy these weaknesses have been launched.

9. The striking power of the Chinese Communist armed forces has increased substantially during the past three or four years. China is now manufacturing small numbers of destroyers and escort vessels, submarines, small arms and certain support weapons. Additionally, the U.S.S.R. has helped to equip the Army with some armour and weapons, the Air Force with fighter and bomber aircraft; and the Navy with submarines, destroyers and other escort vessels. China's rapidly expanding industry will tend to make her less dependent on the U.S.S.R. for supplies of more complicated armaments. Communications in China have been given high priority in national development plans and are partly geared to her military needs. China has no thermo-nuclear or nuclear weapons at present, and it is considered unlikely that the Soviet Union would make such weapons available to Communist China during peace or in the initial stages of a limited war in which Communist China was involved.

10. *Korea*

The Armistice in Korea has resulted in the division of the peninsula into two bitterly hostile armed camps. The strengthening of the South Korean forces has been offset by the withdrawal of the majority of the United Nations Forces. The South Korean economy is almost entirely dependent on continued United States aid. In the face of United States guarantees the Communists are unlikely to undertake further military action in Korea which would almost certainly provoke direct United States retaliation.

11. *Formosa*

The United States has openly given evidence of her intention to take all necessary steps including the use of armed force to ensure that Communist China does not gain control of Formosa. The Chinese Communists on the other hand have not abandoned their claim to Formosa and maintain that control of Formosa is an internal Chinese affair. Fear of United States intervention in support of Nationalist China is likely to deter the Chinese Communists from overt aggression against Formosa. While they could capture the offshore islands against Chinese Nationalist opposition alone the risk of United States intervention will possible deter them from any major assault. Internationally the Chinese Communists have endeavoured to discredit and isolate the Nationalist government and locally they have, of late, sought to undermine morale in Formosa by such means as negotiation and offers of clemency.

12. *Indonesia*

Since 1952 it has become increasingly clear that in Indonesia the unstable political situation points to the possibility that the Indonesian Government may eventually become Communist controlled. 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.

In this respect it should be noted that Australia has openly declared that she will not support Indonesian claims to Dutch New Guinea. The attitude of the Indonesian government to the Netherlands is indicated by the Indonesian abrogation of her treaty with the Netherlands and, more recently, her debts to the Netherlands. Since 1952 there has been no significant change in the Indonesian armed forces, which remain badly equipped and ineffective.

13. *Indo China*

As a result of the French defeat in Indo China and the resultant Geneva Agreement :-

a. The strategically important Tongking Delta has been lost to the West.

b. All French force have been withdrawn from Indo China with the exception of certain training missions and a small number of troops at bases in Laos.

c. Indo China has ceased to exist as a political entity.

d. Laos and Cambodia have become independent states.

e. Vietnam has been partitioned with the Vietminh gaining control of North Vietnam which has been integrated into the Communist bloc. The strongly nationalist and anti-communist government of Ngo Din Diem controls South Vietnam. Cells of Vietminh influence still exist in South Vietnam.

f. The Pathet Lao, influenced and supported by the Vietminh, is established in two northern Laotian provinces, Sam Neua and Phong Saly and is attempting to spread its influence through the whole of Laos.

14. *Regional Arrangements*

A major development in regional arrangements affecting the security of the Western Powers in South East Asia was the establishment of SEATO in September, 1954. Since that date, the organisation has made valuable progress in planning the collective defence of the Treaty Area.

Disarmament

15. While the discussions directed towards the conclusion of an international agreement on disarmament continue in the United Nations, the Soviet Union has announced that it is carrying out further reductions in its armed forces and its conventional armaments and has invited other countries to do the same. However its attitude in the United Nations discussions has not become any more accommodating. The prospect of achieving some balanced reduction of forces is not good. The Soviet proposals, both those made in the United Nations and elsewhere, are designed to have a strong propaganda appeal, and, inter alia, are aimed at disrupting the regional defence arrangements of the Western powers. The major responsibility for the disarmament discussions rests with the great powers, without whose agreement no plan could succeed. Smaller powers will not be required to take any effective action towards reduction of their forces until the great powers have agreed to the acceptance of certain basic principles, such as the establishment of an effective system of international control of agreed reductions, and on methods for their implementation.

Neutralism

16. The growth of neutralism was clearly evident before December, 1952. However, since that date :-

a. The strong influence of India and the neutralist policy which she advocates;

b. The conviction, stemming to some degree from the Bandung Conference in April, 1955, that Asian and African countries should not automatically take sides in disputes between the Western Powers and the Communist Bloc;

c. The visit in 1955 of the Soviet Leaders to various countries in South East Asia and their offers of economic aid;

d. Deliberate communist propaganda as to the desirability of peaceful co-existence and the practicability of neutralist policies;

have created a neutralist bloc in Asia led by India and including Burma, Indonesia, and possibly Ceylon and Cambodia.

Developments Affecting Existing Allied Base Facilities in the Far East

17. The steady growth of Communist power in the Far East and the tendency towards neutralism in the newly independent countries of Asia have adversely affected the continued use of base facilities at a number of places by the Western Powers in the Far East. In particular :-

a. There is some criticism in the Philippines of the conditions under which the United States occupies bases in that country.

b. In Malaya, the use of bases will be dependent upon the consent and goodwill of the Independent government.

c. The possible political developments in Singapore may jeopardize the long-term tenure of the United Kingdom base.

d. The use of naval and air facilities in Ceylon is dependent upon the consent of the government of Ceylon. If these facilities are not available on a satisfactory basis it will be necessary for the United Kingdom to establish alternative base facilities in the Maldives.

e. The United States is gradually withdrawing from the bases that she has established in Japan.

However, despite developments described above, it is likely that in the event of war in the Far East, these base facilities, with the exception of Ceylon, will be available and the continued use of Okinawa, Formosa, and, possibly Japan and Korea will be practicable.

Appendix 2
to ANNEX

THE THREAT TO AUSTRALIA

1. Up to 1960, provided the Western powers continue to hold at least Malaya on the mainland of South East Asia, it is likely that enemy attacks in the Australian area would be confined to isolated attacks by submarines. Such attacks by submarines are likely to occur only in conditions of global war.

Malaya lost in Cold War

2. Should Malaya be lost in the cold war, a considerable period would elapse before an invasion threat to Australia could develop. This delay would result from:

a. the need for time by the Communists to consolidate gains in South east Asia;

b. the limited Sino-Soviet strength in surface naval vessels which would be available for operations in South East Asia;

c. the limited amphibious lift available to the Communists and the need for its employment elsewhere.

It would also require an adequate build-up of forces and supplies to provide against:-

a. the long difficult and vulnerable land communications between Communist China and Malaya;

b. the effect of Allied counter action against these communications after war had broken out.

3. In relation to the invasion threat in paragraph 2 above, a minor air threat could develop comparatively quickly to the North and North West Australia from the CCAF operating medium bombers from Malaya. The scale of this threat would be limited by the requirements of the Sino-Soviet strategy elsewhere, and the small number of medium bombers available.[1]

[1] It has been assessed that the number of medium bombers (TU 4) available at present to the CCAF is 10. This figure is expected to increase to 30 by the end of the period. The range of the modified TU 4 is 2.150 nautical miles wihich would enable it to reach North and North West Australia from bases in Malaya or the whole of Australia from bases in Indonesia.

4. It has been assessed as unlikely that Indonesia will become Communist by 1960. Should Malaya go Communist then Indonesia may well follow her into the Communist camp. Indonesia alone presents a very small threat to Australia in the foreseeable future. If she became Communist, or Communist supported economically and militarily, it would still be a number of years before Indonesian forces alone could pose a significant threat to Australia or the Island Territories.

5. If bases in Indonesia were made available to the Chinese Communists, sporadic attacks with high explosive bombs by the medium bombers likely to be available to the CCAF, could be made against targets in the whole of Australia.

Malaya lost in War

6. If Malaya fell as the result of overt Chinese Communist aggression, the factors in paragraph 2 above would apply and the following would also be valid :-

a. The damage to or demolition of installations and aircraft in Malaya and Singapore.

b. The effects of prior allied counter action against the communications in sub-paragraph 2(d) above.

c. The reduction in surface naval strength and amphibious lift in sub-paragraphs 2 (b) and (c) above, due to losses in operations.

7. These factors would also make the occupation of strategic areas in the Indonesian Archipelago and the build up of major bases there a lengthy process. The assembly of forces in Indonesia for invasion operations against Australia would also be a lengthy process.

8. The development of the air threat to Australia after the fall of Malaya as the result of overt Chinese Communist aggression would be governed by :-

a. The priority then allotted to targets in Australia by Sino-Soviet strategy;

b. The availability of aircraft to attack these targets; and

c. The Sino-Soviet capacity to operate their aircraft from Singapore or even further forward, in Indonesia.

Summary

9. Depending on the overall Sino-Soviet strategy the threat to Australia could be as follows :-

a. Isolated attacks by submarines. (in global war only).

b. If Malaya falls either in cold war or as a result of overt Chinese Communist aggression, sporadic raids by medium bombers on targets in North and North West Australia.

c. After 1960, if bases in Indonesia were made available to the Chinese Communists, sporadic raids by medium bombers on targets anywhere in Australia.

10. The development of an invasion threat to Australia would be a lengthy process, even if Malaya fell in the cold war. The threat of large scale amphibious operations would be remote.

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY (1959)

Editor's Introduction

In 1957-58, relations with Indonesia deteriorated over Australia's support for the Dutch in West New Guinea. President Sukarno consolidated his power against internal rebellion in Indonesia, where the US and USSR competed for influence. This was the context for the 1959 *Strategic Basis* to propose that the Australian armed forces be designed with a capability to operate independent of allies. Cabinet did not endorse this as a general proposition but called for 'a more limited and less ambitious' concept in which forces would be 'self-supporting to some degree'.

Due to mutual nuclear deterrence, global war was seen as unlikely (para 7). Australia's attention in this regard shifted to the prospect of conventional operations without allied support after a nuclear exchange, including against an unscathed Indonesia (para 37; Annex C paras 24, 34). While limited war was more likely than global war, communists would primarily use cold war subversion in South East Asia (paras 8, 9, 27, 30). China was increasing in strength, and communist activity and influence in Indochina would increase (paras 11, 12; Annex B para 5). Despite some successes SEATO remained weak as an organisation, assumptions about the size of allied forces available for limited and global war in South East Asia were unrealistic, and reliance on the use of nuclear weapons became more difficult (paras 18, 20-22, 33; Annex C paras 9, 12). Britain was no longer able to make a major contribution to Asian theatres (paras 12, 16, 17), hence, ANZAM was 'of limited value', and '[p]otentially ANZUS is the most effective Treaty to which Australia is a partner' (paras 23, 24, 29). Australia's contribution to a war in South East Asia should be contingent on US participation, and '[i]t might be politically desirable ... to offer a token force contribution' to a war over Taiwan (Annex C paras 7, 10). There was no sign of an end to instability in Indonesia but the capability of its armed forces increased (paras 14, 27). There was a 'serious' possibility of an attack on Dutch New Guinea, and 'Australia may become involved in war with a non-Communist Indonesia' without US assistance over this issue (para 38; Annex B para 10; Annex C paras 16-22). Meeting a threat from Indonesia might in the future require all of Australia's forces (Annex C paras 22, 27).

Australia thus had to prepare for independent effort against Indonesia as well as for the support of South East Asia against communism in cold and limited war. Australian forces 'should be designed primarily with the ability to act independently of allies', and preparations for limited war took priority as they provided options for cold and global war as well (paras 44, 48). Bases in the north of Australia would be required, and 'an increased offensive capability' could best meet the threat from Indonesia (paras 27, 39; Annex C para 24). The priority was for forces available immediately rather than those available within three, four, or within six months (paras 3, 49, 51). The acquisition of nuclear weapons was 'most unlikely', although 'low-yield' weapons might be required for operations against a future direct threat to Australia (para 54).

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

JANUARY 1959

CONTENTS

Definitions

Paragraph

Strategic basis of Australian defence policy
Introduction 1
Aim 4
National policy objectives 5
The likelihood of war 6
Trends of significance affecting South-East Asia 10
Military effectiveness of regional arrangements 19
Nature of the conflict 25
Implications for Australian defence 26
Australian defence forces 45

Annexes:

A. Note on weapon developments
B. Areas of strategic interest to Australia
C. Nature of the conflict

This paper was endorsed by the Defence Committee on 12 January 1959

DEFINITIONS

GLOBAL WAR*	Unrestricted conflict between the U.S.S.R. and her allies on the one side and the United States and her allies on the other.
LIMITED WAR	Any international armed conflict short of global war.
COLD WAR	Continuing world-wide struggle between Communism and the Free World waged by all means short of international armed conflict.
COMMUNIST INSURGENCY	Armed action against the established Government of a country by organised bands or groups, responsive in varying degrees to covert foreign control, direction or support, under conditions which do not permit such action to be identified as external aggression.
FAR EAST	East Asia and South East Asia.
EAST ASIA	China (Singkiang and Tibet should not be considered parts of China in this context); Formosa; Hong Kong; Macao; Japan; Korea; Ryukyu Archipelago.
SOUTH EAST ASIA	Burma; Thailand; Malaya; Singapore; North Vietnam; South Vietnam; Laos; Cambodia; Philippines; Indonesia; Borneo.
NUCLEAR WEAPONS	Nuclear weapons is the generic term for all types of fusion/fission weapons. The term “Kiloton” weapons is used to denote weapons having yields of the order of kilotons of TNT equivalent, while ‘megaton’ weapons refers to weapons measured in megatons of TNT.
WAR MATERIEL	The term “War Materiel” means items such as ships, guns, aircraft, weapons, ammunition, equipment, stores and supplies of all kinds, which are in the form in which they would be used by the armed forces.
INTER-CONTINENTAL BALLISTIC MISSILE (I.C.B.M.)	Range 1600-5000 plus nautical miles.
INTERMEDIATE RANGE BALLISTIC MISSILE (I.R.B.M.)	Range 1000-1600 Nautical Miles.
SHORT RANGE MISSILES	Range under 1000 Nautical Miles.

*In the United States, the term ‘General War’ is used.

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

INTRODUCTION

1. This paper establishes the Strategic Basis of Australian Defence Policy, and from it will stem detailed policies, plans and preparations of the Services for war. In its wider application, it provides defence guidance on planning and preparation of national resources and their use in war.

2. Rapid advances of military technology pose a difficult and continuing problem for the Australian forces. Equipment required by a modern fighting Service is complex and costly. This complexity is such that an increasing number of years now elapses between the statement of an operational requirement and the introduction of new weapon systems into the Services. These systems may also require fundamental changes of organisation together with very extensive personnel training programmes, both of which require a considerable time to achieve. Because of the increasing complexity of operational equipment, there has been such an increase in capital and maintenance costs that, with our limited resources, the Services are now unable, once committed, to afford the cost of frequent re-equipment programmes.

3. Intelligence assessments of the strategic situation cannot be projected with accuracy beyond the short term, but they can give some indication of future trends and developments. Taking the foregoing into account, this paper has been prepared to cover as far as practicable the next ten years. It examines the strategic factors which should determine the future organisation and equipment of the Australian forces, and will be reviewed as necessary in the light of the changing situation. Consequent on this study, a further paper will be prepared on the Composition of the Australian Forces.

AIM

4. To determine the strategic basis on which the development of Australian planning and preparation for war should proceed up to 1968.

NATIONAL POLICY OBJECTIVES

5. Australian national policy includes the following objectives:-

a. to ensure the security of Australian territory and its sea and air approaches;

b. to ensure that in matters affecting her security, Australia will have the support of at least the United States and the United Kingdom;

c. to pursue close, friendly and co-operative relations with the non-Communist Asian countries;

d. to ensure that Indonesia remains friendly or at least neutral;

e. to counter the activities of international Communism;

f. to support the development of the United Nations as an effective instrument of collective security.

THE LIKELIHOOD OF WAR

6. Large stockpiles of nuclear weapons are now held by the West and the U.S.S.R. The West has for some time possessed the means of massive nuclear attack on the Communist Bloc and superiority in weapon delivery capability. During the period under review, the Communist Bloc will rapidly increase its delivery capability to enable it to mount massive attacks against the United States and Europe. The advances in offensive weapon systems have far exceeded those made in defensive systems, and while it is possible that a degree of defence against the manned bomber might be achieved, it is unlikely in the period under review that an effective defence against nuclear missile attack will be available. A note on weapon developments is at Annex A.

7. In this situation, global war as a deliberate act of policy is unlikely, but it could occur with little warning through a miscalculation by either side in periods of tension or in limited war. In the unlikely event that during the period the U.S.S.R. were able to achieve a capability for a full-scale missile nuclear attack, while the West was still primarily dependent on the manned bomber, the possibility of premeditated global war could not be entirely excluded.

8. The most likely wars are limited wars, which could occur with little warning as a result of Communist-inspired insurrections, and conflicting national interests in various unstable areas from North-Africa to the Far East. The risk of limited war could increase if the Communist Bloc, believing its nuclear capability to equal or surpass that of the West, adopted more provocative and intimidatory policies.

9. Communist leaders, in pursuing their expansionist aims, will continue to rely principally on cold war tactics, and are unlikely to press to extremes policies which they calculate could lead to global war.

TRENDS OF SIGNIFICANCE AFFECTING SOUTH EAST ASIA

10. South East Asia remains of first strategic importance to Australia. A survey of areas of strategic interest to Australia is attached at Annex B: trends of significance affecting South East Asia are considered in the following paragraphs.

The Predominance of Communist China

11. Communist China is already the predominant Asian nation. In the period under review, its great material progress may be expected to consolidate its influence in the Far East, and its example will tend to attract the admiration and perhaps the emulation of other Asian countries, in spite of their natural fear of so powerful a neighbour. The presence of large numbers of Chinese and their commercial influence in South East Asian countries is also an important factor. Of China's major Asian rivals, Japan is still distrusted throughout South East Asia, and India is preoccupied with internal problems and apparently less disposed than formerly to take diplomatic initiative, particularly if it involves criticism of the Communist bloc. China's military power is already far superior to all non-Communist indigenous forces

in the Far East and Australasia, and this superiority will be increased if it gains access to nuclear weapons. It is possible that, in the very near future, tactical nuclear weapons under Russian control will be deployed in China.

Political Developments in South East Asia

12. The states in South East Asia, many of them newly-independent and increasingly nationalistic, are subject in varying degrees to Communist influence and pressure, and to the threat of Communist military action. Of the Protocol States, Laos could become Communist; Cambodia will probably move closer to the Bloc; and in South Vietnam, Communist activity could reach serious proportions. Communist influences in Singapore will increase and the United Kingdom's military and political position will be gradually eroded. The United Kingdom may well be unable to use the base at will under all circumstances. The growth of Communism in South East Asia, including Indonesia, and the fear of nuclear conflict in the area, may influence Asian nations towards neutralism. However, SEATO's Asian members will probably adhere to the pact.

Indonesia

13. 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.

14. There are no signs that Indonesia's present serious political and economic problems will be solved quickly. 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. Indonesia's military capacity has recently been considerably increased by foreign aid, and it has received significant quantities of war material, including modern jet aircraft. Its present capacity is such that it is able alone to pose a significant threat to Netherlands New Guinea and a small threat to Northern Australia and the Australian island territories of Cocos and Christmas. It is not sufficient to pose a significant threat to the Australian mainland. This capacity could well continue to increase in the period under review. Indonesia could also provide bases from which external Communist forces could operate against Australia and other neighbouring countries and communications within the area; in particular an air and submarine threat could develop very quickly. 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. 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. The only circumstances in which such an attack might be contemplated would be with substantial Communist Bloc support and the belief that our major Allies could not or would not interfere.

Position of the United States

15. The presence of the military power of the United States in South East Asia and the Far East, and its assurances of support in the event of Communist aggression, remain the two most vital factors in maintaining the security of the countries in the region. The overall Military capacity of the United States has become dependent on nuclear weapons at the expense of conventional weapons. There are signs that the American authorities are perturbed by this development and are giving consideration to the development of conventional capacity. If nuclear weapons under Russian control, are deployed in Communist China in the near future, the United States will no longer enjoy the local monopoly of this weapon. This would significantly affect its relative military effectiveness in the area.

Position of the United Kingdom

16. United Kingdom resources may no longer permit her to make a major contribution in the Far East in view of the priority demands of the European and Middle East areas. Current United Kingdom plans provide for reinforcement of South East Asia in the event of limited war, but their implementation could be affected by the situation at the time in other theatres and the difficulties of re-inforcement routes. In global war, no re-inforcement from the United Kingdom would be possible, and all United Kingdom naval forces in the Far East, with the exception of two frigates, are declared to N.A.T.O. and may be withdrawn.

Usefulness of Western Bases

17. The long-term usefulness of some Western bases, including Singapore and Malaya in the South East Asian area, and Japan and Okinawa in the adjacent area to the north, is being prejudiced in varying degrees by nationalist ambitions or Communist or neutralist influence. Developments in missiles and nuclear weapons also increase the vulnerability of these bases, though the need for forward bases in global war is receding.

Use of Nuclear Weapons in Asia

18. The Allies lack the conventional forces to oppose effectively large-scale attacks by the greatly superior Communist ground forces. In such a case, successful defence would require the use of nuclear weapons. However the increasing Communist strategic offensive capability and the possible deployment of nuclear weapons to China would make their use a most serious step; not only would it have a profound effect on world opinion, particularly in Asia, but it would greatly increase the risk of nuclear retaliation and an extension to global war. The decision lies with the United States and United Kingdom Governments, at the highest level, and will not finally be made in advance of particular situations. However, provided the Communists believe that the Allies would use nuclear weapons in Asia, a deterrent to open aggression will exist.

MILITARY EFFECTIVENESS OF REGIONAL ARRANGEMENTS

19. It is accepted that Australia cannot defend herself unaided against a major power, and reliance has been placed on collective security arrangements. In recent years the major objective of Australian defence policy and planning has been to develop the means to contribute forces in support of such arrangements, particularly in SEATO.

20. SEATO has probably contributed to the change in Communist tactics in the area in that emphasis has moved away from armed aggression in favour of subversion, and the Asian members are confronted with a less serious threat from subversion than other countries in South East Asia. Moreover, SEATO involves the United States in a general obligation to assist in the defence of the Treaty area against Communist aggression.

21. Strategic concepts for the defence of South East Asia in the event of aggression by Viet Minh and/or Chinese Communist forces were developed during 1956/57. These concepts assume the use of nuclear weapons by the West and envisage that substantial external ground, air and naval forces will also be required to defend the mainland of South East Asia.

22. Experience has demonstrated that SEATO is limited in the following important respects:

a. the outline strategic concepts referred to in paragraph 21 above require revision in the light of developments in the area since the concepts were originally formulated. Moreover experience to date suggests that the further step of preparing realistic detailed military plans may not be achieved. Safeguarding of classified information is a major problem, and in addition the United States has not to date been prepared to participate fully in such planning;

b. Unlike NATO, SEATO has not developed to the stage where a command structure has been set-up nor have firm force contributions and allocations been made. On present indications planning may not be developed to this stage;

c. SEATO has had some success in limiting Communist cold war activities in South East Asia. It has not persuaded any other Asian country that membership could assist in its defence against Communism. While Communist subversion has not made serious inroads in the three Asian member-countries, their form and practice of government has not been such as to provide a stabilizing influence and example in the area;

d. the Forces of the Asian members of SEATO and the protocol States are relatively weak. While there has been a strengthening of these forces through mutual assistance, and there have been improvements in training, organisation and materiel, the Viet Minh would be capable of defeating all the other indigenous forces in the area. United States objectives in this field are that the countries most closely threatened by Communism, viz., South Vietnam, Laos, Cambodia and Thailand, should be in a position to maintain internal security and have a limited capacity to defend themselves against external aggression.

23. Potentially ANZUS is the most effective Treaty to which Australia is a partner in that it provides the best available assurance of external assistance in the Defence of Australia and her territories. Only two military planning studies have been prepared in this forum, detailed military planning (except on Indonesia) not having been actively pursued since the emergence of SEATO. On the other hand, it does provide a valuable opportunity for frank military discussion at regular intervals.

24. The ANZAM arrangement continues to fulfil certain Commonwealth functions in the area. These were reviewed in 1957 to include the development, where necessary, of ANZAM planning in support of SEATO, and the preparation of contingency plans for the defence of Commonwealth interests in South East Asia in case SEATO fails to provide such defence. The arrangement is of limited value, as it has no assurance of United States support.

NATURE OF THE CONFLICT

25. An examination of the likely nature of the conflict is at Annex C. This deals with the cold war, various limited war situations which could affect Australia's interest, and global war. Because of the length of the study and the range of possibilities discussed therein, it has been placed at Annex, but its contents, in conjunction with the preceding sections, provide the bases from which the following implications and conclusions for Australian Defence are derived.

IMPLICATIONS FOR AUSTRALIAN DEFENCE

26. The nuclear delivery capability of the U.S.S.R. is overtaking that of the West, and a state of parity could soon be reached. On neither side has defence kept pace with the offensive. It is possible that in the very near future, tactical nuclear weapons, under Russian control, will be deployed in China.

27. Limited war is the most likely form of war. Limited wars directly involving Australian interests could occur on the mainland of South East Asia or in the north west approaches. At present the major threat originates from the mainland of Asia, and the retention of South East Asia in friendly hands is of primary importance to Australia's security. During the period a new and important factor which must be taken into account is the rapidly increasing military strength of Indonesia and its potential threat to Australia's interests in the area. This threat can best be met by the development of an increased offensive capability by all three Australian services.

28. The countries of South East Asia are politically unstable and militarily weak and unreliable, and the successful defence of the area depends primarily on the United States, and, to a lesser extent, the United Kingdom, and on the maintenance by them of forward positions in the area. However, the strength of their position is being prejudiced by nationalism, neutralism and Communist influence, and their forward bases will become increasingly vulnerable to missile attack.

29. Australia cannot successfully defend herself against a major power without the assistance of at least one of her more powerful Allies. Participation in regional arrangements to ensure such assistance brings complementary regional responsibilities to Australia. Although suffering from serious limitations, SEATO has had some success in deterring further Communist expansion in South East Asia and, whilst it continues to do so, the benefit of defence in depth is obtained against possible aggression from that area. Should SEATO prove ineffective the development of ANZUS becomes the most promising means of ensuring Australia's security.

Cold War

30. Conditions in South East Asia are favourable to cold war tactics, and the Communists will continue to exploit this situation. Failure to counter this effectively could mean the loss of South East Asia by default. Australia must therefore play her full part in Western cold war activities. Success in the cold war will depend on close co-ordination of political, economic and military activities.

Limited War on the Mainland of South East Asia

31. The dominating features of a limited war situation in South East Asia are the geographical position and overwhelming conventional strength of Communist China.

32. Since the West would not be the aggressor, the initiative is inevitably in Communist hands. The likely areas of conflict are adjacent to a major Communist military power while the main strength of the Western Allies is many thousands of miles away. If large early enemy gains are to be prevented, our reaction must be immediate, and this will necessitate the most rapid deployment possible of both initial and follow-up forces.

33. The only way the Allies could effectively counter large-scale Communist aggression would be to use nuclear weapons, on which the Western Powers, not being organised for a long conventional war, are increasingly dependent for their striking power. There is little doubt that if nuclear weapons were used by the Allies only, the war would be rapidly decided in our favour. If, however, the Communists possessed, and were prepared to use, a nuclear capacity, the course of the war would be impossible to predict, and its extension into a global war would be likely. The accessibility of the Chinese heartland to Allied strategic bombers, and the remoteness of Allied centres from China, offers a reasonable hope that the Communists would not engage in a nuclear exchange. Nevertheless the decision on the part of the Allies to use nuclear weapons will become increasingly difficult, and if they were not used, large areas of South East Asia would be overrun because of the lack of readily available and effective ground forces.

34. Hostilities might also be brought to an early close by United Nations intervention, the pressure of world opinion, or by mutual fear of global war. In any case, Communist success would be measured by the amount of territory they could occupy, and this emphasises the paramount importance of prompt and effective reaction by the West in order to limit their territorial gains as far as possible.

35. An Australian contribution to South East Asia must therefore arrive quickly in order to maintain our standing with our Allies, to encourage indigenous forces to resist, and to play an effective part in the field.

36. The possibility that the war may last for more than a short period cannot of course be excluded. If a long conventional war should develop, a large scale national effort by the Western Powers would be required. An appropriate Australian contribution in this case may require full mobilisation of the national resources of manpower and war production. The possibility of such a development does not invalidate the necessity, already stated, for the most rapid deployment possible of initial and follow-up forces.

Global War

37. During the initial exchange in a global war, Australia's contribution would be of little significance, nor could it be expected that there would be any substantial diversion of effort to South East Asia by our major Allies. Some South East Asian countries, including Indonesia, would be unlikely to suffer extensive damage during the nuclear exchange, and Australia might have to rely completely on her own defensive and economic capacity for an indeterminate period. (For example, on present information it could be expected that after the exchange all major ports in the Northern Hemisphere would be inoperative, and exports to Australia would accordingly cease). This could occur even if the Communists lost the initial exchange.

Indonesia

38. Should Indonesia in the future adopt policies which are clearly inimical to us, or if the Communists should greatly increase their influence over or even assume control of Indonesia, our nearest potential enemy would be a few hundred miles from our northern coast. Australia may become involved in war with a non-Communist Indonesia over Netherlands New Guinea. However, hostilities with Indonesia in limited war are unlikely to be prolonged and could be stopped by United States or United Nations intervention.

39. A further possibility is that hostilities might follow a global war in which the major contestants were completely crippled and Australia substantially isolated. Indonesia, perhaps at Communist instigation might take advantage of the situation to attack Australia in the knowledge that her major Allies were unable to come to her assistance. Australia must therefore be prepared to defend her own interests by her own efforts at least for a time, and for this contingency, needs ready and effective forces and bases (for example, airfields in the north).

Deployment of Australian Forces

40. At the present time, components of all three Australian Services are deployed in South East Asia as a contribution to the Commonwealth Strategic Reserve and in accordance with the Malayan Defence Agreement. Although their tenure is contingent on the agreement with the Malayan Government, large capital sums have been and are being spent on the facilities necessary to use and maintain them. While South East Asia remains our area of primary strategic interest, and our enemies are on the mainland of that continent, it is most desirable that these forces remain in situ, if only to encourage our South East Asian Allies and to indicate our sincere and continued interest in the security of the area. In time of war the deployment of Australian forces on the mainland of South East Asia outside Malaya would depend on a variety of factors, but primarily on whether United States forces were committed. The best guarantee we can have that deployment of our forces is judicious is a parallel United States commitment in the area.

41. Other factors to be taken into account when making the decision to deploy our forces are the need to retain forces against contingencies developing in Indonesia and Malaya; the extent to which the United States and the United Kingdom are engaged; the resistance offered by the indigenous forces; the existing deployment of our forces when hostilities commence and the practicability of deploying large scale ground forces if nuclear weapons are used by the Communists.

42. Australian forces available for contribution to a war on the mainland of South East Asia will inevitably be small compared with the combined forces of our major allies and with the Communist forces likely to be engaged.

43. Examination of the nature of the conflicts in which Australia could be engaged shows that a number of situations might arise in which Australian forces should be prepared to act independently at least for a time. These situations are:-

a. a situation in limited war in which Australian or Allies interests were threatened by a hostile Indonesia, while the United States and other SEATO forces were fully engaged in other areas;

b. a situation in the aftermath of global war in which reinforcement and re-supply from our Allies might be impossible for an extended period;

c. conflict with Indonesia over the Netherlands New Guinea question.

Shape of Australian Defence Forces

44. The organisation of our defence must take into consideration two main requirements viz., the retention of non-Communist South East Asia in friendly hands, and a possible future situation where we may be called upon to defend New Guinea or the north-western approaches by our independent efforts. As our forces could be re-shaped only over a long period of years they should be designed primarily with the ability to act independently of Allies. Such forces could act conjointly with Allies in regional defence arrangements. On the other hand forces shaped solely to act in concert with major Allies would not necessarily be capable of an independent role.

AUSTRALIAN DEFENCE FORCES

Roles of the Australian Forces

45. *Cold War.* In the cold war, Australia must maintain effective forces in being as a backing to diplomacy and in support of our obligations under regional arrangements. Such forces must be capable of rapid deployment to forward areas to assist in combating Communist insurgency or in deterring possible aggression either on the mainland of South East Asia or in the New Guinea area. Effective forces must also be maintained during the cold war to provide immediately available forces for war, should it occur. The foregoing requirements can only be met by readily available and highly mobile regular forces, some of which may be stationed overseas. On a lower priority, a basis must be provided for expansion in war.

46. *Limited War.* Australian Armed Forces should be capable of participating in two types of limited war. They must be capable of providing a prompt contribution to South East Asian defence in concert with our major Allies. This demands a high degree of mobility. They must also be able to act independently against aggression in the North Western approaches and for this purpose readily available forces are required for control of sea and air communications and for defence of threatened areas. In either case follow-up forces may be required.

47. *Global War.* The forces for cold and limited war could form an initial contribution for global war. After the initial nuclear exchange, reinforcement and re-supply from our Allies may well be impossible for a considerable period. Australian forces must therefore be capable of independent action to counter any sea or air threat and to defend threatened areas.

Priorities in Defence Preparations

48. In view of the assessment that limited war is more likely than global war, and that the cold war will continue, priority should be given to preparations to enable Australia to fulfil her role in limited war. Such contributions would be adequate for the cold war, and could provide Australia's initial contribution in global war.

49. It has been assessed that limited war could break out with little or no warning. Examination of the possible conflicts in which Australia may be engaged shows that the early stages are likely to be of critical importance. No precise estimate can be made of the duration of war and though a long drawn out limited war appears most unlikely, it would be unwise to base our defence preparedness solely on such a presumption. Australia's limited resources are insufficient to maintain regular forces equipped with modern weapons and at the same time provide for follow-up forces and reserves and war material for a long war. A system of priorities is therefore needed in which the greatest emphasis is placed on the effectiveness of regular forces in being and those which can become operational in a short period.

50. Provision in peace of reserves of war materiel should as far as practicable be on a basis which ensures that the three Services could sustain operations for approximately the same length of time.

Provision of Forces

51. The following principles should govern the planning and preparation for the provision of forces –

a. First priority should be given to regular forces readily available for operations together with the necessary logistic support and the necessary reserves to bring units to full war establishment (including first reinforcements).

b. second priority should be given to forces which can be made available in the first three or four months of war.

c. third priority should be given to forces which can be made available in the first six months of war.

The second and third priorities above can be achieved with non-regular Army Forces only if those forces are raised on a basis of liability for overseas Service.

Provision of War Materiel

52. Planning and preparations for the provision of war materiel should be in accordance with the following principles –

a. Provision in peace of reserves of war materiel should as far as possible, be on a basis which ensures that the three Services could sustain operations for approximately the same length of time.

b. Priorities should be in accord with the priority for the provision of forces.

c. The goal should be to provide reserves for six months in respect of items available from local sources, and for 12 months in respect of items obtained from overseas.

d. Requirements in accordance with the foregoing should be calculated on the basis of:-

(1) The time when particular forces become available;

(2) Rates of use at the operational activity forecast.

(Note: The actual stocks to be held will depend on a variety of factors, including availability of supplies from local and overseas sources, distribution requirements and the different characteristics of the three Services.)

Compatibility

53. The forces should have as far as possible the necessary organisation and techniques to operate effectively with major allies. Equipment used by Australian forces should be standard or compatible as far as possible with that used by United States Forces.

The Need for Nuclear Capability

54. If only because of the high costs involved, Australia is most unlikely to undertake the manufacture of nuclear weapons. The acquisition of a tactical nuclear capability by Australian forces would, however, vastly increase our defensive and offensive strength and would also enhance the value of our contribution in operations under collective arrangements. Moreover, in the future some weapon systems will be dependent on nuclear war-heads for their effectiveness. The availability of low-yield nuclear weapons would be of considerable importance to the Australian Services should a situation develop which posed a direct threat to Australia, requiring defensive operations in the northwest approaches. In the worst circumstances, viz. the inability of the United States and the United Kingdom to come to our assistance, the possession of such weapons might well be essential to our national survival.

55. Whether or not the Australian forces acquire a nuclear capability in the immediate future, they should have, as far as possible, a potential capability to operate with nuclear weapons and in the face of nuclear opposition.

Defence Research and Development

56. Defence research and development effort in Australia is necessarily limited and for this reason should not duplicate that of our Allies. A major portion of Australia's research and development effort has been devoted to joint activities in partnership with the United Kingdom. Concentration on work which is complementary to that of our Allies and for which Australia has special facilities is sound and should be continued. Problems peculiar to the operation of the Australian Forces and which are essential to their operations should continue to receive adequate attention.

Australia's Role as a Support Area in War

57. Australia must be the support area for her own forces, and in addition she can play a limited role as a support area for Allied forces operating in South East Asia. She may also be required to provide assistance to the civilian populations in various countries during and after war. Further development of Australia in this way should result from the growth of the national economy.

Civil Defence

58. It has been assessed that global war is unlikely during the period under review. In the early stages of global war, nuclear attack on Australia would be unlikely, but the possibility could not be entirely excluded that the Sino-Soviet powers might deliver one or two nuclear devices. In limited war, the only likely attack on Australia would arise from Indonesian aggression, Australian involvement in which might result in raids with conventional weapons against Darwin and the island possessions.

59. The Civil defence programme should be determined in the light of the assessed threat. In view of the present unlikelihood of global war, and the doubt even in that event as to the attacks which might be delivered on Australian targets, any substantial diversion of resources to civil defence is not warranted at the present time.

ANNEX "A"

NOTE ON WEAPON DEVELOPMENTS

1. Since the Second World War, the rate of change of military technology has increased and this trend will continue. The most important development in the last few years has been the establishment of stock piles of a wide range of nuclear weapons by the United States, the U.S.S.R. and, to a lesser extent, the United Kingdom, coupled with the development of increasingly effective means of delivery. It is likely that, during the period under review, additional powers will acquire some nuclear capability.

2. At the present time, the principal means of delivery is the high performance bomber, possibly employing stand-off techniques. During the next few years, I.R.B.Ms and I.C.B.Ms will come into service on both sides in increasing numbers. Ultimately, no strategic target will be beyond missile range from hostile territory. This affects the concept of defence in depth, or distant defence, which has now lost some of its importance in a global war situation.

3. Defence against these delivery systems has lagged very considerably. In the case of the high performance bomber, no completely effective defence system has yet been developed, but, during the period, improvement of A.A.G.W. (air-to-air guided weapons) and S.A.G.W. (surface-to-air guided weapons) systems should increase the defence capability. Anti-missile systems are being developed to combat I.R.B.Ms and I.C.B.Ms but are lagging far behind offensive weapons. The submarine-launched ballistic missile will be particularly difficult to counter. The pattern of development of the offensive out-running the defence is likely to continue in the future, and while the defence lags the mutual deterrent to global war will continue.

United States Developments

4. The principal United States means of delivery are the Strategic Air Command, the Tactical Air Forces, and naval carrier task forces. Submarines equipped with a cruise type supersonic guided missile are already in service. Land-based I.R.B.Ms will be available in quantity in 1959, and submarines equipped with I.R.B.Ms should be in service in 1960. I.C.B.Ms are expected to be operational in 1960/61. The development of weapon systems which are independent of overseas bases may reduce United States inclination to commit forces overseas.

5. By the mid 1960s, the United States Navy will have at sea a nuclear powered (propelled) task force complete from submarines to aircraft carriers; the number of nuclear powered submarines is then likely to number over 70 and the surface fleet will include an equal number of guided missile ships ranging in size from aircraft carriers to destroyers and escorts. New atomic weapons available now for use in homing torpedoes or especially configured bombs and depth charges give the United States Navy an anti-submarine capability never possessed before.

6. There will also be increasing capacity to support ground forces with tactical atomic units. These units will have a wide range of delivery capability.

U.S.S.R. Developments

7. Production of heavy bombers in the U.S.S.R. is proceeding below known productive capacity, and it is likely that priority has been accorded to the development of I.R.B.M.s and I.C.B.M.s and to very advanced types of manned bombers. Russian missile development is thought to be at least equal to and possibly in advance of that of the West. It has been estimated that in the worst case the Russians could have I.R.B.Ms operational now (1958) and the first prototype I.C.B.Ms in 1959. A few existing submarines may be fitting out with an equivalent Regulus-type missile, and the Russians are believed to be experimenting with ballistic missiles suitable for submerged towing and launching by conventional submarines. Early successful development of this weapon could increase the U.S.S.R.'s delivery capability relatively cheaply and quickly. It is probable that they are developing a nuclear-powered ballistic missile armed submarine and it is assessed that this could be in service in 1962.

Conclusion

8. The implications to be drawn from the above developments are:-

a. The advantage of offence over defence will be maintained during the period under review, and the mutual deterrent to global war will therefore continue.

b. While some defensive measures are necessary to deter and reduce attacks, they will at best be only partly effective. A nuclear offensive capability will remain the best means of ensuring security.

c. The Communist bloc, if it believes its nuclear capability to equal or surpass that of the West, is likely to adopt more provocative and intimidatory policies.

d. In global war, the concept of defence in depth, or distant defence, is losing some of its importance.

e. Forward bases, while still most important in cold or limited war, are becoming less so in global war.

ANNEX "B"

AREAS OF STRATEGIC INTEREST TO AUSTRALIA

China

1. China is well situated geographically and by tradition to exercise a strong influence on South East Asia. The Chinese Army, which numbers about two and a half million, has the capability to overrun any conventional opposition in South Korea and mainland South East Asia. Its ability to conduct operations outside the Asian continent is limited by lack of strong naval forces and deep-sea shipping resources. The Chinese Communist Air and Naval Air Forces are chiefly air defence and tactical forces, but by 1962 could have a small number of jet medium bombers with a strategic nuclear delivery capability. During the same period, Chinese naval offensive capability will increase and could include 30 modern long-range submarines. It is possible that, in the very near future, tactical nuclear weapons under Russian control will be deployed in China. China will increase in stature as the dominant Asian nation.

Japan

2. Major factors in Japan's future policies must be the strength and proximity of Communist China and Soviet Asia, and domestic economic difficulties. Japan's military capability at present is mainly defensive, and is likely to remain so for some years. Its defence policies will continue to be based on treaty association with the United States, but may be subject to strain over the status of Okinawa and the roles for which the United States bases in Japan are to be used, particularly in the face of Communist pressure in respect of such bases. Trading policies must be related to the need for a high rate of economic growth, and will be subject to Communist pressures and enticements. Because of her strength and position, the future direction of Japan's policies will be of great importance to the Western position in the Pacific. While the present conservative government retains power and the economy remains viable, however, there is unlikely to be any change in Japan's limited alignment with the West, and particularly with the United States.

North Vietnam (Viet Minh)

3. With its territory adjoining Communist China, the Viet Minh regime is backed strongly by the Communist bloc, and is entirely dependent on the Bloc for military equipment and for most logistic support. The offensive capability of Viet Minh forces is confined at present to the large army which is experienced, well organised, and equipped for operations in the difficult terrain of South East Asia. It is probably capable of defeating all the indigenous ground forces in that area.

Thailand

4. Thailand lies in a central position among non-Communist countries in South East Asia and is therefore of great strategic importance to the defence of the region. It provides the Allies with bases from which to operate against the Communists on the mainland of South East Asia, and has interior lines of communications and port facilities of limited capacity. Thai military forces are not strong, but if the area can be held, it would block the way to the military conquest of Malaya by land. The general growth of Communism in South East Asia would reinforce tendencies in Thailand towards neutralism.

Protocol States

5. The successful defence of the Protocol States would provide a buffer for the defence of Thailand. Although South Vietnam has relatively large forces whose military efficiency is increasing, Laotian and Cambodian forces are weak and are barely able to maintain internal security. Laos could become Communist; Cambodia will probably move closer to the bloc, while South Vietnam, although relatively more stable than Laos and Cambodia, could be faced with Communist activity of serious proportions.

Malaya and Singapore

6. Malaya and Singapore are on the southern tip of the mainland of South East Asia and possess bases from which operations could be carried out in South East Asia, including Indonesia. The Malayan Government is pro-Western, but is subject to increasing pressures towards neutralism. Communist influences in Singapore will increase and the United Kingdom's military and political position will be gradually eroded. The United Kingdom may well be unable to use the base at will under all circumstances.

Burma

7. Burma lies on the north west extremity of South East Asia and outflanks the Thai/Malaya peninsula. Potential sea and air bases exist in the territory from which naval and air action could be directed against Allied sea communications in the Bay of Bengal, the Indian Ocean, and against the Allied position generally in South East Asia. The inaccessibility of Burma and the difficulties imposed by terrain on ground and air reinforcements are of such magnitude that counter action by the West in Burma itself would present great difficulty. The present assessment is that Burma will continue to follow a neutralist course.

Philippines

8. The Philippines being offshore from Asia is less subject to direct Chinese Communist influence than countries on the mainland of South East Asia. In view of the position of the Philippines in the Pacific Island Chain stretching north to Japan and linking with New Guinea, the Philippines should be secured in support of operations in South East Asia. Although the armed forces of the Philippines have received considerable United States training and assistance, they are not strong. The area provides important military bases for the Allies. The Philippines is likely to retain its links with the Allies.

Indonesia

9. Indonesia, lying between Australia and the mainland of South East Asia, 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. Its membership of the Afro-Asian bloc, together with its appeal to other Asian nations by virtue of its recent struggle against Dutch "colonialism", places Indonesia in a position to influence these nations, and this could be used to impair Australia's relations with South East Asia. Of the chain of islands that partly circle the continent of Asia – Japan, Okinawa, Formosa, the Philippines, Indonesia – only Indonesia is not committed to the West. Indonesia's military capacity has recently been considerably increased by foreign aid and it has received significant quantities of war materiel, including modern jet aircraft. Its present capacity is such that it is able alone to pose significant threat to Netherlands New Guinea and a small threat to Northern Australia and the Australian island territories of Cocos and Christmas. It is not sufficient to pose a significant threat to the Australian mainland. This capacity could well continue to increase in the period under review. Indonesia could also provide bases from which external Communist forces could operate against Australia and other neighbouring countries and communications within the area; in particular an air and submarine threat could develop very quickly. 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. 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. The only circumstances in which such an attack might be contemplated would be with substantial Communist Bloc support and the belief that our major Allies could not or would not interfere. Apart from these considerations Indonesia could pursue policies in relation to Netherlands New Guinea which would be in direct conflict with Australia's present policies in the area.

New Guinea

10. As a part of Australian territory, Australian New Guinea should be defended. It could provide the most suitable area from which to launch air, sea and land attacks on the east coast of Australia and the communications thereto. Conversely, it provides Australia and her allies with potential forward bases from which operations could be mounted against attacks from the north west. Australian New Guinea provides the final defence in depth of the Australian mainland, and it must be a primary objective of our defence strategy to hold it. The security of Australian New Guinea depends among other things upon Netherlands New Guinea being in the hands of a power possessing a relatively stable government and which is unlikely to pursue policies inimical to Australian interests. As long as it is assessed that there is a possibility of Indonesia falling under Communist influence, a grave potential strategic threat would ensue from Indonesia's possession of Netherlands New Guinea.

Antarctica

11. The Antarctic continent lies close to Australia's southern trade routes. The Communist Bloc could threaten both the Australian mainland and these lines of communication by naval and air operations from bases in the area. Guided missile (ICBM) attacks in terms of range from Antarctica are also possible. It is unlikely however that the Soviet Bloc will develop or use their existing bases or new bases in Antarctica for attacks against Australia because of the major problems associated with the organisation and establishment of missile sites in the area. Moreover, all Australian and other Western targets could be within range from bases which could be established in present Communist territory. There is a slight possibility, however, that the Russians might use communication facilities at existing bases to increase the effectiveness of any operations designed to interfere with Australia's lines of sea communications along the southern trade routes.

New Zealand

12. Apart from our common membership of the Commonwealth, New Zealand is our partner in ANZUS, ANZAM, and SEATO. The politico Strategic considerations vis-à-vis South East Asia which affect Australia apply in part, though to a lesser extent to New Zealand also. It is virtually certain that in any major war which might arise in the South East Asian area, Australia and New Zealand will be fighting in close alliance, and New Zealand forces are similar in organisation and largely compatible with our own. It is of the great importance that in matters of defence, Australia and New Zealand should maintain the closest co-operation and consultation.

ANNEX "C"

NATURE OF THE CONFLICT

Cold War

1. The Communists will continue to pursue the cold war with the utmost vigour in support of their expansionist aims. They will endeavour to achieve this by subversion, political and economic action, infiltration of cultural organisations and trade unions, intimidation and insurgency in non-Communist areas of South East Asia. Western measures to combat Communist penetration include the establishment and support of SEATO, economic assistance, cultural programmes, diplomatic action, the establishment of military assistance and advisory groups by the United States, and anti-terrorist operations in Malaya.

2. Conditions in South East Asia are favourable to the development of insurgent activities. In some countries in the region, there are strong insurgent forces, and in other countries the threat is more one of potential than of open insurgent warfare. The planning of military measures to counter insurgency is proceeding under SEATO, including preliminary planning for the introduction of a SEATO force into a threatened country in certain circumstances. Some planning has also been undertaken under ANZUS to meet the contingency of a Communist coup in Indonesia. There would be very great political difficulties in putting these plans into effect, but Australia should be prepared to contribute if required.

3. South East Asia could well be lost by default in the cold war. It is therefore of paramount importance that Australia should play her full part in cold war programmes, and wherever possible seek to expand them and to achieve close co-ordination with the activities of other Western nations in the area.

4. From the military viewpoint, Australia must have trained regular forces available to perform cold war tasks in South East Asia. These forces should be capable of rapid deployment so that their presence will deter aggression and encourage the countries in the region.

Limited War in the Far East

5. The most likely wars are limited wars, and the risk of such wars could increase if the Communist Bloc, believing its nuclear capability to equal or surpass that of the West, were to adopt more provocative policies.

6. Hostilities which are most likely to involve Australia's interests directly are examined in the following paragraphs.

Aggression in the Formosa area

7. Communist tactics in relation to the off-shore islands are unpredictable, but while the conflict is restricted to this area, Australia would not be obliged to play an active part. In the unlikely event of a Communist attack on Formosa, it is considered that the Chinese Nationalists, aided by the United States could defeat such an attack without the use of nuclear weapons. It might be politically desirable, in the interests of close relationships with the United States and to encourage the preservation of its forward position in Asia and South East Asia, to offer a token force contribution.

Viet Minh Aggression

8. It is unlikely that the Viet Minh would attack South Vietnam without the backing of the Communist bloc. From the Communist viewpoint, Viet Minh attack with covert Communist support would have the following advantages:-

a. exploit the weakness of Allied conventional forces, local political instability, and the existence of indigenous Communist elements in the area;

b. test SEATO reaction without direct involvement of the U.S.S.R. or China;

c. enable Communist China to intervene overtly at any time;

d. be less likely to provoke United States nuclear retaliation.

9. If the United States decided to use nuclear weapons, the Viet Minh attack could be neutralized in a very short time, though some conventional forces would still be required to recover and control territory. The use by the Allies of conventional forces only could result in an initial loss of territory and a prolonged conflict unless rapid and effective deployment of SEATO forces was achieved. In the event of Viet Minh aggression, the United States would probably commit ground forces to the mainland of South East Asia, but it would be reluctant to face a long conventional war of attrition. The likelihood of Chinese intervention is the major factor which would influence United States action.

10. If United States forces were committed to a war in South East Asia, Australia should be prepared to make an immediate contribution of forces. The composition of the forces would have to be determined, having regard to Allied plans and requirements and the situation in the southern area of South East Asia. The commitment of Australian forces to the mainland would be dependent on whether or not U.S. forces were similarly committed.

Communist Chinese and Viet Minh Aggression

11. Chinese initial objectives could include the Protocol States, Thailand, and possibly Burma. China's great strength and the assistance of the Viet Minh would allow simultaneous aggression in various areas. Communist intentions could also be to bleed the West in a long conventional war of attrition, which might take the form of guerrilla-type warfare.

12. The initial form of attack could be large-scale land advances with air support and conventional air attacks on allied bases. The weight of attack would be such that initial advances could not be prevented, particularly if some indigenous forces, in the face of overwhelming strength and the possibility of nuclear action, did not resist. Without the use of nuclear weapons, the Allies are unlikely to be able to bring the advance to a halt. In addition to attacks on Communist forces in the field and their communications, it might be essential to attack bases and support areas. The decision to undertake nuclear attack would be a difficult one, particularly if the Communists took advantage of insurgency or coups to move rapidly into neighbouring countries and presented a “fait accompli”.

13. If the Allies used nuclear weapons, and the Communists did not, the advance would be reduced or might be halted. At the same time the rapid deployment of effective Allied forces would be necessary in order to engage the enemy and to stiffen the will to resist in some countries of South East Asia.

14. In this situation, Australia should be prepared to make an immediate contribution of forces to the area, the size and shape being determined by the same considerations as in the case of Viet Minh aggression (vide paragraph 10 above).

15. If, despite allied use of nuclear weapons, the Communists would not accept defeat and decided to press their attacks, they would employ nuclear weapons if available. In these circumstances, the course and duration of the war would be impossible to predict. Any deployment of Australian forces would be in accordance with Allied plans and requirements, but large scale deployment of external ground forces might well be impracticable.

Indonesian Aggression

16. In the absence of further information it would be wise to accept as serious the possibility of an Indonesian attack against Netherlands New Guinea. The possibility would further increase later in the period if as is likely, Indonesian military capacity continues to grow and particularly if Communist influence increases.

17. Only conventional weapons would be used, and Indonesia would be likely to try to limit the area of operations. If Australia intervened, air attacks could be directed against shipping and bases in the North-west of Australia. Active operations on our part would, as far as practicable, be limited to Netherlands New Guinea and adjacent areas, but targets in Indonesia directly concerned with Indonesian operations would be open to attack.

18. It is unlikely that our forces could intervene actively in time to prevent an Indonesian lodgement on Netherlands New Guinea. This might well be their main objective with a view to initiating action in the United Nations. Combined Dutch/Australian forces, given time, should be capable of defeating an attack, though this task will be more difficult as Indonesian air strength increases. Sea and air approaches to the operational area would have to be controlled in order to put Australian ground forces ashore.

19. It is possible that, in the period under review, there could be fundamental changes in the political situation in West New Guinea, and that Dutch forces would no longer be available to assist in its defence. The absence of Dutch forces would facilitate the seizure and development by the Indonesians of firm lodgement areas.

20. If the United States intervened, attacks could be stopped in a short time. United States participation is by no means certain, however, since this will depend on the political situation and the degree to which the United States is pre-occupied elsewhere.

21. If the United States did not intervene the conflict might still be halted within a period of weeks by United Nations and international pressures.

22. Apart from any attack on Netherlands New Guinea, a potentially hostile or Communist Indonesia could pose other major problems for Australia in limited war in South East Asia; firstly by creating a threat to Netherlands New Guinea and Northern Australia, and secondly, by threatening our direct communications with South East Asia. The future situation in Indonesia will be a major factor in deciding what forces Australia will contribute to a limited war in other areas of South East Asia. The maintenance of the Australian contribution to the Strategic Reserve in Malaya could also be affected by future adverse developments in Indonesia.

23. The aftermath of a global war might leave Indonesia unscathed while the major Powers of both Blocs were completely crippled. Any aggression by Indonesia in such a situation would find us perhaps for a very long time without major allies and entirely dependent on our own resources.

24. Australia needs ready and effective forces and bases (for example, airfields in the North) in order to lessen the chances of these contingencies developing, and to meet the contingencies should they occur.

Simultaneous Communist Aggression in Different Areas of the Far East

25. Although the Communists, till now, have concentrated aggression at one place at a time, they have the capacity to undertake or sponsor aggression at widespread points throughout the Far East concurrently. Such simultaneous action would be beyond the capacity of the Western powers to resist without the extensive use of nuclear weapons, probably against the territory of China itself. The resultant risk of global war would have to be weighed against the loss of most of the mainland of South East Asia which would otherwise be inevitable.

26. If nuclear weapons were not used, the deployment of Australian forces on the mainland of South East Asia outside Malaya may not be justified.

27. If Indonesia were hostile or Communist all Australian forces might well be required to meet the situation in the area.

Global War

28. Probable Communist strategy in global war, in so far as it affects South East Asia, would include:-

a. a nuclear offensive against Allied nuclear striking forces and bases in the Pacific and South East Asia;

b. a submarine offensive against Allied carrier task forces, ports and lines of sea communications in the North Pacific and to a lesser extent in the South West Pacific and Indian Oceans by Russian and Chinese submarines (which later in the period could include missile armed submarines) operating from bases in the Soviet Far East and China;

c. simultaneously with the offensive in (a) and (b) above, campaigns against South Korea, Formosa, Hong Kong and/or the mainland of South East Asia;

d. possibly fostering an Indonesian attack against Netherlands New Guinea;

e. the instigation of insurgency throughout the area.

Initial Phase of Global War

29. The course and duration of global war are impossible to predict. The initial nuclear exchange between the major contestants could well be decisive in a very short time. During the initial exchange, the significance of individual Allied nations in Communist global nuclear strategy will be assessed solely in terms of their nuclear threat to Russia and China. During this phase therefore, Australia, unless it becomes a nuclear base, will have little significance in Communist global strategy, and targets in Australia will be low on the Communist priority list. However any Australian forces deployed in South East Asia could come under nuclear attack.

30. Concurrently with the initial nuclear exchange, Communist China may attempt to over-run South East Asia. The success of such aggression would be very largely dependent on the extent to which Allied nuclear attacks had limited the capacity of China to wage war, and on the military strength which the United States and, to a lesser extent, the United Kingdom were able to maintain in the region. This strength would be greater if global war developed out of a limited war in South East Asia. However the main war effort of the United States and the United Kingdom would undoubtedly be committed against the heartland of the U.S.S.R. and China and in their own defence, and it could not be expected that there would be any significant diversion of effort to augment or maintain Allied forces in South East Asia.

31. The initial phase of global war will be fought with the forces which are ready on the outbreak. Any deployment of Australian forces in South East Asia as a contribution to Allied global strategy would be conditioned by the following factors:

a. the existing deployment at the time of the outbreak of war;

b. the survival of facilities that would permit the deployment of Australian forces;

c. the need to retain sufficient military strength to meet possible contingencies on the north-west approaches to Australia;

d. the extent to which the United States and the United Kingdom were already committed in the area.

Aftermath of Global War

32. In the aftermath of global war, the territories of the major contestants would be devastated, and the forces and resources of smaller nations such as Australia, if undamaged, would assume greater significance, particularly in South East Asia. With the influence of the major powers in abeyance for a considerable period, Communist activities could further increase.

33. The capacity of Communist China to over-run South East Asia would depend on the extent to which its resources were reduced in the nuclear exchange. It could be expected that China's bases and centres of population would be extensively damaged, and it is difficult to predict how long the Chinese could sustain an attack on South East Asia under these conditions. It is possible however that a proportion of China's conventional forces might continue their advance into South East Asia. In this situation, the Allies, unless they retained nuclear superiority, could do little except with those forces which remained effective and which could be maintained in the area.

34. Some South East Asian countries, including Indonesia, would be unlikely to suffer extensive damage during the nuclear exchange, and Australia might have to rely completely on her own defensive and economic capacity for an indeterminate period. (For example, on present information, it could be expected that after the exchange all major ports in the Northern Hemisphere would be inoperative, and exports to Australia would accordingly cease). This could occur even if the Communists lost the initial exchange.

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY (1962)

Editor's Introduction

The 1962 Strategic Basis was written at a time when Australia significantly increased its military capabilities with the purchase of guided missile destroyers being announced in 1961 and that of submarines and F-111 bombers in 1963. It saw global war as unlikely, although the risk of miscalculation would increase after China's expected nuclear capability in 1966 (para 5). North Vietnam 'actively directs the communist insurgent effort in Laos and South Vietnam', which might demand SEATO intervention because communist victories could lead to the fall of Thailand and Cambodia, in which case 'the position of Malaya and Singapore would be precarious' (paras 13, 14, 26). An intervention in South East Asia might lead to a limited war that could require a commitment of more than Australia's regular forces (para 54).

In addition, Australia could 'conceivably become involved in conflict' with Indonesia over Dutch New Guinea, and there were tensions over its claims on territorial waters beyond the twelve mile limit (paras 24, 25, 55). While Indonesia had 'built up a formidable inventory' of modern Soviet weapons, their effective use in the short term would require 'foreign volunteers', and Indonesia was unlikely to pose 'a major threat to Australia' as long as there were Australian and allied forces in South East Asia (paras 23, 27). Depending on its future development, Indonesia might become 'a direct threat' or 'a useful barrier to communist expansion', as 'definite signs in the South Pacific of increased Communist interest' were noted (paras 8, 22).

Australia continued of necessity to rely on collective defence, and the term 'forward defence' was introduced to describe its strategy in South East Asia (paras 2, 3, 33). British influence was on the wane, and while SEATO was 'of the most immediate and practical significance', it suffered from political and organisational weaknesses and had failed to prevent communist successes in Laos (paras 35, 36, 44). Hence, the West's military strength in the region depended on the US, and ANZUS was 'potentially' Australia's 'most valuable Treaty' (paras 34, 40).

Priority was given to Australia's role in limited war in South East Asia, with forces available immediately given first priority, followed by those available within three to four months, then those available within six months (paras 57, 63, 64). Because Australian forces could only to a limited extent rely on logistics support from allies, the 'objective should continue to be the progressive development of self-supporting forces' which would also have 'greater capability in situations that might arise where Australia might be called upon to defend herself for a limited time independently of allies'—the document's only reference to independent operations (para 62). The respective roles of the Services were defined for the first time, and included tasks related to operations in South East Asia as well as in the defence of Australia (para 61). Nuclear weapons would 'vastly increase' Australia's military strength, but given the strategic situation and the ANZUS treaty, 'there is no immediate requirement for an independent Australian nuclear capability' (paras 67, 68).

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

JANUARY 1962

CONTENTS

	Paragraph
Australia's area of strategic interest	1
The likelihood of war	4
The threat to Australia's strategic interests	8
Reliance on collective Defence arrangements	33
Allied military resources in South East Asia	40
Military situations Australia may face	47
Australian Defence forces	57
Defence research and development	69
Civil Defence	70
Attachment—definitions	

This paper was endorsed by the Defence Committee on 25 January 1962

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

APPRECIATION BY THE DEFENCE COMMITTEE

AUSTRALIA'S AREA OF STRATEGIC INTEREST

The basic aim of Australia's defence policy is to ensure the security of the Australian mainland and its island territories.

2. This aim can be best achieved by a forward defence strategy which involves the containment of enemy forces as far from our immediate environs as possible. The adoption of this forward defence strategy extends our strategic interests to South East Asia as the centre and closest part of the Allied defence line extending from Pakistan to Japan, and as the area most immediately threatened. While South East Asia is held, defence in depth is provided for Australia.

3. Although the security of other more distant areas (e.g. Europe, Middle East, Africa) has a significant bearing on our strategic interests, it is more the direct concern of our major allies. Australia's defence policy should be directed primarily to our area of immediate strategic interest.

THE LIKELIHOOD OF WAR

4. With a large nuclear stockpile, long range strategic air striking forces, the development of inter-continental missiles and the introduction of missile-firing submarines, the USSR is now capable of making massive nuclear attacks against the United States and Europe. Moreover, advances in offensive capacity have far exceeded those made in defensive systems, and while a degree of defence against aircraft has been achieved, an effective defence against missile attack is not yet available. As a consequence, massive nuclear attack and retaliation thereto would result in widespread devastation in the USSR, the United States, Europe and possibly China.

5. In the present condition of nuclear stalemate, global war as a deliberate act of national policy is unlikely. There is a significant and continuing danger of global war through miscalculation or misadventure, particularly during a period of acute East-West, tension, or as an extension of a limited war, especially one involving nuclear weapons. This risk will become substantially greater after 1966 when Communist China is expected to have achieved a limited nuclear capacity.

6. The USSR is unlikely deliberately to precipitate a limited war involving Bloc forces with those of the West. Communist China, while perhaps less cautious in the threat or use of force, is unlikely to launch independently a limited war, at least until she acquires an independent nuclear capability, which might allow her to attack under the threat of using nuclear weapons. There remains, however, a continuing risk of limited war in areas of tension throughout the world, particularly in East Asia and South East Asia.

7. The communist leaders are unlikely to press extreme policies which in their calculations would lead to global war. In pursuing the expansionist aims of international communism, the communist leaders will continue to rely principally on cold war tactics. The communist powers can be expected to foment an increasing measure of subversion or insurgency in politically unstable countries whose governments are aligned with the West and to extend subversive activities in neutralist countries. Pursuit of cold war aims by both the communists and the Western Powers carries within itself an inherent risk of limited war. Should these tactics either fail or involve undue delay in their achievement, the communists may then resort to overt aggression. They would be more likely to resort to limited war if they assessed that the West would refrain from using nuclear weapons.

THE THREAT TO AUSTRALIA'S STRATEGIC INTERESTS

8. Although there is no direct military threat to our interests in the South Pacific and Antarctica, there are definite signs in the South Pacific of increased communist interest. The South Pacific will inevitably be influenced by the forces which have brought changes to other parts of the world and will be affected by our own and the Dutch policies of self-determination, the active pursuit of which is likely to modify substantially both the present freedom of action of the West in New Guinea as a whole and the relatively static political conditions which have characterised the area in the past. In the changing situation we must expect that powers hostile to us are likely to exploit every opportunity for advantage.

9. Although the USSR is capable of developing and mounting a direct military threat against South East Asia, her activities are directed predominantly towards other areas. Her main contribution to the threat which concerns us is her military, economic and scientific assistance to Communist China, North Vietnam and, to a lesser extent, Indonesia. Her assistance to Indonesia might increase in the long term.

10. The main sources of the current and prospective threats to Australia's strategic interests are the military power of the Sino-Soviet Bloc, the growing political and economic power of Communist China, and the growing communist pressures on and within countries throughout South East Asia, including Indonesia.

Growth of Communist War Potential

11. With Russian economic and technical assistance, Communist China is developing her economy, including a considerable industrial capacity. Because of various difficulties which include serious agricultural failures, she has been forced for the time being to curtail severely her rate of industrial development. Nevertheless Communist China's industrial war potential remains formidable.

12. Chinese military strength is far superior to that of all non-communist indigenous forces in South East Asia and Australasia, and will probably include by 1966 a limited independent nuclear capability. As yet, ability to deploy this strength into South East Asia is severely limited; however, improvements in communications, particularly if Laos should fall under communist control, and development of her air and sea power will enable China to overcome much of this limitation. Chinese influence is exerted directly and also through indigenous communist movements and Chinese minorities in South East Asia.

13. The communist regime in North Vietnam has consolidated its position by the establishment of a large and well trained standing army. It actively directs the communist insurgent effort in Laos and South Vietnam, and provides weapons, training and military technicians; it also controls an extensive subversive network active throughout both countries. Despite some significant weaknesses, the armed forces of North Vietnam backed by Communist China pose a serious threat to Thailand, South Vietnam, Laos and Cambodia which even collectively could not withstand attack without external economic and military support.

Communist Pressure on South East Asia

14. In Laos, the situation created by the growing political and insurgent strength of the communist Pathet Lao, augmented by North Vietnamese, USSR and Chinese technical and military assistance, endangers the entire South East Asian mainland. A settlement which left the communists in substantial political and military control of Laos would dangerously expose Thailand to communist pressure, would confirm Cambodia's tendency to seek accommodation with Communist China, and would then isolate South Vietnam.

15. South Vietnam, although ruled by a strongly anti-communist government, is gravely threatened by large-scale communist insurgency. It is unlikely that the government can continue to contain and defeat the insurgents, without considerable economic and military assistance. The United States has been providing such assistance which is to be expanded considerably under the programme recently approved by the President. The future stability of the country and its continued anti-communist alignment will depend on its economic development, the strengthening of its armed forces, and the establishment of a wider basis of popular support for the government.

16. Thailand has so far held to her pro-Western alignment despite her apprehensions over the West's failure to prevent communist military successes in Laos. Communist pressures on Thailand to modify her pro-Western alignment have increased, and there is some dissidence, particularly in the north-east. If allowed to continue these could possibly create in Thailand a move towards neutralism.

17. In Burma, which is already neutral, the communists have continued to exploit the political instability and ethnic differences with a view to developing an increasingly pro-Chinese outlook.

Position in Malaya and Singapore

18. The Malayan Government remains firmly anti-communist, but despite adherence to the Commonwealth, it has taken care to avoid alignment with the political and military policies of the West in South East Asia beyond the defence of Malaya itself. On most cold war issues, however, there is a close correspondence of views between Malaya and the Western powers. Friendship with the West is to some extent affected by Malaya's membership of the Afro-Asian group and by the anti-colonial and anti-imperialist convictions of the opposition and the rank and file of the governing Alliance Party. These pressures have occasioned open rejection by the Government of co-operation with SEATO in the provision of bases for SEATO purposes and some criticism of the United Kingdom-Malayan Defence Agreement.

19. In Singapore the position of the moderate left-wing non-communist PAP Government has been significantly weakened during the last year. Recognizing that Singapore is unable to support herself economically as an independent State the Government has continued to rely in the short term on the United Kingdom, and in particular on the British Military base structure, to maintain a degree of economic stability. For a long-term solution, however, it has looked to merger with the Federation of Malaya and, with the growth in the strength of its extreme left-wing Opposition, it has pursued this aim urgently in recent months. The Federation Government, for its part, has seen little positive attraction in such a proposal but subject to the inclusion also of the Borneo Territories (so as to maintain an overall non-Chinese majority of population), it has recognized that such a merger is preferable to the only apparent alternative of seeing an independent Singapore pass into an early association with Communist China. The 'blue print' recently agreed between the Singapore and Federation Governments and the agreements reached by the latter with Britain on 22nd November, 1961, have already carried the project a substantial distance. Apart, however, from its immediate problems of obtaining confirmation of the merger terms in the National Assembly and at the proposed referendum, the Singapore Government will continue to face a critical situation during the year or more required to prepare the Borneo territories for integration and so to bring the merger to full fruition.

20. Achievement of the Malaysian federation would increase the likelihood of progress and stability in the component territories as a whole and could provide a strong non-communist barrier in an area of great strategic importance to Australia. The London agreement of 22nd November, 1961, extends the Malayan Defence Agreement, in the event of the creation of the Malaysian Federation, to all its territories subject to a specific proviso giving Britain the right to continue to maintain its bases in Singapore and to use them as it considers necessary for the purpose of assisting in the defence of Malaysia, for Commonwealth defence and for the preservation of peace in South East Asia. This Agreement would meet Australian requirements, provided that suitable arrangements can be made for Australian association with it on acceptable terms. It must be accepted, however, that internal pressures will develop in due course against the new agreement, and that the use of the bases could in practice be severely restricted. It would be unwise, therefore, to place unqualified and indefinite reliance on its exact terms.

Indonesia

21. Indonesia continues to have serious economic problems and some measure of internal unrest in areas of the Republic. Soviet military assistance, which is already being provided in substantial measure, must strengthen the position of the Indonesian communist party which is, after those of Russia and China, the largest communist party in the world. The anti-communist attitude of the Indonesian army, together with United States economic aid and advice, offsets communist influence to some degree. However, Indonesia is likely to continue to move towards an essentially authoritarian socialist society with communists participating actively with non-communists in all branches of the government. Unless the anti-communist influence of the army can prevail Indonesian neutrality is likely, therefore, to continue on balance to favour communist interests as opposed to those of the West.

22. 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.

23. The rapidly increasing military strength of Indonesia is of great potential strategic significance to Australia. Over the past three years Indonesia has built up a formidable inventory of modern land, air and naval weapons, mainly from communist sources. Some time must elapse before Indonesia can gain the experience required to use the new weapons with full effectiveness. However, in the interim, these weapons could be used effectively by foreign volunteers.

24. Tension over the Indonesian claim to Netherlands New Guinea is increasing. Indonesia's growing military capability will undoubtedly give her greater confidence in pursuing her claim by more aggressive means. It is unlikely, however, that Indonesia will, in the next year or so, attempt to solve the issue by overt military assault. It is more probable that her activities will be directed to increased armed infiltrations coupled with intensified efforts to develop political and physical resistance to the Dutch within the territory and intensified diplomatic pressure upon the West. Indonesia's activities in the area will increase the risk of incidents which could lead to hostilities.

25. Irrespective of the growth of communism in Indonesia, there is a growing potentiality for friction between Australia and Indonesia, arising from Indonesia's claim to territorial waters and the air space above them, considerably beyond even the twelve mile limit. This would prejudice our right of passage through the area. Such sources of potential friction will remain whatever favourable changes in political control may occur and may be exacerbated by political (as well as other) disputes in respect of West and East New Guinea and the Borneo territories.

Assessment of the Threat

26. The immediate threat to Australia's strategic interests and security stems from the mainland of South East Asia. Should Laos and South Vietnam become communist, neutralist Cambodia would soon fall to communist influence, and Thailand, facing pressure from surrounding States may not be able to maintain a pro-Western alignment and could fall to communism. If these States were lost to communism, the position of Malaya and Singapore would be precarious, as they could face an ever increasing external threat from the north and their large Chinese populations would see their future as one associated with the policies of Communist China. These developments would destroy the forward defence posture upon which our present defence policy is based.

27. Indonesia alone, despite the increase of her military power, is however unlikely to constitute a major threat to Australia while we and our allies retain a forward military posture in South East Asia. The overall military power available to our major partners and its location on bases strategically well placed in relation to Indonesia would be more than adequate to neutralise an Indonesian threat.

28. Although Indonesia may not pose a major threat to Australia, and even if she remains outside the Communist orbit, it could be expected that she would continue her leftest policies and her policies of non-involvement and anti-colonialism. It must be assumed, therefore, that Indonesia is more likely to obstruct, rather than co-operate in, the execution of Australian defence policies in a collective defence action in South East Asia.

29. If faced with a communist South East Asia, including Malaya and Singapore, Indonesia would have great difficulty in remaining outside the communist sphere of influence. Nevertheless, strong internal and external influences would be brought to bear to keep Indonesia outside the communist sphere, and the desire and capability of Indonesia to remain non-communist will have very significant effects on Australia's security. If these influences were to fail, Australia would be faced directly with the full threat of the linking of a communist Asia and a communist Indonesia.

30. The communist powers in Asia are limited as yet in their capability to deploy their full military strength into South East Asia and are faced with a nuclear deterrent. Moreover, believing in any case in the inevitability of the success of international communism they will probably try to achieve their objectives by action short of overt aggression. They will see in their successes in Laos the pattern of future victory and will continue to exploit subversion and insurgency. These methods by their very nature carry a considerable risk of limited war, which is heightened by the possibility of allied intervention to check communist insurgency.

31. The risk of limited war would increase if the communists were to assess that the West would refrain from using nuclear weapons. The deterrent value of the United States nuclear capability is retained only so long as it remains a matter for conjecture by the communist powers whether the United States would use nuclear weapons. If the communists were to assess that the United States would refrain from using such weapons in South East Asia, the risk of the communists deliberately embarking upon policies which would lead to limited war would be greater.

32. The most likely places within Australia's sphere of strategic interest where a limited war could break out are Laos, South Vietnam and conceivably Netherlands New Guinea.

RELIANCE ON COLLECTIVE DEFENCE ARRANGEMENTS

33. Australia cannot defend herself unaided against the military power of the communist nations. Our reliance on collective defence is based on the two-fold recognition that the size of our continent, the sparseness of our population and the resources available for active defence generally are insufficient to protect even our immediate strategic interests against communist aggression, and that our assistance in the defence of the countries in our area of primary strategic interest contributes directly to our own security. A major objective of Australian defence policy and planning must be the development of the means to contribute adequate forces in support of collective defence arrangements.

ANZUS

34. The existence of the broader SEATO organisation which is specifically concerned with the security of the more threatened areas has, for the time being, reduced the need for planning under ANZUS. Nevertheless, ANZUS is potentially the most valuable Treaty to which Australia is a partner since it provides the best available assurance of United States assistance in the event of a threat of actual attack on our territory.

SEATO

35. This alliance is, for the present, of the most immediate and practical significance in protecting our strategic interests. It has contributed to restraining the communist powers in South East Asia from resorting to overt aggression to attain their objectives, and its existence has so far encouraged the Asian members to continue anti-communist policies. Moreover, SEATO is the agency through which the United States, whose assistance is fundamental to our security, has accepted a general obligation to play her part in the defence of South East Asia against communist aggression.

36. Experience since the formation of SEATO has demonstrated that the organisation is limited in the following important respects:-

a. difficulty has been experienced in reaching unanimous decisions on major issues in an organisation in which each of the eight participating nations is, in effect, able to exercise a veto.

b. while general strategic concepts for the defence of South East Asia have been formulated and agreed in principle by the Member Nations, there have been considerable difficulties in developing effective plans in support of these concepts.

c. in the outlook on insurgency situations, particularly, there is a conflict between the policies of the member nations and an inability to take collective action has been demonstrated. Thus, whilst SEATO has contributed to restraining overt communist aggression, it has failed to prevent the large-scale communist insurgent successes in Laos. This has led to reduced confidence in the organisation and has not deterred insurgent activities in South Vietnam.

d. the safeguarding of classified information in a forum which includes Asian nations not well developed politically or militarily has presented difficulty and has had adverse effects on the development of planning.

ANZAM

37. The main practical value of the ANZAM arrangement now derives from the Strategic Reserve in Malaya/Singapore, which was formed under the ANZAM concept and provides the means for the forward deployment of Australian units in the South East Asian area as part of the Commonwealth force. The activities of the ANZAM organisation are now largely directed to the support of SEATO planning.

Australian Support for Treaty Arrangements

38. While ANZUS provides the best assurance of United States assistance in the event of a threat of actual attack on our territory, SEATO is the only collective agency available at present for the defence of the strategically important area of mainland South East Asia. Units of our forces are now stationed forward in South East Asia as part of the Commonwealth Strategic Reserve under ANZAM arrangements. Deployment of the Strategic Reserve as a whole is dependent upon agreement between the United Kingdom, Australia and New Zealand, but National elements of the Reserve can be moved separately on notification to the other two Governments. The Australian naval and air force elements of the Reserve could be deployed and supported independently. The deployment plan for the Australian battalion group is based on the assumption of joint UK/Australian/New Zealand action in respect of the Commonwealth Brigade Group, although we could, if necessary, and at the cost of some delay, move and support the Australian battalion independently.

39. The importance of these regional arrangements to our security demands our full support of the agreed military policies evolved therein, including an adequate national contribution to back those policies.

ALLIED MILITARY RESOURCES IN SOUTH EAST ASIA

40. The West's military strength in the region rests primarily on the availability of formidable United States military power in South East Asia and the Western Pacific.

41. There are limited Commonwealth sea and air units and land forces based in Malaya and Singapore. There are substantial indigenous land forces in South Vietnam and Thailand but these States lack commensurate naval and air power; further, the land forces of South Vietnam are almost completely committed to countering insurgency in their country.

42. The present military strength of SEATO nations, including their nuclear capability, would be adequate to defend non-communist South East Asia from any scale of attack, but only provided that a prompt political decision would enable nuclear weapons to be used with timeliness and effect. The conventional military strength immediately available in South East Asia to the SEATO member nations would be insufficient to meet more than a limited scale of communist attack, and even then prompt re-inforcement of that conventional military strength would be essential.

43. The weakness of the allied military position in South East Asia would therefore lie in the degree of dependence placed on nuclear capacity rather than on conventional forces. Fear of extending limited conflict into global war by the use of nuclear weapons is one of the factors which would tend to inhibit the use of the full military power of SEATO. The insufficiency of non-indigenous conventional forces is aggravated by the doubtful military capacity of the Thai army and the heavy internal security commitments in Laos and South Vietnam.

44. The military resources of the United Kingdom in South East Asia and the Far East, which hitherto have been of considerable importance, may not be maintained at their present level in the long term. Some reductions in ground forces have recently been made, although to date these have not involved a significant reduction in the level of military effectiveness of U.K. forces in the area. In regard to possible U.K. force contributions to SEATO limited war plans, which include a commando brigade for the amphibious assault phase, the U.K. military authorities have indicated that their ground force contribution would be confined to the present U.K. element of the Commonwealth Brigade Group (i.e. one battalion group). Also, it has been stated that reinforcement of ground forces from the United Kingdom would be unlikely unless a direct attack against a Commonwealth territory in the area were involved. Further possible reduction of territorial interests is likely to lead to a gradual lessening of United Kingdom interest in the area and a consequent weakening of United Kingdom military resources available to meet the communist threat.

45. The Commonwealth base structure in Malaya is an integral part of Australia's defence preparedness in that it makes possible our forward defence posture in South East Asia as at present conceived. The loss of this base structure in the absence of other arrangements would drastically limit the capacity of our Army and Air Force to make a timely and effective initial contribution to operations in South East Asia. Under the Malayan Defence Agreement the use of these bases is subject to consultation with the Federation Government which could deny the forces deployed there the right to operate from the area in support of regional defence obligations, especially in SEATO anti-insurgency operations. This attitude is unlikely to change unless Malaya is threatened by overt communist aggression.

46. So long as unrestricted use of the military bases in Singapore is retained the Commonwealth forces will be able to offset in some measure any restrictions which might be imposed on the use of bases in Malaya in an emergency.

MILITARY SITUATIONS AUSTRALIA MAY FACE

On the Mainland of South East Asia

47. SEATO has a plan to meet communist insurgency in Laos and is developing plans for limited war in South East Asia. Australia has nominated units of the Commonwealth Strategic Reserve for the plan to counter insurgency in Laos and has nominated these and additional forces for limited war plans.

Insurgency

48. The SEATO Plan to counter communist insurgency in Laos was drawn up in advance of the present situation, but any SEATO intervention would have to be initiated under this plan. The need to intervene against communist insurgency could arise also in South Vietnam and perhaps later in other South East Asian countries.

49. To provide an effective counter to communist insurgency, SEATO forces must either be stationed in the country requiring assistance, or must be capable of prompt deployment there. The degree of aid and equipment given by the communists to the Pathet Lao emphasises that, quite apart from the risk of provoking overt communist reaction, SEATO forces committed to an insurgency situation would require the same scale of equipment and backing as if they were facing overt aggression.

Limited War

50. Overt aggression by Communist China and North Vietnam could involve conflict embracing the whole area of South East Asia. Such aggression could develop as a result of our reaction to insurgency or be initiated by deliberate communist attack. The primary communist objective is the domination of the South East Asian mainland.

51. It is estimated that the difficulties inherent in the terrain, together with the inadequate communications and airfield system in the area, would limit the initial communist deployment to fifteen divisions of ground forces and 450 operational aircraft.

In addition, some submarine effort could be expected aimed at preventing the deployment of external forces into the area.

52. Notwithstanding the limitations of terrain and access routes, the communists would still have a significant initial advantage in conventional military strength and geographical position.

53. It is doubtful whether we could hold such a communist attack without resorting to the use of nuclear weapons at the outset in order to destroy the communist air force and airfield complex, and to slow the advance of their ground forces. (This is currently being studied in the Military Planning Office of SEATO).

54. The present situation in South East Asia is so serious that Australia, with her SEATO partners, could be called at short notice to contribute forces to assist in stabilising the situation. Communist reaction to such SEATO intervention could lead rapidly to limited war in which an appropriate initial Australian contribution could be

made from within our available regular forces. This situation, however, could deteriorate to such an extent that Australia could well be involved in a war to which even the contribution of all her regular forces at their present levels would not be commensurate with her vital interest in preventing a communist victory in South East Asia.

In Australia's Northern Approaches

55. Australia could conceivably become involved in conflict arising from Indonesian aggression against Netherlands New Guinea. Such involvement might be in the form of either direct participation in any United Nations or allied action if it eventuates or be limited to measures to ensure the security of Eastern New Guinea.

56. In the longer term, should the West's forward defence strategy fail to contain communism in South East Asia and if Indonesia should become communist, Australia would be faced with a threat to her national survival. This would require the maximum mobilization of Australia's resources.

AUSTRALIAN DEFENCE FORCES

Roles of the Forces

57. The present assessment of the strategic situation requires that our defence planning and preparations should continue to be directed primarily to the fulfilment of our role in limited war in South East Asia. The forces developed for this role would also enable us to meet cold war and anti-insurgency requirements, and to meet any requests that might arise for contributions to a United Nations force.

Cold War and Insurgency

58. In cold war, Australia should maintain forces as a backing to diplomacy and in support of obligations under regional arrangements. These forces should be able to deploy forward rapidly if they are to be effective in deterring aggression. These requirements can best be met by readily available and highly mobile forces. It is desirable that elements of these forces should be deployed close to or in the threatened areas. Additional mobile forces must be available for rapid reinforcement of forward areas in anti-insurgency operations or if insurgency develops into a wider conflict.

Limited War

59. Australian forces should be capable of making an effective contribution in concert with our allies to limited war situations on the mainland of South East Asia and to contribute to the direct defence of Australia. Our force contributions to SEATO operations should initially be readily available regular forces with a high degree of mobility, which can be deployed within the timings known to be necessary.

60. The Australian units based on Singapore or deployed in the Malayan area as part of the Commonwealth Strategic Reserve, which fulfil a valuable cold war role, are strategically well-placed as an initial and ready contribution to insurgency operations and limited war in the area. Whilst South East Asia is held and so long as the freedom of action of these forces is not seriously impaired, it is most desirable that these forces remain based in Singapore/Malaya.

Individual Roles of Australian Forces

61. The individual roles of the Australian Armed Forces are as follows:-

Navy: To provide an effective and sustained Naval contribution to the allied forces maintaining command of the seas in our areas of strategic interests; to contribute to and to defend Australian military shipping en route to the areas of operations in South East Asia; to protect, within the Australian station, shipping carrying essential imports or exports, and to co-operate with sister services in general operations of war including the defence of the Australian mainland and Australian island territories.

Army: To provide a regular combat force capable of making a prompt, effective and sustained contribution to South East Asian defence in concert with our allies; to provide regular logistic forces for their support and for the support of the RAAF; to maintain a volunteer citizen force for the provision of follow-up forces to build up Army strength in the overseas theatre and as a basis for any further expansion which may be required, including home defence.

Air Force: To provide an effective, immediate and sustained air offensive contribution in support of allied operations and for the air defence of Australia, her territories and overseas bases; to co-operate with allies and sister Services in the defence of sea communications within the range of shore based aircraft; to provide a strategic air lift, and to provide offensive and air transport support for the Army in the field.

62. Experience in the development of SEATO plans has demonstrated that Australia cannot expect to obtain logistic facilities from her allies except to a very limited extent. On the contrary, it has been made abundantly clear that Australia herself would have to move and maintain the forces she commits to collective defence operations, including the provision of strategic sea and air transport for their timely deployment, build-up and support. These considerations require that our objective should continue to be the progressive development of self-supporting forces. Such forces would constitute a more effective and acceptable contribution to allied operations, and would also have a greater capability in situations that might arise where Australia might be called upon to defend herself for a limited time independently of allies.

Priorities for Defence Preparations

63. The early stages of possible conflicts in which Australia may be involved will be of critical importance. Accordingly, our resources should first be applied to the development of mobile regular forces equipped with modern weapons, then to the development of those forces which can become operational within a short period.

64. The following principles should govern the provision of forces:-

a. First priority should be given to regular forces readily available for operations together with the necessary logistic support and the necessary reserves to bring units to full war establishment (including first reinforcements).

b. Second priority should be given to forces which can be made available in the first three or four months of war.

c. Third priority should be given to forces which can be made available in the first six months of war.

65. Planning and preparations for the provision of war material should be in accordance with the following principles:-

a. Provision in peace of war material should, as far as possible, be on a basis which ensures that the three Services could sustain operations for approximately the same length of time.

b. Priority for the provision of war material should be in accord with the priority for forces.

c. The goal should be to provide war material for six months operations in respect of items available from local sources, and for 12 months operations in respect of items obtained from overseas.

d. Requirements in accordance with the foregoing should be calculated on the basis of:-

(i) the time when particular forces become available;

(ii) rates of use at the operational activity forecast.

e. The actual stocks to be held will depend on a variety of factors, including availability of supplies from local and overseas sources, distribution requirements and the different characteristics of the three Services.

Compatibility

66. The forces should have as far as possible the necessary organisation and techniques to operate effectively together and with major allies. Equipment used by Australian forces should be standard or compatible as far as possible with that used by United States forces.

The Need for a Nuclear Capability

67. The acquisition of a nuclear capability by Australian forces would vastly increase our defensive and offensive strength and would also enhance the value of our contribution in operations under collective arrangements. Moreover, in the future some weapon systems will be dependent on nuclear warheads for their effectiveness.

68. In the current assessment of the likely threat to Australia, it is considered that there would be no threat of nuclear attack except in global war, and that even in this context, which itself is regarded as unlikely, Australia would not be an early or primary target for nuclear attack. Having regard to the present strategic situation and the security provided by our Treaty arrangements (particularly ANZUS), in which our most powerful ally has a nuclear capability, there is no immediate requirement for an independent Australian nuclear capability. Moreover, the priorities of effort determined by our limited resources call for a concentration on improving the strength and effectiveness of our forces in the conventional field. Australian forces, however, should have, as far as possible, a potential capability to operate with nuclear weapons and in the face of nuclear opposition.

DEFENCE RESEARCH AND DEVELOPMENT

69. The limited size of the Australian forces renders uneconomical the development and manufacture in Australia of major items of military equipment. Defence research and development is therefore necessarily limited and for this reason should not duplicate that of our allies. A major portion of Australia's defence research and development effort has been devoted to joint activities in partnership with the United Kingdom. Concentration on work which is complementary to that of our allies and for which Australia may have special facilities is sound and should continue but expenditure should not be devoted to research and development projects at the expense of providing the modern weapons necessary for effective armed forces. Problems particular to the operation of the Australian forces should as far as possible receive priority in research and development.

CIVIL DEFENCE

70. The Civil Defence Programme should be determined in the light of the assessed threat. It has been assessed that global war is unlikely as a deliberate act of policy but is possible as an extension of limited war, or as a result of miscalculation. During the early stages of global war, Australia and her Island Territories would have no significance to the communist bloc and would therefore be unlikely to be subjected to nuclear attack. In the later stages these areas might acquire some minor strategic importance by giving support to allies. The likelihood of nuclear attack under these conditions would depend on the value attached by the enemy to our strategic importance; in present circumstances this is assessed to be slight.

71. The Soviet bloc is unlikely deliberately to precipitate a limited war, but there remains a continuing risk of limited conflict in areas of tension throughout the world. In the early stages of limited war, a military attack on Australia and her Territories would be unlikely. If limited war should continue, support bases in Australia and her territories which are within range of enemy aircraft may be subjected to attack.

72. In view of the assessed threat, any substantial diversion of resources to Civil Defence is not warranted.

Attachment

DEFINITIONS

* GLOBAL WAR	Unrestricted conflict between the U.S.S.R. and her allies on the one side and the United States and her allies on the other.
LIMITED WAR	Any international armed conflict short of global war.
COLD WAR	Continuing world-wide struggle between Communism and the Free World waged by all means short of international armed conflict.
COMMUNIST INSURGENCY	Armed action against the established government of a country by organised bands or groups under conditions which do not permit such action to be identified as overt and direct external aggression but subject to such degree of foreign control, direction or support as to amount to indirect external aggression.
FAR EAST	East Asia and South East Asia.
EAST ASIA	China (Singkiang and Tibet should not be considered parts of China in this context); Formosa; Hong Kong; Macao; Japan; Korea; Ryukyu Archipelago.
SOUTH EAST ASIA	Burma; Thailand; Malaya; Singapore; North Vietnam; South Vietnam; Laos; Cambodia; Philippines; Indonesia; Borneo.

* *In the United States, the term 'General War' is used.*

AUSTRALIA'S STRATEGIC POSITION (1963)

Editor's Introduction

Following the drafting of the *Strategic Basis* in January 1962, Indonesian military pressure and US diplomacy led the Dutch government to acquiesce in the later incorporation of Dutch New Guinea into Indonesia. When Cabinet considered the *Strategic Basis* in September, it therefore asked the Defence Committee for an 'up-to-date appreciation of Australia's strategic position'. By the time that this update on *Australia's Strategic Position*, had been drafted in February 1963, the Indonesian-backed Brunei Revolt had broken out in December 1962, and Indonesia's foreign minister had declared a policy of 'Konfrontasi' with Malaya in January 1963.

The document finds that since early 1962, 'a further deterioration has taken place in Australia's strategic situation' (para 34). While China was hampered by the Sino-Soviet split and in economic turmoil, it could develop a nuclear capability by 1970 and was pursuing hostile policies towards India (paras 6, 7, 9). In South East Asia, '[t]he fate of mainland South-East Asia will depend largely on the outcome of the struggle in South Vietnam', where the US military was increasing its involvement and sustaining battle casualties (paras 6, 25). '[A] contribution will be expected from Australia which is commensurate with our growing resources and our direct stake in the outcome' in Vietnam which 'could have a bearing on the continuation of the present U.S. policies of full commitment to the security of the area', and which could also influence 'the degree of obligation which America feels to Australia under ANZUS', for example in a conflict in New Guinea (para 25). In addition, Australia might have to compensate for a decline in the British military role in Malaya (para 27). Indonesia was aiming for territorial expansion, or at least the creation of dependent regimes in Borneo, and the situation there might lead to demands for Australian military assistance (paras 17, 18). It was 'likely that Indonesia will gain control of Timor', and conflict could arise from its claims for territorial waters and, perhaps, over eastern New Guinea (paras 3, 19, 20, 30). In the latter case, Indonesia would be deterred by ANZUS from open warfare but could resort to infiltration and subversion (para 21). Although capable in limited areas, the Indonesian armed forces would need time to be able to use their new equipment efficiently (para 22). However, Australian forces would likewise require time to expand once a decision to do so was taken (para 32).

Australia was under pressure to increase its commitments to SEATO but it might well have to face contingencies in New Guinea, without US assistance while Australian forces were engaged in South East Asia (paras 31, 35). A further increase in defence programming was necessary to make a larger contribution to the defence of South East Asia, to deter Indonesia from hostile acts and to prepare for contingencies in Malaya (para 36). Should Indonesia start a conflict in east New Guinea, additional increases would be necessary, and immediate measures to increase the defence preparedness of that territory were studied separately (paras 33, 36).

AUSTRALIA'S STRATEGIC POSITION — REPORT BY THE DEFENCE COMMITTEE

FEBRUARY 1963

CONTENTS

	Paragraph
Introduction	1
Assessment of the situation	5
Implications for Australian defence	25
Summary	34

This paper was endorsed by the Defence Committee on 4 February 1963

AUSTRALIA'S STRATEGIC POSITION

REPORT BY THE DEFENCE COMMITTEE

INTRODUCTION

This paper assesses Australia's present strategic position and the future outlook over the next ten years and then examines some important implications for Australian defence.

2. Australian defence policy for a number of years has been based on the principle that the security of the Australian mainland and its island territories could best be achieved by a forward defence strategy to hold South East Asia, thus providing defence in depth for Australia. Australia has participated fully in collective defence arrangements, thereby contributing to the security of more immediately threatened countries in South-East Asia, and in turn attracting the support of powerful allies, particularly the United States. It is equally logical to assume that we have attracted the inimical attention of powerful communist regimes.

3. Developments in Indonesia have been closely watched because of the long term potential of that country and its great strategic importance to Australia and regional security. During the last few years of the West New Guinea conflict, Indonesia's military power was rapidly expanded. She showed a capacity to use the threat of her military strength to support her political claims without resort to overt military aggression. Since the conclusion of the agreement concerning West New Guinea her policies on that territory and towards the future of the Borneo territories raise doubts as to Indonesia's intentions and give further cause for concern.

4. We have accordingly given particular attention to the question of how far recent developments in West New Guinea and Indonesia require a re-appraisal of Australian defence policies.

ASSESSMENT OF THE SITUATION

The Threat from Communist Expansionism

5. Communist expansionist aims, backed by military power, represent the underlying threat to Australia's national security.

6. More than half the people of Asia already live under communist regimes. Of the remainder, South Vietnam is under covert attack, India is being harassed on her northern borders, and other countries, in particular Indonesia, Burma, Laos and Cambodia are being subjected to varying degrees of subversive pressure. The fate of mainland South-East Asia will depend largely on the outcome of the struggle in South Vietnam. The intentions of China towards India will have an important influence on the future of Asia, but we are unable to assess whether this aspect will become dominant during the period.

7. The USSR presents no direct military threat because its interests lie predominantly in other areas. The USSR does present, however, an indirect threat through the military, economic and scientific assistance it gives to Communist China, North Vietnam and Indonesia, and the opportunities for Soviet subversion, infiltration and perhaps the establishment and the use of advanced bases which could follow from such assistance. The extent of the Sino-Soviet dispute makes it increasingly unlikely, however, that the USSR would support overt Chinese aggression in Asia.

8. Whatever the state of Sino-Soviet relations, China is likely to pursue her own basic policies regardless of the Soviet attitude. She can be expected to continue to display militancy in her foreign policy, and on occasions to resort to force as, for example, in the Sino-Indian border dispute. However, at present China is not capable of attacking Australia, nor is she likely to do so in the period even if she acquired a strategic bomber force, unless Australia becomes the last remaining outpost of the West in Asia.

9. The withdrawal of Soviet assistance, coupled with continued effects of inept economic policies and agricultural failure, have seriously impaired China's economic development, and her recovery will be gradual. Thus her war potential is restricted, and her ability to sustain a major war is limited. However, she has overwhelming military forces in comparison with those of her Asian neighbours.

10. China's strength is at present limited to conventional weapons, but she could possibly, from her own resources (and the only known evidence is the production of uranium metal), develop a limited nuclear capability by 1970. In the meantime, China (and North Vietnam) faces a nuclear deterrent, as well as fairly strong conventional anti-communist forces, and is limited by logistic difficulties in her capability to deploy her overwhelming military strength in land forces outside her own borders. These difficulties, however, will be gradually overcome.

11. Whilst China's military capacity remains limited, she is unlikely to take deliberate action which would involve her in war with the United States and its allies. However, China's promotion of "wars of liberation" could lead to direct military involvement with the West, since such activities carry inherently a considerable risk of limited war.

12. Communist-inspired subversion and insurgency could lead to communist control of Laos and South Vietnam. The Laotian settlement has strengthened the prestige and influence of the communists in South-East Asia. Laos herself is chronically unstable, and the communists form the most powerful force in the country. This situation is, in turn, contributing to the difficulties in South Vietnam, where the United States is publicly committed to the maintenance of a pro-Western government. There is no reason to doubt that the United States will make every endeavour to maintain such a government, but, should the South Vietnamese government become communist, Cambodia could not survive for long and communist pressure could create in Thailand a move towards neutralism.

13. If Australia should become involved in limited war on the mainland of South-East Asia as an ally of the United States, the threat of attack by air or sea against Australia or her territories would be slight. The threat from Chinese forces to lines of communication would be limited to attacks by aircraft and submarines in the South China Sea. If Soviet assistance were to be provided, this would probably include

covert use of submarines which would produce a threat to Australia's lines of communication outside the area of the South China Sea.

The Possible Threat from Indonesia

14. A threat to Australia's strategic interests could arise from an ultra-nationalist Indonesia pursuing an expansionist policy.

15. Standing between the mainland of Asia and Australia, Indonesia is an unstable but potentially important power. The future alignment of that country will therefore be of the greatest importance to Australia's security.

16. At present Indonesia is non-aligned and, so long as this situation continues, she will provide some barrier against communist expansion southwards. Any departure from Indonesia's present policy of non-alignment will depend largely on the degree of development of communism within Indonesia and on communist successes in South-East Asia. Should the South-East Asian mainland become communist, which would involve the loss of Western influence and military bases in the area, Indonesia would have great difficulty in opposing communism. If Indonesia succumbed, Australia would then be exposed to the possibility of attack by communist forces using Indonesian bases or by Indonesia.

17. It is too early to assess the extent to which the apparent aspirations of the present government towards a Greater Indonesia will become a determining factor in her foreign policy, but Indonesian nationalism will continue to reflect a growing consciousness of Indonesia's size and potential strength in South-East Asia. There is no doubt that Indonesia's activities in relation to Portuguese Timor, Brunei and the other Borneo Territories are in part inspired by her anti-colonial convictions and the background of her struggle for independence. Her real aims, however, which will be pursued with persistence by Sukarno, must be regarded as directed towards the ultimate incorporation of these territories into Indonesia, or at least the creation there of regimes closely bound to Indonesia.

18. Indonesia has now declared her antipathy to the incorporation of the Borneo territories in the Malaysian Federation, and a further hardening of her opposition to this development can be expected. If a severe deterioration in relations between Malaya and Indonesia occurs, the Malayan Government might construe the presence of our forces in her territory as an obligation to come to its assistance. Should the Australian Government associate itself with the Anglo-Malaysian Defence Agreement, which is to be extended to cover the Borneo territories, the development of hostilities between Indonesia and Malaya, could have the most important implications for Australia, including the possibility that Australia and its Malaysian Defence Agreement partners would be joined with such hostilities.

19. It is likely that Indonesia will gain control of Timor during the period under review, probably in consonance with an international campaign against Portuguese colonial rule.

20. The attitude of the present Indonesian government towards Australia is likely to remain one of reserve, including a cautious attitude towards administrative co-operation in New Guinea. It is too early to estimate Indonesia's long term attitude and intentions in respect of eastern New Guinea.

21. An Indonesian Government not concerned with maintaining good relations with Australia is likely to turn its attention at some time in the future towards eastern New Guinea – whether Australian administered territory or not. We believe that the Indonesian Government would be deterred from open warfare while the ANZUS Treaty applies to the territory. Indonesia, however, may adopt techniques short of war such as support for local insurgency and anti-government cults, subversion, infiltration and the provision of "volunteers" in the expectation of forcing a political settlement in her favour, without becoming involved in war with Australia or the United States.

22. Indonesian military capability has expanded rapidly in recent years. Total Army strength is probably upward of 250,000 men. The Indonesian Army lacks operational experience in large scale operations and there are many weaknesses which must be overcome before it can be considered an effective modern force adapted to conventional warfare. However, these weaknesses would not necessarily be apparent in any special force raised. Valuable logistic experience was gained in moving and supporting a division strength force in preparation for an assault attempt on West New Guinea. The Indonesian Navy now includes a cruiser, 8 destroyers, 7 ocean escorts, 12 submarines, and other miscellaneous units, including fast patrol boats, an afloat support capability, and a considerable strength in landing ships and landing craft. Major acquisitions expected during 1963 include a destroyer, 4 ocean escorts and 12 missile-firing fast patrol boats. The Navy operates and maintains its ships with greater efficiency than was originally expected, but Russian technical assistance is still required at all levels. The Indonesian Air Force possesses modern aircraft including 71 fighters, 25 medium bombers, 19 light bombers, 10 Hercules transports, and a heterogeneous assortment of other aircraft. It also possesses a surface to air guided missile squadron. The lack of suitable airfields outside Java, and training and maintenance problems, will continue to limit its capability for the time being.

The South Pacific

23. While there are signs of developing communist interest in the Pacific Islands, we do not believe that there is any direct threat to our interests in the South Pacific and Antarctica.

Risk of Global War

24. Global war as a deliberate act of national policy remains unlikely, although there is a possibility of its occurring through miscalculation, or by technical mishap or other misadventure. If it did occur, a likely target in Australia for nuclear attack would be the United States Communications Station to be established at North West Cape, Western Australia.

IMPLICATIONS FOR AUSTRALIAN DEFENCE

Contribution to the Defence of Mainland South-East Asia

25. The defence of the South-East Asian mainland rests on collective security arrangements which are backed by the military power of the United States. That country has publicly demonstrated its degree of commitment to the security of the area, by such actions as its support of SEATO, the presence of the 7th Fleet and strong air forces in the Western Pacific, the prompt despatch of forces to Thailand in

1962, and the extent of its involvement in South Vietnam, where some 11,000 U.S. military personnel are now deployed and battle casualties are being sustained. Nevertheless the present United States administration has been increasingly insistent that its allies should bear a greater share of the burden of Western defence. It takes the view that if a country considers its national interests to be involved, it should be prepared to give the greatest possible support to these interests in such a way as to make its position clear. It is evident that the United States attaches considerable importance to Australia's unique position as a large and stable centre of Western influence in the South-East Asian area, and is at some pains to associate Australia with its political and military policies in the area. Australian policies could have a bearing on the continuation of the present U.S. policies of full commitment to the security of the area. In the continuing struggle against communist expansion in South-East Asia, a contribution will be expected from Australia which is commensurate with our growing resources and our direct stake in the outcome. In some circumstances, such as might develop over eastern New Guinea, the degree of obligation which America feels to Australia under ANZUS could be influenced by the contributions which Australia makes to the common defence.

26. The maintenance of the Western position on the South-East Asian mainland continues to be of primary importance to Australia's security. The loss of the area would not only be a grave development in itself but as we have already said, it would also make it most difficult for Indonesia to remain outside the communist sphere of influence. The implication of this could be that Indonesia might be faced with the alternatives of turning toward the West to preserve her independence or throwing in her lot with communism with the serious consequences which this would involve.

27. With the decline of United Kingdom territorial interests in the Far East, her capacity to play a major military role in the area can be expected to decline. This may lead to greater pressures on Australia to increase her defence effort in the area, particularly in regard to Malaya or Malaysia when instituted.

28. In the light of the foregoing, the situation in mainland South-East Asia emphasises the need to maintain an adequate Australian commitment to the security of the area. In a separate report we have recommended that in present strategic circumstances, the political and military value of maintaining the Strategic Reserve in Malaya are such that it should continue to be maintained there.

Indonesia

29. An unfriendly Indonesia could bring pressure, including the threat of the use of military force, to bear directly against Australia or in areas of our national interest. While the allied position is maintained on the mainland of South-East Asia, Indonesia is unlikely to pose a direct threat to Australia's national security. A direct attack on Australian territory is possible, should mainland South-East Asia and Indonesia be lost to communism, but it would immediately engage the support of our allies, particularly the United States, under our treaty arrangements.

30. Serious conflicts of interest between Australia and an unfriendly Indonesia could arise from developments in Borneo, in respect of eastern New Guinea and from other causes, such as Indonesia's extensive claims to territorial waters and the air space above them, which could prejudice our right of passage through the area. Insofar as New Guinea is concerned this is a future possibility and not a present fact.

31. Should friction develop over eastern New Guinea or from other causes Australia could well be left to handle the situation with her own resources and without the assistance of the United States. Situations such as these could arise at the same time as an emergency involving the deployment of our forces nominated under SEATO plans.

32. It is relevant in this context to emphasize not only the considerable extent of Indonesian forces, but also their significance in Indonesia's diplomacy throughout the area. The build-up of Indonesian forces has given them a numerical superiority over Australian forces. This is at present somewhat offset by the superior efficiency of the Australian forces, but with further training which the Indonesians are actively pursuing, they will become more proficient in the use and maintenance of their modern equipment, which they are continuing to acquire. As indicated in paragraph 3, Indonesia seeks to use, and does use, its growing military strength as a powerful diplomatic weapon. It is important to add also that as to Australian military capability there is an unavoidable time lag of three to five years between a decision to increase the order of battle of the three Services by the recruitment of additional manpower and the acquisition of new equipment, and the period when such a decision would be fully reflected in our increased military capability.

33. We have already stated that a threat from an Indonesian government not concerned with maintaining good relations with Australia might be directed, in the first instance, to the Territory of Papua/New Guinea. Separate reports are now being completed dealing specifically with the strategic importance of New Guinea and with the immediate defence measures recommended for the Territory of Papua/New Guinea.

SUMMARY

34. Arising from its review in January, 1962, of the Strategic Basis of Australian Defence Policy, the Defence Committee concluded:-

> "That the deterioration which has taken place in our strategic situation since 1958 and possible future trends in South East Asia point to a clear requirement for a progressive expansion of the Defence programme 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."

Our current review of recent developments in our area of strategic interest has indicated that a further deterioration has taken place in Australia's strategic situation.

35. Australia has already nominated for planning purposes a considerable element of her readily available forces to the various SEATO plans, but these contributions relative to the estimated total force requirements and to our strategic interests in the area are small. There have been pressures, particularly from the United States, to increase Australian force declarations to SEATO. The measures recently approved in the current three year defence programme will improve some aspects of Australia's military capability, but even with these improvements it would be possible to make only a small additional contribution to the defence of South-East Asia, the retention of which is of primary importance to our security and to the future political alignment of Indonesia.

36. We are concerned at Indonesia's growth as a military power, her declared opposition to the Malaysian Federation, her hostility to colonial regimes, and her use of military power in support of diplomatic aims. Some increase in the present scale of defence programming will be necessary if our military capability is to be such that we can make an effective and sustained contribution to South-East Asia and at the same time deter Indonesia from possible activities inimical to our strategic interests. Such an increase would also put us in a better position to deal with eventualities arising in the Malaysian area which might have important implications for Australia. More substantial increases in our defence capability would be required if we were faced with an Indonesian Government not concerned with maintaining good relations with Australia turning its attention directly to eastern New Guinea. As to this, we have already stated that substantial development in the size and shape of our defence forces would take three to five years to accomplish.

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY (1964)

Editor's Introduction

The Defence Committee endorsed this *Strategic Basis* paper in October 1964 as Indonesia escalated its campaign of infiltrations into Borneo, and the US was drawn even closer into the Vietnam war following the Gulf of Tonkin Incident. It stated that due to developments in Indonesia and Indochina, "[t]he range of likely military situations Australia must now be prepared to face has increased in number and complexity" (para 69).

In Indochina, "[t]he chances of success against the Viet Cong are not good", and "[t]aking the most optimistic view, a long drawn out struggle must be expected" (paras 10, 38). Should South Vietnam fall, the future of Thailand depended on the credibility of US security guarantees (paras 12, 56, 57). Malaya suffered from racial and separatist tensions and bases there might not be available in the future, in which case "Australia's forward defence posture would be most difficult to sustain" (paras 13-16, 18, 59). Indonesia had hegemonial aims in South East Asia, was trying to eliminate Western influence in the area, and would continue "confrontation against Malaysia in one form or another indefinitely" (paras 19, 39). The country was drawing closer to communism, and the level of communist infiltration of the Army was uncertain (paras 20, 21). Soviet military aid to Indonesia would continue, and largely determine the capability of its armed forces (paras 24, 25). The order-of-battle of Indonesia's navy and air force was summarised in the annexes. Indonesia might use subversion in eastern New Guinea where a situation similar to that in Borneo could develop (paras 23, 42). As the main US aim was to prevent Indonesia from becoming communist, US and Australian interests in that situation would not always coincide, and ANZUS would not cover covert attacks on Australian forces (paras 43, 54, 61).

It was in Australia's interest to maintain the forward defence posture "for as long as possible" and therefore its contributions "must be seen to be commensurate with our national interests and resources" (para 66). Also, future US assistance under ANZUS would "be greatly influenced" by Australia's "willingness and capability" to contribute to common defence (para 60). Australia might have to commit forces to the South East Asian mainland "on a scale which could approach the proportions of a limited war", and had to be able to respond simultaneously to an Indonesian covert action in Papua New Guinea (paras 45, 65, 71, 72). It required forces to relieve those committed to both theatres, and "in being demonstrably strong Australian forces with an offensive capacity sufficient to deter Indonesia from actions inimical to our interests" (paras 67, 70, 71, 75). To achieve this would require increases in the size and capability of the defence forces (para 78).

Should the forward defence posture become unviable and Indonesia openly hostile, naval and air forces would be required to defend the continent, as well as land forces to counter enemy landings or attacks on PNG (para 68). There was "no immediate requirement" for nuclear weapons, but this might change "in the longer term" (para 77).

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

OCTOBER 1964

CONTENTS

	Paragraph
Introduction	1
The threat	37
Evaluation of collective defence arrangements	46
General strategic concept	65

Annexes:

A. Indonesian Navy—Order of battle as at 15 October 1964
B. Indonesian Air Force—Order of battle as at 15 October 1964

This paper was endorsed by the Defence Committee on 15 October 1964

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

REPORT BY THE DEFENCE COMMITTEE

INTRODUCTION

1. The ultimate aim of Australia's defence policy is to ensure the security of the Australian mainland and its island territories. This policy has been based on a forward defence strategy to hold South East Asia, thus providing Australia with defence in depth. Australia has participated in collective defence arrangements, thereby contributing to the security of more immediately threatened countries in South East Asia, and generally protecting the interests of Australia.

2. This appreciation reviews the strategic basis of our defence policy. It has been projected, as far as practicable over a period of ten years up to 1974 to highlight likely trends in our strategic situation. The study covers:-

- An assessment of the strategic situation.
- An evaluation of our collective security arrangements.
- A general strategic concept.

3. In previous reviews we assessed that because of the deterrent effect of nuclear weapons general (or global) war, which may be defined as armed conflict between the major powers of the Communist and free worlds in which the total resources of the belligerents are employed and the national survival of a major belligerent is in jeopardy, was unlikely to occur except as a result of miscalculation. We considered, however, that limited war – armed conflict short of general war, exclusive of incidents, involving the overt engagement of the military forces of two or more nations – could develop at any time in areas of tension throughout the world particularly in East Asia and South East Asia. We also concluded that the communist powers would continue to pursue cold war techniques of subversion, insurgency and similar pressures to achieve their national objectives. We consider that this assessment of the likelihood of war is still valid.

4. We recognise, however, that before the end of the decade, there may be far reaching changes in international alignments and in the general power situation. With the replacement of Khrushchev and Mao Tse Tung which may reasonably be expected in the period, effective working relations may be restored between the Soviet Union and China. The expected simplification and the reduction of the cost of production may have resulted in the proliferation of nuclear weapons in less responsible hands than those now controlling them. This would increase the risk of general war by miscalculation.

U.S.S.R.

5. Although recognising that the U.S.S.R. might issue threats to Australia if Australia became involved in war with Indonesia, we believe that the U.S.S.R. would be unlikely to involve herself directly in hostilities against Australia. Indirectly she would add to the threat against Australia to the extent that she chooses to support Communist China, or North Vietnam, or to supply assistance to Indonesia. Her aid to Indonesia could provide opportunities for Soviet infiltration and perhaps the establishment of advanced bases, providing the U.S.S.R. with entry to the South Pacific and Indian Oceans. A Soviet presence in Indonesia would enable the Soviet to compete with Chinese expansion towards the South East and to exert some counter-balance to China in South East Asia. It could be that the U.S.S.R. will try to increase her influence in Indonesia with this object in mind.

China

6. The possibility of war between Communist China and the United States over Taiwan will continue. This, if it occurred, would have devastating effects throughout the area and the outcome would determine China's ability to expand southwards. China will attempt to ensure that her neighbouring states are Chinese oriented or at least neutral, and will seek to extend her influence in South East Asia and ultimately to control the area, preferably by means other than overt military conquest. The Chinese Communists can be expected to maintain pressure on India over their border dispute. A conflict could occur between them over this issue. She will continue to encourage subversion and insurgency throughout the area, and, where appropriate to promote wars of "national liberation".

7. China's population and military capability will increase but her capability to deploy her great numerical strength in land forces and sustain large scale conventional operations against a major power will be limited by her logistic difficulties and the limitations of her industrial capacity. In any case it is a reasonable assumption that she will continue to act cautiously throughout the period because of the United States nuclear deterrent and uncertainty about the U.S.S.R.'s attitude. The detonation of China's first nuclear device, which can be expected at any time, is certain to increase her authority and prestige in the area. China is expected to develop from her own resources a limited nuclear capability some time after 1970 but it is likely to remain severely limited as regards numbers of weapons, their types, and the range to which they can be delivered. China is unlikely to produce in the forseeable future or acquire a missile capable of reaching Australia, even if she were to gain control of bases in mainland South East Asia.

8. There is little prospect at present of China and the U.S.S.R. resuming friendly relations and it is probable that the U.S.S.R. will wish to see the continued containment of Chinese influence. Because of her incontrovertible importance in world affairs China will attract wider international acceptance and, we assume, will be seated at the United Nations. If Taiwan were ousted from the United Nations with no United Nations guarantee for its future, the likelihood of Chinese/United States clashes which could involve Australia under ANZUS might well increase; the Communist Chinese might well seek to embarrass the United States internationally without necessarily making war by taking small scale military action against what they would maintain was simply a rebellious province of a member of the United Nations.

Vietnam

9. North Vietnam has a large and well trained Army. It actively directs the communist Viet Cong insurgent effort in South Vietnam, provides weapons, training and military technicians and controls an extensive subversive network throughout that country. In Laos North Vietnam also exercises overall control of operations of the dissident Pathet Lao movement, and in addition to providing weapons, supplies and cadres for Pathet Lao units, regular Viet Minh units are from time to time actively engaged in operations in support of the Pathet Lao. Despite some significant weaknesses, the armed forces of North Vietnam backed by Communist China pose a serious direct threat to South Vietnam and Laos and a potential one to Cambodia and Thailand.

10. Up to now South Vietnam has failed to establish a stable government. Greater stability in government is essential to sustain the military effort necessary to control the insurgency situation and to ensure that the military effort is directed towards the aim of establishing national unity in South Vietnam. There is a danger that the present position may be beyond recovery. Taking the most optimistic view, a long drawn out struggle must be expected. The continued absence of a reasonable hope of a peaceful orderly existence will probably result in the Viet Cong attaining military ascendancy over most of the country or an acceptance of a cease-fire on terms favourable to the Viet Cong and North Vietnam. There is also the possibility that a pro-Western Government in South Vietnam may be replaced by a government of neutralist sentiment which later was undermined from the North. A neutralist situation would almost certainly result in the withdrawal of United States military aid and the passage of power substantially into communist hands.

Laos

11. There are three recognized political parties in Laos; Right Wing, Pathet Lao (communist) and Neutralist. The coalition government has not functioned effectively and the country lacks the representative government necessary for stability. There is no apparent prospect of the three parties being able to agree to co-operate and continued political instability and virtual partition of the country appear inevitable. Militarily, although the pro-government forces with the provision of United States air support have regained most of the area of central northern Laos from the communists, the latter retain control of the provinces bordering North Vietnam, South Vietnam and China and the ground protecting the supply routes into South Vietnam. The Pathet Lao forces, which have a substantial leavening of Viet Minh, retain a superior military capability, when they are supported by Viet Minh units. At present Laos is important to the communists primarily for the secure reinforcement of supply routes through the Eastern provinces into South Vietnam. If these supply routes were effectively interdicted, we would have to expect Pathet Lao/Viet Minh moves to re-establish and secure the supply routes. Laos cannot be looked at in isolation and the future trend of events will be related to events in South Vietnam. Should South Vietnam fall, communist moves to take over Laos could be expected to follow quickly.

Thailand

12. The deterioration of the overall situation in South East Asia and a failure of the United States and its allies in South Vietnam would encourage the Thais to move towards neutralism. If Thailand could be assured in advance of effective United States and allied support, she probably would be prepared to retain her present alignment. The Thai armed forces could not, by themselves, defend the country against Chinese-supported external aggression and they would have difficulty in maintaining internal security in north-east Thailand without external assistance if an insurgency situation arose.

Malaysia

13. It is not beyond the ability of the Malaysian Federation to achieve national stability, but it cannot hope to do so without continued strong Commonwealth support while Indonesian military confrontation lasts.

14. British, New Zealand and Australian Government policy is to support Malaysia and to assist her against Indonesian confrontation. As long as Commonwealth forces remain there appears to be little prospect of Indonesia's "crush Malaysia" policy being successful through military confrontation alone. The presence of Commonwealth forces in itself however will not solve many of the harmful political, racial and economic effects of Indonesian confrontation.

15. If for any reason Commonwealth forces were withdrawn before Malaysia had achieved stability either Indonesian confrontation or communist insurgency might cause the dissolution of the Federation. Even if the Commonwealth forces remain, political disagreements, racial tensions and administrative failures within Malaysia could bring about attempts on the part of Sabah and Sarawak to break away. They would not be viable and would be likely to become temporarily independent with a tendency to draw closer to Indonesia. Brunei might take a similar course. Malaysia also faces the possibility within the next few years of Chinese communist insurgency in Sarawak and even a resurgence of communist terrorism in Malaya itself.

16. The possibility can not be overlooked that, by abandoning military confrontation and through the exercise of a more subtle and peaceable policy by Indonesia for the elimination of British influence from the area in the interests of Asian solidarity, or through a change in the political climate in Malaysia, the present Anglo/Malaysian Defence agreement and the use of base facilities in Malaysia could be terminated during the ten-year period under review. There is also the possibility that Britain for economic reasons may gradually withdraw voluntarily her present substantial military contributions from the area.

17. The capability of the Malaysian armed forces will improve steadily throughout the period but they will remain incapable for several years of maintaining internal security on their own. In brief, the planned build-up of the Malaysian armed services by 1970 is as follows:-

Navy – A small coastal patrol type force, including two frigates, with a limited small scale amphibious capacity. The navy will have a strength of approximately 2,500.

Army – A field force of some eighteen battalions with limited artillery, engineer and signal resources but little logistic capacity. The army strength will be approximately 30,000 regular troops with about the same number of territorials.

Air Force – Short range and light transport aircraft to the equivalent of two squadrons, a ground attack squadron and a reconnaissance element.

The achievement of the planned development of the Malaysian forces and the standard of efficiency reached by them will depend largely on the availability of British Commonwealth military aid and training assistance particularly the secondment of officers. It will also depend on Malay willingness to make full use of all racial elements, particularly the Chinese, in the armed forces.

18. The gravest internal danger to the Malaysian complex is the racial conflict between the Malays and the Chinese. Indications are that in a few years there will be a numerical preponderance of Chinese and within the next ten years there will be a challenge to the political domination of the Federation by the Malays.

Indonesia

19. Indonesia will aim to achieve regional hegemony and to eliminate from the area the British or any other influences inimical to her. In particular, she will continue a vigorous policy of confrontation against Malaysia in one form or another indefinitely.

20. Sukarno's current attitude and policies are 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. The process may be accelerated if the Western position suffers further setbacks in South Vietnam or elsewhere in Asia.

21. In the event of Sukarno's death a power struggle would follow, primarily between the PKI and the Army. The extent of the infiltration of the PKI into the Army is uncertain. Even if the Army emerged as the predominant power 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.

22. Indonesian confrontation aims are to bring about the disintegration of Malaysia and remove British bases and influence from the area. Communist China also aims to remove Western bases and influence. Thus in the short term Indonesian and Communist Chinese aims are in this respect compatible, and their foreign policies are in accord. Indonesia can therefore be expected actively to foster and assist such movements as the Chinese Communist Organisation in Sarawak and the Communist Party of Malaya to further her aims in Malaysia for as long as it appears safe for her to do so. In the long term, Chinese aims of controlling all of South East Asia are incompatible with Indonesian aims of gaining a position of dominance in the Maphilindo area. It may not be unrealistic, therefore, to expect that if in the future Chinese expansion directly threatens her long term plans, Indonesia may be forced to adopt a policy reflecting her long term fear of Chinese domination.

23. Indonesia is likely to interfere increasingly in Papua/New Guinea. She will be encouraged in this as Australian policies become increasingly a focus for attention from countries opposed to the continuation of colonial status for dependent territories. Indonesia would have opportunities there if anti-Administration movements were to develop. Should Papua/New Guinea become independent during the period she would be subjected to increased pressure or blandishment from Indonesia. At that stage Indonesia would exploit emerging political parties opposed to Australia's aims for the area.

24. It is likely that Indonesia will continue to receive aid, particularly military aid, from the U.S.S.R. and the communist countries of eastern Europe. The efficiency of the armed forces should then improve significantly but their ability to sustain large scale military operations will be inhibited by Indonesia's lack of industrial development. The capability of the Indonesian armed forces will be largely proportional to the nature and scale of the aid provided. Should such aid be denied naval and air capability in particular would decline rapidly over the period.

25. The present level of efficiency of the three Indonesian Services is low by Australian standards. If military aid from the U.S.S.R. and the communist countries of Eastern Europe is maintained, the optimum capability of the Indonesian Armed Services by the end of the period could be of the following order, but its overall efficiency would still not be more than fair:-

a. The Navy could possess a numerically strong, well balanced fairly efficient force including cruisers, escorts and submarines, equipped with some short range non-nuclear missiles and capable of operating in Indonesian and adjacent waters for extended periods; (at present the Indonesian Navy comprises 18 major surface units (including the cruiser 'Irian' armed with 12 6" and 12 3.9" guns), 12 submarines, 12 missile-firing fast patrol boats, 19 motor torpedo boats and miscellaneous other craft including landing ships. The complete current Indonesian Navy Order of Battle is at Annex 'A').

b. The Air Force could have an effective air defence system over Java and Sumatra, a tactical air force of modest proportions, and a significant capability to deliver air-borne troops. It is also capable of developing its strike force to provide a long-range subsonic and limited supersonic offensive capability including air-to-surface missiles from their bases; (the current strength of the Indonesian Air Force is 542 aircraft of which 68 are jet fighters, 25 medium jet bombers and 49 jet and piston engined light bombers. Details of the present Indonesian Air Force Order of Battle are at Annex 'B').

c. The Army is not dependent on outside sources to the same extent as the other two services, except for armour, heavy weapons and equipments and the means of strategic mobility. Its operational effectiveness is at present limited by maintenance problems created through a lack of a standardized family of weapons, deficiencies in supporting arms such as artillery and engineers and inadequacies of the logistics system. Its general standard of efficiency should however improve markedly particularly in command and control techniques enabling it to be organized on a conventional divisional basis. Such a development could be expected to enhance its operational potential. Equipment can be expected to include some obsolete Russian short-range non-nuclear guided and unguided missiles. Some increase in the present strength of 300,000 would be possible.

d. It would be prudent to assume that, with the experience gained in the control and direction of the Indonesian armed forces between now and the end of the period, they will have attained a higher degree of efficiency for individual and joint service operations including an increased sea transport capability for inter-island operations. Their basic posture will be more offensive than the essentially defensive one now existing. An ability to mount and sustain a large scale offensive operation outside Indonesia does not now exist and could not be achieved in the future without substantial outside assistance.

Other Asian Countries

26. In the period under review India will provide some counter-balance to the power and prestige in Asia of Communist China. Since the Chinese attack across the Indian border and the failure of the policy of peaceful co-existence between the two countries, India has embarked on a substantial rearmament programme. The United States and Commonwealth countries have committed themselves to substantial military aid. India has in effect revised her non-alignment policy. During the period under review, India may not be willing to make formal arrangements for defence co-operation, but it can be expected that she will co-operate with other countries on matters related to her own territorial defence. The acquisition by China of nuclear weapons and a delivery system will appear to India as a major threat. For these reasons there is a better probability than before that India will recognize the need for, and encourage, the presence of American and Commonwealth military power in Asia including the Indian area. But she has also been offered substantial Soviet military assistance. While India is no longer non-aligned in policies concerning China, we assume she will avoid policies which the Soviet would regard as hostile or unfriendly to it.

27. There is likely to be a growing contest with China for influence in the frontier states of Nepal, Bhutan, Sikkim and other contiguous areas.

28. It is not possible to predict how far and for how long the military strength of India and Pakistan will each be deployed against the other because of the tensions between the two countries and the unsolved dispute over Kashmir.

29. Pakistan has already demonstrated in SEATO her resentment of the assistance given to Indian re-armament by the United States and Britain and her doubts about the value to her of SEATO. Pakistan's policies will be dominated by the desire to maintain her position vis-à-vis India, and the prudent assumption would be that Pakistan will continue normalising relations with China, will avoid positions openly antagonistic to China, and will cultivate the goodwill of uncommitted Afro-Asian countries.

30. Japan can be expected to adopt more active political and possibly security policies consonant with her economic strength, but the internal opposition to military involvement in support of United States issues with North Vietnam or China remains strong, and we can expect Japan to wish to confine itself to political reconciliation and the development of its economic relations with South East Asia. The agreement covering the United States use of bases in Japan comes up for renewal during the period under review and it is to be expected that strains will develop in Japanese/United States relations in this respect and in connection with the related matter of United States use of Okinawa.

31. The Philippines, despite her participation in Western alliances, seeks to avoid commitment to either side in the Malaysian/Indonesian dispute. In pursuit of this policy of non-commitment the Philippines may deny Australia transit facilities for military aircraft enroute to Malaysia for participation in operations in connection with the Indonesia/Malaysia dispute. We believe however that over-flights would be permitted for our aircraft in transit to Malaysia in fulfilment of our SEATO obligations.

32. The existence of very considerable armed forces in Taiwan and South Korea ties down sizeable Chinese forces which might otherwise be available elsewhere.

The South Pacific

33. While the South Pacific is a politically backward and relatively quiet area, the seeds of trouble exist, particularly in Fiji where there is communal discord. There are signs of developing communist interest in the area, and Asian countries, including Indonesia, could also well become interested in it. Thus the political and security problems of the South Pacific are likely to give cause for increasing concern. Australia will become involved in the problems of this area because of responsibilities for her territories there, her substantial economic investments, the importance of protecting the lines of communication to America and the need to guard against communist infiltration into the area.

Indian Ocean

34. The Indian Ocean area is likely to assume greater strategic significance in the next decade. Important sea and air lines of communication pass through this area. The countries around the Indian Ocean include many newly independent states in South East Asia, South Asia and East Africa, as well as some remaining dependent territories in the Persian Gulf area. Deployment of appropriate allied forces in the Indian Ocean area provides an evident capability to assist these Afro/Asian countries in countering subversion, including that inspired by Communist China, and in deterring or resisting overt attack. The United Kingdom already has substantial military forces and facilities in the area and the United States has recently taken steps to increase its military presence in this part of the world. These developments are of considerable strategic significance to Australia because of our geographic position, including our territories of Cocos and Christmas Island, our sea and air communications through the area, our oil supplies which are drawn from the Middle East and Indonesia, and our political relations with the States bordering the Indian Ocean.

United States

35. For many years a basic objective of the United States national policy has been the containment of international communism. She has accepted world wide commitments in pursuit of this objective, including the permanent deployment of powerful military forces in South East Asia and elsewhere. These provide the main deterrent to limited war. It is considered that she will pursue this policy by political, military and economic measures to support the threatened countries of South East Asia who will request or seek her aid. The extent to which this policy will be continued will be dependent upon political developments in United States during the period under review. It is our estimate that the United States can be expected to continue support of her containment policy by the maintenance of powerful, readily available, mobile forces in the area. This would be dependent to some extent on the state of her relations with the U.S.S.R. which would affect United States ability to retain a strong military presence in South East Asia. The United States present policy on the support of anti-communist forces in South East Asia is quite robust. She intends to remain in strength in South Vietnam and has made it clear that she will not allow herself to be forced out by military action. If however she were obliged to withdraw her forces from South Vietnam because of political developments in the country such as the formation of a neutralist government, we consider that she would seek to build up a stronger military presence in Thailand. We must, however, keep in mind that United States defence priorities must be affected by such considerations as the aggressiveness of the Soviet Union, for example, in Central Europe, the relative state of weapons technology and domestic attitudes towards defence burdens.

United Kingdom

36. In the past few years there have been indications that United Kingdom's policy was to reduce her military commitments in Asia. This has not occurred on a wide scale and the trend has been reversed by the need to provide assistance to Malaysia against Indonesian confrontation. The United Kingdom is likely to remain in Malaysia and South East Asia during the period, but it is possible that circumstances might force her to withdraw from her Malaysian bases before the end of the period. This would almost inevitably lead to a very substantial reduction of United Kingdom military forces permanently deployed in the area unless she were to establish bases in Australia.

THE THREAT

37. The threat to Australia's strategic interests and forward defence position on mainland South East Asia, including Malaysia, stems from the strength of internal communist parties and from Chinese communist expansionist aims, from North Vietnam and from Indonesia. The only direct threat to Australia and its territories is from Indonesia as discussed below.

38. Communism is exerting a relentless pressure in the area backed by very strong military forces. Increasing communist led insurgency in the strategically important areas of Laos and South Vietnam endangers indirectly the entire South East Asian mainland. The spread of the threat will depend to a large degree on whether a political structure can be set up in South Vietnam which can enable the government to retain her pro-United States position and to resist successfully the Viet Cong. The chances of success against the Viet Cong are not good. In the event of the establishment in South Vietnam of a government united or in close relations with North Vietnam, the Lao and the Burmese would be strongly tempted to follow the Cambodians in seeking a closer accommodation with the Communist Chinese. The communists would then concentrate their efforts on Thailand.

39. Indonesian confrontation against Malaysia has as one of its aims the removal of the Commonwealth presence including the bases. So long as the bases are available and Commonwealth forces support Malaysia there is little prospect of Indonesian success by military action.

40. Australia could become involved in war if Indonesia under-estimated Commonwealth reaction to her confrontation activities against Malaysia. In these circumstances, Indonesian reaction might be to mount small scale air and sabotage raids against Darwin and possibly raids against Cocos and Christmas Islands. Current Commonwealth planning contemplates that most of Indonesia's naval and air capacity could be quickly destroyed by Commonwealth forces, though her large Army would still be intact. There would be some threat to Australian lines of communications in or near the operational area, and the possibility of sporadic attacks against Australian shipping and of mining of focal areas by a few submarines.

41. The Indonesian geographical location coupled with her extravagant claims to air space and territorial waters poses a threat to Australia's defence interests, particularly our air and sea communications to South East Asia.

42. Indonesia will show an increasing interest in Papua/New Guinea. Early in the period her efforts could take the form principally of covert and propaganda activities, to prepare for later opportunities which might eventually arise out of dissident movements and the strains of social and political change. Activities early in the period could also include the development of intelligence, subversive activities in the villages and harassing measures in border areas. Later in the period should relations between Australia and Indonesia seriously deteriorate, these activities could intensify. If Indonesia succeeded in exploiting internal differences or subverting elements of the population an insurgency situation could develop in Papua/New Guinea. In addition there is a chance that, if the United States were heavily committed elsewhere, Indonesia might be tempted to step up her activity to a type of military confrontation similar to that now being conducted in Borneo. Further, if Papua/New Guinea were to become independent during the period its vulnerability to Indonesian pressures would be greatly increased, particularly as the ANZUS treaty would no longer apply directly to the defence of Papua/New Guinea, although it would still apply in the event of an overt attack on Australian forces there.

43. If in the longer term the allied strategy of forward defence failed to contain communism on the South East Asian mainland, Indonesia would have great difficulty, even if she so desired, in resisting communist pressures. The United States gives a high priority to trying to avoid the transfer of power in Indonesia to a communist regime. In recent years the United States calculation of what was necessary to avoid this risk led the United States to show tolerance of Sukarno's policies and to move to bring about the transfer of West New Guinea to Indonesian control subject to United Nations approval. Moreover, the United States has for some time been reluctant to express open opposition to Indonesian policies. In a situation, therefore, in which communist regimes have acquired control on the South East Asian mainland by processes short of overt aggression by China or North Vietnam, we should expect American political policy to be applied to persuading the Sukarno regime, or what follows it, to refrain from aligning itself with any of the communist powers. 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.

44. If, through a combination of external pressures and internal struggle, the Government of Indonesia became communist, the threat to Australia would vary largely according to the nature and extent of Indonesia's alignments with other communist powers (particularly the Soviet Union and China). If Indonesia aligned itself with Communist China, a threat to Australia's independence and security could develop. The extent of this threat would depend on such matters as the priority which Indonesia and China would give to the elimination of an anti-communist government in Australia, the military risk which Indonesia in particular would be prepared to accept in facilitating direct attacks on Australia, and the risk that either country would accept of American or British retaliation which could include nuclear weapons. The ANZUS Treaty would remain a deterrent against direct attack on Australia and her territories.

45. While Communist China will seek to avoid war she might take the risk if she assessed that there was a danger of a hostile presence on her southern frontiers. The unpredictability of Indonesia makes war with her a possibility for Australia at any time over the Malaysian confrontation issue. During the period commitment of forces by Australia in concert with her allies could be required to deal with an insurgency situation in one or other areas of the South East Asian mainland and Malaysia, on a scale which could approach the proportions of a limited war. In Papua-New Guinea it is conceivable that, before the end of the period, an insurgency situation stimulated and assisted by Indonesia could also require the commitment of Australian forces.

EVALUATION OF COLLECTIVE DEFENCE ARRANGEMENTS

46. In recent years Australia has relied primarily for her national defence on collective security arrangements, and the major objective of our defence policy and planning has been to develop forces in support of such arrangements. In addition to membership in the United Nations, Australia participates in ANZAM, ANZUS and SEATO.

United Nations

47. Australia continues to support the United Nations although reliance cannot be placed upon it for the effective mobilisation of force against overt aggression. There have been requests from the United Nations for Australian military participation in peace-keeping operations but Australian military units have to date taken part only in the Korean operations. We are still bound by a residual commitment to the defence of South Korea which we share with the United States and other members of the "Sixteen".

SEATO

48. SEATO is the only multilateral treaty covering South East Asia under which Western and Asian countries plan for collective defence against possible communist aggression. It is also the United States' only treaty commitment to the defence of countries on the mainland of South East Asia. As such it is basic to Australia's policy of forward defence in close association with the United States. The treaty involves member nations, including in particular the United States, in an obligation expressed in general terms to defend the South East Asian mainland against communist aggression.

49. SEATO Military planning over the last ten years has developed progressively to cover the most likely situations of communist overt and covert aggression as assessed by the eight participating nations. The situations and related plans are kept under constant review by the SEATO Military Advisers. The planning and the exercises conducted have highlighted infrastructure limitations and deficiencies in the area. Australian forces have been nominated in support of SEATO plans, and national plans to provide and maintain these force contributions have been developed. SEATO also has value from the military viewpoint in that it enables our forces to exercise in peace on the mainland of South East Asia the area to which we hope that our military action could be confined in war.

50. There are weaknesses in SEATO, some of which could inhibit the ability of its members to act quickly and effectively. In brief these are:-

a. There is no permanent SEATO command structure and there are no forces permanently allocated to SEATO.

b. There is no certainty that all national force contributions will be available at the planned time in the event of a SEATO military plan being invoked.

c. While SEATO has been a deterrent against overt aggression, its existence has not prevented covert aggression and insurgency in South Vietnam and Laos.

d. France has not nominated forces to any SEATO plans and her policies, including most recently her advocacy of neutralisation in South Vietnam, tend to run counter to those of her SEATO partners.

e. Pakistan's resentment at the actions of her SEATO allies particularly on the rearmament of India makes it unlikely that she would make any effective contribution to hostilities in which SEATO was engaged.

f. The European-race members outnumber the Asian members and the organisation is suspect in some of the Asian countries which have stood outside it.

51. The United States, Australia and New Zealand have interpreted their obligations under the treaty as being individual as well as collective and this adds substantially to the credibility of the alliance particularly for Thailand. The alliance is further reinforced by United States association with ANZUS and her bilateral arrangements with the Philippines.

ANZAM

52. During 1956/59 the future of ANZAM, its functions and procedures were reviewed to take account of the formation of SEATO as the primary organization for defence planning in South East Asia. During this period the Federation of Malaya attained national independence. Agreement was reached between the three Commonwealth governments on the requirement to continue their defence association in ANZAM and the functions of the organisation were reviewed to include the development of ANZAM planning in support of SEATO and the preparation of contingency plans for the defence of Commonwealth interests in South East Asia. The emergence of Malaysia and the adoption of confrontation by Indonesia has highlighted the value of the ANZAM forum for discussions and military planning.

ANZUS

53. ANZUS is potentially the most valuable treaty in which Australia is a partner since it provides the best available assurance of United States assistance in the event of actual attack on the Australian mainland or island territories or on our armed forces in the Pacific area.

54. The applicability of the ANZUS Treaty in the event of attack on our armed forces in respect of the Malaysian situation was confirmed in the Barwick/Kennedy conversations in 1963 as follows: “it is confirmed that the United States would act under Articles IV and V of the Treaty in the event of an armed attack by Indonesian armed forces on the armed forces, public vessels or aircraft of Australia in Malaysia”. In these conversations it was also understood that the treaty relates only to overt attack and not to subversion, guerrilla warfare or indirect aggression. The United States requires to be fully consulted before Australia enters into military commitments in Malaysia. At present the ANZUS treaty applies to the territory of Papua/New Guinea but it would not apply automatically if Papua/New Guinea were to become an independent country.

Outlook for Collective Security

55. The United States is likely to remain the dominant military power in the area and will continue to exercise her influence through SEATO and bilateral defence arrangements. British influence and commitments in South East Asia could decrease later in the period even to the point where she would be without bases in Malaysia and with a reduced military presence.

56. The credibility of SEATO would be seriously questioned if, as seems possible, South Vietnam were lost. The Thai attitude would be conditioned to a large extent by the circumstances under which the United States withdrew from South Vietnam and by the additional assurances the United States could then offer to Thailand for its defence. On present indications such assurances would be given to Thailand, and initially at least she will judge that her best interests would be served by remaining in the alliance.

57. Our forward defence strategy depends on the continuance of the United States commitment on the mainland of South East Asia and of a secure position in Thailand which Thai co-operation with SEATO provides. Without the former we could not expect to maintain a forward strategy. It is therefore in our national interest to give SEATO maximum support. The likelihood of other countries in the area being attracted to SEATO membership is not promising.

58. ANZAM will continue to be heavily involved with the Malaysian/Indonesian dispute. In view of growing instability in this area ANZAM is likely to increase in importance from the Australian (and New Zealand) point of view as a forum for discussion and the preparation of plans for the defence of Commonwealth interests. Even with the cessation of military confrontation there will remain a need for close Commonwealth defence co-operation to deal with military problems in the area which could more directly affect Australia.

59. Pressures for the withdrawal of Commonwealth forces from Malaysia could increase and the bases could be transferred to Malaysian control in the period. Should this occur Australia’s forward defence posture would be most difficult to sustain. To prevent this loss of our forward defence posture it will therefore be in our interest to strive for even closer defence co-operation with Malaysia perhaps by associating her with ANZAM, with the aim of ensuring the continued operation and use of the bases. It will also be in Australia’s defence interest to work through ANZAM to ensure the retention of British interest and a military presence in the area and as appropriate to encourage British use of Australian base facilities.

60. ANZUS will still provide the best possible assurance of United States assistance for the defence of Australia and her territories in the event of direct attack. However, it is evident that the readiness and scale of United States assistance will be greatly influenced by the degree and depth of Australian consultation with the United States, by support for United States policies in areas of mutual interest, and by the demonstration of Australia's willingness and capability to take effective military action both in our own defence and in the defence of the area.

61. The ANZUS Treaty does not cover mutual military assistance in the event of a covert situation such as could arise in Papua/New Guinea. The United States will expect Australia to handle any covert situation that could arise in Papua/New Guinea with its own resources. The ANZUS Treaty would still cover an overt attack on Australian forces in Papua/New Guinea, but would apply to Papua/New Guinea itself only whilst it remains an Australian territory.

62. As far as forward defence against Chinese communism is concerned Australia's and New Zealand's links with the United Kingdom and the United States meet in SEATO, but the nature of the organisation inhibits fully effective military planning between them. In defence against threats posed by Indonesia there is no satisfactory forum for co-ordinating Australian, United Kingdom and New Zealand military planning with the United States plans for the defence of South East Asia. Indeed there is an outstanding need to consider Indonesia as part of the pattern of operations in South East Asia as a whole. There is thus an urgent requirement to effect and maintain co-ordination through some form of quadripartite military planning if there is a unity of political objectives or, if the United States will not agree to quadripartite military planning, such military discussion as can be achieved. Insofar as it may be possible to plan on a four power basis there will be little need for the development of separate ANZUS plans at least in the near future. It will be essential from the Australian viewpoint to preserve the ANZUS link in order that planning can be quickly undertaken in ANZUS to meet contingencies more directly affecting us which might arise later in the period.

63. In view of our association with New Zealand in SEATO, ANZAM and ANZUS, and our common interest in the defence of the area, Australia should continue to explore avenues for closer bilateral co-operation and co-ordination of defence with New Zealand. Australia should also pursue closer defence relationships with those powers with whom we have close political or economic associations such as India and Japan.

64. Australia should support the principles of the United Nations and should be in a position to make force contributions to peace-keeping operations. While the United Nations may be able to play a useful peace-keeping role in Asia in certain circumstances, Australia must rely on her own independent military capability and on collective security arrangements for her defence and the maintenance of stability in the area.

GENERAL STRATEGIC CONCEPT

65. From the foregoing we assess that continued participation with our allies in the maintenance of a forward defence policy of holding mainland South East Asia against communist expansion is the best course of action to be followed by appropriate military political and economic measures. In addition from now on Australia must be prepared to respond immediately to situations which might arise at any time from Indonesia's expanding military capability and aggressive policy which also threaten our forward defence posture.

66. Developments in South East Asia, such as the possible loss of South Vietnam and of bases in Malaysia, could threaten the allied forward defence posture but it will be in our national interests to preserve this position in South East Asia for as long as possible in Thailand or elsewhere. For this purpose contributions to our treaty and defence arrangements must be seen to be commensurate with our national interests and resources.

67. 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 in being 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.

68. If, in the longer term our forward defence posture in South East Asia is lost and an unfriendly or communist Indonesia linked with a communist South East Asia or armed by the U.S.S.R. confronts Australia, there would be a need primarily for sea and air power to defend our shores and lines of communication supported by land forces able to counter any enemy force which succeeded in making a landing on the mainland or crossing our border in Papua/New Guinea. Such a serious situation would not develop quickly. Time would be available in which to determine in concert with our United States and other allies an alternative military strategy but we would need to adapt and expand our forces rapidly to meet the changing circumstances.

69. The range of likely military situations Australia must now be prepared to face has increased in number and complexity as a result of recent Indonesian policies and the further encroachment of communist influence in the SEATO Treaty protocol States, Laos, Cambodia and South Vietnam.

70. Situations short of limited war for which Australia should be prepared to provide forces without prejudice to a limited war capability are:-

a. the support of Malaysia against Indonesian confrontation or a resurgence of communist terrorist activities;

b. the support of SEATO counter insurgency plans;

c. bilateral military assistance in mainland South East Asia such as to South Vietnam and Thailand;

d. covert Indonesian activity in Papua/New Guinea;

e. United Nations peace-keeping tasks.

None of these situations is likely to be of short duration and some could extend over several years.

71. Australian military forces are already deployed on cold war/counter insurgency tasks in Malaysia, South Vietnam and Thailand. Throughout the period, if limited war does not occur, it is likely that there will be increasing demands on our military forces to contribute to cold war/counter insurgency situations. There is a need for a capacity not only to be able to contribute to all those situations listed above but also to relieve and sustain those contributions we have accepted. The United Nations peace-keeping tasks are rated a lower priority. In relation to Papua/New Guinea we must have readily available forces capable of meeting a serious covert situation which later in the period could develop into military confrontation in border areas similar to that now being conducted by Indonesia in Borneo.

72. Limited war situations for which Australia must be prepared are:-

a. communist aggression in mainland South East Asia covered by SEATO plans or alternate plans developed in concert with the United States or other allies;

b. Indonesian aggression against Malaysia or interference with our bases or lines of communication;

c. Open hostilities later in the period with Indonesia over Papua/New Guinea.

73. The duration of a SEATO limited war would depend to a great extent on the strategy and counter-offensive intentions of the United States but it could be quite lengthy. War against Indonesia would probably be shorter as current ANZAM planning is to destroy Indonesia’s offensive air and naval capability within a week after hostilities commence. This would still leave Indonesia with a large residual ground force capability but Commonwealth air and naval forces would be able to isolate this capability within the island territories.

74. Our treaty and defence alliances are likely to remain effective in limited war and the powerful forces of the United States and to a lesser extent of the United Kingdom deployed in or close to the South East Asian area will continue to be a strong deterrent to overt aggression. Australia will not become involved in limited war in a SEATO situation unless with our allies. In such a war our lines of communication to the mainland of South East Asia would be protected under specific military agreements with our allies made in accordance with SEATO plans. Similarly, in a war with Indonesia resulting from the Malaysian issue we would have the support of allies. There would not be the same certainty of allied support if we were to become engaged in hostilities with Indonesia developing from say an insurgency situation in Papua/New Guinea. It is not certain that the assistance we would receive from United States under ANZUS in such hostilities would necessarily extend to the provision of armed forces. The degree of United States involvement would depend on the importance she attached to the international issues concerned, the scale of the hostilities and on her assessment of whether hostilities were likely to spread.

75. Our forces should be developed with particular emphasis on speed of response to enable Australia to make an adequate contribution to a war arising from a SEATO situation on the mainland of South East Asia or to a war against Indonesia. If both situations developed concurrently our priority of effort would have to be decided in consultation with our allies, particularly the United States. Our capability should also be sufficient to counter any likely Indonesian activities against our own territory or interests. This would also provide the forces needed for cold war/counter insurgency situation. Forces in Australia for the relief of those already deployed are also essential. Forces developed on these lines would be adequate to deal initially with overt aggression by Indonesia against Australian territory.

76. As our potential enemies will have the initiative it is essential that Australian forces should have ample capacity, mobility and flexibility for a fast and effective response. The necessary strategic and tactical mobility to make this response is of the utmost importance in our defence preparedness. A speedy response also emphasizes the need for the provision in peace of war reserves to sustain them in operations. The scale of war reserves will depend on the lead-time for the procurement of supplies either in Australia or overseas.

77. Having regard to the present strategic situation and our treaty arrangements in which our most powerful allies have a nuclear capability there is no immediate requirement for an Australian nuclear capability. Nevertheless our military thinking does not exclude the possible contingency in the longer term, that, due to advances in military technology or to the development of a more serious threat of direct attack on Australia, such a capability in some form might be required for our security, or indeed for our national survival. Our forces should have as far as possible a potential capability to operate with nuclear weapons and in the face of nuclear opposition. However, in the period under review, the main requirement is to concentrate on improving the strength and effectiveness of our forces in the conventional field.

78. To attain the degree of national preparedness envisaged by this review will call for increases in our present defence forces, their arms and equipment and their means of strategic and tactical mobility. These increases can not be achieved quickly. The acquisition of some items of modern equipment particularly ships and aircraft, the training of personnel in their use, which must be phased in with the introduction into service of the equipments concerned, and the raising and training of new units constitute a lengthy process. It could take from five to seven years to complete the likely changes required in our present Order of Battle.

Annex A

INDONESIAN NAVY—ORDER OF BATTLE AS AT

15TH OCTOBER 1964

TYPE	NUMBER
Cruiser	1
Destroyer	7
Destroyer Escort	8
Escort	2
Submarine – “W” Class	12
Submarine Depot Ship	2
Large Submarine Chaser	26
Submarine Chaser	4
Patrol Escort	3
Guided Missile Fast Patrol Boat – “Komar” Class	12
Motor Torpedo Boat	19
Fleet Minesweeper	6
Inshore Minesweeper	10
Motor Gun Boat	18
Attack Transport	2
Landing Ship Tank	7
Tanker	9
Cargo/Transport	7

Annex B.

INDONESIAN AIR FORCE—ORDER OF BATTLE

AS AT 15 OCT 64

Type of Aircraft	Role	Number	Totals
Fishbed MIG 21	Jet Fighter	18	
Farmer MIG 19	" "	8	
Fresco MIG 17	" "	35	
Fresco MIG 17D	All-weather fighter	7	68
Mustang F51	Fighter/Ground Attack	16	
Fang LA 11	" " "	24	
Harvard T6	" " "	4	44
Badger TU 16A	Jet Medium Bomber	14	
Badger TU 16B	" " "	11	25
Beagle IL 28	Jet Light Bomber	15	
Mitchell B25	P/E " "	15	
Invader B26	" " "	7	
Bat TU 2	" " "	12	49
Dakota C47	Transport	29	
Crate IL 14	"	21	
Hercules C130B	"	9	
Cub AN 12	"	6	65
Catalina PBY	Reconnaissance/SAR	4	
Albatross SA 16	" "	7	11
Cessna 180	Reconnaissance/AOP	4	
Harvard T6	" "	5	
Piper Cub L4J	" "	4	13
Hiller 360	Helicopter	1	
Hiller 12B	"	1	
Bell H13G	"	3	
Bell H13J	"	2	
Hare MI 1	"	7	
Hound MI 4	"	25	
Iroquois UH1B	"	2	
Sikorsky S58		1	42
Lockheed 12	Communications	3	
Cessna 180	"	1	
Goose G21G	"	2	

Otter DHC3	“	3	
Jetstar C140	“	1	10
Midget U MIG 15	Jet Trainer	20	
Mascot U IL 28	“ “	8	
Harvard T6	P/E “	55	
Valiant BT 13	“ “	29	
Piper Cub L4J	“ “	42	
Mantor T34	“ “	45	199
Auster	Miscellaneous	8	
Fritz LA 9	“	3	
Belalang	“	3	
Singkumbang NU220	“	1	
Singkumbang NU225	“	1	16
		TOTAL	542

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY (1968)

Editor's Introduction

By mid-1968, 'Konfrontasi' was over and, following anti-communist purges by the army, Suharto had succeeded Sukarno as President of Indonesia. ASEAN had been created, and Britain had announced its withdrawal from 'East of Suez'. Australian forces were engaged in combat in Vietnam where the Tet Offensive caused widespread consternation about the progress of the war.

However, great power relations were stabilised by deterrence and détente and were becoming a source of stability (paras 29, 30, 55, 115). The main military challenge was countering insurgency, and a whole section of the document was devoted to the primarily political and economic nature of the problem (paras 127-135). Communists were successful in Vietnam and Laos, but Thailand was unlikely to fall and the US would remain committed to its defence (paras 71-73, 124, 136-139). Indonesia, Malaysia and Singapore had become more stable, and had 'decisively defeated' domestic communists (paras 78, 170). Regional governments required assistance in addressing the economic and political sources of insurgency, and a benign regional order might lead to a 'modus vivendi' with China and North Vietnam (paras 145-155).

'[T]he most difficult type of situation' a hostile Indonesia could pose into the 1980s was an invasion of Papua New Guinea (para 218). Developing forces for an invasion of Australia would take time and the invading force would be vulnerable to interdiction and counterattack (para 216). But a hostile Indonesia might harass North Australia or PNG – threats Australia had to be able to counter independently due to US reluctance in deploying forces (paras 105-107, 109, 163-165, 217-220).

Australia should use political, economic and, in Malaysia and Singapore, limited military means to reassure regional countries, and highlight the common interest in keeping communism at bay (paras 97-100). In the short term, Australian forces would remain in Vietnam, Malaysia and Singapore (paras 181-184). After a settlement in Vietnam, Australia should neither station forces in the region indefinitely nor exclude deploying them there from Australia – under SEATO or other arrangements if circumstances required (paras 176-179, 185-187, 200). Greater independence from the US would lead to greater discretion in the use of force, and developing forces with a capacity for independent action would provide insurance should the new policy fail (paras 187, 189-191). A robust intelligence capability was also required to provide strategic warning (para 222).

In very general terms, the document demands that Australia's forces be capable of operating in South East Asia as well as in the defence of Australia, be flexible and self-contained, and avoid specialisation while maintaining counterinsurgency capabilities (paras 208-209, 213). Offensive capabilities were required to deter Indonesia or interdict its forces should it rearm (paras 210, 211). There was no present requirement for nuclear weapons but Australia should remain free to reduce the lead-time for their development even under the Non-Proliferation Treaty, 'should a serious breakdown in the international order appear likely to develop' (para 229).

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

AUGUST 1968

CONTENTS

	Paragraph
PART I — INTRODUCTION	1
PART II — AUSTRALIA'S STRATEGIC SITUATION	
1. Forces for international stability	28
2. Australia's geo-strategic situation	34
3. The Asian mainland	50
4. Malaysia, Singapore, Indonesia, The Philippines	77
5. Australia and New Guinea	104
6. The British withdrawal	112
7. USSR interests	115
8. The United States' interests and policies	118
9. The threat of insurgency	127
10. Political and economic aspects	148
11. The likelihood of direct aggression against Australia	156
12. Australia's strategic interests	167
PART III — FUTURE DEFENCE POLICY	
1. Introduction	168
2. Our Defence policy	172
3. Continuing and potential commitments	192
4. Development of defence capability	206
5. Nuclear capability	227
6. General consideration	230

This paper was endorsed by the Defence Committee on 19 August 1968

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY—1968

PART I—INTRODUCTION

1. The purpose of this paper is to determine the strategic basis of Australian defence policy.

2. The paper is divided into three main parts. Part I describes current strategy and policy and principal factors requiring their review. Part II examines the various factors and situations that shape the Australian strategic situation and assesses the nature of Australia's interest in them. Part III discusses strategies, consonant with the circumstances that face Australia in the years ahead and their more important implications.

3. For the purposes of this paper time scales are defined as follows:

a. *Short Term* i.e. up to the final British withdrawal from Malaysia and Singapore at the end of 1971 and/or the end of tapering down of the Vietnam War, wherein our present commitments limit our freedom to make basic changes of strategic policy.

b. *Medium Term* i.e. during the 1970's, in relation to which reasonably accurate information is available on which to base forecasts of likely developments.

c. *Long Term* i.e. into the 1980's which is the period during which development cannot be forecast with any certainty but which must be considered in relation to the long term development of our defence capability, and particularly the acquisition of long lead types of equipment e.g. vessels and aircraft.

Current Strategy and Policies

4. The aim of Australian Defence policy is to ensure the security of Australia and her Territories. To achieve this aim, Australia has adopted a forward defence strategy relying primarily on collective security arrangements with major allies with whom we have participated in measures for the containment of communism and the establishment of security and stability in South-East Asia.

5. In the implementation of the forward defence strategy, Australia and her non-Asian allies have maintained a forward defence posture by the continuing deployment of appropriate forces to South-East Asia. Australia's political and defence policies have been aimed at encouraging South-East Asian countries to develop:

- policies promoting political stability and economic growth;

- their own defence capabilities in association with Western defence forces located in the area; and

- regional cooperation.

6. Concurrently with maintaining a forward defence strategy, we have recognised that we must be prepared to deal independently with any situation which directly threatens Australia's territorial interests and in which either we could not reasonably rely on receiving help from our allies, or some time might elapse before help from our allies arrived. Our forces deployed in South-East Asia have been regarded as part of our independent capability.

7. Our current policy and strategy evolved during the period since World War II and is based on the Australian strategic assessment that Australia could ultimately become exposed to threat by the spread of communism in an insecure and unstable Asia. Early perception of the situation was strongly influenced by the turbulence attending the withdrawal of the former colonial powers, by the establishment of a militant communist regime in China, and by the formation of the Sino-Soviet bloc. Since then there have been the Korean War, the Emergency in Malaya, Confrontation of Malaysia by Indonesia and the Vietnam War.

8. Australian strategy has developed around the concept of the establishment of secure and stable independent nation states in South-East Asia with which Australia could establish cooperative relations and which might serve as a shield against expansion of Chinese Communist influence.

9. Australia encouraged and supported the substantial British and United States involvement in South-East Asia. Our hopes of increasing our influence and of consolidating Britain's and the United States' interest in the protection of Australia, together with the obligations arising from our declared identity of interest with them, have drawn us increasingly into their political and military commitments.

10. At the same time, Australia established an independent diplomatic presence in South-east Asia. It has sought by political and economic policies to promote stable and constructive government and the acceptance of Australia as a sympathetic country with legitimate interests in the region, willing and able to make a useful contribution in various fields but unlikely to threaten or seek to dominate anybody.

11. To a large extent Australia's success in so establishing itself in South-East Asia has depended upon its close association with Britain and the United States and upon its military contribution to their efforts. It would otherwise have been very difficult for Australia to have achieved its present political status in South-East Asia.

International Arrangements

12. Historically, Australia's post-war involvement in South-East Asia began with the Commonwealth arrangements of 1946, later known as ANZAM, which became linked with the restoration of a British military structure for the defence of the Malayan area.

13. The establishment of SEATO in 1954 committed the United States by Treaty to the areas immediately north of Malaya/Singapore, except Burma, and extended Britain's and Australia's strategic commitment. It is the current vehicle for Australia's policies for security and stability in mainland South-East Asia. While the UK withdrawal in 1971 will carry a stage further the decline in the effectiveness of SEATO, the US remains the keystone.

14. For the defence of Australia itself, the British interest and obligation remained unwritten and the British military strength at Singapore made unnecessary detailed planning involving the British in our direct defence. The United States interest is embodied in the ANZUS Treaty of 1951, which with the growth of American power and presence in the Pacific, has progressively become the foundation of Australia's security. It is of first importance to the direct defence of Australia against attack from any quarter and to the prior deterrence of any such attack. The provisions of the Treaty also ensure a close American interest in the policies applied by Australia for security in Asia, although the extent to which the United States provides guaranteed backing, except in relation to the SEATO area, is indeterminate. Its relevance to a situation in which we might be directly threatened is not seriously affected by the possibility of changes in the pattern of US involvement in Asia. It provides favourable opportunities for Australia to influence US thinking and attitudes.

15. With the imminent withdrawal of the United Kingdom, a new development is five power consultations on arrangements for the defence of Malaysia and Singapore. This is likely to be the main framework in the short and medium terms for Australian policy in Malaysia and Singapore, and for continued encouragement of United Kingdom interest and participation in the area.

16. In addition to these primarily defence arrangements, Australia has participated in regional economic arrangements, such as ECAFE and the Colombo Plan, and since 1966, in ASPAC, a regional consultative organization combining certain East Asian and South-East Asian states. In this way, it has sought to promote economic progress and political cooperation in the region. Australia has also established bilateral defence aid programmes in Malaysia and Singapore and given economic aid under SEATO.

17. As well, there are the obligations and restraints that flow from membership of the United Nations which is an important field of global political manoeuvre in which the divisions between power blocs and between older and newly developing countries are major factors. With the increasing number of member nations and growth of power in this forum of the Afro Asian and Latin American countries, Western initiatives and actions related particularly to security or to trust territories, such as New Guinea, can be seriously frustrated in the General Assembly. This situation is unlikely to change.

18. As well the UN continues to be involved in the yet unconcluded Korean War.

Reasons for Review

19. Various changes in the situation now require review of the Australian role. They are, first, the British intention to withdraw its military forces from East of Suez by 1971. This has far-reaching implications for our positions in Malaysia/Singapore and in SEATO, which have developed in the framework of the British presence and still partly depend on it, and for the security of our Northern and Western approaches. Second, uncertainties have arisen about the United States' deployment when its present large-scale involvement in Vietnam ends.

20. These factors have raised fundamental questions about the tenability of our present policies. Even were we confident of ultimate support by our major allies, have we, without their close support, the resources and skills, political, economic and military, to continue our present type of effort, or some other more appropriate type of effort, and would it be effective enough to be worthwhile? And assuming this confidence proved to be misplaced, what then?

21. Thirdly, there are qualitative changes in the situation in South-East Asia that call for review of the forward strategy and decision as to whether the type of role we have developed and sought from our allies is still appropriate. On the debit side insurgent activities have increased in some countries. On the credit side, is the radical change that has come over Indonesian policy attitudes and improved economic and political conditions notably in Malaysia, Singapore and Thailand.

22. Another major factor is Japan whose economic stake in South-East Asia is substantial. Put at its lowest, increasing Japanese interest and influence in the political and strategic questions of the South-East Asia area are to be expected.

23. Finally, there is the growing military capability of Communist China, particularly in the nuclear weapons field.

24. These changes in the external situation coincide broadly with growth in Australia's national capability, including military capability, and with the emergence of a situation in which some, at least, of our friends e.g. Malaysia, Singapore and the USA hopefully look to us as a continuing source of contributions to the security of South-East Asia, both in policy initiatives and material strengths.

25. It is not too early in this paper to emphasise that it is no part of Australia's role for the future to step into the shoes of the UK in South-East Asia. This already has been made clear in Government pronouncements. Nor, by the same token, is it to be thought that Australia can increase its commitments to take up whatever burdens that the US may elect to cast off.

26. We must also beware, as we discuss strategic policy, to avoid considering the problem as one of purely military significance. Strategy embraces political, economic and social objectives equally with military, and sometimes the former may be more important.

27. There must always be a close inter-relationship between defence policy and political and economic policies. A basic objective of our forward defence strategy has been the encouragement and support of Britain's and the United States' efforts in South-East Asia. Australia at no time has had, nor is it likely to have in the foreseeable future, the capacity to intervene on a decisive military scale. The security and stability that our strategic interests require cannot be achieved solely by military measures. The Vietnam War has amply demonstrated the fundamental fact that where governments are politically weak, administratively incompetent and unable to attract loyalties by drawing the population into effective programmes for economic reform and growth, then the military force faces an almost impossible task in countering insurgency.

PART II—AUSTRALIA'S STRATEGIC SITUATION

1. FORCES FOR INTERNATIONAL STABILITY

28. Since the defeat of Germany and Japan in World War II, the balance of power has rested principally in the relations between the USA and the USSR. There is a deep and abiding world wide conflict between them arising from their different social and political systems and competing interests. The USSR will continue to exploit situations and exacerbate tensions wherever it safely can.

29. The establishment of the nuclear balance between them has led to a complex strategic relationship in which they seek above all the avoidance of situations in which they might be faced with a choice between strategic withdrawal or nuclear confrontation. This common interest has in recent years established something in the way of a détente between them which recognises that each has certain primary spheres of influence and puts pressure on them to work for the stable management of major international disputes that could directly involve them. An important requirement of this relationship is the non-proliferation of nuclear weapons among other states, since proliferation would not only prejudice the dominant status of the USA and USSR but, more damagingly, introduce an uncontrolled factor in tense situations that could involve both the USSR and USA with devastating speed. The common need to respond to China's nuclear progress has been an important factor in the relationship between the USSR and the USA.

30. A second major development in the post-war era has been the change in the character of international relations brought about by the extension of the nation state throughout the globe. Earlier, the world was one of a number of large Powers competing through shifting alliances for advantage in a balance of power, and seeking to extend their power by imperialist means into large parts of the world outside the established international community. Conventional military manoeuvering and war between nations was part of that world. Generally speaking, the hallmark of recent years has been the management and control of great blocs of power that seem to be of long-term duration, despite some lessening of internal cohesion. Problems and tensions arise at many points of contact, such as the divided states of Germany, Korea, Vietnam and China. However, while all the nation states cannot be assured of a future, it probably is the case that a well established and integrated nation enjoys a substantial measure of protection from conventional aggression and attempted conquest by the requirement for stability between the Great Power blocs, and by the substantial international interest now vested in the maintenance of the integrity of nation states.

31. These developments are very much in Australia's interest. The relaxation of US-USSR tension, the restraints on situations that might lead to general war and the efforts to limit international conflicts and to maintain the integrity of nation states are all highly advantageous to Australia's security. In particular a situation in which both the USSR and the United States were committed to containing China, including the use by China of her nuclear capability, would be of great importance to our security.

32. However, the situation will be subject to great strains, and it will often not be possible to prevent clashes between nations nor always be easy to limit them. The Arab/Israeli situation is a cogent illustration of this.

33. Finally, Australia is not to be seen as insulated from what happens beyond the oceans that surround it or South-East Asia. Events much further afield can have a profound impact on Australia e.g. on the free flow of critical supplies.

2. AUSTRALIA'S GEO-STRATEGIC SITUATION

34. Australia's chief market and sources of supply, capital and immigrants are still predominantly in Europe and North America, and these are the countries with which Australia's ties are the strongest. However, there has been a major growth of trade in recent years with Japan and China, and a steadily growing interest in Asia and in the Australian community. Relations with Japan in particular are certain to continue to expand significantly throughout the period of this study.

35. From all of these countries Australia is relatively isolated. Its population is concentrated in the East, South-East, and South-West sectors of the Continent, but there is rapid development of resources including strategic minerals, in the North and West. In some of these minerals Japan has a critical interest.

The Indian and Pacific Oceans

36. To the East and West, Australia is dependent on free passage across the Pacific and Indian Oceans for movement of the bulk of her trade, and for receipt of defence support from her major allies. We have, therefore, a permanent interest in the security of the strategic approaches and of our lines of communication across these ocean areas, and in the intentions of any power capable of exercising a significant influence in them. The fact that the bulk of goods flowing to and from Australia is moved in bottoms that are not Australian or American carries some reassurance in that it decreases the risks of hostile action against them.

37. The decline of British power in the Indian Ocean opens the way for others to exercise greater influence there, and in the countries bordering it. The USSR's activities, there, and in the Middle East, and the Persian Gulf are already apparent, and increasing. The USSR's efforts to develop and use overseas ports and facilities can be expected to grow as part of its effort to strengthen its global position. Of the powers bordering the Ocean, only India and to a lesser extent South Africa, can exert some degree of influence. Britain is likely, at least into the 1970's, to retain some island territories for communications and staging facilities. The United States has shown some interest in the Indian Ocean and facilities there which it is in our interest to encourage, and this plus the residual British interest, will be the main counter to Soviet influence. While the new countries of the area may regard the establishment of bases by overseas powers as incompatible with their sovereignty, and this will work against permanent bases being established, there is no reason for supposing that they will on all occasions refuse refuelling and reprovisioning facilities to the navies and air forces of overseas powers. In this situation, the availability of Australian bases in the West and North-West may assume greater importance.

38. Australia has island territories in the Indian Ocean, including the Cocos and Christmas Islands, but it has been assessed that these are not of sufficient strategic importance to warrant special defence measures for them.

39. In the Pacific Ocean, the United States has security treaties with Korea, Japan, the Republic of China, the Philippines, New Zealand and Australia. The United States appears likely to retain its dominant position in the Ocean at least through the seventies. While the United States and France are likely to retain control of their Pacific territories, the British territories could move to internal self-government or independence within the next ten years. It is likely that Australia will need to take an increasing interest in the stability and security of these latter territories during the time-scale of this study. The United States can be expected to share this interest.

40. Soviet submarines are capable, and by the medium term Communist Chinese submarines will be capable, of nuclear attack on Australia from the Indian and Pacific Oceans. As discussed later in this paper, this risk is not assessed as significant. In any case it can only be countered in the framework of wider strategic deterrent policies. In other respects, the great expanse of the Indian and Pacific Oceans affords our Continent and certainly the eastern and western approaches to it and our lines of communication to our major trading and political partners, a measure of security. This is reinforced, in the case of the Pacific Ocean, since the USA should probably continue to be the dominant influence. Whether, in the case of the Indian Ocean, a dominant influence will emerge appears less certain. In some degree it depends on the extent of USSR activity in the area and the US response to it.

The South

41. To the south of Australia there are the Southern Ocean and the Antarctic land mass. The Antarctic Treaty of 1959 stablised territorial disputes in this region and prohibited the use of Antarctica for military or defence purposes. The Southern Ocean is a difficult and unlikely route of approach to Australia by any hostile power intent on attacks on the mainland, but this does not exclude the risk of submarine activity.

42. Australia's security is further reinforced by this situation to the south. The region is unlikely to be of significant defence interest in the time scale of this paper.

The North

43. To the north, Australia is separated by no such expanses of Ocean: the countries of South-East Asia and its island extensions are close at hand. These countries have, except for Thailand, only achieved independence from colonialism since World War II. They have large and rapidly growing populations, but their economic development is slow and uncertain, and they suffer many instabilities. The weakness of these states could facilitate the expansion of unfriendly power closer to Australia.

44. The closest of these countries to Australia, Indonesia, is also the largest. Its weakness and instability, as well as its potential for power, will be of continuing concern to Australia. It lies astride some of Australia's important lines of communication, and has a common border with Australia in New Guinea. In New Guinea, because of its strategic situation guarding our Northern approach, Australia has a permanent interest.

45. The Territory of PNG, which could attain independence in the medium term, is also of strategic importance because of its potential as a base for the conduct of activities or operations prejudicial to Australian interests. In the interest of Australian defence, we will wish to ensure that TPNG is orientated towards us, and to retain some defence link with TPNG in order to deter an external threat to the area and secure our lines of communication.

46. Further north, the Philippines also commands alternative lines of communication to the countries of East Asia. Further north again, the nearest large powers to Australia are China and Japan. With its enormous and rapidly increasing population, growing military capacity and militant communist regime, China – with which we have to associate North Korea and North Vietnam – will continue to be a major factor in the security and stability of the area to Australia's north during the period of this study. The substantial and growing ties between Japan and Australia have already been noted.

General

47. There have been no occasions in recent history of attacks on major lines of sea and air communication, except in the two World Wars. In the event of another global war, the task of keeping lines of communications open would necessarily be undertaken on an ad hoc basis, in the aftermath of nuclear exchanges. In limited wars, enemies would have capacity to interdict lines of communication. However, there would be strong pressure to limit attacks to the actual area of operations because of the international interest in sea and air routes. Relevant again is the large proportion of our commerce carried in ships that are not Australian or American. Communications are more likely to be interrupted by political measures, such as the denial of passage or entry by aircraft and vessels and oil embargoes, than by direct attack.

48. In the time frame of this paper, the facts of Australia's geographical situation, outlined above, are predominantly favourable to its security. Because of its isolation and the size and type of forces required to overcome this, Australia is relatively immune from direct invasion from any quarter, but not necessarily from other forms of attack. Its major lines of communication across the Indian and Pacific Oceans are unlikely to be seriously disrupted, except in general war.

49. More vulnerable is the security of its lines of communication and strategic approaches to the north. In all this, the continued alliance with the USA adds a factor of reassurance.

3. THE ASIAN MAINLAND

China

50. China is of key significance in the shaping of Australian strategy and this section briefly examines the policies and capacity of China, and assesses the extent to which it is likely to seek to achieve a significant change in the balance of power in South-East Asia.

51. Primary factors currently shaping Chinese policy are, first, its violent reaction to its recent history and its determination to recover a leading place in the world; and secondly, its highly doctrinaire ideology for world revolution centred on China. Militant nationalism is a major feature of both factors.

52. It is important to note that China does not contemplate the achievement of revolution by direct military conquest. Its emphasis is on the safe-guarding and consolidation of the "revolutionary base area", China itself. The revolutionary struggle elsewhere is presented as primarily a task for domestic forces. The United States is the main enemy, but China currently condemns Soviet policies as a betrayal of the communist cause and there is intense political conflict between Moscow and Peking.

53. In respect of both the USSR and the USA, the nature of China's immediate strategic interests reinforces the political conflict. Geography exposes China directly to Soviet military power, and to the East and South the United States' ascendency is seen by China as a continuing source of danger.

54. China's present military posture and policies reflect this situation. China already has a considerable military capacity, particularly in the Army, to conduct large scale military operations in adjoining countries of Asia, and will continue to improve this capacity; but is unlikely to use its forces unless China considers itself threatened, or for limited strategic or political advantage, as in India in late 1962, or to ensure the survival of a bordering country as a communist state. Chinese military policy is at present geared to the defence of the homeland, and it appears fully aware of the dangers to it of any large scale military intervention outside its borders.

55. China's caution can be expected to be reinforced with the growth of its nuclear capacity. China's nuclear policy is aimed at Great Power status, deterrence against pre-emptive attack and intimidation of neighbouring countries. Until recently the Chinese have discounted the nuclear threat as a "paper tiger"; however, as their own nuclear capacity increases they may experience the same inhibitions as other nuclear powers, and come to understand how doubtful are the advantages conferred by a nuclear capacity inferior to that of the USSR and USA.

56. China's domestic weaknesses currently limit the projection of China's power abroad. Its vast population is unmatched by resources and economic development. Its grain situation also inhibits development. The "cultural revolution" has caused major disruptions though their precise effect is difficult to measure. Yet such has been the speed of development in China, particularly in relation to her technology, that it would be incautious to imagine that these limitations will persist through the course of the time period covered by this paper.

57. While a fundamental improvement in relations with the USSR appears unlikely in the short run, the possible emergence of a more pragmatic regime in China, as a result of resistence to the cultural revolution or following Mao's death, could lead to an improvement in relations. Such a development could permit some cooperation in anti-Western activities. Such cooperation would be limited by the rivalry between the two great powers which will continue to be concerned with separate national interests. Much will also depend on the then attitude and relationship of each to the United States.

58. In time, it can be expected that more pragmatic elements may emerge. In this event, there could be a conflict between them and the doctrinaire extremists who would wish the regime to continue with Maoist policies. Serious instability in this situation would revive China's ancient problem of central political control. Pressures of internal problems could lead the pragmatists to mobilise support by seeking to demonstrate the restoration of China's national power, a basic revolutionary objective, by a more militant attitude in the field of external relations.

59. Apart from Vietnam, where China aids the North's military effort on a large scale, subversion and insurgency currently afford China its main opportunities to extend its influence in the neighbouring regions of its main strategic interest.

60. Its support is principally in the form of political agitation and indoctrination, the training of political cadres and military and guerilla training, the establishment of agents, broad instruction on political and insurgency tactics, some supply of armaments, other material and finance and the provision of safe havens. Direct Chinese involvement is limited and, apart from Vietnam, tangible aid in significant quantities is at present confined to Laos, Thailand and Burma. China looks to the development of secure areas from which insurgents can engage governments in protracted and costly operations, and promote political instability. Where large scale insurgency situations can develop, China can be expected substantially to increase its support, but to continue to avoid direct involvement. China would seek to exploit these developments to weaken support for the United States position, and establish its own influence.

61. The situation in South-East Asia presents the Chinese with favourable opportunities for the promotion of its influence without risking a nuclear or conventional confrontation. If conditions remain unstable, and this seems likely, the Chinese will be encouraged to attempt a significant expansion of influence in South-East Asia, which the United States and its allies would find difficult to counter. However, insurgency presents China with considerable problems also.

62. First, it requires the requisite degree of popular disaffection and though China can exploit and stimulate this, its sources are usually indigenous, and second, as the emphasis in the regime in China changes from revolutionary doctrine to pragmatic nation-building, the requirement to establish and stabilise inter-state relations will grow. Where China seeks diplomatic influence, it will doubtless also consider modification of its insurgency policy.

63. Just as in China itself, nationalist spirit is strong in Asia, and China cannot expect to retain control over revolutionary forces there. For example, however the Vietnamese conflict ends, China may not be able substantially to expand its influence, let alone its control over the Vietnamese regime.

Japan and India

64. Japanese and Indian interests are also involved in the balance of power in Asia. The United States' containment of China meets their requirements.

65. Japan's status and influence as a major economic power gives it a basic interest in stability in Asia. It could be attracted to closer economic relationships with China. It is heavily dependent on overseas sources for its raw materials and has in respect of these growing stake in Australia. It is likely to exercise progressively larger influence in the political balance of the area and provide in this way some counterbalance to China.

66. Japan, which already has a substantial conventional military capacity by Asian standards, would be capable of a major expansion of her forces within 12 months of a decision to do so. We would expect to have probably two or three years notice of Japanese development of a nuclear weapons system. There are repeated indications that the United States would like to encourage a more active strategic role by Japan, and it could be to our advantage not to discourage this, so long as the outcome was that Japan remained Western oriented. However, the US already appears apprehensive that mounting Japanese opposition will lead to US withdrawal from Japanese bases – the Security Treaty between the two countries is due to be re-negotiated in 1970.

67. While there is no sign at present that Japan will re-emerge as a major military power, its interests in sources of supply of its raw materials may lead it to think of the need for protecting its lines of communication. Since Australia is a principal source of supply, conceivably Japan's interest may work to support our interest. Any significant US withdrawal from Asia and Western Pacific bases, or downturn in Japan's economic activity or simply a recognition or acceptance by Japan that it needs a stable and independent South-East Asia could promote Japanese attention to a revived military role. Such a development would change the existing power structure, and it will be to our interest to take positive steps in the political and diplomatic fields to induce Japanese policies to be favourable to ourselves. While Japan is something of an enigma, bearing in mind the vastly different circumstances of the world of the thirties, it is not considered that Japan will present a military threat to Australia during the period covered by this study. Rather to be expected are economic pressures on Australia.

68. India could become a nuclear power during the period covered by this paper, but its potential to influence the strategic situation is limited by its many political and economic weaknesses and its pre-occupation with Pakistan. We would expect to have two to three years notice of Indian development of a nuclear weapon suitable to its own current means of delivery. India's interventions are likely to be more in the political field, where it is already active and has definite policies not all favourable to Australian interest. India's significance over the next two decades is likely to be mainly in respect of its own relations with China. The conflict between the two is deep seated, and should continue to engage considerable attention from China.

Burma and North-East India

69. Apart from Thailand, Laos and Cambodia, the area most vulnerable to military attack, because of its proximity and weakness, is Burma. An attack on Burma is considered unlikely, and the Indian interest would be involved. Burma is non-aligned and permits no significant foreign political or military presence that might threaten China. Chinese support for the insurgents will continue and efforts to develop the base there for insurgency operations in Thailand are likely to increase. China will continue pressure against north-east India by support for the Nagas, but will be unlikely to intervene militarily directly. If China secures the ascendancy in Burma, it would open the way to a Chinese base on the Indian Ocean.

Other Sources of Tension

70. There is the possibility of conflict in Asia e.g. between India and Pakistan, which would contain in themselves a risk of intervention by the major powers. Present indications are that the USA and USSR would work towards containment of such conflicts. The USA would be involved if armed attacks occurred on Taiwan or the Republic of Korea.

Overt Military Threat from North Vietnam

71. In the absence of United States forces, the North Vietnamese have the military capacity readily to overrun Laos and Cambodia, and the unification of colonial French Indo-China was earlier one of their political slogans. Should the conclusion of the present conflict in Vietnam not establish effective restraint on the North Vietnamese, both Laos and Cambodia could be exposed to threat from North Vietnam and so ultimately could Thailand.

72. Overt military attack would however, present problems to the North Vietnamese. Apart from the major risk of renewed conflict with the United States and SEATO, military operations in Thailand in particular would be a different proposition from the war in Vietnam. In the large areas of Thailand free of disaffection and insurgency, the Vietnamese would lack the political advantages on the ground that have been so important to them in the current conflict. International opinion would be alienated. As well, the situation in Vietnam itself could impose restraints. Whether Hanoi finally prevails in South Vietnam or not, it will for many years have to pay considerable attention to the situation there.

73. These considerations support the assessment that North Vietnam will not make an overt attack against Thailand; nor possibly Cambodia; but it may make such an attack against Laos. Rather may its interests, in common with those of China, favour the course of insurgency or political pressure.

74. Australia's interest is that every effort be made:

- to preserve and consolidate a viable political opposition to Hanoi in South Vietnam and to develop supporting military capacity there.

- to discourage and control Hanoi's ambitions in Cambodia and Laos, both in the conditions finally established for the United States' withdrawal from Vietnam and by securing international support for the independence of these states, particularly from the USSR.

- to ensure that the United States' withdrawal and its policy of self-help in respect of insurgency do not weaken confidence in its commitment to Thailand, and undermine its deterrent against North Vietnamese military attack.

The United States may be expected to press for effective support from its allies in these respects.

75. In South-East Asia itself, all the states fear possible expansion by China and some by North Vietnam and, despite non-alignment in Burma, Cambodia and Indonesia, are basically dependent on the United States holding the balance of power. Even were they to succeed in uniting their efforts, these states could not contain China by their own efforts. However, their growth and stability and development of national spirit are necessary conditions for United States policies of continued support and for the denial to China and north Vietnam of opportunities for exploitation.

76. It is in this background that the continued importance of SEATO rests. It remains the principal instrument for collective security in South-East Asia and an important vehicle of the United States' policy for the defence of Thailand. So long as the threat from China and North Vietnam exists, it is important to Australia that SEATO be maintained until some more effective arrangements emerge.

4. MALAYSIA, SINGAPORE, INDONESIA, THE PHILIPPINES

77. These countries constitute a sub-region in Asia. They are bound not only by geographical proximity, but by the nature of the geography (peninsulas, archipelagoes and islands). The national configurations inherited from the colonial powers in many ways cut across traditional communities and suzerainties. Apart from Singapore, the central governments have problems in ensuring control of internal elements which want to link with or support similar elements in neighbours. They have problems in integrating their nations because of communal, ethnic and religious divisions. They have complex but basically hostile and fearful attitudes towards China, largely deriving, save in the case of Singapore, from dislike of the large immigrant Chinese communities in their midst.

78. In each of these countries the communists have in the past mounted a major challenge, but been decisively defeated. Strongly anti-communist governments – in the case of Indonesia only more recently – have kept them on the defensive. The communists must, moreover, work largely alone, often even with little contact beyond their own locality. North Vietnam's interest in the area is negligible. Broad guidance and political inspiration are provided from agencies in China, but material support by way of training, arms and other supplies is not significant. In Malaysia and Singapore the anti-communist governments seek to minimise China's contacts and despite strong chauvinistic and radical elements, the large interest of the Chinese communities in stability and economic progress provides significant insulation from China's subversive influence.

79. The principal situations in which serious tensions and instabilities arise or are likely to arise in the period of this study are:

- communal relations in Malaysia;
- disaffection in East Malaysia (and Malaysian relations with the Philippines and Sabah in respect of this territory);
- the struggle for power in Indonesia and the maintenance of effective central government throughout the archipelago; and
- Indonesian pressure against its neighbours.

Communal Relations in Malaysia

80. The chief source of tension and instability in Malaysia lies in the relations between the Malays and the Chinese. It is the root of the friction between Malaysia and Singapore and contributes to the disaffection in Sarawak. The continuing residual communist organization on the Thai-Malay border will again become a more serious threat if there is a breakdown in communal relations in Malaya. Under the Tunku's statesmanship relations have been stabilised, though he separated Singapore from Malaysia to maintain the position.

81. The relationship between the general communal situation and insurgent threat is difficult to determine. When the Emergency occurred there was a powerful, armed Malayan (Chinese) Communist Party widely organized throughout Malaya that was oriented to Peking and gained moral and political strength from the emergence of Communist China itself. That situation no longer obtains. Moreover, the Malaysia Chinese political stake in the management and preservation of the prosperous, modernizing, multi-racial system in Malaysia is now great.

82. The danger to the Australian interests lies in the prospect of a breakdown of communal relations and the resumption of the Chinese Communist challenge on a large scale. It is beyond the competence of the Malays, despite their superior military capacity, to cope with the resulting situation. Moreover, the Malaysian Government no longer has the prospect of the kind of large-scale support from Britain which saw Malaysia through the Emergency. In the event of grave deterioration, the danger would not be so much the replacement of the present moderate coalition of Malays and Chinese by a new political structure dominated by a largely Chinese communist element, but a protracted and destructive power struggle involving Indonesia and Singapore and plunging the area into disruption and instability.

83. Australia therefore has a basic national interest in the maintenance of the communal balance in Malaysia. It is important to us that:

- the insurgent pocket on the Thai-Malay border be kept localised, and eliminated as soon as possible.
- the general condition of the country, domestically and in its external relations, sustain confidence in its security and stability and that both the communities, including Singapore, be encouraged towards moderation and compromise.

If political stability can be maintained and internal security preserved there are good prospects that continuing economic advance and modernization will produce broadening strata throughout the country of moderate, progressive-minded groups in both communities free from the suspicions and antagonisms that now breed tension.

East Malaysia

84. In East Malaysia (Sabah and Sarawak) the communal problem also exists, but it is complicated by some separatist sentiment and various discontents among all communities with rule from Kuala Lumpur. There is growing appreciation that the two territories could not survive as separate countries and that Malaysia offers them the best available future. However, there will be problems with the central government for years to come.

85. The communists have established an organization in Sarawak capable of localised insurgency which is not assessed as a major threat in itself, particularly in view of Indonesia's action in sealing the border and attacking the left-wing Chinese in Kalimantan. The chief danger is that in dealing with it, and in their general conduct of administration in the territories, the Malaysian Government might promote disaffection, inflame communal antagonism and give insurgency a wider base.

86. The second source of instability is the status of East Malaysia. This is currently disputed in respect of Sabah by the Philippines. Brunei, a tiny independent enclave, cannot defend itself, and so far has depended on the withdrawing British. Indonesia has interests and suppressed ambitions. The present Indonesian Government hopes to submerge these ambitions in the wider context of cooperation with the present central government in Kuala Lumpur and regional stability.

87. Indonesia is aware that East Malaysia could not survive independently. The territory lacks resource for economic development, administration and defence. It would soon plunge into communal conflicts and chronic instability which would inevitably draw in Indonesia.

88. It is important to Australian interests that East Malaysia be stabilised as far as possible. Our interest is that East Malaysia remain a part of Malaysia and be supported as such, that the Kuala Lumpur Government succeed in winning local loyalties and that other States be restrained from interference.

Indonesia

89. So far Suharto's leadership, the strength of the Army and the 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. Its best prospects rest in the success of its economic and administrative policies in the next few years and skilful political tactics to ease discontent, deflate opposition and reward support.

90. If the regime cannot make enough progress in these directions its support will erode. There would be a resurgence of the divisive factors of communism, ethnic tension, economic separatism, religious reaction and mass discontent, threatening political cohesion and effective central government.

91. The survival of central government in the past, despite serious insurgency and regional discontents, gross maladministration, suppressive politics and major economic rundown, suggests that the fragmentation of the country is unlikely. Nevertheless, the weakening of effective central government, greater regional autonomy and growing areas of insurrection would create in the future, as in the past, uncertainties about Indonesia's ability to survive. Fragmentation would invite the attention of neighbours as well as outside powers and deny the dangerously over-populated island of Java control over the resources and space of the outer islands.

92. Furthermore, a weak central government may be unable to retain support for necessarily slow, austere programmes of economic revival. It may feel compelled to tap the latent nationalism of the country and the strong feeling that Indonesia has the natural right to regional predominance. In addition, a weak central government may find it increasingly difficult to control and discipline other organizations and forces within Indonesia, which have interests and ambitions outside the country, for example in agitation in Malaysia against the Chinese or among traditionalist Malay and Islamic elements there.

93. The possibility of failure to maintain stability and cohesion thus raises uncertainty about Indonesia's international conduct in the late medium term of this study and beyond. Resurgence of communism – and the emergence of the PKI in Java and the present Government's response to it are to be noted – leading to a pro-Communist regime in Indonesia, supported by China, would present a real threat to Australia's interest and security.

94. These internal pressures are at a relatively low level at present. The external policies and conduct of the Suharto regime have been constructive and cooperative. It has shown no interest in external interference and has sought to stabilise relations with Malaysia and Singapore on a basis of mutual respect and confidence. It has cooperated with the Malaysians in operations against the Sarawak communist insurgents on the Sarawak border. Its approach to the ASEAN regional organization shows no inclination to use this as a vehicle for ambitions of regional dominance.

95. However, it cannot be assessed with confidence that Indonesia will continue to pursue this subdued role through the whole time scale of this study. Nor, given outside substantial help, can it be assumed that Indonesia could not within a short span of years present a formidable military capability.

96. Indonesia, short of this, might wish to assert itself more forcibly and to take a closer interest in political, communal and security situations in Malaysia that it considers affect its interests or in respect of which its own domestic politics require it to take an attitude. It cannot always be expected either that Malaysia and Singapore, particularly with their large Chinese populations, will avoid provocation or prejudice to Indonesia. Any serious attempt by Indonesia to enlarge its influence into Singapore and Malaysia would have deep repercussions in those countries, affecting the communally balanced political structure. Nor would Indonesia domestically be immune from the tensions thus created.

97. Australia wants a unified Indonesia which is a major element of stability in the overall Asian power balance and part of Australia's strategic shield. In order to bring this about, however, Indonesia must live and develop within an orderly and disciplined international framework. There will be significant scope in the political and economic fields to influence Indonesia in the direction of moderation and restraint.

98. Adequate defence and diplomatic support for Indonesia's neighbours will continue to be an important part of the framework. There is suspicion and anxiety in some quarters in Malaysia and Singapore regarding Indonesia – among the Malay leadership and particularly the Chinese, who fear the hostile Indonesian attitude to their community. Relations are therefore delicate and will take time to develop the basis of trust and confidence necessary to the cooperative management of tensions. The degree of support which Commonwealth countries continue to give to Malaysia and Singapore is important in building their confidence and giving them a sense of some security. The withdrawal of British protection and concern will leave these countries feeling both exposed and vulnerable in external security terms, and more insecure in terms of internal stability. One of the main values of maintaining the Commonwealth Five Power defence concept is its contribution to the building of confidence.

99. The presentation of this to Indonesia requires careful handling, although the present moderate leadership is well aware of the present situation, accepts it and may even support it. Uncertainties about Indonesian conduct relate to the late medium period of this study and beyond. In the short term and into the 1970's, the situation in Indonesia is unlikely to lead to a significant revival of extremist policy and pressure against Malaysia and Singapore. The maintenance of Commonwealth defence support in the earlier period is therefore of significance principally in relation to Malaysia and Singapore, rather than to any Indonesian interest. If their relations with Indonesia can develop on a basis of confidence, situations leading to tension and instability will be much more susceptible to statesmanship and diplomatic handling. If the evolution of Indonesia is in the directions we want, there are reasonable prospects of ad hoc security cooperation in the short term and deepening sense of mutual security in the longer term among the ASEAN neighbours.

100. In this situation it appears desirable to present any Australian military role in these countries largely in terms of our contribution to the strategic deterrence of communist expansion in South-East Asia, and of the need to promote defence cooperation in Malaysia and Singapore and allow them to carry on with their governmental tasks without undue concern for their security and diversion of resources to unjustifiable military development. The Indonesians can see the point and advantage of this. It also enables Australia to talk usefully with the Indonesians in general terms about the need for security and defence confidence in South-East Asia, the basic requirement for the states' freedom from external pressure and intervention, the desirability of balancing military expenditure with economic development, and similar matters in which we seek to influence Indonesian attitudes.

The Philippines

101. The Philippines lie astride of Australia's air and sea lines of communications to the North. If Indonesia were to deny passage, the route via the Philippines to mainland South-East Asia could assume greater importance. There are signs of stress in the Philippines and prospects for stability will depend on whether progress can be made with economic and social reform. Failing this the opportunity could be presented for a popular uprising based on discontent already apparent. While early communist inspired action seems unlikely at this stage, serious disturbances could occur without communist instigation. There is at least a possibility that a government unfriendly to the USA will emerge in the latter part of the period covered by the study.

102. While nationalist opinions oppose the continued presence of US defence facilities, the economic and traditional ties with the USA and the Treaty between the Philippines and the US are very real factors in our favour. Current indications are that the US will, in the future, seek to retain its bases at Clark Field and Subic Bay but will reduce the dimensions of her total presence in the Philippines.

103. The dispute with Malaysia over Sabah provides another element of uncertainty.

5. AUSTRALIA AND NEW GUINEA

104. No Indonesian regime can be expected in the period of this study, to seek to establish dominance or control over Australia. Even in the case of a relatively powerful and politically hostile regime or a return to adventurism, there is no basis for expectation that such a major objective would acquire the necessary political and military importance in Indonesian national policy.

105. However, the uncertainty about the prospects in the long term for the stability of moderate and constructive government in Indonesia requires Australia to be in a position to protect its interests against any possibility of harassment in a less stable situation. The threat of harassment to Australia is discussed later in this paper. The land border in New Guinea provides Indonesia with opportunity for harassment, by the promotion of incidents, diplomatic tension and small scale military clashes, carrying the risk of escalation.

106. The likely continuation of instability in West Irian could also make for difficulties with Indonesia, which could be exploited by an unfriendly regime in Djakarta. Such a regime might also seek to interfere on a large scale in the eastern half of the island, particularly after direct Australian control there ceases.

107. Even with a regime in Djakarta well disposed to Australia, events in West Irian and TPNG could be beyond the control of either government, e.g. the growth of nationalism in either East or West New Guinea could lead to moves towards island unity, with consequent difficulties for relations between Australia and Indonesia.

108. At any time the Government of Indonesia will have a legitimate interest in the situation in eastern New Guinea and will be sensitive to possible prejudice to its territorial and political status in West Irian. It is important therefore, that potentially difficult problems in New Guinea affecting Indonesia continue to be handled, as at present, on a basis of confidence and cooperation and that every effort be made to prevent the attitude developing that conflicts are inevitable.

109. The indigenous forces in East New Guinea should be such as to be able to handle situations up to small border incidents and isolated incursions. Beyond this they would require military support. Should the Indonesians adopt "confrontation" tactics or promote significant instability in East New Guinea, the support required could become substantial. The likelihood of such situations developing is discussed later in this paper.

110. Australia's position in East New Guinea could also be exposed to pressure in the event of instability developing between Indonesia, Malaysia and Singapore, were we still directly involved in the defence of Malaysia/Singapore, or should we decide that the situation there required direct Australian involvement. The risk in this respect must be recognized; however, the point does not qualify, but adds to Australia's requirement for the encouragement of a general regional environment in which Indonesia can play a leading part without risk of tensions.

111. In future situations of tension with Indonesia, in respect of New Guinea or Malaysia and Singapore, there would be substantial scope for political and diplomatic activity, including economic pressures, by the various interested powers, to contain trends and situations threatening ultimate military confrontation. The United States will have a substantial interest, even if it should wish to avoid a direct military commitment. Indonesian uncertainty about the nature of the ANZUS relationship with Australia could provide an important restraining influence. However, both our own direct responsibilities and the United States' insistence on national and regional effort to maintain stability, require that our political and diplomatic action be backed by our own national military capacity.

6. THE BRITISH WITHDRAWAL

112. The withdrawal of British military power from Malaysia/Singapore by 1971 and the large reduction in its strategic support to South-East Asia will weaken the position in the Malaysian/Indonesian area. In respect of China and North Vietnam the responsibility for preserving the balance of power has been, and will continue to be, the United States. Britain's withdrawal will have little effect in this respect as Malaysia is not likely to be exposed to overt military threat from the north, certainly so long as the US presence is maintained in Thailand.

113. Although Britain's capacity to deploy forces rapidly will decline, it has declared that it will maintain a general purpose capacity which could be used in Asia. After 1971, Britain will have no forces declared to SEATO plans, though it will continue to support SEATO's work in other ways. It has not committed forces to the present operations in Vietnam and any use of its general purpose capability would be related primarily to its obligations in Malaysia. Only in the event of a major overt military attack against Malaysia, or against Thailand, posing a significant threat to Malaysia, might Britain again contribute air and sea, and possibly ground forces.

114. Britain could not defend Hong Kong against a Chinese attack and the Colony has no intrinsic strategic importance. China must reckon that action directed against Hong Kong could be seen as an indicator of a general change in China's policy and that pressure on Hong Kong could lead to political crisis and counter-pressure elsewhere. Hong Kong's importance to China as a source of foreign exchange is another and perhaps stronger influence restraining China.

7. USSR INTERESTS

115. The USSR regards itself as an Asian Power, is interested in future developments in the Asian region and sees itself in great power competition for influence in the region. In order to extend its influence, the USSR attempts to establish and maintain good relations with Asian governments whose independence it supports. It is unlikely either to seek a direct strategic role in the area or seriously to undermine the United States position. It regards the Chinese policy of fomenting "wars of national liberation" in Asia as contrary to its interest in international stability. The USSR's activity could in certain ways support Australia's interest and Soviet interest in the stability of the region is not necessarily to be discouraged. Although competition and rivalry will persist, both sides should be able to keep them in bounds. In respect of China, Western and Soviet policies have certain parallel interests.

116. The USSR's military superiority is an assurance against Chinese attack, but it could not remain indifferent to an expansion of China's power to the East and South, however much it might wish to see the United States' position there reduced. Both the need to limit China politically and militarily and the risks for the USSR in any major conflict between China and the United States, give the USSR an interest in the avoidance of any major change in the balance of power in South-East Asia. However as already noted, an improvement in relations between China and the USSR could permit some cooperation in anti-Western activities.

117. The existence of China as an unrestrained nuclear power poses a direct threat to the USSR and the USA. The possibility that China might use nuclear blackmail against other countries could face the United States and the USSR with the ultimate choice between concession to or nuclear confrontation with China. China's growing nuclear capacity, if not credibly deterred, could stimulate the proliferation of nuclear weapons among other states fearful of threat. Were China to come into major conflict with the United States, the balance of probabilities is that the USSR would seek to limit the conflict in order to avoid involvement. The requirements of the nuclear strategy of both these powers thus reinforce the policy for the containment of China.

8. THE UNITED STATES' INTERESTS AND POLICIES

118. At the end of World War II, the United States ran down its military establishment. However, Soviet expansion in Europe, the communist victory in China and the Korean War focussed public opinion on the need to counter what then appeared as a global communist threat supported by overt military action, and led to the policy of the "containment" of communist pressure wherever it occurred. In this period the United States developed a great military machine based on a general war concept and entered into a complex of security alliances about the globe. In Asia and the Pacific where it had long historical interests, it concluded defence treaties with Japan, South Korea, Taiwan, the Philippines, Australia and New Zealand and,

under SEATO, with Thailand. It developed important bases in Japan, the Philippines and Okinawa in an arc of islands in the Western Pacific and more recently in Thailand. It converted Alaska and Hawaii into States of the Union. The "containment" policy later led to United States involvement in Vietnam.

119. A number of factors are currently stimulating review of this policy, principally:

a. A United States re-assessment of the communist threat. With the many divisions in the communist world and the seeming trend of USSR policy towards peaceful co-existence and stabilization of the international order it is no longer realistic to speak of a threat from a monolithic world communist movement. Tensions between the communists and the "West" continue with the USSR continuing to exploit situations and exacerbate tensions wherever it safely can, but it is not necessary for the United States to intervene in all situations to maintain the central balance of power with the USSR.

b. The recognition by the United States that it cannot solve other countries' problems and be the "world's policeman", and that it wastes its resources in trying. There has been increasing emphasis on the need for other countries to work out their problems themselves, along with a questioning of a policy to aid irrespective of the nature of a country's regime and political values.

c. A growing pre-occupation with serious domestic problems in the United States itself, and a feeling that these matters should have priority over the difficulties of other countries. Serious though some of the domestic problems may be, pressures on the budget and particularly on the balance of payments may ultimately prove to be of more critical consequence.

120. Concern on these scores has found expression in some impatience with and vocal opposition to the Vietnam War. Strong domestic pressures can be expected to reduce the US overseas forces to a minimum. An outcome on Vietnam which enables the US to disengage its forces should lessen this pressure.

121. It is likely that once the situation in Vietnam permits the United States to disengage from its present degree of involvement, there will be important modifications in its attitudes and policies. It is not yet possible to say with any precision what these modifications will be. Thinking in the United States itself is unlikely to take firm shape until the prospect in Vietnam is clearer and the new US administration has taken over in 1969. However, it is possible to identify certain fundamental interests of the United States that must continue to shape its strategic policies. Some particular lines of policy can also be forecast from a study of current discussion in the United States and from the attitudes for which the presidential candidates are seeking popular endorsement.

122. The nature of the United States' global interests requires it to maintain power and influence in many parts of the world and it would be unrealistic to expect it to retreat to the isolationism of pre-World War II. The US is a Pacific Power and it cannot but maintain a military posture in the Pacific as part of its Pacific position. Inevitably it cannot but be concerned with countries bordering the Pacific and inevitably it must retain conventional forces in being to enable it, if it wills, to resist

overt aggression there without recourse to nuclear weapons. What is uncertain, at this stage, is where it will dispose those conventional forces and what will be their dimensions. While there may well be reductions in present strengths, it may be expected to sustain sizeable forces in Hawaii, Guam, Okinawa and Korea. Pressures to vacate bases in Japan and the Philippines could mount. The forces the US continues to maintain in Vietnam will depend on the settlement of that conflict. To date there is no indication of US intention to vacate bases in Thailand and its behaviour in this respect will be a key indicator to its strategic intentions. Clearly from our viewpoint the more forward bases and infrastructure the USA maintains the better, and not merely to permit quick re-entry and effective combat support.

123. Expansion of China's power into South-East and East Asia would directly affect the United States global position, not only in terms of power but in respect of the United States basic interest in stable global management and orderly political evolution.

124. The question of future intervention in South-East Asia on a large scale by the United States will depend to an important extent on the conditions of its disengagement from Vietnam, the circumstances in the area and the nature of any overt threat that might develop thereafter. The United States might well be unwilling to take effective action to preserve Laos and Cambodia. In such a case Thailand would be under great pressure and its belief in the United States' determination to defend Thailand would be shaken. If Thailand were lost this would radically alter the balance of power in South-East Asia and undermine the credibility of the United States' commitments in other parts of the globe. The USA can therefore be expected to work against the development of direct military pressure against Thailand and, of course, it has obligations under SEATO, and important bilateral undertakings, to defend Thailand against communist aggression.

125. Within the framework of its strategic deterrent, the United States is likely to insist that the countries of the region do more to contribute to the security of the region and, in particular, that they take primary responsibility for dealing with insurgency. The United States will not maintain forces specifically for commitment to counter-insurgency operations and considerable opposition can be expected for some time after Vietnam to any re-deployment of forces for this purpose. The United States will, however, have a continuing interest in the success of counter-insurgency work. It can be expected to stimulate this in key areas and to continue to provide significant economic and defence aid. It is to be hoped that, because of its own military experiences in Vietnam, it will place greater emphasis on the political, social, economic, and administrative measures necessary for effective counter-insurgency, as well as pressing for resolute military operations.

126. The United States has made it clear that it has no intention of making a direct military commitment to replace the British. It has expressed the view that the five Commonwealth Powers interested in the region should provide support, by their continued military presence in the case of Australia and New Zealand, and by economic and defence aid and diplomatic involvement. The United States appears to be prepared to be active in this region in these latter fields. Our own reaction to this should, of course, be dependent on what the US is prepared to do in adjacent areas.

9. THE THREAT OF INSURGENCY

127. Insurgency in South-East Asia is perhaps the greatest threat to stability and security. It may, as well, face Australia with its most difficult decisions.

128. Insurgency successfully practised, if perhaps slower in achieving its objectives, has the same end results as military conquest. It is decidedly less expensive to the initiator than direct military action, presents obvious dilemmas to those interested in the victim country who would not wish it to be defeated, and attracts none of the international odium of direct military action. Insurgency can be most successfully practised if the initiating country is contiguous to the victim country and thus has a base for logistic support and a safe haven for retreat and for harbouring the agents of insurgency.

129. Insurgency activity may be associated with direct military action as in Vietnam and to a lesser extent in Laos. Insurgency is active in Cambodia, Thailand, Burma, the Nagalands of India and on the Thai/Malaysian border and in Sarawak.

130. Vietnam apart, Australia's contact to date with insurgency problems has been confined to East and West Malaysia and Thailand. In relation to the roles that possible Australian Forces in Malaysia might in future have, Cabinet has laid it down that Australian participation in counter-insurgency is to be confined only to insurgency which is externally promoted, which is a threat to the security of the region and which is beyond the capacity of the Malaysian and Singaporean forces. Australian Forces are to be specifically excluded from participation in civil police roles. In conjunction with SEATO Allies Australia has declared forces to SEATO contingency plans to counter communist insurgency in Thailand (Plan 8) and in Laos (Plan 5). The latter plan after being in abeyance for some years is now being reviewed in the SEATO Military Planning Office.

131. There are many sources of instability in South-East Asia – the struggle for power in the new nation states, the frustration of the semi-educated, the tensions in traditional societies from economic and social change, ethnic, religious and regional discontents, inexperienced and incompetent governments, the difficulty of establishing interest and loyalty for long-term targets of nation-building, etc. Such factors are reinforced by the pressure of rising population on under-developed, narrow-based and often poorly managed economies.

132. The elimination of conditions favourable to insurgency and the task of dealing with insurgency are largely for the governments themselves. The first calls for political economic and social programmes which, apart from other resources, demand administrative and other skills in short supply. The second is virtually an acknowledgement that either those programmes have not been launched or have not been sufficient in the circumstances. But, even allowing for this, where the local Government can reduce disaffection and provide protection, insurgency is unlikely to be able to develop a sufficient base for significant military operations. Governments can generally survive a considerable degree of instability, since the various factors of disaffection rarely coalesce into a broad political challenge. Even when disaffection leads to insurgency, this can be contained, if not readily eliminated, provided governments take early and adequate political social and economic and military measures to regain loyalties and to protect the population.

133. Among a hostile and terrorised population, or for the dislodgement of insurgents from their remoter bases, the government needs, first a well established intelligence organization and a strong and loyal police force; and greatly superior ground forces, and effective naval and air support for search, suppressive patrolling and guard duty. Since these measures do not themselves deal with the causes of disaffection, and only offer temporary protection from terror, it is relatively easy for insurgent elements to re-establish themselves after control is weakened. The extreme military, and political, difficulty of containing insurgency, if it is once allowed to become established on a significant scale, can drain government resources, sap confidence and lead to wider political instabilities seriously jeopardising the government's authority. Economic disruption, the problem of refugees and similar factors add to the pressures.

134. The many sources of disaffection and tension afford opportunities for the communists to develop pressure against governments by the use of insurgency. Communist organization and indoctrination provide effective discipline and tactics and generally provide the insurgent movement with a more compelling political direction than the original limited sources of disaffection. China and North Vietnam can and do readily infiltrate into nearby countries political and military cadres, arms and other material support, and provide secure bases and training in their own territory.

135. So the problem is to avoid the conditions that sow the seeds of insurgency. And this, even if the Government has the will to do something – which to some degree may be dependent upon the assurance it has of help in the event of external aggression – is generally beyond its resources of treasure and skilled administration. This desperate fact faces Australia in South-East Asia in common with the USA and e.g. Japan. The extent of their response may be the means of avoiding even more dangerous problems and not least involvement in an insurgency situation.

The Insurgent Threat against Laos, Cambodia and Thailand

136. In South Vietnam and Laos, the North Vietnamese have been able to deploy military formations and directly challenge the governments, winning control of large areas in these countries. The Communists are well placed to bring similar pressure against Cambodia. Disaffection and dissidence already exist there, arising from ethnic and rural discontents, particularly among the younger generation.

137. The situation in parts of Thailand is also favourable to the promotion of insurgency and the eventual development in those parts of a major threat of a "war of national liberation", involving large-scale North Vietnamese and Chinese assistance to insurgent military operations. Communist elements are already established in the north and north-east, exploiting ethnic frictions and government neglect. There is direct access to these areas through Pathet Lao held territory in Laos and a Vietnamese minority on the north-east border provides local support inside Thailand. Insurgency in the north-west is less strongly established, but is open to influence and support from communist and other movements in Burma. In the south and the Kra Isthmus communist organization is growing stronger and the Communist Terrorist Organization remains entrenched in the border region.

138. The Thai Government has proved reluctant and unable to take the determined political, social and military action necessary to reduce the causes of these situations and to contain them. There is a prospect of considerable instability developing throughout the thinly populated, backward border areas if adequate steps are not soon taken, although the insurgency situation should be capable of containment unless the present level of external support is substantially increased.

139. The situation in the rich rice plains of Thailand and among the Thai nation itself is more favourable. The basic unity and loyalty of the people, the existence of long established authority, the military advantage of the terrain and the greater resolution to be expected from the government in defence of its vital interests should make it difficult for subversive elements to establish significant control in this area. Nevertheless the consequences of insurgency successes elsewhere in Thailand, coupled with the general inertia of the Thai Government, are not to be discounted.

140. China's and North Vietnam's interest in Thailand is primarily strategic and political: they require either Thailand's cooperation or weakness and the reduction of the United States position there. China's interest in Laos and Cambodia is primarily strategic. Hanoi's present interest in these two territories is mainly shaped by its requirements in the war in South Vietnam. They afford it communications and safe havens and a buffer against United States military pressure. Hanoi has an abiding strategic interest in Laos and Cambodia, similar to, but not identical with China's, and will seek sufficient influence to protect this. The maintenance of insurgent pressure for these purposes coincides with their national interests as well as their ideological programme for the establishment of communist regimes, but it is not considered that this latter factor is likely to be a dominant motive in their policy. So long as North Vietnam cannot attain its strategic objective by diplomatic and political means, it is likely that it will maintain pressure through insurgency.

General

141. History does not suggest that relief from insurgent pressure can be had by turning to neutralist policies in the hope of a stable modus vivendi. At most, some time can be bought but what hope might otherwise have been open through external support and the material aid necessary to combat insurgency is necessarily denied.

142. Australia has a direct and critical interest in insurgency.

143. First, indirect aggression by the promotion of instability and insurgency is a matter of concern to every nation-state that depends largely on international stability for its development and security. Second, indirect aggression by insurgency places pressure on the balance of power and could jeopardise Australia's strategic interests. Insurgency successful in one country could directly affect confidence and stability in another, and be the means of progressive, if slow, advance to the next. Third, to protect its interest in the security and stability of the states of South-East Asia, Australia and its Allies could be faced with decisions under SEATO or other arrangements whether to become directly involved in difficult and protracted counter-insurgency operations.

144. In all of this, to be distinguished are insurgency promoted from without and internal communal tensions. Yet the latter may in certain circumstances be promoted from without, though this may be difficult to establish.

145. There is no scope for categorising definitively the situations in which Australia could be involved militarily in Communist promoted insurgency. Each individual case will call for separate and most careful consideration. However, it would seem that if the USA elected to become involved in military assistance in countering insurgency in countries embraced by SEATO, Australia would face difficulties in remaining aloof. On the other hand, Australia would surely pause before becoming involved in any insurgency situations without being assured of USA and/or UK support.

146. Australia's interests therefore are to support efforts and arrangements to maintain confidence in the basic security of the area against external aggression; and to contribute to effective counter-insurgency measures by political support, economic, technical and administrative aid, the encouragement of social and administrative progress and the promotion of a regional approach and if so decided at the time, to take military measures. It is not as though expertise is not available in the measures needed to avoid insurgency and to counter it. Above all, what is needed is the will in the indigenous government to create situations which will ameliorate the conditions favourable to insurgency and to make determined and sustained efforts to deal with it without delay. Help from outside will be successful only if it complements this: it cannot succeed if that will be absent.

147. All of this will require considerable pressure on governments to take action in fields that are not only essentially within their domestic jurisdiction but face them with large political, economic and administrative problems. Finally, every effort should be made to capitalise upon the United States' interest in this whole problem and willingness to support measures in this field. It should be our objective to have the United States make good the effects of any withdrawal of combat forces from the South-East Asian mainland by developing a major effort to promote and support effective counter-insurgency action there.

10. POLITICAL AND ECONOMIC ASPECTS

148. Earlier, attention was directed to the close inter-relationship between defence policy and political and economic policies. It is appropriate to pause here to touch on these latter aspects of our strategic policy.

149. The development of organised intra regional relationships will be an important objective of Australian policy in the South-East Asia region in the next decades. We should seek particularly to achieve such relationships in respect of those countries within the area of our immediate interest, i.e. the Philippines, Malaysia, Singapore, Indonesia and New Zealand, and Thailand, and in due course, Papua and New Guinea. If the circle can be satisfactorily enlarged, so much the better. Progress will probably be slow because of the weakness of most of the countries and their continued preoccupation with internal and bilateral problems. However the capacity of any regional organization to deter aggression will be very limited without the backing of the United States and other outside powers.

150. The United Nations, despite its shortcomings, will also continue to be a significant political force against aggression and for the limitation of conflicts. The possibility that Australia will, from time to time, be requested to provide forces or police for inclusion in United Nations supervisory or peace keeping teams must be taken into account.

151. The basic importance of constructive government and economic growth in the containment of the various sources of instability from which damage to Australia's strategic interests could arise, requires no emphasising. Only by the coordination of our strategic policies across the entire defence, political, economic and aid fields will our initiatives avoid wasted effort and give promise of success in preventing the sources of instability developing to a stage where only large scale military effort can contain them.

152. Experience has shown that the success of a military effort can be constantly eroded if it is not accompanied by achievements in the economic and broad governmental field that give the people a sense of progress, and increasingly extend their participation in the wider tasks of nation building. Failing progress in these directions, the entire basis of the military effort becomes dangerously narrow: weak and insecure governments turn to coercion to maintain their internal position and to diplomatic manoeuvre to try to cope with external pressure. Where the population is indifferent or disaffected, the military task is not only greatly complicated, but the military force is unlikely to be able to cope without massive re-inforcement, leading to further pressures on the population and requests for external support, which could include military support.

153. These factors are also basic to the question of political stability. The strategic policies of Australia and its Allies and their consequent military commitments and arrangements will be weakly based if they depend upon the survival of particular political regimes. This has been one of the major problems confronting western policy in its attempt to contain communist influence and power. Our policies and arrangements must be geared to the possibility of political change. However, this can bring weakness, instability and insecurity where the nature of the popular stake in a country's future does not work to preserve political cohesion but favours division and disruption. Balanced economic growth drawing in wide sections of the community and competent and administration serving government and people are essential conditions for the stable political situation our strategic interests require. Even if radical elements should come to power they could very well, in these circumstances, moderate their policies and act with some restraint. In their own self interest they might pause before demolishing the structure that gives them power and security.

154. Australian political and economic activities are also necessary if we are to encourage and influence similar efforts by other powers. Australia's resources are sufficient for it to make a significant contribution on its own, if carefully applied in a selective and well-considered way. But only the interest and contributions of a wide range of powers, and in particular such large powers as the United States, Japan and Britain, can provide support on the scale necessary, not only in direct aid but in the more important fields of investment and access to markets.

155. The opportunity for increased political initiatives may also occur in the wider field. The possibility of a Vietnam settlement and, in time, the development of more pragmatic elements in China suggest that the future may provide opportunities to develop Australian initiatives aimed at achieving some modus vivendi with China and North Vietnam.

11. THE LIKELIHOOD OF DIRECT AGGRESSION AGAINST AUSTRALIA

156. The assessment made of the threat to Australia, her Territories and lines of communication up to 1977 enables the following conclusions to be reached regarding the likelihood of direct aggression against Australia, her Territories and lines of communication during the period of this study.

General War

157. General war as a deliberate act is unlikely in the period of this study because of the nuclear balance between the USSR and the USA and their basic interest in the stable management of major international tensions, and the limitation of military conflict. This same basic interest extends to the containment of China's growing nuclear capacity and could be the means of preventing China from resorting to nuclear activity that could lead to general war.

158. Further proliferation of nuclear weapons beyond the present five nuclear weapon powers could increase the possibility of nuclear strikes arising from miscalculation or irresponsibility. None the less, efforts by the two major powers effectively to restrain other nuclear weapons states should avoid any enlargement into general war.

159. In the improbable event of general war, it is unlikely that Australia would be a target of a nuclear attack, though the United States communication station at North West Cape would be under threat and might be attacked. Had Australia in the meantime developed a nuclear weapon capacity, this also might be attacked providing the enemy assessed such capability would be used against them.

The Nature of Possible Threats to Australia and the Territories

160. Limited war with China is unlikely. However, even in this unlikely event there would be no threat of direct military attack by China on Australia and its Territories throughout the period of this study, but lines of communication could be threatened in the South China Sea and in the Indian and Pacific Oceans if Australia were involved in a limited war in Asia.

161. Subject to what follows, a direct military attack on continental Australia by Indonesia is equally unlikely. There is a possibility of a future threat in the event of failure to contain tension in our relations in New Guinea or from continued Australian involvement in the defence of Malaysia and Singapore.

162. While there is no current threat of direct attack against TPNG by Indonesia, there is a possibility of future threat against TPNG, either by deliberate Indonesian policy or the action of uncontrolled elements.

163. Threats of the character mentioned in the preceding two paragraphs could emerge in the late medium and long term of the period covered by this study. Whatever occurs will depend upon developments in Indonesia, the extent to which the situation could be effectively contained by political means, upon Indonesian military capacity at the time which will be influenced by support it might have from communist sources and its susceptibility to deterrence by Australia and any other interested powers. However, a threat to continental Australia is less likely than a threat to TPNG.

164. Should TPNG achieve independence during the time period of this study, it is probable that Australia's commitment to meet an external threat would not diminish. In these circumstances tensions could develop between Indonesia and Australia consequent upon the actions of the independent Government of PNG, e.g. as a result of the growth of nationalism on either side of the border.

165. The nature of any threat from Indonesia that might develop in the future can only be assessed in general terms at this stage:

a. In TPNG it is likely to be confined initially to harassment by small scale activity, such as border patrol clashes, infiltrations of small groups, etc., and possibly beyond the effective control of the central Indonesian Government. Subject to the uncertainties in the long term, it is unlikely that an Indonesian Government would seek deliberately to escalate these operations to confrontation-type operations short of limited war or further to the level of limited war, unless possibly in an effort to divert Australia from engagement in the Malaysia and Singapore theatre. The nature of the threat throughout the period is thus likely to be confined to activities below the level of confrontation.

b. In respect of Australia itself, any threat is only likely in the context of limited war with Indonesia in New Guinea or Malaysia and Singapore. In the unlikely event of a limited war the nature of the military threat would include:

    (i) sporadic and limited air attacks on operational air and naval bases, and commercial ports and mining and ore treating installations in TPNG, northern and western Australia and Cocos;

    (ii) ground activity by armed forces in the border area of TPNG supported by sea and air borne infiltration;

    (iii) sporadic air and submarine attacks initially on shipping and any off-shore oil installations in waters north and west of Australia, with submarine attacks possibly extending later to similar targets in other Australia[n] waters;

    (iv) mining of ports and suitable focal areas;

    (v) attempts at sabotage of the defence installations in TPNG and northern Australia; and

    (vi) limited attacks on Christmas and Cocos Islands.

166. Not to be discounted is the emergence of situations which would lead to Indonesia denying rights to air and sea passage or restricting supplies of oil, etc.

12. AUSTRALIA'S STRATEGIC INTERESTS

167. The foregoing discussion has identified the following strategic interests as a basis for the consideration of policy:

a. The development of the USA/USSR détente and of their efforts to stabilise international relations, including measures for the non-proliferation of nuclear weapons and the containment of Chinese nuclear activity.

b. Continued assurance of the security of Australia's lines of communication and strategic approaches, particularly to the north.

c. Continuing security and friendly influence in the Pacific territories now under British and French rule.

d. The continued deterrence of China from overt military aggression, particularly against the states of South-East Asia, and the development by China of a stable relationship with other states.

e. Continued encouragement of UK interest and participation in the area.

f. Continued encouragement and support of the United States' position in the Pacific and South-East Asia and its interest in the Indian Ocean and of its efforts to maintain and develop arrangements for the security of the mainland South-East Asian states, particularly Thailand.

g. Support of United States efforts to protect and consolidate a viable Government in South Vietnam and to discourage any North Vietnamese ambitions for control by force of neighbouring countries.

h. Support of efforts and arrangements to maintain confidence in the states of South-East Asia against external aggression and the encouragement of them to develop the capacity to defend themselves.

i. Encouragement of South-East Asian states to take themselves, and by cooperation between them, in all fields necessary, effective measures to alleviate conditions favourable to insurgency and to resist insurgency, contributing as needs be political support, technical, administrative and economic aid, and in the last resort, where circumstances warrant it, military support.

j. The maintenance of Japan's present orientation within the United States' strategic position in Asia and the cultivation of a constructive and cooperative approach by Japan consonant with our interests, to the security, political and developmental problems of the region.

k. Avoidance of instability and a power struggle in the Malaysian/Indonesian area, the promotion of political stability and moderation in external policy in Indonesia and of mutual cooperation in defence between Malaysia and Singapore and confidence in their external security and internal stability, and support for the efforts of these countries in these respects.

l. Avoidance of instability in the Philippines and avoidance of withdrawal of the US from its bases there.

m. Continued economic progress in Indonesia, the maintenance of moderate, constructive and effective central Government there and the development of stable relations of confidence between Indonesia and its neighbours to the north and west and with Australia.

n. The protection of TPNG and of Australia's interest there.

o. The continued development of close relations with the United States in SEATO and particularly in the ANZUS context and the encouragement of their interest in and support for Australian strategic and defence policies.

p. The closest cooperation in defence matters with New Zealand.

PART III—FUTURE DEFENCE POLICY

1. INTRODUCTION

168. Australian strategy cannot be considered in isolation from the global situation and the strategies of the major world powers. While the nuclear stalemate between the USSR and USA has reduced the likelihood of general war, and the détente between the two countries has in Europe relaxed tensions between the NATO powers and the Soviet Bloc, Africa and the Middle East remain regions of instability for a variety of reasons. Yet, at present, the situation in these regions does not suggest military intervention by, or military conflict between, the major world powers.

169. It is in Asia that the greatest threat to stability exists and it is centred on Communist China. True Australia does not currently face the threat of the direct advance of communist power through a weak and fragmented region that earlier existed. Yet despite the fact that the might of the USA has been directed to the containment of China, pressures exerted by China and its influence are felt in North Korea, Vietnam, the Philippines, Laos, Cambodia, Thailand, Burma and India, and Vietnam continues to be the active focal point of struggle to defeat communist aggression. And, despite their differences, the USSR and Communist China are both actively supporting Communist North Vietnam with equipment, supplies, technicians, etc. Given that the several interests of the USA and USSR are directed to preventing Communist China from overt military aggression, the most likely method by which Communist China will extend her influence, and communism, in South-East Asia will be by a variety of means short of overt identifiable armed aggression, including subversion, terrorism, insurgency, and psychological warfare. However, the possibility of escalation to limited war cannot be ignored. This might occur through miscalculation on either side or some unpredictable incident. It is considered that China will seek to avoid limited war except where her own safety or the survival of a bordering country as a communist nation is threatened.

170. The overview of Sukarno and the establishment of a regime preoccupied with grave internal problems of economic and administrative reconstruction and growth, have stablised the Indonesian situation and removed to the later medium or long term, uncertainties about Indonesia’s external conduct. In the Malaysian region the internal communist challenge has been defeated and the new states of Malaysia and Singapore established with hopeful prospects of consolidation and stable government. Nevertheless communist insurgents still operate on the Thai/Malaysian border and in Sarawak, communal tensions still exist in Malaysia, and there is friction with the Philippines over Sabah.

171. That Communist Chinese aggression has been kept within the limits it has been and that the other favourable developments noted have occurred may be ascribed largely to the USA and to a lesser extent the UK.

2. OUR DEFENCE POLICY

172. None the less our recognition of these changes with their credits and debits, should not be allowed to obscure the abiding nature of basic features of our strategic situation:

- the pressure of China on the balance of power with its particular manifestation in pressures on South-East Asia,
- the fundamental importance of the United States in the containment of this pressure,
- the relative weakness and instability of the States of South-East Asia and their susceptibility to insurgency,
- the uncertainty in the long term, particularly in the light of the United Kingdom withdrawal, about internal Malaysian and Singapore stability and Indonesian conduct,
- the continuing USSR policy of exploiting situations wherever it safely can and its ambitions in the Indian Ocean area,
- the uncertainties in the long term, as to the direction the Japanese policy may take, and
- the geo-strategic situation of Australia which itself confers a certain measure of security upon us.

173. To date, within the framework of our global interests, the key purpose of our defence policy has been to prevent a potential enemy from establishing himself in areas from which a direct threat to Australia could be posed and fundamentally we have seen that enemy to be associated with the spread of communism. This policy has been called the concept of forward defence. We have recognised that this policy calls not merely for military activities but for coordinated action in the political, economic and military fields.

174. Yet we could hardly assert that this forward defence concept represents an independent strategy of our own. Rather has it been a case that we have deliberately, doubtless in our own interests and perhaps inescapably, tied Australia to the strategy of others. We have had such a tradition, first to fit comfortably into British strategy and more recently in that of the US. In this latter case we have placed our trust in ANZUS, we played a major part in establishing SEATO, of which the USA is the dominant partner. Like all small countries we can best ensure our security by participating in regional security arrangements; as a result we find ourselves involved in situations not of our choosing and in the formation of which we have negligible, if any, influence.

175. The harsh reality that confronts us is that the forward defence policy to which we have subscribed and which we argue has been successful to date, cannot continue to be successful unless the USA maintains its present policies in relation to Communist China and Asia and, as well, its forward military posture in the Pacific and in Asia, and that Australia cannot have any long term successful defence policy without ANZUS and, to a lesser extent, the SEATO alliance with the USA.

176. If our assessment is correct that the US cannot but maintain a military position in the Pacific and Asia then if we continue our active participation in these alliances conceivably the residual US military position after the conclusion of the Vietnam War may, as a consequence, not merely be reduced to lesser degree but remain more committed in South-East Asia than might otherwise be the case. But the consequence we have to continue to face is that we may be called upon actively to participate in US initiatives, especially those stemming from SEATO.

177. Despite the fact that there is at least before the later medium term no threat of direct aggression to Australia and its Territories, it is, taking the long term view, quite unrealistic to take the line that we could rely on the ANZUS Treaty for US protection of Australia and its Territories and at the same time adopt the policy of complete military withdrawal from South-East Asia as our current commitments there expire and of rejecting for the future any further military involvement in Asia. And this even if we made clear our preparedness to contribute to Asia's needs by aid and assistance of a non military character.

178. If Australia's best interests are to be served, they do not lie in our taking up any extreme position. The choices surely are not between a continuing military presence in Asia (parenthetically to be noted is that, in fact, this has been the case virtually since the end of World War II) and no such presence under any circumstances. Rather does it seem we should be aiming, subject to the limits that SEATO imposes, to achieve a situation which will allow us the maximum of strategic flexibility, a situation in which we would be able to make our judgements from time to time, against all relevant circumstances, as to the directions, political, economic or military, in which we would be involved.

179. Such a course would carry not the connotation that Australia would necessarily have forces overseas continuously but instead that Australia was prepared to have available forces that could, if needs be, be deployed to South-East Asia when required. It would, however, mean that our forces would have to be organized, equipped and trained so that they would have to the maximum possible extent a dual capability i.e. for effective employment in South-East Asia as well as for the direct defence of Australia and that we would progressively build up the infrastructure in Australia and its Territories necessary to support the operations of our forces wherever they were needed. Such a course should preserve our status and influence in the region in respect of the factors shaping its long term environment and our own future security, should sustain the confidence of our friends in South-East Asia in Australia's concern and support, and not merely sustain our capacity to influence United States policy in the region but preserve its confidence in us as a reliable ally. The credibility of such a course could be amply demonstrated by participation in exercises in South-East Asia such as are already contemplated as a result of the recent Five Power Talks.

180. What is proposed would have the advantage, if contrary to our assessment, the US withdrawal from Asia should be more dramatic, that we would have placed ourselves in a position to devote even greater emphasis to the improvement of the capability of our forces within Australia for the protection of it and its Territories.

The Short Term Concept

181. In the short term as defined by this paper, Australia has little option but to continue the present forward defence posture because we are heavily committed to the war in Vietnam, and also committed to the stationing of forces in Malaysia and Singapore. In addition Australia is committed to the support of the SEATO alliance involving the declaration of forces to SEATO contingency plans for the defence of Thailand against externally inspired insurgency and overt aggression and regular participation in SEATO exercises.

182. While the war in Vietnam continues it is important that the situation there is not undermined in other countries in South-East Asia. SEATO and other allied support restrains further deterioration in Laos and is directed to the security and confidence of Thailand. Support for Malaysia and Singapore is designed to ensure that the situation south of the SEATO countries does not deteriorate. Therefore Australian and allied support for Vietnam and these other countries of South-East Asia are interdependent and mutually supporting.

183. With the end of the war in Vietnam there may be a residual commitment during the withdrawal period and in the readjustment period following a settlement, the support that the other South-East Asian countries receive from their allies will be important.

184. At the initial Five Power Talks Australia accepted that our agreement to contribute to the proposed integrated air defence system for Malaysia and Singapore would carry implications in regard to the post 1971 period. Our options for a continuing naval and army presence were left open. The continued presence of appropriate Australian forces in Malaysia and Singapore until the end of the Vietnam War and during the period of readjustment following a settlement in Vietnam would be consistent with the foregoing argument.

The Concept Post Vietnam

185. What lies beyond the conclusion of the Vietnam War depends on the settlement that emerges and its aftermath. We have assessed a continuing insurgency threat to Laos, Cambodia and Thailand and that the continued existence of an independent Thailand is crucial to the future stability of Malaysia and Singapore. Regardless of the type of Vietnam settlement, unless it is unexpectedly favourable, the other countries in South-East Asia will be anxious about what North Vietnam and China might do next. This uncertainty will probably take time to subside. The US and allied attitudes, US support for Thailand, and Australian support for Malaysia and Singapore could be critical during this period to consolidate the settlement, sustain confidence, and discourage aggressive attitudes by North Vietnam and China. It should be possible during this readjustment period to confine Australia's military deployments to some form of continuing presence in Malaysia and Singapore and perhaps in Vietnam as part of the terms of settlement. Given the most favourable circumstances, this readjustment period could be short, and thereafter Australian military deployments in South-East Asia would become

unnecessary. At that stage, apart from engaging in military exercises, our activity could be confined to political and economic aid directed to preserving and consolidating the position established during the period of our forward defence posture and to strengthening the internal position of the South-East Asian states in the area of our immediate interest. There would remain only the continuing military commitment under SEATO, unless meantime Australia became party to some other regional arrangement involving military obligations.

186. The handling of this change in our present policy would require delicate judgement and care if the confidence we have helped to establish and the continued credibility of our will and capacity to intervene, if necessary, is not to be jeopardised.

187. To handle deftly the transition involved we must even now begin to lay the ground for it. Because of its bearing on our own security, we should leave no doubt with our friends in Asia and the USA that we continue to be no less concerned with what develops in South-East Asia. We should establish that the course we intend to follow is in the best interests, both of South-East Asia and Australia, being designed to achieve the maximum results and at the same time avoiding overstretching our own limited resources. We should have it understood that we perceive our support for the Region to embrace political, economic and administrative objectives and assistance. We should seek to have ourselves recognised as free and willing to take independent initiatives. One of our main objectives should be to encourage the emergence of regional security arrangements embracing at least those of countries within our area of our immediate interest, and enjoying, at least, the support of the USA.

188. The course outlined will contain uncertainties and risks but that would be true of any other. The nature of the problems, together with our comparative inexperience in some of them, and our limited resources will oblige us to proceed with discretion but at the same time what we do should be and be seen to be commensurate with our interests in the Region and should be designed to have the maximum impact. With any success in this direction, not merely will the worth of our role be enlarged, it will be provided with a more secure and stable basis.

189. It is in respect of Malaysia and Singapore that Australia has the immediate opportunity to begin to apply these broader concepts. But this does not mean that there will not be opportunities for similar initiatives elsewhere, particularly in Indonesia and Thailand. Such a process should enlist the sympathetic interest and support of the USA and we should go out of our way to ensure this. The fact that we had established a lively and particular interest in the security and stability of the countries within the area of our immediate interest and were making a positive contribution in support of them and Thailand, would justify Australia's making a more independent and flexible response to any US request for involvement, military or otherwise, elsewhere in the South-East Asian area.

190. There remains for consideration the possibility that the policies advocated above might fail and Australia might be forced to rely on a strategy based on the direct defence of Australia. Such a situation would take time to develop and Australia should have the opportunity of adjusting its policies as necessary.

191. As things stand, in the late medium or longer terms covered by this paper there is the possibility that there could be a change in the attitude of Indonesia and unfavourable developments in the Philippines. Such possibilities might be frustrated if the course advocated above is pursued. Putting this aside, in the case of Indonesia a change in attitude and the consequential threat to Australia could develop more quickly and Australian policy must take this possibility into account. This is 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.

3. CONTINUING AND POTENTIAL COMMITMENTS

192. It follows from the foregoing argument that Australia needs to make provision for forces to meet the following purposes, along with the direct defence of Australia and its Territories:

a. the Vietnam commitment;

b. existing and possible future commitments to the defence of Malaysia and Singapore under Five Power arrangements;

c. the support of SEATO under contingency plans and ANZUS or of other similar collective security arrangements that may emerge ranging from counter insurgency up to limited war;

d. in the medium and longer terms, the support of indigenous forces in Papua/New Guinea to meet Indonesian activities there; and

e. the possible need to counter insurgency in other areas where USA or UK support may be expected;

f. contributions to United Nations supervisory or peace keeping forces;

g. other defence tasks.

Some notes on these follow.

Vietnam

193. It is unlikely that this commitment will increase but its duration is uncertain. Conversely a decrease in this commitment only appears likely in conjunction with a reduction of United States forces. There is the possibility of a residual commitment following a settlement. Subsequent withdrawal of these forces will give added flexibility in the consideration of changes in policy initiatives which will be required in the post Vietnam period.

Malaysia and Singapore

194. At the recent initial Five Power Talks, we accepted that our agreement to contribute to the proposed integrated air defence system for Malaysia and Singapore would carry certain implications in regard to the post 1971 period. Our options as to a continuing naval and army presence were left open. Earlier argument points to the advantages, at this stage of the Vietnam War, of our maintaining in Malaysia/Singapore some military presence for the time being. For how long this

presence should be maintained and what form its character should take while it is maintained, cannot be determined positively now. Circumstances may well develop before or after the end of the Vietnam War which justify the withdrawal or a significant reduction in our presence. They include the growth of stability in the area and in Malaysia and Singapore the extent to which these two countries do cooperate and increase their defence capacity to look after themselves, and the assessment to be made at the time of the effect of withdrawal on the USA and on friends in South-East Asia. The duration of the period of our presence in Malaysia/Singapore after the British withdraw in 1971 is therefore a matter for continuous review. The proposal to reduce the Australian Army contribution to form an ANZAC battalion group which Cabinet earlier considered, should be given effect to when those Australian combat units of the present battalion have to be replaced in April, 1969.

195. All our forces in the area would be at risk in the event of external attack on Malaysia or Singapore. They could also become involved in counter insurgency activity. However, the advantages of an Australian military presence continuing while current circumstances prevail are judged to outweigh the likely risks.

196. While the United States remain committed to the defence of Thailand, an overt military threat to Malaysia from the north is unlikely. To the south, there is uncertainty about Indonesia in the long term but a significant threat would take time to develop and there would be substantial scope for political and economic restraints by interested powers. At least in the short and earlier part of the medium terms, the Indonesians are unlikely to take action at a level that would require the involvement of our forces.

197. Counter insurgency must primarily be a Malaysian responsibility. In the event of a marked upsurge in insurgency on the Thai/Malaysian border, Australia could expect requests for assistance. Our response should be conditioned by our assessment of the circumstances at the time e.g. whether the insurgency was externally promoted; the need; the Australian and other interests at stake, including our interests in sustaining our alliances; the likely effectiveness of any increased support; the extent to which we might become involved by way of reinforcements etc. and the extent of the support we would have from the USA and the UK.

198. It would be necessary, to retain control of Australian policy, to ensure that the limits of Australian commitments in respect of any forces retained in Malaysia/Singapore were fully understood and accepted, so that the Governments of Malaysia and Singapore did not come to rely on larger support than we could afford to provide. This is of particular relevance in the East Malaysian context.

SEATO

199. Australia has made declarations to SEATO plans and continued participation by Australia in SEATO is consistent with our future strategic policy. Any commitment of forces in the SEATO context would be in conjunction with larger United States forces. While SEATO remains it will be necessary to review force declarations and other undertakings periodically. Any decision in relation to deployment to counter insurgency – the most likely area would be Thailand and possibly Laos – would be a major policy issue among the SEATO allies.

Other Possible Collective Arrangements

200. In the event that we achieve effective regional security arrangements, just as is the case with SEATO, forward deployments of our forces would be avoided until the situation required, unless the terms of arrangements we entered into in the future required otherwise. Instead of stationing forces permanently overseas, the Australian contribution could be on the lines of the present SEATO arrangements under which forces are declared to contingency plans but not committed: in short they are held in Australia for deployment as circumstances require. This should mean no diminution of our stature and our influence in security policy.

Territory of Papua and New Guinea

201. Australia's commitment for the defence of Papua and New Guinea is likely to continue even after independence. Initially at least any trouble with Indonesia is likely to be confined to harassment by small scale activities such as border patrol clashes, infiltrations of small groups etc. It will be important to continue the development of self contained indigenous forces so that they can cope with these situations, with the help of necessary Australian support that cannot be locally provided. Because of uncertainties about Indonesian long term attitudes, an Australian military capability is required to provide assistance to indigenous forces if the situation develops beyond their capacity. The whole question of the defence needs of TPNG, embracing all three Services, is already scheduled for review by the Defence Committee next year.

Counter Insurgency outside SEATO

202. Whether and in what circumstances Australia would decide to commit forces to counter insurgency outside SEATO would be for consideration in each individual case.

UN Forces

203. There remains a residual UN commitment in Korea. This would be shared with other countries, not least the USA. There might also be requests for a contribution to other UN operations. Where the requirement is small, such as the provision of military observers, it can be met from the regular or reserve forces. Larger contributions will not be possible while Australian Forces are engaged in Vietnam and probably afterwards, unless the UN operation is in a region of direct concern to Australia and in accordance with Australia's security interests.

Other Defence Tasks

204. In addition to normal defence tasks such as search and rescue, assistance in civil emergency, assistance to other Government Departments, contributions to international headquarters, hydrographic, oceanographic and land surveys, special air transport etc., there are steadily increasing commitments in various forms arising from defence aid programmes. These include training in Australia of foreign students from Defence Departments and Armed Services, defence aid in the form of seconded or loaned personnel and training teams, specific technical assistance in other countries and major combined exercises both in Australia and overseas. In total these tasks represent a considerable commitment for Service manpower and resources for which special provision must be made. It is already evident that the calls on Australia to provide training for foreign Service personnel cannot be met within existing facilities.

205. Not to be overlook[ed] is the fisheries surveillance role which the Navy and RAAF is currently undertaking and for which it seems likely that extra resources may have to be provided.

4. DEVELOPMENT OF DEFENCE CAPABILITY

206. After the early 1950s the Australian defence concept was one of gradual preparation based on a fixed vote in which the defence forces were primarily shaped to provide a contribution to collective security arrangements. In more recent years developments in our strategic situation brought larger defence forces with increased operational effectiveness. Confrontation and the Vietnam conflict further increased the requirement for operational forces and funds. The three Services have increased in size and their general capability has improved, but deficiencies still remain in our strategic and tactical mobility and in our ability to conduct sustained and self-contained operations.

207. Despite the unlikelihood of direct military threat to Australia in the period of this study, we must have capacity to meet the presently unforeseen. Relevant here is the long lead time required to shape the forces generally, and in particular to acquire their major equipments. Similarly, the unlikelihood of a direct military threat does not mean that the development of defence forces is any less necessary or urgent; an essential condition of the success of policies for the deterrence of overt aggression and insurgency is that armed forces are maintained, and are visibly available in the appropriate form.

208. To discharge the purposes described in Section 3 and for the defence of Australia, the following considerations should mould the future size and shape of our forces. To give effect to the defence policy outlined above, our forces should not be too closely tailored to particular requirements, but developed to provide a versatile and flexible defence force capable of rapid deployment over the wide range of situations that may face us in the future.

Versatility

209. The resources that can be devoted to defence without placing unreasonable strains on the economy, necessarily place restrictions on the overall size and shape of the forces that can be supported. As already noted, Australian Forces need to be organized, trained and equipped to meet requirements in South-East Asia and for the direct defence of Australia and its Territories. For the forseeable future, training and equipment for these two areas will be generally compatible, although the need to meet certain special situations may require more emphasis than others when assessing the future composition of individual Services. These considerations emphasise the need for versatile forces designed to perform a maximum range of roles. While guarding against over-specialisation to deal with a particular type of warfare, it is important that special consideration be given to the counter insurgency role. So there must be a most careful assessment of the type of forces to be developed and of the weapons and equipment requirements. In this connection it will be the role or function to be performed that determines what is needed; it will not be a question of distributing resources among the three Services as such. Here again attention needs to be drawn to the long lead times required for equipment.

Deterrence

210. The most effective defence forces are those which prevent war by deterrence. If potential enemies are to be deterred from attacking Australia, its Territories or other countries with which Australia may have commitments, they must be aware of Australia's strength, military capacity, readiness and resolve to support its policies and defend its interests, leaving aside the likelihood of prompt assistance by our Allies. Within the overall cover which the nuclear balance provides, Australia requires conventional forces which are capable of rapid and sustained response to defeat aggression using conventional forces. To be effective, these must include forces with an offensive capability to act as a deterrent to escalation.

211. From Australia's point of view deterrence is of particular relevance in the case of Indonesia. 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 capacity if a major power were prepared to provide military aid as the USSR did in the past. Indonesia's capacity to maintain and operate modern weapons could become substantial in the medium and longer terms. On the other hand, the importance and vulnerability of Indonesia's internal sea and air lines of communication are not to be overlooked.

212. The forces required for these deterrent purposes will depend on continuing long range appraisals of developments. Of particular concern will be the growth of Indonesian military capacity as well as possible changes in Indonesian attitudes.

Independent Capability

213. The strategy predicated above requires forces with the flexibility to provide a response to a wide range of situations. A self-contained force will often be the more effective contribution to collective defence arrangements, and acceptable to our Allies, and is also required for situations where we need to operate independently. Such a capability, which should be employed in accordance with a Joint Service concept of operations, involves a high degree of strategic mobility, a system of logistic support independent of permanent overseas bases, and a capability for sustained operations.

214. Because of its limited manpower resources (paras 231-238), Australia should seek to avoid becoming involved in a situation in which aggression has to be resisted by its forces in an area where an enemy can bring greater manpower resources to bear. This points to the dangers of Australia becoming involved in South-East Asia except in association with and with the support of the USA, and to the need for guarding against over-commitments under our present or any future collective security arrangements.

Defence of Australia and its Territories

215. As already stated, it is from or through Indonesia that the possibility of hostile action against Australia or its Territories is most likely to arise.

216. The likelihood of direct attack on Australia and its Territories has already been stated (paras 156-166). Because of Australia's geographic isolation and the very large sea, air, amphibious and land forces which would be required, direct invasion of mainland Australia would present enormous problems for Indonesia or a potential enemy based there. Not only would such a threat take a long time to develop, but these forces would be vulnerable to sea and air attack over long lines of communication, and if any forces succeeded in gaining a lodgement, they would be vulnerable to counter attack.

217. We must, however, be prepared to deal with sporadic attacks and raids, on the mainland which could be more readily attempted and could take the form of small scale air and submarine attacks and commando raids.

218. The existence of a land frontier with West Irian would not present to invasion of TPNG the same problems as invasion of the mainland, and if ever an enemy were to gain control of TPNG, an increased threat to the security of Australia would arise. The more likely course which a hostile Indonesia would take would be to build up armed forces to pose a variety of threats to TPNG on land, sea and in the air, ranging from infiltration through insurgency and confrontation type operations to, in the last resort, limited war. Defence of TPNG against these types of threats would be the most difficult type of situation which Australia would have to face should Indonesia become hostile in the late medium or long term. The defence of TPNG would require joint operations by all the Services, not only for the defence of the frontier areas but also to attack enemy bases and to interdict enemy lines of communication, while keeping open our own.

219. Of course, in all of this, our deterrent capacity and our capability to attack lines of communication and to destroy any lodgement which might be made, would have considerable bearing on whether attacks on, or an invasion of, Australia and its Territories would be attempted.

220. Australia requires a capacity to deal independently with sporadic attacks and raids and with the situations described in para. 218 above, taking into account our assessment that we could expect assistance under the ANZUS Treaty in the event of a major threat developing or in the event of limited war with Indonesia. We must be able to deal independently with minor situations in which we could not reasonably expect assistance from our Allies and the initial states of a major situation until allied assistance could arrive. It is to be noted that assistance from US naval and air forces is likely to be available more quickly than ground forces.

Compatibility

221. Notwithstanding the emphasis necessary on greater self-reliance, Australian Forces are likely in most circumstances to operate with Allies and should therefore be prepared to make full use of their logistic facilities. This points to the continuing importance of reasonable compatibility of weapons and equipment being maintained and developed with our Allies.

Intelligence and Reconnaissance

222. To ensure the most effective use of its limited defence forces, Australia must develop intelligence arrangements of the highest order to ensure the availability of the best strategic, political and tactical intelligence. The purpose should be to secure the earliest warning of possible changes of attitudes, developments in our area of strategic interest and early warning of enemy intentions and force deployment. For these latter reasons there is also an operational requirement for good reconnaissance and surveillance capability.

223. As well, we must do all we can to sustain the present arrangements which ensure two way exchanges with the US, UK, New Zealand and Canada of intelligence data.

Reserves

224. The need for a speedy response to any situation that may confront us emphasises the need for the provision in peace of war reserves from both our own and allied sources to sustain our forces in operation.

New Zealand

225. Particular importance must always be placed on our military cooperation with New Zealand, and not least on questions bearing on New Zealand Forces being able to operate effectively with Australian Forces. Necessarily New Zealand's military contribution to regional security arrangements will be small and be made only in close association with Australia or its other Allies. New Zealand is also likely to continue dependent on its Allies for most of the logistic support when its forces are deployed outside New Zealand.

226. Both Australia and New Zealand are increasingly recognizing that closer relations in defence are essential. This is reflected in the joint operation of Australian and New Zealand Forces in Vietnam, in SEATO planning, and in Five Power discussions with Malaysia and Singapore.

5. NUCLEAR CAPABILITY

227. It has been assessed in Part II that general war as a deliberate act is improbable in the period of this study, and that, even should general war break out, it is unlikely that Australia would be a target of nuclear attack although this possibility cannot be entirely excluded.

228. Similarly it has been assessed that throughout the period of this study Australia is unlikely to be involved in limited war with China. If it were, it would be as an ally of the United States and no nuclear threat to Australia is foreseen in such a situation. Indonesia is not a nuclear power and it is unlikely that it will acquire a nuclear strike capacity of its own in the period of this study. Limited war with Indonesia is unlikely. No threat of conventional attack on Australia or its Territories is foreseen that might require the use of nuclear weapons for defence. Furthermore, success in the promotion of an effective Non-Proliferation Treaty would be likely to stabilise the nuclear situation, even including the case of China, and reduce the importance of this factor in the strategic requirements of the non-nuclear weapon states. It is therefore in our strategic interest to have an effective Treaty as soon as possible.

229. No present requirement is foreseen for Australia to develop a nuclear weapons capacity. However, should a serious breakdown in the international order appear likely to develop, Australia might wish to reconsider the possibility of a requirement for a nuclear capacity. It is important, therefore, that Australia maintain its freedom to reduce the lead time for the development of such a capacity from the present period of from seven to ten years. It appears likely that this would be possible under the Non-Proliferation Treaty, but satisfaction of this score should be a factor in any consideration of Australia's becoming a party to that Treaty.

6. GENERAL CONSIDERATION

230. A number of factors necessarily condition defence policy and they are briefly adverted to below.

Manpower

231. Population projections indicate that the 15 to 39 year old male group will increase from a current 3.5 million to about 4.3 million in 1976. Projections beyond this date are not presently available. In the expected climate of a buoyant economy and full employment it might be assumed that the same proportion of this group as at present would continue to volunteer for the Services. On this basis, the permanent force strengths from volunteer enlistments could increase over this period from about 65,000 to 78,500, an increase of some 13,500. Currently the Regular Army strength to meet its commitments includes nearly 16,000 National Servicemen.

232. These figures suggest, even allowing for fluctuations which will occur in recruiting and re-engagement rates, that expansion of the strength of the permanent forces as a whole by voluntary enlistment is limited. Moreover even to maintain the present total strength of the Army would be dependent for many years ahead on continuation of National Service. In addition there would be qualitative problems in regard to requirements of skilled trade and professional personnel.

233. Not merely can the present strength of the Army not be maintained without National Service, any major increase in the regular forces could not be achieved without a greater intake under the National Service scheme.

234. The comparatively small manpower resources likely to be available from voluntary recruitment place a limit on the size of the regular forces which can be maintained under our present system. The Army is particularly affected in this regard. Australia is in no unique situation in that it cannot rely on the regular forces to meet all situations: for this reliance is placed on “reserve” forces which in our case are the Citizen Forces.

235. As regards our reserve forces and particularly as regards the Army, there are problems of availability, training, provision of equipment and development of operational readiness which point to the need for a thorough review of the whole reserve requirement and structure.

236. By contrast, our potential enemies have large manpower resources. Moreover, by accepting a lower standard of living for their personnel, they operate with less logistic and administrative support in the field. This manpower imbalance is accentuated in insurgency operations in which, despite superior firepower and complete air and naval superiority, a very large superiority in ground forces is required to contain the situation.

237. Australian deficiencies in the manpower field demand that the best use be made of manpower resources. Present logistic systems absorb large numbers of highly technical personnel. Sophisticated weapons increase combat effectiveness but add to the support required. They are expensive and can only be afforded in relatively small numbers. These factors point to the requirement to continue to improve the ratio between combat and logistic forces, and to the need, to the maximum extent possible, to select weapons which combine effectiveness and simplicity.

238. Moreover, within the versatility required of our forces, and while guarding against over-specialisation to deal with only one of the types of warfare in which we may be involved, there is a clear need to continue to examine and develop the organization, equipment and operational techniques of our Services to ensure that any operations in which we may be involved – of greatest importance should Australia again become involved in countering insurgency – will make the minimum drain on our limited manpower resources.

Defence Supply Aspects

239. Australia now has the capability in its complex of Government factories and private industry to equip and support our defence forces to a considerable degree. With the development of our national resources there are few raw materials not available to local industry. Apart from the needs of national development a strong, efficient and balanced industry is essential to any plans for defence preparedness.

240. Guiding principles have been prepared by the Defence Committee for the procurement of defence equipment. These will ensure that full consideration is given to the feasibility of local purchase or production. Major weapons systems will still need to be purchased from overseas sources as the small numbers required and the complexity of the equipment tend to make the economics of complete local production unattractive. From the operational and logistic viewpoint, there are advantages in the establishment of maintenance, repair and test facilities and of capacity, both in Government factories and in private industry, for production of items of defence equipment which are required for our forces.

241. While Australia has the capacity to be and should lose no opportunity in seeking to become a defence supply source for nations in South-East Asia, these countries will in time establish their own areas of defence production. It will be desirable to keep under review the need for a measure of coordination of defence supply planning between Australia and New Zealand and countries in the South-East Asia area.

Financial Aspects

242. Australian defence capability will always be limited by the nations resources and the extent to which these can be made available for defence. If Australia were under direct and immediate threat of attack, the allocation of resources to defence would have much higher priority. In present circumstances, the allocation for defence preparations and indeed for all activities associated with our security must be assessed against heavy competing demands for national resources.

243. It is common place that already the proportion of our resources that has been directed to defence has been under examination. In recent years the percentage of the Gross National Product (GNP) allocated for defence has been rising. In 1966/67 it was 4.1% ($950m) of the GNP ($22,822m) and in 1967/68 the proportion allocated to defence has risen to $1109.5m which is equivalent to 4.6% of the anticipated GNP of $24,100m.

244. It would be unrealistic to argue that defence expenditure should be sustained at some fixed ratio of GNP. Yet it is quite obvious that GNP will continue to grow and therefore that there will be a larger sum available for defence in competition with other demands for national resources.

245. The total funds available at any time are, however, not the absolute measure of the scope for a defence policy. A rising trend in defence expenditure can be the response to maintenance costs, pay and the like. It can be offset in real value by the increasing complexity and therefore cost of defence equipment, particularly in the case of more sophisticated weapons systems. Another limiting consideration stems from balance of payments problems. External costs of defence currently represents about 11% of Australia's export earnings and while, on current indications they will fall over the next few years, are likely to continue at a high level as a result of replenishment or replacement and new and additional equipments.

246. In this area of finance, two points may be made. First it is important that the financial procedures for defence programming should be such as to permit maximum flexibility for forward planning by the Services particularly for the provision of long lead items and items involving heavy capital expenditure. Second, the balance of payments situation will require that external defence costs be minimised to avoid undue strain on national finances.

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY (1971)

Editor's Introduction

After the 1969 Guam doctrine signalled greater US demands for self-reliance of its Asian allies, the 1971 *Strategic Basis* proposed a greater emphasis on the defence of Australia. However, Cabinet disagreed and decided that Australia's policies should not be changed.

The paper notes that positive trends identified three years before had continued as great power relations were stable, and the consequences of a possible North Vietnamese victory for US credibility would remain limited (paras 6, 7, 34, 40). In contrast to earlier documents, future US assistance was seen as depending 'on the degree to which Australia helps itself', rather than on contributions to the common defence (paras 19, 29). 'Australia must pursue her own security interests by her own efforts more than was necessary before', and could provide a limited counterweight to outside influence in South East Asia, such the increased Soviet naval presence in the Indian Ocean (paras 16, 103-109, 166, 170). But it could not independently defend other countries and there was a need to balance political, diplomatic, and economic efforts with military capacity (paras 11, 17). Australian forces in Malaysia and Singapore remained primarily for political and diplomatic reasons, and numerous conditions were placed on their possible use (paras 68-74). While 'no direct threat to the security of Australian territory is foreseen', attention should be paid to those areas 'from or through which a conventional military threat' could develop—Indonesia in particular but also PNG and the South West Pacific (paras 76, 87, 96, 100, 159). If circumstances in these regions deteriorated, it would more likely be due to internal instability and weakness than to the development of a direct threat from Indonesia, of which there would be several years warning (paras 77, 78, 91, 101, 102, 160). While Australia had to be prepared for the unlikely possibility of Indonesian aggression in PNG, assistance to, and cooperation with, all of these countries were called for (paras 79, 80, 84, 85, 92, 96-98, 161).

Despite the 'apparent absence of definite military threats', Australian military forces needed to maintain their skills and professionalism as diplomatic influence was based on latent military force (paras 172-174). But the economy as a mobilisation base was becoming more important, and equipment purchases and force structure levels could be adjusted (paras 175-178). The likelihood of involvement in combat outside Australia was 'less than we assessed in 1968' and 'not great', although Australia should maintain a capability to provide air and naval support in counter-insurgency (paras 162-164). But there was 'no single or clear contingency' to base force structure policy on, and 'more emphasis than hitherto should be given to the continuing fundamental obligation of continental defence', including through analysis later known collectively as the 'Defence of Australia' studies (paras 180, 182, 184). There was 'no present strategic need for Australia to develop or acquire nuclear weapons', but a reduction of the lead time necessary to do so should be taken into account in the consideration of civilian nuclear programs (para 192).

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

MARCH 1971

CONTENTS

	Paragraph
Introduction	1
Aim	3
The Global Background	4
Definition of Australia's Strategic Interests	10
The Exercise of Australian Influence	11
The Future Strategic Environment and the Implications for Future Australian Policy	
The United States	23
South Vietnam, Cambodia and Laos	30
Thailand	46
The Philippines	52
Commitments under SEATO	56
Malaysia and Singapore	62
Indonesia	76
Papua/New Guinea	86
South-West Pacific	96
Soviet Union and the Soviet presence in the Indian Ocean	103
China	110
Japan	118
Britain	129
New Zealand	140
India, Pakistan and Ceylon	140
The Southern Ocean and Antarctica	147
The sea and the sea bed	149
Regional defence capabilities	153
Regional military co-operation	156

Implications for Development of Defence Capability

The future strategic environment – Summary of findings	159
The military capabilities requirement – Summary of findings	167
Other factors affecting military capabilities requirement	170
Development of defence capability	176
Required characteristics of Australian forces	181

This paper was endorsed by the Defence Committee on 5 March 1971

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY - 1971

INTRODUCTION

1. Successive reviews of the Strategic Basis of Australian Defence Policy during the past decade (from the 1958 to the 1968 versions) have been carried out against a background of a basically constant threat of communist expansion through South East Asia, and a fundamental long term concern for the security of Australia and her Territories from attack and the threat of attack. Although there have been specific variations in the threat, as during the Indonesian Confrontation period, there has been continuing endorsement of regional security, in conjunction with our major allies, as the basis of Australia's policy, whilst at the same time appreciation of the need to be able to deter attack on, and in the last resort to defend, Australia and her Territories.

2. Throughout the period, however, there has been recognition that United States presence, policy and commitment to South East Asia are the keystones of our own "forward defence policy", and in the last review (1968) an appreciation that the United States position was changing. Similarly, as far back as 1962, doubts as to the extent of British influence and as to SEATO's practical significance had emerged, and had become substantial by the time of the 1968 review.

AIM

3. It is the purpose of this paper to determine the Strategic Basis of Australia's Defence Policy for the 1970s, and where possible beyond, and to indicate guidelines for the pursuit of that policy. The paper goes deeply into aspects of both foreign and defence policy based on the assumption that, in matters of national security, the two are inseparable.

THE GLOBAL BACKGROUND

4. The international structure and alignments of the 1950s and 1960s, based on two rival power blocs, have been changing as more countries both big and small, assert their independence and strengthen their economic and military capabilities. The essentially bipolar organization of power in the world is thus giving way to a more complicated strategic situation in which China, Japan and Western Europe have greater importance, as do also the smaller independent states.

5. Nevertheless, the United States and Russia by reason of their great military strengths and large economies will continue to play predominant parts. Despite technical advances, the nuclear balance between them will probably be maintained. Rivalry between them will continue but be increasingly focussed on vital interests rather than ideology; the extent of their intervention in areas not of vital significance to them will be limited, and each will exercise restraint in the other's sphere of influence. They also share a common interest in avoiding situations which might lead to an unwished-for confrontation. The likelihood of general war is accordingly remote. In these circumstances, less powerful states, including China and Japan, are likely to have more freedom of action than hitherto in situations and areas of less than vital importance to both super powers.

6. There will be frictions between the super powers at points of contact such as in Asia. A complicating factor will arise from different United States and Russian approaches to the China question, and to the role to be played by Europe in the West and Japan in the East. The United States seems prepared at least to consider a modus vivendi with China and its admission to the United Nations without prejudice to the integrity of Taiwan. Russia seems to regard the conflict of interest between itself and China as fundamental and enduring, and will do what it can, consistent with its priorities and its desire for détente on both sides of the USSR, to prevent growth of Chinese influence, international stature and access to resources. Similarly, whilst the United States views a strong Western Europe and Japan as partners in achieving stability, Russia would seem to prefer ultimate power retained in the hands of the big two.

7. Although China is indicating a renewed desire to enter the United Nations, and more accommodating Chinese policies including some improvement in Sino/Soviet relations are not to be excluded in the late 1970s, the prospects of a substantial USSR/China rapprochement are slight.

8. In addition to working for the recovery of Taiwan, China will seek to create buffer states to its South, and to exclude Russian and United States influence, (Paras 110-116 refer). To achieve these ends, China will use a variety of means short of overt aggression, but will continue to be faced with the choice either of putting more resources into supporting national liberation movements and revolutionary wars in order to have a real chance of overthrowing existing governments and installing governments more to China's liking, or of coming to terms (as Russia has been doing in South East Asia) with existing governments and taking advantage of the more accommodating attitudes now being displayed by many of those governments. But whichever road China chooses – and it could well adopt particular policies for particular countries – the prospect is one of increased Chinese influence in South East Asia.

9. Against this background of receding ideological confrontation, of lessening fears of overt conflict, and substantial pressures to limit conflicts, but of continuing threats of subversion and insurgency, and of communalism and intra-regional disputes, smaller countries are readjusting their thinking away from strict alignment and towards more pragmatic links based on self interest, more practical relationships with each other and more balanced relationships with the Great Powers. Cultural, racial and economic considerations now play a greater part in the development of their policies. Throughout the 1970s therefore, Australia is likely to be faced with generally more flexible attitudes amongst governments of the smaller countries in its

area of strategic interest, and among the Great Powers who are active in that area. A continuing strategic factor will be the increasing lead in strength and resources of the West over its rivals.

DEFINITION OF AUSTRALIA'S STRATEGIC INTERESTS

10. Australia's basic strategic concern is the security of our metropolitan territory, and our dependent territories, from attack and threat of attack, and from political or economic duress. The strategic interests encompassed in that concern flow from Australia's geographic situation as an island continent, its Western origins and associations, its location distant from its greatest friends and close to Asia, its small population, its reliance on long sea and air lines of communication, and its need for regional stability, technological progress, and international trade. These and other factors lead to the following Australian strategic interests:

a. the security of Australia's sea and air lines of communication with its defence allies, major trading partners and suppliers of strategic materials and defence equipment;

b. the security of Australia's neighbours in South East Asia, especially Indonesia, and in the South West Pacific including Papua and New Guinea after independence, from political or military subordination to substantial powers potentially hostile to Australia;

c. maintenance by Australia's neighbours and by all countries with whom it maintains significant trade, communications and defence relations, of their political and economic and military independence, and of their willingness to maintain friendly and co-operative relations with Australia;

d. pursuit by these same countries of domestic objectives by means which do not involve them in substantial disruption of their domestic peace and economic development;

e. acceptance by mainland China of a responsible international role;

f. the widest possible agreement between the United States, USSR and Japan, in particular among the Great Powers, in their peaceful co-existence with each other and with other nations;

g. the maximum effective limitation of strategic armaments generally;

h. continued real economic growth in the world community generally;

i. continued access for Australia to the technological resources and trade of economically advanced states;

j. the absence of racial tensions between Australia and the predominantly coloured world;

k. maximum international political and military support for Australian policies, particularly by the United States, and access by Australia to the areas of international decision making; and

l. maximum notice of the nature of threats to Australia's security.

THE EXERCISE OF AUSTRALIAN INFLUENCE

11. Australia's long-term strategic interests as defined above suggest the fields in which Australia needs to be active. Avenues for the exercise of influence comprise political and diplomatic activity, trading relationships, economic assistance and other aid in its various forms; and evident military strength, overseas deployments, visits and exercises, and, in the last resort, military operations.

12. Although Australia's direct military role is likely to be limited to the region of South East Asia, the South West Pacific and the oceans surrounding Australia, its area of strategic interest extends to mainland Asia and the periphery of the Indian and Pacific Oceans, and even more widely to Europe, and North America.

13. Australia's European ethnic and cultural homogeneity, historic associations, heavy but declining traditional dependence on Western markets, technology and products, the high levels of Western investment in Australia, and, generally, the traditional stability of Western attitudes have strongly influenced Australia to associated itself relatively intimately with Western nations. Parallel considerations have encouraged those nations to reciprocate this attitude. Australia's closest and most stable relations have thus tended to be with the most developed and strongest nations of the Western world, including in particular the United States and Britain.

14. Australian diplomatic activity in Asia has depended to a significant extent on this association; its influence has flowed to a similar extent from the influence it is believed to have, particularly with the United States. It has gained credibility from its close defence association with that nation and with Britain. At the same time, Australia's very location close to Asia and its reputation as an independent, non-imperialist nation with special interests in the security of South East Asia have given it a special position, which should enable it to exercise influence somewhat disproportionate to its power. Furthermore, Australia's growing economic links with the Asian region, and independent initiatives taken in it, especially as regards Indonesia, and as regards its response to declining British military influence, have provided a basis for a continuing independent influence in the future. However, Australia's traditional political and military associations with the United States and Britain have overshadowed to some extent full regional appreciation of Australian capacity to maintain an independent diplomatic stand, based on real and potential economic and military strength, and a special interest in the stability and security of the region of South East Asia and the South West Pacific.

15. Australia is far the most developed country in the South East Asian region. It has an economy which is growing in strength and which allows it to extend as economic aid programme into South East Asia and the South West Pacific which is significant as a back-up to its diplomacy. Wisely represented and selectively used, Australia's economic strength and technical skills can enhance our influence in the region to the benefit of our strategic situation.

16. Military support of Australia's long term strategic interest can be exercised both directly and indirectly; directly by the forward deployment of forces, and indirectly by the existence of a credible capacity for the selective use of force in the region, and above all an assured effective defence capacity. Military aid and training can play an importance part in developing local defence capabilities. Amongst the countries of South East Asia, Australia has a pre-eminent potential in terms of sophistication of equipment possessed and likely to be acquired, the ability to use it

effectively, and the industrial base to support technically advanced forces. Thus, Australia can have a substantial back-up for an independent and effective diplomatic posture in its region. Australia can play an important part in the regional power balance, and provide a counterweight – albeit a limited one – to other industrialized powers politically and economically interested in the region.

17. Although Australia can make a contribution, useful in itself and of some influence in promoting Great Power assistance, the credibility of Australian military power cannot rest on a capability independently to defend other countries of the region against internal or external threats. Such a capability would be well beyond Australia's power to provide. In the ultimate, therefore, defence of countries of the region will devolve on their own resources, ideally in association with their neighbours, but depending finally on Great Power assistance in the event of a massive threat. Likewise, ultimately, Australia's military and political credibility will depend upon its evident capability to defend itself and to sustain, in a region overwhelmingly Asian in character, its identity as an independent and essentially European society.

18. This credibility, and the kind of influence that we can wield, involves the striking of a balance by the Government between the costs of its political, diplomatic and economic efforts and military capacity, both real and potential. The difficulties are such that comparisons of this kind must be ones for judgment rather than mathematics. However, keen awareness of their existence is important.

19. Apart from the importance of its independent influence in the region, Australia's influence with the United States in particular will be central to its own long term security. The long-established and bipartisan trend in US policy and US Congressional attitudes to ANZUS and SEATO (discussed further in paragraphs 23 to 29) is that Australia's influence, and the extent of United States assistance in time of need, will depend to an important extent on the degree to which Australia helps itself. To the extent that Australia enhances its political and military influence in the region, and its capability to defend itself, so also will its standing with the United States, and the respect in which it is held by other powers including Japan, be improved.

20. Australia's growing economic, technical, and industrial strength, its social cohesion and political stability, and its military capabilities, contribute usefully to its influence abroad. Nevertheless, that influence is limited, and Australia's ability to attract United States and other support for its initiatives will remain of major importance to the effectiveness of its diplomacy throughout the decade.

21. Australian policy faces a continuing need to overcome Asian doubts and suspicions arising from Australia's European associations in general, and misgivings as to reality of our intellectual commitment to co-operation with South East Asia. Resentments arising out of coloured people's misunderstanding of the motivations of our immigration policy tend to impair Australia's image and this, as well as envy of our resources, tends to limit its influence.

22. Australian public opinion also establishes constraints. It is unlikely to favour Australian involvement in counter-insurgency operations unless a clear and substantial threat to Australian interests is identified and accepted. The need to devote substantial resources to national defence is, however, likely to receive general endorsement – provided the economy continues to grow – and subject to the qualification that heavy diversions of manpower resources to the defence of Australia are likely to be willingly accepted only when a direct potential threat to Australia is evident.

THE FUTURE STRATEGIC ENVIRONMENT AND THE IMPLICATIONS FOR FUTURE AUSTRALIAN POLICY

The United States

23. The Nixon doctrine defines the limits and conditions on United States involvement in Asia (as elsewhere) in response to a changing world situation and in an attempt to re-assure domestic public opinion that American obligations will in future be limited, while at the same time re-assuring America's allies that existing treaty obligations will be met. It emphasises that there must be a maximum degree of self-help on the part of the countries concerned, and that the responsibility for handling significant insurgency problems in South East Asia lies primarily with the countries of the area. This reflects in part American recognition that limited military response by external countries to communist insurgency is unlikely to be effective unless accompanied by the fullest local self-help in the fields of effective government, social improvement and security; and American belief that the nations of the region have the manpower, and a good proportion of the other resources, to cope with insurgency, provided the necessary measures are taken in a timely manner.

24. Nevertheless, the United States will remain the world's most powerful nation in both economic and military terms. It will continue to provide economic assistance to encourage stability and development in Asia, though probably increasingly through multi-lateral institutions. It will retain a military capability to back up its national interest, although the nature of its deployments, and of the assistance it is willing to give, will change in accordance with the guidelines laid down in the Nixon doctrine. It will, however, not continue to have the capability of simultaneously meeting a major communist conventional attack in both Europe and Asia.

25. We believe that once the United States manages to disengage from Vietnam it will be an American objective not again to commit ground forces in mainland South East Asia unless, as is unlikely, there was a substantial overt communist invasion of a treaty country. Even in this case the United States would be likely seriously to consider alternatives to any significant number of ground troops, eg air, naval and logistic support or the threat or use of nuclear weapons in an extreme situation (such as a Chinese ground-force invasion). If, as seems more likely, there is increased communist insurgency against treaty partners, United States assistance will almost certainly be limited to air, naval and logistic support, and to defence and economic aid. Congress will probably see that it goes no further. For those countries of Asia to which the United States has not already assumed security obligations, air, naval and logistic support will be provided, as the United States Secretary of State said on 29th January 1971, only where United States national security was involved and Congressional approval had been obtained. The likelihood of such support would be

increased if American assistance could be shown to be supporting a genuine regional effort.

26. There will be a substantial reduction in the United States base structure and physical presence in Asia. We believe that the American objective by the end of the decade is to hand over to local control and maintenance existing major base facilities in Vietnam and probably in South Korea and Thailand. By that time the United States is likely to require, at most, control of a few bases in Japan and the Philippines (notably Sasebo, Clark Field and Subic), with the right of access to Okinawa and to military and support facilities elsewhere in time of need. The extreme case of a withdrawal of the United States base structure to United States territory only seems unlikely during the 1970s.

27. Domestic constraints on the exercise of United States power have clearly emerged, are likely to increase, and could have effects inimical to Australian interests. Australian diplomacy will need accordingly to concentrate more intensively upon influencing United States policy makers to sustain United States political and economic involvement in Asia and in the area of the Pacific and Indian Oceans. United States public opinion is becoming an increasingly important factor in determining the nature of United States involvement, and influencing it against assuming a combat character. We shall need to stress to the United States the importance attaching to that involvement continuing to include a military capability credible both to friends and potential enemies, as evidence of ultimate United States support – even if not stationed on the Asian mainland.

28. Domestic constraints upon United States policy makers imply increased uncertainty as to the nature, timing and continuity of United States policy decisions affecting, in particular, United States military deployments. The timing of related major Australian policy decisions could, as a result, be adversely affected. While intensified diplomatic liaison at high policy levels in Washington may help to offset this, we must recognise that a higher level of uncertainty, especially in relation to United States military actions, will obtain.

29. The speed and scale of United States assistance to Australia under the ANZUS Treaty would depend on many factors, including the nature of the threat to Australia and their assessment of its effect on the security of Australia; their judgment whether we were capable of handling the situation ourselves; the importance attached by the United States to its relations with the country with which we were embroiled; and the degree to which United States considered we had brought the situation upon ourselves. American public and Congressional support for United States assistance under the Treaty would be the more likely if they considered Australia had developed an adequate military capability of its own. Australia accordingly cannot assume that the United States will necessarily provide assistance with the speed, of the type, and on the scale that we might think necessary. Nevertheless, the ultimate United States commitment to Australia under ANZUS is not in doubt and United States strategic interest in Australia is enhanced by our growing importance to the United States for defence and space purposes. The Australian force structure as well as our diplomacy must take these factors into account.

South Vietnam, Cambodia and Laos

30. Up to mid-1973, there is very little likelihood of the United States or South Vietnam suffering a major military reverse in South Vietnam suffering a major military reverse in South Vietnam of the sort which would again make Vietnam the major issue in American politics. Beyond mid-1973 an assessment must be stated in the form of several speculative alternatives.

31. North Vietnam might conceivably be forced to call off the war in the South because of a military setback, manpower shortage, economic difficulties, a collapse of morale, or a split in the leadership. However, we believe this is the least likely of the possible contingencies. North Vietnam's main assets under its dictatorial regime have always been unity, determination and patience, and it would require a significant combination of what appear, at this stage, to be unlikely circumstances for these attributes to disappear, particularly since the United States disengagement must provide new encouragement to Hanoi. Sufficient material aid is likely to be forthcoming from China or the USSR to permit North Vietnam to continue the war. North Vietnam has been forced since 1968 to accept a longer time frame for reunification. There is a chance, but certainly not a probability, that later in the decade North Vietnam could defeat the South militarily, particularly if all United States air support to Vietnam were cut off. Under a Republican administration some United States air support will probably be available up to at least the middle of the decade (by which time the Vietnamese should be able to cope with in-country tasks with the exception of heavy bombing) and possibly thereafter.

32. Rather more likely than a clear cut military solution in favour of either side are various other possibilities. The first of these is the maintenance of a military balance in South Vietnam which would permit the continuance of a government of the present orientation. If Thieu is democratically re-elected this year and is able to retain the support of the military and the administration, prospects of the survival of a viable non-communist South Vietnam until 1975 seem reasonable. Such a regime might last out the decade. Much would depend, however, on the Government's ability to prevent the disaffection of significant social or economic groups (above all, the armed forces and civil service). A very high level of United States aid would be essential during the first half of the decade and probably throughout the period.

33. Another possibility is a gradual but significant erosion of South Vietnamese control over much of South Vietnam during the decade, resulting from political fragmentation and continued guerrilla warfare. It is also possible that political change reinforced by war weariness could result in the emergence of a Government in the South based on coalition with the communists.

34. In either of these two latter cases, probably the change would be gradual and the initial outcome fuzzy, so that North Vietnam could well be preoccupied throughout the decade with trying to establish its control throughout the country. Provided the change came gradually or at a reasonable interval after the completion of American disengagement, the effects of such developments on United States policy and, more particularly, public opinion would be small; the effects on American allies in Asia would not be significantly greater than have already been felt. There would be a widespread disposition to explain an adverse outcome as being due to the absence from the beginning of a sound political basis for the continued separate existence of the South.

35. North Vietnam also has ambitions in respect of Cambodia and Laos, in view of their significance for the prosecution of the war in South Vietnam and her desire to establish ultimate hegemony over them.

36. Laos could be overrun by North Vietnam at any time if Hanoi were prepared to put in additional forces and accept the international political consequences. If North Vietnam remains preoccupied through the decade in trying to establish control in South Vietnam, something like the present tripartite government façade, with de facto partition of the country, could continue. Continued communist pressure could, however, result in the formation of a government that would be at least effectively under communist control. A non-communist Laos would not be likely to survive for long after communist domination of South Vietnam.

37. The prospects for Cambodia are particularly uncertain. It is a potential advantage that Cambodia, unlike South Vietnam, presents internationally and to the people of Cambodia itself, a clear cut case of aggression against an independent and ethically distinct state. The extent and nature of the external assistance which Phnom Penh can attract is likely to be of high significance in the short term at least. Assistance from South Vietnam and, to a lesser extent, Thailand is of great current importance, but the presence of troops from these neighbours with traditional territorial claims on Cambodia is a two-edged weapon for Phnom Penh. Aid and moral support from other countries therefore becomes the more important. If the Cambodian Government receives such external assistance it should have reasonably good prospects of survival in the short term. The possibilities later in the decade range across the spectrum from a Cambodian military collapse, through a deteriorating military situation in which Thailand and South Vietnam might assert control over limited areas of Cambodia adjoining their borders, to some sort of negotiated settlement, or to an indefinite military partition, with a gradual trend in Phnom Penh's favour if the situation holds in South Vietnam.

38. The prospects of the survival of the non-communist forces in South Vietnam, Laos and Cambodia over the next few years will depend upon the extent to which they receive substantial external financial assistance, and the external military assistance required by the particular needs of each of the three countries. It seems reasonable to assume that this degree of assistance will be forthcoming during the next few years.

39. In the unlikely worst case of their military collapse during this period other countries in South-East Asia would feel less secure and Thailand in particular would seek further reassurances and assistance from the United States.

40. If, as is more likely, the evolution of the situation in South Vietnam is a gradual and long drawn out one, these countries will have taken steps to adapt to it, and to the increasing role of Japan and the USSR along with the United States and China in the interplay of the great powers in Asia. While internal instability and communist inspired insurgency will continue, the course of developments over the decade will be increasingly shaped by the capacity the countries of South-East Asia demonstrate for self-help and for mutual support.

41. Since Australia's policy must remain that of encouraging a maximum continuing Unites States political interest and involvement, it will remain desirable for Australia to retain some forces in Vietnam for as long as substantial United States forces continue to be involved and as long as there is effective employment for Australian forces.

42. Pending an effective cease-fire throughout Indo-China, a continuing role in Vietnam for Australian counter-insurgency training teams can be foreseen even after the withdrawal of the bulk of the Australian force. Likewise, Australian medical and civic action teams, with roles essentially oriented towards the physical rehabilitation of the people and their environment, should be retained so long as a useful role remains to be performed, and political and security circumstances are compatible with their presence.

43. Should any cease-fire be arranged Australian policy throughout Indo-China will require to be adjusted speedily to take account of agreements then existing between the main belligerent elements. Continuity in civic aid whether military or civilian, or both, should nevertheless be possible and desirable, and should be given increasing actual and presentational emphasis.

44. Basic Australian objectives in the area would remain those of securing maximum independence of the Indo-Chinese governments from the dominant influence of any Great Power, or North Vietnam, and a maximum balanced reduction of military forces in these countries.

45. Australia should aim to secure for itself an active role in any negotiations leading to a final political settlement.

Thailand

46. Of the South East Asian mainland states, Thailand probably has the best immediate prospects of retaining its independence and stability. The basic unity and loyalty of its people, the existence of long-established authority, the military advantage of the terrain, and the resolution to be expected from the Government in defence of its vital interests, will make it difficult for subversive elements, oriented either to Hanoi or Peking, to establish control in the rich rice plains heart-land of Thailand. The north-east, the north and the border areas, where ethnic minorities are being exploited, remain a source of subversion, unrest and armed insurgency, but this should not spread to the ethnic Thai areas, or seriously challenge the stability of the state, in the absence of gross governmental mismanagement or massive external assistance. However, the Thais have a long history of flexible accommodation to what they see to be the seat of effective strength in their area and their attitudes will be sensitive to their assessment of American purposefulness and, to a much lesser extent, our own. In the case of Thailand it will be of crucial importance to combat effectively any cynicism there about United States and our own involvement in the security of the area.

47. Australian policy should aim to help the Thai Government maintain its independence and generally friendly orientation and, irrespective of the outcome of the conflicts in Indo-China, to withstand the pressures likely from communism. We should discreetly encourage Thailand to adopt domestic political, economic and social policies which eliminate the fundamental causes of dissidence and insurgency, and which deprive the communists of their political leverage, rather than the adoption of attitudes of uncompromising defiance. The trade and aid policies of Thailand's regional and Western friends are likely to prove of major importance in ensuring for the Thai Government the financial resources and the general economic climate necessary to allow an effective attack upon its domestic problems. Australia will accordingly need to stress to the United States, in particular, the need for effective external support, and should make provision in its own policies both for continued aid to Thailand and for the encouragement of regional and international economic co-operation relevant to Thailand's needs, not least of which will be trade.

48. Notwithstanding that the threat to Thailand remains essentially that of communist-inspired insurgency, the Thai Government has proved reluctant or unable to take the determined political, administrative, social and military action in border areas necessary to reduce such dangers. It is also clear that the present American administration, committed to the Nixon doctrine and subject to the constraints of domestic pressures, will be reluctant to become deeply involved in insurgency. We should continue the existing Australian policy of encouraging Thai sensitivity and effective counter-action in relation to the threat of insurgency.

49. Thai forces should have developed the capacity to make the appropriate military response to an insurgency situation but it may be doubted whether they are applying the concepts effectively in the development, organization and use of their forces. Any expertise which we may have or develop should therefore be made available to the Thais as far as practicable. The political and administrative response to incipient insurgency situations is integrally related to the domestic political, administrative and cultural patterns of the people concerned. Australia's interests will be served by the improvement of Thai sensitivity and expertise in this field. Australia could contribute usefully by such means as continued provision for financing or participating in local studies, directly against the background of the relevant local institutions and traditions, of the fundamental problems of economic and social development, and of administration of the less developed areas of Thailand.

50. To contribute to Thai security Australia should manifest willingness, as it already has in road building projects, to orient its various economic, social and administrative aid programmes in Thailand towards improving conditions of life in the politically vulnerable, less developed areas. Australia already has made a substantial contribution to the building up of indigenous skills in the process of opening up inaccessible areas.

51. Australia should concentrate generally upon the further development of a close and direct relationship with the Thai Government. While closely according with the mutuality of Australian-United States interests, this relationship will evidently rest upon an increasingly bilateral base and accord with Australia's need to adopt and capability of adopting, a more independent national posture in mainland South East Asia.

The Philippines

52. The strategic significance of the Philippines arises from the country's geographical situation. It lies across the lines of communication between Australia and Japan, and is valuable to Australia as an alternative route for deployment into mainland South East Asia. It is important as a site for United States bases from which United States power can be exercised in the South East Asia area. An unfriendly Philippines could interfere with our lines of communication to Japan, and deny to Australia and the United States the base facilities mentioned above. In the worst case a Philippines in hostile hands, could be used as a base for attacks upon Malaysia, or Singapore, or Indonesia, and less directly on Australia itself.

53. The Philippines' claim to Malaysian Sabah remains in abeyance; it has not been pressed with any vigour since late 1968 and it has not even been mentioned in recent major foreign policy statements. While the dispute is unlikely to be finally resolved in the years ahead, it is likely to be reactivated by the Philippines only if their relations with Malaysia deteriorate for other reasons.

54. Australian interest in maintaining, as far as possible, Philippine stability would probably be best served by supporting United States policies to this end in so far as we are able to do so. We should take every opportunity ourselves to develop more sympathetic relations between Australia and the Philippines. There is considerable underlying economic and social instability and unrest in the Philippines which could lead, in the absence of more enlightened administration, to a revival of insurgency or internal conflict. These trends will need watching and should be taken into account when considering Australian aid programmes for the Philippines.

55. A particular problem affecting Australian strategic interests might emerge in relation to Philippine (and Indonesian) claims to treat as internal waters large areas of what we would regard as high seas surrounding and within their archipelagoes.

Commitments under SEATO

56. The Manila Treaty despite the unrepresentative range of its Asian membership and the negative attitudes of France and Pakistan, remains of continuing political importance principally because of the American military commitment it embodies in respect of Thailand and Vietnam. Continued Australian political support for the Treaty, and for the organization (SEATO) set up under the Treaty, is therefore desirable, even though experience has demonstrated the limited practicability of implementing the organization's military plans. Against this background, and that of the foregoing analyses of possible trends in events in Indo-China, Thailand and the Philippines, we now turn to examine what obligations might fall on Australia as a result of our support of SEATO.

57. Recognizing that insurgency remains the principal physical threat to the physical security of the area, Australia should continue to accept the need to associate itself with counter-insurgency planning under SEATO, even though, due to United States attitudes, this planning is likely to proceed in low key, if at all. The likelihood (referred to in para 25 above) that the United States will decline to become involved in ground combat in a counter-insurgency situation directed against a treaty partner, means that Australian ground combat involvement in such a situation in the SEATO area should be regarded as correspondingly unlikely. Australian association with SEATO military planning in counter-insurgency should not, therefore, give rise

automatically to a planned requirement for Australian ground combat forces in the treaty area – beyond residual forces in Vietnam.

58. The possibility of United States air and naval combat involvement in counter-insurgency operations remains explicitly a continuing, but only a contingent, option in United States policy. It thus constitutes a reduced but still important factor helping to sustain the credibility of the continuing United States commitment to the area. Australian policy should also provide for an Australian capability to deploy air and naval support in counter-insurgency operations, recognizing that exercise of that capability could demand deployment of some ground forces as well.

59. In relation to the possibility of substantial overt aggression by a communist power against a Treaty country, the United States continues to participate in the development of the relevant SEATO contingency plans. Whilst acknowledging the commitment of the United States to its Treaty obligations, we expressed in paragraph 25 the belief that the United States would seriously consider alternative military measures to commitment of any significant number of ground troops. As hitherto, the contingency of such communist aggression is assessed as unlikely. Whilst Australia would not become involved in defence of a Treaty country against overt communist aggression except in association with the United States, Australia must continue to retain credible forces available for deployment alongside United States forces as part of the deterrent to such a situation. Failing such provision, the necessary Australian association with SEATO planning in this field would lack credibility, and the credibility of Australian diplomatic initiatives and diplomatic support for the United States in the area would be seriously undermined.

60. Australian policy should moreover continue to accept the need for ad hoc deployments of Australian combat elements to Thailand for SEATO military exercises if United States forces were to be deployed for this purpose. Such temporary deployments could well assume political importance during the post-Vietnam transition period if Thai confidence in the policies of Thailand's Western supporters needed to be actively sustained.

61. Although continued Australian association with SEATO military planning, supported by credible Australian force declarations, will continue to be required, Australian policy should recognize the unlikelihood that any United States (and accordingly any Australian) combat involvement in the Treaty area will occur on the basis of SEATO — as opposed to United States — plans. Australian national planning must accordingly recognize that any deployment of Australian forces in association with United States forces is likely to occur ad hoc in the context of United States plans. To gain knowledge of such United States plans should be a continuing objective of Australian policy. It will not be, and never has been, an easy one to achieve.

Malaysia and Singapore

62. The Government of Malaysia is moving towards greater emphasis on non-alignment in its foreign policy and self-reliance in defence. It is actively seeking to improve its relations with China and advocates, as a long term ideal, the neutralization of South-East Asia, guaranteed by the Great Powers. This move is not regarded by the Malaysians as inconsistent with their association with the Five Power arrangement or the presence of ANZUK forces, but has probably been stimulated by their disappointment with the consultative nature of the arrangement, by a recognition

that the arrangement may be of only temporary value, and by growing Malay nationalism and distrust of Singapore. For similar reasons, Malaysia is moving towards closer co-operation with Indonesia, including defence co-operation; and would regard this co-operation, too, as not inconsistent with a non-aligned status.

63. Any further move towards non-alignment will be influenced by an assessment of American, British and Chinese intentions in the region, and of the reliability of traditional allies, and by domestic political attitudes. The Malaysian Government recognizes that, in the short term at least, the chances of obtaining any convincing Chinese or Soviet guarantees for the neutrality of the region are remote, and we believe Malaysia still finds value in a continued ANZUK military presence.

64. The immediate effect of its foreign policy is that the Malaysian Government desires the Five Power arrangement to be inconspicuous. In the longer term the disposition of Malaysia (and Singapore) to move further towards non-alignment, with or without Great Power guarantees, could strengthen. If it should do so gradually, and in a context of multi-lateral arrangements in the region which could give increased validity to the non-alignment of individual countries, Australia's interests would not necessarily be jeopardized. Australia should adopt constructive policy attitudes to any such trends recognising that one implication would probably be that the forward deployment of our forces would cease.

65. Singapore has pursued a non-aligned foreign policy, and has sought to identify itself with the African-Asian world, without however seriously affecting its basically pro-western political predispositions and ties. Government leaders have publicly stressed that as a nation which lives by trade, Singapore must be friendly with all countries and seek the widest possible economic relationships in order to provide for its pressing industrialization and employment needs.

66. Singapore's particular fears are of conflict with Indonesia and with Malaysia, and the possibility of their coming together in a pan-Malay alliance, which Singapore would expect to carry anti-Chinese overtones. Until now, Singapore has relied almost exclusively on the ANZUK presence for defence against external aggression, but Prime Minister Lee Kuan Yew has recently made clear that he does not regard the new Five Power arrangements as a sufficient guarantee of Singapore's security in the longer term. He is accordingly rapidly building up Singapore's armed forces. At the same time, Lee appreciates that the presence of ANZUK forces may be expected to stabilize at least to some extent the communal situation in Malaysia from which, in disturbed circumstances, political currents adverse to Singapore's interest could very well spring; and to inhibit anti-Singapore moves by Indonesia, which values its relations with the ANZUK powers. Lee also believes that the more world powers are involved in the region the greater the prospect for security; and it may be to this end that he has been contemplating the extension of maritime facilities to Soviet naval ships, or he may, as he has said, be employing a stratagem designed to get a firmer ANZ commitment to Singapore.

67. The governments and societies of Malaysia and Singapore represent values which we wish to see preserved: modernizing, broadly democratic, committed in principle to multi-racialism and basically western oriented. What we seek to avoid are divergent Malaysian and Singaporean policies or a breakdown in communal relations. Either would encourage Malay and Chinese chauvinism, with the risk of a protracted and destructive power struggle between the races which could involve Indonesia and Singapore and, at the worst, bring to the area disruption and

instability, and exacerbate tensions between Singapore and its northern and southern neighbours, and expose Malaysia to communist insurgency. Whether the Malaysian Government will be able to maintain communal harmony remains uncertain; but given the existing prospects of success and the dangers that would arise from failure, the validity of Australia's policy of active support for the Malaysian Government is not in doubt.

68. The Australian military presence has political significance as an indication of continuing Australian interest in peaceful co-operation between Malaysia and Singapore. It contributes to confidence by providing the local Chinese with a small measure of reassurance that the presence of allied forces will inhibit Malay extremism, but to this extent the military presence may be unwelcome to Malay nationalist elements. The presence also provides the Malaysian Government with some military re-assurance against the contingencies of external attack and externally promoted insurgency. It also provides a framework for the pursuit of the admittedly difficult objective of facilitating defence co-operation between Malaysia and Singapore, and it supplements the forces of the two countries in some of the fields in which they are deficient, particularly in air defence. It further provides a basis on which to improve the efficiency of Malaysian and Singaporean forces by participation in training programmes and combined exercises. Furthermore and although each country is tending to go its own way in the development of its forces, our presence seeks to release them to some extent from the immediate compulsion of engaging in an urgent and expensive build-up of sophisticated weaponry. In the region generally our presence provides a useful basis for Australian political and diplomatic influence. It is not opposed or resented by the Malaysian or Singaporean Government, or by those of Indonesia, Thailand or the Philippines.

69. The Australian military presence in Malaysia/Singapore should therefore be sustained in present circumstances. But we should watch very closely the trend of relations between Singapore and Malaysia, since, while the presence of Commonwealth forces in Malaysia/Singapore might itself help to deter the two Governments from the ultimate extremity of attacking each other, deterioration of relations beyond a certain point would undermine the feasibility of Australian and other Commonwealth forces being used for common defence. The implications for Australia of a possible future refusal by Malaysia to allow the predominantly Chinese ground forces of Singapore to be employed in combat in defence of Malaysia needs to be kept under review.

70. We must also constantly examine whether the purposes of the Australian presence are still being served, and whether new risks emerging outweigh the advantages. The circumstances which gave rise to its inception, and to whose change it makes its own contribution, could have disappeared even before the middle of the decade.

71. The Australian force was never intended to be of permanent duration or of fixed composition and reflects an assessment that it would probably not become involved in significant military operations. Accordingly the forces deployed have been provided with neither the equipment nor the overall balance to sustain themselves in such a contingency, unless substantially reinforced from Australia. The possibility of Malaysia being subjected to overt aggression remains remote; and there would be advance warning. There has recently been some increase in the relatively low levels of insurgency in the border areas of north Malaysia and Sarawak and there is the possibility of a further increase. The danger that such insurgency will coincide and become confused with communalism also seems to be increasing.

72. Communal conflict is exclusively, and counter insurgency is primarily, a Malaysian responsibility, and both are accepted as such by the Malaysian Government, which has already deployed operationally almost half its growing ground forces with police field forces to contain the existing insurgent threat in both West and East Malaysia. The Malaysian Government has domestic political reasons not to call on foreign forces except in extremes. Nevertheless should the level of insurgent activity continue to increase, and communal conflict also occur, Australia could receive requests for combat assistance on grounds that the situation was beyond the capability of local forces. Known Australian reservations in relation to conflict in East Malaysia would be likely to lead to Australian combat forces being requested to operate in the Thai-Malay frontier area.

73. An Australian response would need to be conditioned by our assessment of the seriousness of the threat, if any, to Australia's interests, by our existing commitments and the need to sustain the credibility of our policies; by our assessment whether the situation was beyond the control of local forces; by whether the insurgency was externally inspired and promoted; by the likely effectiveness and duration of any Australian combat support, by the extent to which we might be required to deploy additional forces; by a judgment of whether in making our forces available we were releasing Malaysian forces for action in the communal field which we could not approve or appear implicitly to endorse; by the actions of our ANZUK partners; and by the extent of military or political support we would have from the United States. Australian support on the ground might best be directed at improving the quality of Malaysian military performance.

74. Although one of the objectives of our military presence in Singapore/Malaysia is to discourage the two countries from engaging in a premature and competitive build-up of sophisticated weapons (para 68 above), this is not to say that we do not wish them to seek self reliance in defence. Thus our own programme of defence aid to these countries is directed and should continue to be directed, towards helping them reduce deficiencies in their armed forces which our military presence at present helps to offset. But we would certainly hope for a progressive reduction of our aid programme during the decade as the military capabilities of the two countries expand.

75. Additional political, social and economic initiatives on the part of Australia are also indicated. The importance of the communal problem to regional security suggests that all possible initiatives towards limiting its significance should be explored. The basic problem is to equip Malays with the skills and confidence which would allow them to accord to the Chinese a more equal role in the government of the country. Australian policy should therefore give, as it is increasingly doing at the

instigation of the Malaysian Government itself, conscious attention to promoting education and training in the predominantly Malay areas of the country. At the same time Australia should seek to encourage both Malay and Chinese leaders in conciliatory attitudes towards the problems and aspirations of the two countries. Australia should encourage moves for increased regional economic co-operation, in the hope that the separatist attitude in Malaysia and the unequal development of the two countries will be to some extent reduced.

Indonesia

76. Indonesia is of the greatest strategic significance to Australia, because of its position, its 120 million people, the magnitude of its largely undeveloped natural resources, and the strong nationalism of its people. The Indonesian archipelago comprises a total land mass of 736, 439 square miles in some 3000 islands, stretching over 2500 miles from east to west and 1250 miles from north to south, imposing a substantial sea and air barrier between Australia and mainland South East Asia, with narrow sea routes between the main islands. Indonesia is Australia's nearest neighbour; it has a common land border with Papua/New Guinea; 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. 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. For all these reasons Australia's relations with Indonesia are of profound and permanent importance to Australia's security and national interest.

77. Prospects for the continuance of responsible political and economic policies by the present Indonesian Government are reasonably good, provided that economic stabilization can be translated into economic growth. Any major change in the orientation of the Indonesian Government is unlikely at least in the first half of the decade, and if it did occur thereafter this would probably be in circumstances which left Indonesia weak, disunited and incapable of presenting a significant threat to Australia or even to her other neighbours. Although Indonesia possesses sizeable ground forces, her naval and air forces are obsolete and run down. At present, Indonesia has an extremely limited offensive capability and her capacity for effective deployment is very low. A massive and closely supervised programme of foreign military aid extending over a period of four or five years would be needed to build up the Indonesian forces, and this is unlikely even to be initiated in the first half of the decade.

78. It is very unlikely that any Indonesian Government in this decade would develop a capability or intention to mount a serious and sustained attack on the Australian mainland. We could expect warning over a period of years of any change of Indonesia's intention or capability.

79. Economic progress being the main determinant of Indonesia's course in the next decade, it is in Australian strategic interest that Indonesia should secure the maximum international assistance to its economy. The need for Australia itself to provide substantial assistance is clear and already recognized. Australian aid alone will however be at best marginal. Therefore Australia's own aid effort should be tailored to supporting, supplementing, and above all, to encouraging the substantial European, United States and Japanese aid that could be made available and must be stimulated. Japan clearly has the greatest potential for increasing its aid.

80. The favourable orientation of Indonesia's military government also suggests scope for selective Australian practical co-operation in defence, an area where Japan may be reluctant to involve itself, and where the Indonesians will probably be reluctant in any case to give the Japanese much leverage. The generally favourable prospects for stability at least to the mid 70s afford us opportunities to develop our defence and security relationships with Indonesia. Our assessment that any substantially different government is unlikely to present any significant threat to Australia for a further half decade after coming to power — if not longer — also affords us opportunity to assist in the improvement of Indonesian military capability for internal security and for defensive weapons, and to this end to extend selected assistance in the technological and defence fields. The Indonesians have shown increasing interest in defence co-operation and this important matter should be the subject of separate intensive study.

81. Indonesian attitudes both towards West Irian and TPNG are relevant to its relations with Australia. While a few intelligence Indonesians regard the acquisition of West Irian from the Dutch as having brought an encumbrance rather than more strength to the Republic, the vast majority of Indonesians supported Sukarno's claims, continue to believe that the incorporation of West Irian was proper, and would regard any attempt to detach it as an affront to the nation. This makes them especially sensitive to the fact that Australia is able to spend on the development of TPNG many times what Indonesia can afford for West Irian. They will be conscious that this cannot fail to result in disproportionately rapid development on our side of the border with the resultant possibility that TPNG may tend to act as a magnet to the people in West Irian, and lead to invidious comparison with possible political repercussions. So far, however, this awareness has not affected an apparent wish on the part of the Indonesian Government to handle the problems of our common border in a relaxed and sensible way in order not to upset the cordiality of our relations overall.

82. Any substantial Indonesian attack on or filtration into TPNG prior to independence is highly unlikely. Indonesia values her relationship with Australia. 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. While there will be inevitable difficulties now and then, there is therefore good reason to hope that up to the time of TPNG's independence they will be easily containable.

83. Thereafter with an inexperienced government in Port Moresby, and a people who have always shown some fear of Indonesia, there is room for doubt. But after independence the Indonesians will face a new international deterrent. Indonesia's assumption of authority over West Irian, and her means of enforcing it, have been by no means popular with many members of the United Nations. She was embarrassed by the force of this feeling when, in 1969, the final transfer of sovereignty came into the United Nations General Assembly. There is every likelihood that Indonesian incursions into an independent TPNG would result in censure at the United Nations and a call for a cease-fire and withdrawal which Indonesia could scarcely ignore, especially in view of her dependence economically on the goodwill of the international community.

84. For cogent political and military reasons therefore it is assessed that Indonesia will not undertake any significant military or subversive action against TPNG during the decade. Nevertheless against the unlikely possibility of change we need to ensure that Australia's important interests in New Guinea, and the integrity of the Territory, should be appropriately safe-guarded. [Approximately 15 lines expunged]

85. Generally, Australia should aim politically to represent herself as a sympathetic and helpful neighbour with interests compatible with those of Indonesia. To do this will certainly imply a continuance of our concern to avoid that our policies in relation to Singapore and Malaysia give legitimate offense to the Indonesians – there is no present sign that they are in the least concerned by those policies. The Indonesians regard themselves as a good deal more important to the region, and to Australia, than either Malaysia or Singapore, and have valid arguments, including their location, size and resources, to demonstrate the point.

Papua/New Guinea

86. Papua/New Guinea is of abiding strategic interest to Australia because of its geographic position astride our military and trade lines of communication to the north and to south East Asia; because of its common border with Indonesia; because in hostile hands, it could provide facilities, [1 line expunged] for conduct of operations inimical to Australian security and interests including further penetration of the South West Pacific. We are responsible for its defence now.

87. With regard to the post independence period, we note that in his statement of 6th July, 1970, the Prime Minister said: "We will have an obligation and responsibility to help the development of this country to a stage where it can not only govern itself politically but govern itself economically, and we will accept that responsibility — and this may go on for years". We are also likely to be involved in arrangements for the country's defence after independence. Should New Guinea become unfriendly or hostile to Australia and give facilities to a potentially hostile power there would be a serious deterioration in our strategic situation. Therefore it is highly desirable that New Guinea should remain friendly with, and oriented towards Australia. In addition to Australia's own interests in New Guinea we have an obligation to assist the progress of the country to independence and beyond.

88. Australia's policies within New Guinea in the pre-independence period are not discussed in this paper. The indications are, however, that these polices will embrace the objective of transferring power to an independent regime which is both widely accepted and not hostile towards Australia; which aims to maintain thereafter the unity of the new nation; which is equipped with sufficient competent staff to sustain the effectiveness of the administration and the continuity of development programmes, and which is supported by security forces capable of enforcing its decisions domestically and of securing its frontier area against minor illicit activities which might originate on either side. These are conditions which will be difficult to meet.

89. Japanese economic interest in, and economic aid to New Guinea could become significant. These will, no doubt, be welcomed by new Guineans and could serve Australia's interests, subject to continuing scrutiny against the criterion of New Guinea's economic independence, and provided that Japan's aid is given to a substantial extent in a multilateral context.

90. As discussed in the preceding section, Australia's prospects of bringing New Guinea to independence during the decade without significant interference from Indonesia seem favourable although minor border infringements by Indonesian forces could not be excluded.

91. The principal threat to the integrity of the Territory after independence is foreseen as a general decline in law and order or the activity of secessionist movements which could lead to conflict beyond the limits of capability of the security forces. Another danger of violence lies in the possibility that hot headed reactions or provocations, whether on the part of a new independent Government or not, could lead to armed clashes with Indonesian forces in the border area. Any of these sources of conflict could conceivably lead to calls for Australian combat assistance.

92. Whether there be a formal Australian New Guinea defence agreement or not, Australian interests will lie in affording the New Guinea Government reasonable assurance of combat support against the emergence of any substantial, unprovoked and persisting Indonesian aggressive actions.

93. In circumstances of secession where political processes have proved inadequate, or unsuitable, we should not exclude the possibility of furnishing the New Guinea Government with organizational, training and logistic support, and in the last resort, physical assistance. A decision in such a matter could only be taken in the light of all the circumstances — domestic and international — obtaining at the time, and we should make it clear to any New Guinea Government that support of any kind should not be assumed to be automatic.

94. Against the possible need of the New Guinea Government to employ local forces in external defence and/or internal security roles, Australian policy should continue, subject to the views of the New Guinea authorities, to make provision for the development of modest indigenous security forces. These should be adequate to meet foreseeable internal and limited external threats, and organized and equipped in a manner appropriate to the threats, local circumstances and judgments. Provision should be made also for the development of a defence infrastructure capable of meeting operational needs, including those of Australian forces which might be deployed, and integrated with civil facilities. In the event that Australian forces had to be deployed on operations they would require a naval refuelling installation to support ships operating off the north coast of New Guinea, and development of air facilities on the north coast of New Guinea for strategic transport, maritime patrol, and combat air support operations. Australian access to staging posts in Papua/New Guinea would facilitate deployment of our forces to South East Asia by sea and air.

95. Direct financial support for the development of local forces and of infrastructure should be envisaged, but because of the uncertainty of long-term Australian access to facilities in Papua/New Guinea and the political implications of providing facilities in a Trust Territory and later an independent country, we should proceed with caution on the establishment of any new facilities in TPNG required only by Australian forces.

The South West Pacific

96. With the decline in British involvement, the countries of the South West Pacific Region will look to Australia and New Zealand for co-operative initiatives particularly in trade and aid. Accelerating independence, implying inexperienced and less competent government and enlarged opportunity for Russian and Japanese penetration, will lead to a new situation and new uncertainties in an area of importance to Australia and her lines of communication, but about which we have not had to be particularly concerned in recent years. A growth in regional consciousness, extending to and including New Guinea, is likely, and overall there will be heavier demands on Australian resources.

97. It will be necessary for Australia to respond positively and co-operatively to Island aspirations in the context of most of these trends if it is to win the confidence of the peoples and governments of the South West Pacific. This is also desirable if we are to reduce substantially the danger that they will, in default of Australian co-operation turn, even with resentment, to alternative sources of co-operation e.g. Russia, whose expanded influence in the area would certainly be prejudicial to Australian interests over the long term. Regional interest in the development of a regional political forum should be expressly encouraged.

98. Co-ordinated Australian, New Zealand, British, and perhaps Canadian arrangements to supply economic, technical and/or budgetary assistance and to overcome persistent trading problems may prove to be desirable as a response to regional deficiencies in these fields. French and United States participation in such arrangements, partly for reasons of constitutional policy, is less likely. The attention of the French could be expected to be directed almost exclusively to their own territories which are and will continue to be regarded as part of metropolitan France. This in itself may continue to contribute to stability in the area. The Americans may be induced to participate in arrangements along the lines above, but the prospect for United States involvement other than modest support through the South Pacific Commission is limited.

99. It is our assessment that the search for a regional identity will be pursued in the South West Pacific, whether or not powers such as Australia accept the merits of the objective. The Island governments do not welcome being lumped together with Asia in the minds of the Western world, and have been restrained only with difficulty from highly critical public utterances concerning the fate of West Irian. Australian policy could take a lead internationally in accepting for the South West Pacific governments a regional identity as separate and as distinct from the Asian region as the peoples of the area would prefer.

100. Australia has a strategic interest in the island territories of the South West Pacific (including Fiji and New Caledonia), because we have important lines of communication through the area and would like to have continued access to the transit facilities they provide. There would be a deterioration in our strategic situation if some of these island territories were to come under the influence of countries unfriendly to Australia. United States power in the Pacific and continued United States interest in the area will be a stabilizing factor and a substantial safeguard against significant interference by other powers.

101. No threat of external aggression against the states or dependencies in the South West Pacific is anticipated during the decade. As evidence of its interest in the independence of the area from external duress of any kind, and generally with a view to strengthening its diplomacy in the area, Australia should in close association with New Zealand and wherever possible with the British, provide for visits by its defence forces, and opportunities and extension of training assistance in the security field.

102. The period is likely to be one in which the newly independent state of Fiji is confronted by serious domestic political problems. In Fiji these are likely to assume a communal form and could lead to serious internal conflict, even to the point of calling for external intervention. It may be assumed that both New Zealand and Britain, to some extent, would share any Australian interest in developments. Where a requirement might exist for external intervention to suppress communal violence, no Australian combat involvement should be contemplated except in conjunction with others, and at the request of the Fiji Government. Even then, Australia's consideration of Fiji's request would need to have regard to many factors, including the likely international reaction, and that of India and Pakistan in particular, and it is difficult to foresee Australian agreement to intervention.

The Soviet Union and the Soviet Presence in the Indian Ocean

103. The Soviet Union is clearly more interested now and has more capacity to seek influence in Asia commensurate with its status as a global power, in competition with China and the United States. The Russian naval presence in the Indian Ocean supports these political objectives. While the eventual result of the interplay of Great Power, including Russian, policies in Asia cannot be foreseen and is not amenable to direct Australian influence, Russian long-term political objectives in the region will seldom accord with those of Australia and its allies. It would not be in Australia's interests for South East Asia to be drawn into the Sino-Soviet dispute, probably a major objective of present Russian policy. Anti-Chinese policies on the part of Russia in South East Asia could provoke Chinese counter-reaction and thus increase strife and instability in the region. Russian anti-Chinese policies might also exacerbate existing communal tensions, e.g. in Malaysia.

104. While Australia clearly can do little about the Russian presence in Asia, we should not smooth the way for the expansion of Russian political influence in the region by seeming to accept that Russian diplomacy could open useful political options for the area. No such options which are not corrosive of Australian interests seem to be in sight outside the economic field. We should constantly examine the quality of our support for and our relationships with countries which seem most likely to come under Russian influence with a view to limiting that influence and finding ways in which our ties with them can remain acceptable and valuable, notwithstanding their Russian connections.

105. Nevertheless, we must recognize that Russia has legitimate commercial interests in the region which could contribute to regional economic prosperity. Its capacity to extend economic aid — e.g. to Indonesia — remains considerable. Australia's interests require that Russian aid be exploited responsibly by regional governments. Moreover, the likelihood of increasing Russian merchant traffic between the Pacific and Indian Oceans — and, although we should do nothing to encourage it, naval traffic — could strengthen Russian interest in international arrangements which would preserve freedom of navigation through key channels such as the Malacca, Sunda and Lombok Straits, Australia has similar interest.

106. The Russian naval deployments in the Indian Ocean have been concentrated mainly in the area of the Middle East, Eastern Africa bordering the Red Sea, and South Asia, which is a region of major Russian political and strategic interest. The Soviet gains advantages from being the only major power currently on the scene in strength in much of the Western Indian Ocean and would be in a much stronger position if the Suez Canal were re-opened. The development of its naval presence also provides the Russians with an improved capability to provide military assistance in response to requests by Governments of the area. At the same time the long range deployments enable the Soviet Navy to develop its combat adaptabilities in areas, including the tropics, in which its experience and knowledge were, until recently, very small. The presence may grow gradually during the decade and widen in its geographical scope in the Indian Ocean.

107. It is possible that more Russian naval activity will occur in the east of the Indian Ocean and near Australian waters. There could be occasional flag showing visits in the South West Pacific. Except in the remote contingency of a general war, interference with shipping, including tankers, on the high seas is highly unlikely. The naval deployments do not pose a direct threat of attack upon Australia. We do not in present circumstances foresee them being used to coerce independent countries in South East Asia. But Russia will capitalize wherever possible on the evidence of her naval strength to promote her influence and interest in the nations bordering the Indian Ocean at the expense of the United States and her allies.

108. Of particular and immediate concern is the recent encouragement by Prime Minister Lee Kuan Yew to some form of Russian naval presence in Singapore. While it is not yet clear what is likely to be involved, this step could not only seriously affect Singapore's relations with her neighbours, but could on the most pessimistic view affect the basis of the Five Power relationship they have worked out in the military field. Australian, New Zealand and British views have been made known to the Prime Minister of Singapore without any noticeable result as yet.

109. The direct military implications of the Russian naval presence, whilst not immediately menacing, are not in our long-term interests. They could develop a more adverse character if in the longer-term Russian influence should become more dominant, particularly in South East Asia. Against the background of these possibilities – albeit remote – we should consider appropriate steps to counter increasing Russian influence in Australia's area of strategic interest by our own measures and by the encouragement of our allies and friends to do likewise. Action should include consideration of technical assistance and aid programmes in relevant countries, including such fields as port and maritime development, and oceanographic and fishing research.

China

110. It is in Australia's long-term strategic interest to establish satisfactory relations with mainland China. However, Australian initiatives in this direction have been inhibited by Peking's generally hostile and intransigent attitude to the West, and by its support for subversion and insurgency in the under-developed world. They have been precluded by its insistence on the recognition of its claim to Taiwan as a necessary precondition to the establishment of diplomatic relations. Australia's policy of seeking to contain Chinese subversive activities and support the integrity and independence of Taiwan has closely paralleled United States policy.

111. China now seems to be moving slowly and hesitantly towards a more flexible international posture and is apparently interested in securing admission to the United Nations, partly to set the seal on its foreign policy objective of international acceptance as a Great Power. Chinese approaches for greater diplomatic recognition are likely to be welcomed internationally and to lead to other countries following the examples of Canada and Italy. International pressure to secure China's admission to the United Nations is also likely to grow and it is likely to be a member within two or three years.

112. United States interest in improving bi-lateral relations with China has been apparent for some years and Congressional and public opinion are now in support of this. The position of Taiwan nevertheless remains a fundamental obstacle to any substantial improvement in United States-China political relations and there has been no indication as yet that the United States will compromise on Taiwan's independence. But the Taiwan problem could resolve itself through changes in attitudes in China and Taiwan (particularly in the post-Chiang Kai Shek period) and changes in the Great Power relations between the United States, Russia, China and Japan.

113. The most immediate policy problem likely to be faced by Australia in respect of China is increased international recognition of Peking, following the Canadian example, and the emergence soon in the United Nations of a two-thirds majority in favour of China's admission. A simple majority has already been reached. Australian tactics in the United Nations will need to be co-ordinated closely with the United States. On the evidence the United States seems unlikely to oppose strenuously China's admission for much longer and is likely to content itself protecting, as far as possible, the position of Taiwan. Australia should at least stay abreast of the United States in an accommodation with China, both within the United Nations and outside it; failure to do so would leave us isolated on this major issue, and embarrass our associates in the region. In order to avoid being left behind we should concentrate particularly upon developments in United States and Japanese thinking, these being the two most influential countries in this region. Japan is currently reviewing her attitude towards China's recognition and admission to the United Nations.

114. A weakening of the Republic of China's international position as a result of Peking's admission to the United Nations, and any serious weakening of the effectiveness of the United States commitment to the continued integrity of Taiwan, could lead to Taiwan's being taken over by the CPR. Should this occur, it would have significant strategic consequences: the island's resources would be a significant addition to those of the CPR's; and the island's physical occupation by the CPR would be of considerable concern to Japan and the Philippines, the United

States' treaty allies to the north and south of Taiwan. Moreover, the acquisition of Taiwan by the CPR would have other consequences for the strategic situation in the area, including making possible the redeployment of the very large Peoples Liberation Army forces stationed opposite Taiwan.

115. The emergence of China during the decade as a military nuclear power, with a small force deployed in dispersed and hardened sites, will complicate affairs for the United States and Russia both directly in relation to China and indirectly because of the existence of a nuclear China in the wings during any United States/Russian confrontation. Nevertheless, China will appreciate the need to avoid direct military confrontation with either power. China is becoming a nuclear power and its possession of nuclear weapons must complicate the polices and planning of its neighbours, including Australia, and lead India and Japan in particular to examine most carefully whether they should themselves seek to become nuclear powers. Regardless of her nuclear capability. China is unlikely to embark on massive overt aggression against neighbouring states; but it will continue for some years at least to support national liberation and insurgent movements where conditions are favourable.

116. Substantial constraints affect China in the pursuit of its policies. The strength of Asian nationalism, China's continued relative economic weakness, pre-occupation with Russia to the north, national and racial hostility, China's inability to match the United States, Russia and Japan in the provision of aid, and the prospect of increasing Chinese responsibility as its nuclear power increases, all suggest that extension of Chinese influence in the region would be slow, despite increases in its nuclear capability and its power. Even so the eventual direction of Chinese policies remains unknown and must continue to be a source of concern to Australia.

117. The means of countering Chinese activities which are contrary to Australia's interests have been discussed in the relevant country sections.

Japan

118. Japan is already a Great Power in economic terms, soon challenging the Soviet Union in this field. The growth of Japanese strength and influence and the evolution of Japan's policies are assuming progressively increasing importance and could well emerge as key factors in Australia's strategic situation in the near future. Japan's enigmatic and complex society, its strong nationalism, growing feeling of power and independence, and sense of cultural superiority, are all factors for uncertainty which makes long-term prediction difficult.

119. A continuing and close monitoring by Australia of the development of Japanese policies is therefore essential. At the same time, it must be recognized that Japanese policies will ultimately evolve in response to factors over which Australia will have little direct influence. These factors include the domestic political situation in Japan and the pattern of relations which emerges between Japan and the Great Powers particularly the United States but, increasingly during the decade, China and Russia.

120. For the present, Japan's economic progress, dependent on continuing economic co-operation with and access to the markets and raw materials of the rest of the world, particularly the markets of the developed nations, provides a strong motive for co-operative, outward-looking and peacefully-inclined Japanese policies. Australia is of considerable importance to Japan in this context. So long as Japanese economic prosperity and post-1945 attitudes continue, Japanese policies and interests are likely to accord broadly with our own, provided our own dependence on Japanese markets and provided Japanese aid and other policies in our neighbourhood do not commit us to supporting undesirable Japanese policies.

121. Australia should specifically encourage Japan to continue to use, on increasingly liberal terms, its great resources to promote economic development and stability in South East Asia. The Japanese are well aware of the suspicion and dislike of them which still linger in Asia. They will recognize that Australia has a good reputation in the region. The Japanese could therefore be expected to welcome Australian support in their pursuit of more positive economic policies in South East Asia. At the same time, such Australian support and encouragement should be low-key and discreet; it would not be in our interests to be seen to be too closely identified with Japanese policies in the region. The extension of increased Japanese economic aid to Indonesia in particular would accord with Australian interest in the stability and economic progress of the present Government there.

122. Growing Japanese investment in Canada, and signs that the latter is showing greater interest in the Pacific and South East Asia, suggest the possibility of increasingly fruitful co-operation amongst the Pacific Basin countries, particularly in relation to the provision of aid to South East Asia and the Pacific Islands. If Japan could be induced to enter multilateral co-operative associations of donor powers its potential to provide economic benefits to the region might be maximized with reduced danger of its policies developing either a nationalist or a politically aggressive character.

123. However, it must be recognized that the extension of Japanese economic influence, including aid, carries with it the likelihood that the Japanese will seek greater political influence in the region. So long as Japanese political influence is exerted essentially in support of Japanese economic interests and thus in support of regional peace and stability, it is likely to be helpful to Australia. Clearly considerable growth of Japanese political influence is inevitable. While present Japanese attitudes persist it would not be contrary to Australia's interests in the short term. Indeed in selected cases (as in the Djakarta Conference on Cambodia) the Japanese should be encouraged by Australia to join in constructive regional political initiatives, so long as other South East Asian nations also welcome their participation. But the long-term uncertainties must be kept in mind. Australia's response to Japanese political initiatives should be based on a careful weighing of their immediate advantages against longer-term considerations and the extent to which they serve regional interests. We need constantly to bear in mind that Australia's interests, like those of the South East Asian states themselves, are served by avoiding the subordination of our neighbours to the predominant influence of any Great Power. It will be to our advantage that, by and large, our South East Asian neighbours are likely to be cautious in their response to Japanese political initiatives, which in any event are likely to be hesitant and cautious for some time yet.

124. It is assessed that, for some years at least, while her Self-Defence forces can be expected to grow steadily, Japan will not seek to exert military influence beyond her immediate environs.

125. Should open hostilities resume in Korea, a Japanese combat contribution is likely to be sought by the United States. It would be in Australia's interest to encourage this so long as it was carried out under the United States strategic umbrella and provided that the role envisaged for Japanese forces was designed to give minimum justification for development by the Japanese of an offensive military capability. On present indications, Japan would be most reluctant to make a combat contribution in the event of renewed conflict in Korea. If it did make a contribution, it would probably be only within the framework of a multinational force and in respectable company.

126. A Japan with a nuclear capability which, after 1977, it will be able to achieve in a short period, would represent a change in Japanese thinking and a potentially adverse development of considerable consequence in Australia's strategic situation. Development of such a capability would be most likely to occur should Japan lose faith in the credibility of United States guarantees. It will be of fundamental importance, therefore, that Australia exercise all possible influence on the United States to maintain that credibility. It will be of importance to Australia's security that it keep itself at the same time as fully informed as possible of trends in nuclear development in Japan.

127. Japan's strategic interest in maintaining the freedom of lines of communication through South East Asian waters is shared by Australia; there will be scope therefore for Australian initiatives to co-ordinate the approaches of both nations to such matters as the Law of the Sea, particularly as it affects freedom of passage through international straits.

128. Although there might be room in the long-term for Japanese association with maritime defence arrangements in the unlikely event of a threat of limited or general war, it would not be in Australia's interests for Japan to move towards a revived military role in the region as a whole. The development of a Japanese military capability going beyond that required for the defence of the Japanese homeland and its environs – including South Korea – might well revive apprehensions of Japanese intentions and create undesirable political and military pressures in the area.

Britain

129. It should remain an objective of Australian policy to sustain British interest in the defence of Australia and the lines of trade communications used by Australia, as well as in the defence of South East Asia and the South West Pacific.

130. As to the first, we would believe that the ties of kinship and extensive economic interest create a positive British concern for the ultimate well-being of Australia and New Zealand, notwithstanding frictions and misunderstandings that will arise as Britain adjusts to a closer association with Europe and a withdrawal from many of her former global commitments. Britain's strategic naval and air strength are such that she might well be able, in situations short of a direct threat in Europe, to deploy part of this strategic capability in the Australian area. It is possible that some such elements could be deployed more quickly than forces from the United States if,

for example, the ANZUS Treaty were to be interpreted narrowly by the United States and/or applied tardily. (Para. 29 above).

131. Within the limit set by over-strained resources we would expect that the British Government would try to maintain some military capability in areas relevant to critical supply routes. She will be under continuing pressure from NATO to commit her forces to NATO plans. Given these influences, it is not possible to predict what resources she will deploy in the Indian Ocean under peacetime conditions.

132. It appears to be current to British policy to seek to sustain British influence by some naval presence in the Indian Ocean and this is an advantage for Australia.

133. As to British military influence in South East Asia and the Pacific, there is no prospect of any substantial British military presence. In 1971 British military manpower in South East Asia will be of the order of 4,000 as compared with 40,000 in 1968. It is doubtful whether these remaining forces would be increased, or reinforced to any substantial extent. We must assume that the influence of British power on the course of events in South East Asia is now much reduced and will remain so, and that the countries of the region will view it in this light.

134. The decision of the present British Government to reverse the decision of its predecessors in office and to maintain this small presence is welcome to Australia. But we would be prudent to assume that it may only be temporary in nature and it should not deflect Australia from pursuing the more independent policies that we have adopted in the region.

135. There are fields in which British assistance and military involvement, even on the limited basis now contemplated, will be of value in Australia's area of strategic interest and we should do nothing to discourage it. Visits and exercises by British forces in Australia's neighbourhood would supplement the continuing ANZUS deterrent and give support to Australian diplomacy. We should encourage continued British participation in SEATO; continued British presence in Hong Kong; continued British investment and aid in the countries of South East Asia, particularly Malaysia and Singapore; British interest in the South Pacific territories and an adequate contribution to their defence; and a continued British naval presence in the Indian Ocean.

New Zealand

136. Australia is clearly of far greater strategic significance to New Zealand than New Zealand is to Australia. The security of New Zealand is linked with that of Australia. Apart from the accepted obligation to concern ourselves with the defence of New Zealand, her actual strategic significance to Australia for the forseeable future will derive from the following factors:

a. Access to bases in New Zealand for transit purposes and for maritime forces could be useful in operations in the South West Pacific.

b. As explained below, New Zealand forces constitute a small, but not insignificant, supplement to Australia's.

c. New Zealand's organization for naval control of shipping in the specified New Zealand area forms an important part of the total organization under the Australian/United States Naval Agreements.

137. New Zealand's defence capacity in terms of modern, sophisticated equipment, and the industrial and economic resources to back a significant defence effort, is small and likely to remain so. The strength of her armed forces stood at 13,287 in 1970; annual expenditure on defence over the last four years has averaged $87.7 million, representing 2% of GNP. It is difficult to see New Zealand being willing to divert additional resources to defence during the period under review.

138. Nevertheless, New Zealand's current force structure has a capability which usefully supplements Australia's. This, combined with similar training, doctrine, and objectives, means that New Zealand forces can supplement, as they are doing in Vietnam and Malaysia/Singapore, Australian deployments in South East Asia in support of regional security. Their assistance in the South West Pacific, should need arise, could also be significant. But New Zealand's military role in South East Asia will remain a supplementary one only, and they will be dependent to considerable degree upon Australian logistic support. An independent New Zealand contribution to regional security is thus unlikely in the forseeable future.

139. Despite a broad community of interests based on a common heritage and shared experiences, Australian and New Zealand relations are complicated by the unequal size and resources of the two countries. New Zealand is hyper-sensitive to Australian decisions on matters of concern to both countries being taken without the consultation which she considers her due.

India, Pakistan and Ceylon

140. The Indian sub-continent has strategic importance arising from its geographic location at the junction of China, the USSR and the Indian Ocean, its vast population of 700 million and the competition of the USSR, China and, to a lesser extent, the United States for influence in India, Pakistan and Ceylon. Through the decade India's military capability is likely to remain committed to continuing threats on its frontiers with China and Pakistan, and may well be prejudiced by continuing disarray in its political affairs. Its political influence in South East Asia will undoubtedly suffer from these constraints and from other factors. India nevertheless will retain some influence in world councils not least among non-aligned states whose friendship, like that of India, would be advantageous to Australian interests.

141. No prospect exists of substantial defence co-operation with India aimed specifically at limiting the political or military significance of Russian activities in the Indian Ocean. But we should promote opportunities for contact with Indian defence leaders and there may be opportunities for occasional exercises with Indian forces, the value of which should be examined at the time. Co-operation in commodity trade, economic aid and technological research should be envisaged in Australian policies.

142. Generally Australia should seek in matters affecting India to manifest an attitude of constructive and sympathetic interest while accepting that it will be within only a highly selective range of possibilities that Australian actions could make even a marginal difference to the extent and complexity of India's developmental problems.

143. To the extent that Australia's diplomacy can inject substance into the Australia-India relationship a useful contribution will be made towards balancing, in Asia, Australia's increasing relationship with Japan.

144. An Indian nuclear capability could have political effects and also effects on the proliferation of nuclear capabilities in Asia generally, with major adverse effects upon Australia's interests. Australian policy should aim to influence all major powers towards actively discouraging India from gaining a nuclear capability. [1.5 lines expunged]

145. A rapprochement between Pakistan and India continues to be desirable for the future peace and progress of the subcontinent, but there is no contribution Australia can usefully make in the foreseeable future to improving Indo-Pakistan relations. It would also be in Australia's interest to see Pakistan restrict Chinese influence but, again, there seems to be no direct scope here for Australian initiatives.

146. Whatever influence Australia can exert in Ceylon should be directed primarily towards encouraging a non-aligned posture and preventing the Russians or the Chinese from developing substantial influence.

The Southern Ocean and Antarctica

147. The Antarctic Treaty of 1959 stabilized territorial disputes in the region and prohibited its use for military or defence purposes. It is unlikely that Russia, the only potential hostile nation with the capability to establish military bases in Antarctica, will do so, but existing bases could be used to provide communication and navigational facilities for Russian ships or aircraft, or to re-supply submarines at certain times of the year.

148. In general, the situation to the south of Australia reinforces Australia's security but some intelligence attention should continue to be given to watching events there. To this end, and generally, close identification with United States policies in the area will remain desirable.

The Sea and the Sea Bed

149. The use of the sea and the sea bed are likely to become more important in the next decade and to give rise to significant international issues. The United Nations treaty, recently signed by Australia along with some 80 other states, prohibits the emplacement on the seabed beyond a 12-miles coastal zone of all weapons of mass destruction. The trend is clearly to enlarge the sovereign authority of coastal states over the territorial seas, with distances claimed by states progressively expanding and with as yet no agreed limit.

150. A territorial sea limit of 12 miles seems the minimum likely to be generally acceptable, and if internationally accepted will put a very large number of additional straits under the sovereignty of coastal states (37 straits in Australia's area of strategic interest – in the Indonesian, Philippines/Papua/New Guinea/Solomons area – would be closed by a 12 mile limit). Moreover, the extensive use of straight base lines by states in determining territorial seas will increase substantially the area of sea coming under national control. Indonesian and Philippines claims to enclose the whole of their respective archipelagoes as internal waters would have particularly serious effects in closing routes of particular interest to Australia. Australia must

therefore advocate that extension of the territorial sea should be conditional on the establishment of clear and secure rights of transit through and over international straits.

151. Growing claims by states to large exclusive fishing zones will also derogate from the concept of the freedom of the high seas and, while Australian fishing interest will benefit from proposals for the maximum coastal state control over fisheries in the high seas adjacent to Australia, this economic interest will need to be balanced against Australian strategic interest in the maximum freedom of the high seas.

152. The absence of binding international agreement to establish the extent of the Territorial Seas and the right of innocent passage, would present a threat to our sea and air communications.

Regional Defence Capabilities

153. Insurgency is expected to remain the main threat to the security of the nations of South East Asia during the coming decade, and, as indicated earlier (para 23) it is the American view that they have the manpower, and a good proportion of other resources, to cope with insurgency. The implication is that ground forces should come from the region. But the as yet unanswered question is whether they have, or could develop, the necessary combat capability. A second question taken up in paras 156-158 below is whether there is the political will to military co-operation.

154. A study of the capabilities of the armed forces of South Vietnam, Cambodia, Laos, North Vietnam, Thailand, Philippines, Malaysia, Singapore, Indonesia and Japan shows that, leaving aside North Vietnam and Japan, the ability of most of the countries to field ground combat forces for counter-insurgency operations is developing. There have been considerable improvements in the South Vietnamese forces, and further improvement is forecast. In Cambodia training assistance and military aid will be required in large quantities. Any improvement in the forces of Laos is unlikely. Thailand has the potential military capability to handle the internal threat, but more effective Thai Government action will be necessary. Malaysia is progressively increasing her forces, but the effectiveness of her ground forces has been diluted by expansion and their overall standard is poor with some unit exceptions. The Army and Police Field forces in their present stage of development would have great difficulty coping with a situation in which widespread racial violence was exploited by communist insurgents. They would probably be able to ensure the survival of the Government and Administration but we can conceive of a situation in which restoration of law and order throughout the country would be beyond the capability of the local forces. Singapore's forces are capable of handling any foreseeable internal security threat unaided. Their capability to defend Singapore against external attack is steadily improving but is far from maximum effectiveness. Singapore is also steadily improving the capabilities of all arms of her forces. There is no foreseeable improvement in the comparatively small Philippines army, which however can handle the present low levels of insurgent activity. The Indonesian forces have suffered in recent years from the results of inadequate logistic support, aging equipment, and reductions in military expenditure. The army remains, nevertheless, adequate to contain the internal threat and there are prospects of improvement in some elements of the army and air force in the next few years.

155. With the exception of South Vietnam the prospect is not for any dramatic improvement in military capability. The ground force capability of Malaysia and Thailand in particularly may be inadequate to meet possible levels of internal threat. The industrial base and economic situation of all the countries is such that expansion of their forces without some external defence aid would be difficult. Furthermore, beyond certain levels of insurgency all the countries could be in difficulties without external aid, and some would be particularly vulnerable without air, naval and military logistic support.

Regional Military Co-operation

156. The separate outlooks for the countries of the region would be clearly improved by military co-operation between them, and Australia's long-term strategic interests would be served by such co-operation. The countries of the region however have no tradition of co-operation and mutual assistance; they do not feel strong enough to take on major responsibilities for each other's security; there are traditional enmities to overcome, and an instinctive dislike, amongst countries increasingly committed to non-alignment, of formal written defence agreements. They also doubt the usefulness of trying to form any regional compact of nations which are individually so weak that their combined strength would remain quite inadequate for regional defence. The prospects of any formal multilateral defence relationship involving all or even a majority of the independent countries of South East Asia are therefore poor at the moment.

157. But sharp distinctions between SEATO members and non-aligned states may become more blurred as the decade progresses, and improved attitudes toward co-operation between all the non-communist states of the region may emerge. It is probable that neither of the two existing political regional organizations – ASPAC and ASEAN – provide a vehicle for future defence co-operation. ASEAN has potential as a strictly regional and non-aligned association encouraging a sense of regional identity and independence. There has been no attempt to attach any military character to it, although this is not entirely ruled out. In the absence of a convincing regional security arrangement, South East Asia may be attracted to an alternative defensive political structure along the lines of the Malaysian idea of Great Power guaranteed neutralisation of South East Asia. The necessary Great Power agreement is unlikely to exist for the foreseeable future.

158. Whatever the prospect for regional security agreements the outlook for military co-operation between neighbours without formal co-operative arrangements is brighter. Such limited co-operation exists between Malaysia and Indonesia, Malaysia and Thailand, and South Vietnam and Cambodia. There is increasing Indonesian interest in bi-lateral defence co-operation, including co-operation with Australia. It would be to Australia's advantage if these informal links were encouraged and widened. Finally we should emphasise that regional military capabilities of Asian countries alone are unlikely to ensure the security of the area. As indicated in the earlier sections of this document covering the outlooks for individual countries, their prospects of obtaining the necessary assistance from external sources are more hopeful for air, naval and military logistic support than for ground combat forces.

IMPLICATIONS FOR THE DEVELOPMENT OF DEFENCE CAPABILITY

The Future Strategic Environment – Summary of Findings

159. As at present, no direct threat to the security of Australian territory is foreseen in the 1970s outside the unlikely contingency of a general war. But the foregoing review of Australia's strategic environment has identified significant changes which will alter the strategic balance and some trends which have the potentiality of developing, in a later decade, into a more active threat to Australia's security. Although some countries in the area are consolidating their positions as stable independent states with expanding economies and enlarged military capabilities of their own, they do not, either individually or collectively have the resources to guarantee the stability and independence of the region Our major allies, firstly the British, and more recently and importantly the United States, have indicated their intention of reducing their military commitments to South East Asia. At the same time we see the Russian initiatives to increase their influence in the area and an increase in Chinese influence in the area is predicted. A considerable growth in Japanese political influence is also inevitable; how it will be used in the longer term, and whether it will lead to a greater military role remain uncertain.

160. Given the continuance of the nuclear balance between the Great Powers and the continuing unlikelihood of general war, Indonesia is the country from or through which a conventional military threat to the security of Australian territory could most easily be posed. It is very unlikely that any Indonesian Government in this decade would develop a capability or intention to mount a serious and sustained attack on the Australian mainland. We could expect warning over a period of years of any change of Indonesia's intention or capability.

161. A stable, cohesive and economically developing Indonesia, in relations of confidence with Australia, would add considerably to our security, and our national policies backed by credible defence forces must be necessarily directed to the maintenance of an Indonesia well-disposed to Australia.

162. Apart from the Vietnam commitment, which is likely to be effectively terminated as far as combat forces are concerned early in the decade, the likelihood of Australian combat involvement outside Australia is less than we assessed in 1968 and is not great. We must however be seen to be prepared to make a contribution to the security of Thailand and Malaysia/Singapore should the need arise. It is unlikely that Australia would become deeply involved except in conjunction with a major ally.

163. The Manila Treaty remains important in spite of the limited practicability of SEATO military plans. Australia should continue to retain credible forces available for deployment alongside United States forces in support of the Treaty. Substantial communist overt aggression in the SEATO area is unlikely. In counter-insurgency situations deployment of Australian ground combat forces in the countries covered by SEATO is unlikely; but Australian policy should provide for an Australian capability to deploy air and naval support in counter-insurgency operations, recognizing that the exercise of that capability could demand deployment of some ground forces as well. Any Australian deployment in association with United States forces is likely to occur in the context of United States rather than SEATO plans. Our force structure should therefore not be specifically tailored to meet this situation.

164. In Malaysia/Singapore, there is a possibility, though of a low order, of Australian combat involvement. It is important that we be clearly seen to have the military capability to act, if so decided, under the Five Power arrangements; this involves a capability to reinforce our deployed force in a timely fashion. Our forces structure should take this requirement into account. At the same time, we must constantly examine whether the purposes of the Australian presence are still being served and recognize that new circumstances or risks – including further moves to non-alignment or a serious deterioration in relations between Malaysia/Singapore – could call for the termination of the forward deployment of our forces.

165. In New Guinea any Indonesian attack or infiltration prior to independence is most unlikely. Assuming Australia continues to have some defence responsibility after independence, the situation to be faced then is also most unlikely to be one of external assault by Indonesia within the decade. Such assault is unlikely to be contemplated by the Indonesian Government, and would be likely to be deterred by our own policies, by international opinion and pressures, and by other constraints. Infiltration is less unlikely than frontal attack. Tensions within New Guinea itself following dependence might be a source of conflict. Handling this should be the responsibility of the indigenous security forces, but we could not exclude the possibility that Australian forces might be drawn in to some extent. In the event of a conflict situation developing in New Guinea and involving Indonesia, this should, in the first instance, be dealt with by local security forces. [9 lines expunged]

166. Russian naval activities in the Indian Ocean area, which are at present concentrated in the north-west of the ocean, will improve Soviet naval capabilities in this environment. Although the activities are unlikely to lead to hostilities, and do not pose an immediate physical threat to Australian territory, they do not constitute a threat to Australia's long-term strategic interest. The Soviet will seek political advantage among the countries bordering the Indian Ocean. It will be against Australian interest if the Soviet advances her interests, and erodes Western influence, without counter-action not only by the United States but also by her allies, including Australia, to demonstrate strategic concern in the Indian Ocean area and the military capacity to sustain a security role there by appropriate deployments and provision of facilities. The current British policy to seek to sustain some British influence by a small naval presence in the Indian Ocean is therefore an advantage to Australia.

The Military Capabilities Requirement – Summary of Findings

167. In addition to the preceding broad requirements, the analysis in earlier sections of this paper revealed requirements for Australian force capabilities in a number of specific situations (references are paragraph numbers). These were:

a. Retention of some forces in Vietnam for so long as the United States has substantial forces involved (41).

b. Maintenance of training teams and civic action teams in Vietnam (42-43).

c. Continued aid to Thailand in appropriate form (47-51).

d. Continued support for the Manila Treaty and the SEATO Organization recognizing the limited practicability of the latter's military plans (56).

e. Association with SEATO counter-insurgency plans should not automatically require plans for deployment of Australian ground combat forces (57).

f. Australia should for this purpose have a capability of deploying air and naval support (which could demand some ground forces also) (58).

g. Against the unlikely contingency of overt Communist aggression against a SEATO treaty country Australia must retain credible forces for deployment alongside United States forces (59).

h. We should be capable of deployment of combat elements to Thailand for SEATO exercises if United States forces do likewise (60).

i. Any deployment with United States forces in the Treaty area is likely to occur ad hoc in the context of United States rather than SEATO plans (61).

j. Since the Australian Force in Malaysia and Singapore is not at present composed or equipped for significant military operations, there should be the capability of reinforcement if this should be necessary (71).

k. Australian forces may be required in Papua/New Guinea in internal troubles in, or in the environs of, Papua/New Guinea for its external defence after independence (91-94).

l. Combat deployment in Fiji is unlikely (102).

m. We should assist in the improvement of Indonesian military capability for internal security, and for defensive weapons, and, to this end, extend selected assistance in technological and defence fields (80).

n. Over the long-term it is from or through an Indonesia in hostile hands that Australia could most effectively be attacked by conventional means (76).

168. Supporting action by Australia in the Indian Ocean can include the development of Cockburn Sound and Learmonth, both on our own account and for use by allies; the stationing of ships in due course at Cockburn Sound; regular deployments of our forces and some large scale exercises in the area; visits by units of the forces to other relevant countries; and improved surveillance of the Indian Ocean area. These tasks should be taken into account in determining our force structure.

169. Contributions to United Nations supervisory or peace-keeping forces and other defence tasks including special provision for the training of foreign forces both at home and abroad, special air transport, oceanographic research, hydrographic and land surveys, coastal surveillance, etc., will continue to make calls on our force availabilities or for particular provision within our force structure. They are not determinants of the hard combat core of that structure.

Other Factors Affecting Military Capabilities Requirement

170. Over and beyond these specific tasks, the logical implication of events and trends in Asia, of the activities of the Soviet Union and the predicted influence of the Chinese Peoples Republic in South East Asia, is that Australia must pursue her own security interests by her own efforts more than was necessary before.

171. Decisions made today to add to defence capability often do not become effective until five or more years later; additions or reductions determine what major weapons our Services will possess during fifteen or twenty years thereafter. Confident prediction of the intensity of threats to Australia so far ahead is impossible. But admitting the uncertainties about the intentions of potential enemies, Australia can be certain that in the twenty years ahead of us immense military power will be possessed by China and by the Soviet Union; and that Japan will have enormous economic strength, capable, if her people so decided, of being converted into military strength. Australia's relatively weak Asian neighbours could be drawn into an undesirable dependence on any of these powers.

172. Therefore the apparent absence of definite military threats to the security of Australian territory and the reduced likelihood of combat in the decade immediately ahead do not remove the need for adequate military strength. We must also allow for circumstances which we cannot now predict requiring the involvement of our forces.

173. In any case over the long-term there is a continuing need to develop the skills of our Services and to keep abreast of the technology of weapons systems. Stability and orderly development are prerequisites to sound Service management and to good morale. These would suffer from large fluctuations in the strength and equipment of the Services.

174. There are additional national and international reasons for continuing to build up, for the long term, strongly equipped and self reliant Australian defence forces in whose capabilities both our allies and countries in our neighbourhood can believe. Our military strength, and our national industrial capability to support and expand that strength, will be amongst the keys to our contribution to the peace and stability of this region of the world. The diplomatic influence we can exercise in attempting to deflect or minimize developments inimical to our political and economic interests will be largely determined by the respect in which we are held, and the contribution it can be clearly seen we might be able to make in many situations, many of them quite unpredictable. One of these situations is the remote possibility that we might have to defend our own territory, at least for a period, without substantial help, or to exercise deterrent diplomacy to best effect before the threat materializes.

175. For all these reasons our defence capability cannot be merely a function of our threat assessments for the coming decade. It would, however, be equally unsound, when determining our force structure, to ignore variations in threat assessments, or in the likelihood of involvement of our forces, or in the relative strength and proximity of potential enemies. To do so would be to shape our forces without regard to what are normally accepted as important determinants of defence strength, and perhaps to neglect opportunities to pursue wider national objectives which have an important bearing on our security in the long term. When, as at present, we foresee a low threat to our own territory and a reduced likelihood of direct involvement of our forces for some period ahead, this should have an important bearing on the timing and nature of force development as a whole, on particular elements of that development, and on our planning generally. Some of the issues are explored below.

Development of Defence Capability

176. Military strength and credibility depend not only on forces in being, but also on the strength of the national economy, its rate of growth and capacity for technological advance, and the skills of the population. These provide the basis for the continual enlargement of a military potential, evident both to friends and to potential enemies, which can be realized in adequate time should circumstances require. Lead times for Australian appreciation of such circumstances, for decisions on the most appropriate response, and for procurement and operational development of the necessary weapons systems are matters of close relevance if the realisation of this potential is to be timely. A strong and diversified economy also provides the means for the projection of national strength and influence in other ways, particularly by programmes of economic aid and investment.

177. For Australia, the present assessments of reduced likelihood of direct involvement of our forces, and low threat to our own territory, suggest the need for close attention to the proper balance between expenditure directed to short term defence capability and other expenditures which will enhance defence potential in the longer term, or – as in the case of economic and military aid programmes – help inhibit the emergence of a threat.

178. In pursuit of this balance, analysis by the competent defence authorities may reveal opportunities for extending the life of some equipments now in service with acceptable risk and with advantages outweighing disadvantages. There may also be scope for restricting the amount of resources devoted to particular capabilities by regulating the rate of acquisitions. The feasibility of economies in manpower and of improving the teeth to tail ratio also deserve examination by the appropriate machinery in the light of this strategic appreciation. The following defence subjects being separately reviewed, should be influenced by these considerations and those in the preceding paragraph:

a. Force levels in each of the three Services including reserve forces;

b. The five-year defence equipment programmes, including the means for strategic and tactical mobility;

c. Defence works and installations;

d. Reserve levels of war materiel and war reserve policy;

e. Defence industrial capacity;

f. Defence research and development.

179. We do not need in any case to determine our future capabilities on the basis of one projection of the future and one decision now about force development. The approach should rather be a regular re-appraisal of the situation and an orderly progression of decisions so that the capabilities we seek, and which themselves involve substantial lead times, may be continuously related as closely as possible to our evolving concepts of the future. The new Five Year Rolling Programme embodies this approach and provides us with a useful organizational framework enabling the rational and orderly development of force structure, avoiding peaks and troughs in defence development and expenditure, while allowing changes in emphasis between the direct and indirect requirements of defence on the one hand and, within defence, between alternative military capabilities on the other.

180. The period immediately ahead gives an opportunity for enquiring into particular aspects of defence development, and so realizing the full potential of the Five Year Rolling Programme by developing long term objectives for defence policy generally, covering a period of one decade, and provisionally a period of two decades. The presently programmed study of the environment of the 1980s can be expected to contribute valuably to the development of these long term objectives. Other contributing studies now in hand include the maritime air study, the study of air defence policy, the study of strategic transport requirements, and the study on the rationalization of defence communications. Further studies should be undertaken in the fields of defence infrastructure, continental communications and transport policies, future enlargement of Australia's industrial and technological capacity in respect of modern weapons systems, and the defence of Australia in the long term, and the capabilities required to this end.

Required Characteristics of Australian Forces

181. From the strategic assessments in this paper certain guidelines emerge at this stage for the balance to be sought in future force structure.

182. The analysis of possible commitments indicates that there is no single or clear contingency which affords a basis for Australia's force development policy in the coming years.

183. Australia needs forces which are appropriate to a small population in an island continent geographically alongside South East Asia, rich in many resources, but dependent on imports for various strategic materials and engaged in particularly high per capita trade.

184. The fact that overseas operational involvement is less likely suggests that consideration of capabilities for such involvement should not dominate force development, although our forces must retain the capability to operate in such environments and make an adequate Australian contribution to possible allied operations. Furthermore, the fact that the operational lifetime of major weapons systems authorized in even the early part of this decade will almost certainly fall within the two decades subsequent to that of our present threat assessment, suggests that more emphasis than hitherto should be given to the continuing fundamental obligation of continental defence, particularly in the sense that all alternatives should be tested thoroughly as to their relevance to the defence of Australia itself. The objectives of our defence policy for the current decade and beyond should reflect this appreciation, and our forces should also be capable of development sufficiently rapidly to meet any emerging threat.

185. The increased emphasis on the defence of Australia itself in the long term will almost certainly call for a blend of offensive and defensive naval and air forces supported by and supporting highly mobile and hard hitting army forces; in most instances we see our forces operating as a joint force complementary to each other. Static defence of numerous fixed positions will play only a limited part in the relevant concept and the mobility of all the forces concerned will be a key factor in its development. The provision of improved mobility for all Services, not only beyond but also within Australia, co-ordinated where practicable with civil resources and including infrastructure, should therefore undoubtedly assume a high priority in our planning.

186. Notwithstanding the increased emphasis on the defence of Australia, competence in counter-insurgency situations requires continuing attention. For a number of reasons outlined in this paper there is greatly reduced likelihood that Australia will contribute forces on a large scale to insurgency situations. Nevertheless as insurgency continues to be assessed as the most likely kind of conflict throughout the decade, and we could become involved to some degree in various situations in South East Asia and New Guinea, our forces should keep up-to-date their competence in this field. Elements of our forces with special skills and capabilities may also have an important part to play in supporting and improving the effectiveness of local forces. The general competence of our forces, our close knowledge of south East Asia, our long experience of jungle warfare, the scientific and technical backing available in our defence laboratories, will place us in a special position to contribute to the development of tactics and doctrine and the application of technology in the general field of counter-insurgency warfare. More widely, we should develop our techniques and organization in this complex field which comprehends political and social response among indigenous people as well as military operations and therefore requires the harnessing of co-ordinated Australian activity extending across a number of Departments.

187. The foregoing considerations point to the need for versatile forces designed to perform a maximum number of roles and, in the case of individual weapons, with some emphasis being given to those with a general purpose capability. It will be important at the same time not to overdo versatility to the degree that mediocrity in a variety of roles is achieved at the expense of good performance in a smaller number of roles.

188. We should continue to develop those skills, relevant to potential Australian combat commitments, in which Australia enjoys superiority, e.g. Special Air Service Squadrons.

189. Except in a direct emergency, Australian force numbers will always be relatively small for social and community reasons, as well as because of our limited population. This points to strongly equipped forces, often involving long lead times, and requiring decisions to be made when threats are low and indeterminate for delivery beyond the period of the precise threat forecasts.

190. Provision should be made to upgrade substantially our capacity to train overseas military and para-military personnel either in Australia or their own countries.

191. With due regard to the demands on our resources we should maintain and improve if necessary our intelligence gathering in relevant areas, and our reconnaissance and surveillance capabilities.

192. Finally there is, in our opinion, no present strategic need for Australia to develop or acquire nuclear weapons; but the implications of China's growing nuclear military capacity, and of the growth of military technology in Japan and India, need continuous review. We consider that the opportunities for decision open to the Australian Government in future would be enlarged if the lead time for the acquisition of a nuclear weapons capability could be shortened. We recommend regard to this, without undue claims upon resources, in the future development of Australia's nuclear capacity for peaceful purposes, in the Defence research and development programme, and in other relevant ways.

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY (1973)

Editor's Introduction

The 1973 Strategic Basis was the first to be endorsed under the new Labor government of Gough Whitlam. It stated that the 'strategic situation contrasts strongly with that which faced Australia ten years ago' as China was being drawn closer into a system of active management of super power relations, and South East Asia became an 'area of competition for limited stakes' (paras II-1, 2, 6, 28-30; III-2; VII-14). Although the ongoing conflict in Vietnam remained a source of tension, chances of overt aggression beyond Indochina were remote (paras III-14, 19, 30; VI-16). Despite domestic instabilities, ASEAN members showed progress in nation building and 'acute' hostility towards communism (paras III-20-24, 27, 28). Indonesia was now interested in a stable region and saw Australia 'as an ally rather than an enemy', and the likelihood of it posing threats to its neighbours was remote (paras IV-9, 11-14, 16, 20, 21; VI-37, 39; VII-6). Without sustained external military assistance, at most low-level harassment could occur in the more distant future (paras IV-15; V-5). Australia should support PNG against the likely 'decline in law and order' and possible secessionist threats, but beyond limited operations to extract Australian expatriates, military intervention should be avoided (paras IV-25-28; VI-45, 49-52; VII-9).

While there was a 'need for greater self-reliance and the ability to act independently' in the defence of Australia, the US alliance remained essential as an insurance, and for practical defence assistance (paras V-4; VI-8, 9; VII-4, 17). But there was no 'significant likelihood of a threat of armed attack upon Australia', and although there would be a measured competition for influence in the Indian Ocean, this was especially true of threats by a major power (paras III-10, 11; IV-32, 33; V-2, 3; VII-1). Political and economic pressures could be used against developing threats before military means, and Australia's security was increasingly supported by the instruments of broader foreign policy (paras I-5; IV-23: V-1: VI-13, 21-24, 39).

There were no requirements to contribute to the central Cold War balance, or to prepare for Indonesian aggression against Australia or PNG (paras VII-3, 7, 8). Specific requirements, for example pertaining to surveillance or 'most improbable' major assistance against insurgency, were 'insufficient in themselves to provide a valid base for force structure development' (paras VII-5, 12, 13, 30). But Australia 'must make allowance for circumstances which we cannot now predict', and as 'warning and lead times will then become of substantial significance', both concepts are discussed in detail (paras I-10-12; VII-1, 16, 24-28). They would require 'efficient intelligence' and timely decisions, and depend on reserves as well as 'nuclei' in the regular force (paras I-11; VII-36). Equipment purchases and force size should emphasise expansion capability over force-in-being, while the defence of Australia should influence defence infrastructure, and be the subject of major studies (paras VII-22, 23, 35, 38). There was 'no present strategic need' for nuclear weapons, but the implications of nuclear proliferation would 'need regular review' (para VII-40).

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

JUNE 1973

CONTENTS

	Paragraph
PART I—INTRODUCTION	
A. Australia's strategic Interests	4
B. Uncertainties in the study period	6
C. Warning and lead time	10
PART II—THE GLOBAL BALANCE	
A. "Détente" and strategic stress: SALT	3
B. The principal powers and the balance	9
C. Other aspects of the balance	31
PART III—THE REGIONAL BALANCE IN SOUTH-EAST ASIA	
A. Great Power involvement in South-East Asia	1
B. Indo-China	13
C. The ASEAN states	29
D. ASEAN proposals of 'Neutralisation'	31
E. Indonesia	36
PART IV—THE NEIGHBOURHOOD	1
A. Indonesia	2
B. Papua New Guinea	25
C. The South-West Pacific	29
D. The Indian Ocean	32
E. The Southern Ocean and Antarctica	35

PART V—THREAT TO AUSTRALIA

A. Threat of direct attack 2
B. Possible threats in respect of US defence facilities in Australia 6
C. Other possible threats 11

PART VI—THE AUSTRALIAN INTEREST

A. General 1
B. South-East Asia 15
C. Indonesia 33
D. Papua New Guinea—internal security 46
E. The South West Pacific 55
F. Prevention of gun running 58
G. ‘Neutralisation’ and peace zones 59
H. Australian Interest in the Indian Ocean 66
I. New Zealand 68

PART VII—THE DEVELOPMENT OF AUSTRALIAN DEFENCE CAPABILITIES

A. Specific situations related to Australian Defence capabilities 3
B. General assessment 14
C. Importance of timing 24
D. Factors affecting Force Development 29

This paper was endorsed by the Defence Committee on 1 June 1973

PART I—INTRODUCTION

1. Australia is remote from the principal centres of strategic interest of the major Powers, namely Western Europe and East Asia, and even those of secondary interest, the Mediterranean, the Middle East and North West Pacific. Having ratified the Nuclear Non-Proliferation Treaty we are not a factor in the Powers' nuclear calculations and dealings. We are not a principal party in the shaping of any regional affairs relevant to their interests, not are we under present threat from our immediate neighbours.

2. Because of its location and size Australia is a difficult country to invade, conquer and occupy. Moreover, we are a Power of sufficient substance to discourage any thought that we may be susceptible to low-level pressure. Our wealth and sparse population contrast with the large and poor populations of neighbouring countries. Access to the resources we can supply will be increasingly important to Western Europe, Japan and North America. This gives them a growing stake in Australia's security and undisturbed economic development.

3. For the foregoing reasons, it can be said that Australia is at present one of the more secure countries in the world.

A. AUSTRALIA'S STRATEGIC INTERESTS

4. Australia's basic strategic concern is the security of our territory and off-shore resources from attack and threat of attack, and from political or economic duress. The strategic interests encompassed in that concern flow from Australia's geographic situation as already described. They are:

a. the security of Australia's sea and air lines of communication with its defence allies, major trading partners and suppliers of strategic materials and defence allies, major trading partners and suppliers of strategic materials and defence equipment, and avoidance of restrictions on freedom of military movement through these communications, whether by any international convention or arrangements for regional "neutrality" or otherwise;

b. the security of Australia's neighbours in South-East Asia, especially Indonesia, and in the South-West Pacific, including Papua and New Guinea after independence, from political or military subordination to substantial powers potentially hostile to Australia;

c. the pursuit by these same countries of domestic objectives without substantial disruption of their domestic peace and economic development;

d. the widest possible agreement among the major Powers and the use of their influence to restrain and limit any disputes among other nations;

e. the maximum effective limitation of strategic armaments generally, and in particular the non-proliferation of nuclear weapons;

f. continued access for Australia to the technological resources and trade of economically advanced states;

g. the absence of racial tensions between Australian and nations of different racial stock;

h. maximum notice of the nature of threats to Australia's security.

5. Australia's long-term strategic interests as defined above suggest the fields in which Australia needs to be active. Avenues for the exercise of influence comprise political and diplomatic activity, trading and other economic relationships, economic assistance and other aid in its various forms, including defence aid; and evident military strength, appropriate display and, in the last resort, military operations.

B. UNCERTAINTIES IN THE PERIOD OF STUDY

6. This study is required to assess likely developments over a period of fifteen years. It attempts to identify the principal factors and situations affecting Australian defence and strategic interests, ranging from the global balance of power to protection of the maritime resources zone. Certain important factors and long-term trends reinforcing the security of Australia and its interests can be assessed with some confidence. However, it is generally not possible to make reliable assessments over so long a period as fifteen years. The later period of the study is necessarily clouded with uncertainties.

7. We are a present in a transitional era, in the global balance, the situation in South-East Asia and our own neighbourhood, where Papua New Guinea will soon become independent. Major uncertainties arise in many respects. We cannot be confident that later developments will support the present relative stability of the international order and the continuing unlikelihood of threat against Australia.

8. Future economic and technological changes may influence international life as the strategic factor has influenced it in the decades since World War II. The economic factor can reinforce international stability and co-operation in important ways; but it can also be a source of stress and could affect present alliances and strategic relations among the Powers.

9. There are also changes in Australia's strategic situation. Technological advance has modified the security deriving from our geographical remoteness: for example, by 1974 China will have acquired the ability to deliver a three-megaton nuclear warhead onto Australia. The geographic area of primary strategic interest to Australia is now of reduced importance to our principal defence associates, the US and Britain. The principal changes in our situation are in respect of the neighbouring region, where Australia must now play a more independent role. No major military threat to Australian interests from this region is foreseen. Australia's security is strongly served by the interest of the major Powers in avoiding military confrontations and by our security alliance with the United States of America.

C. WARNING AND LEAD TIME

10. Although a country's military capability may be assessed reasonably closely, its will to use it is a much more complex matter. This involves the nature of the political forces at work in the country, whether there is motivation to exert military pressure, and the ability to mobilise national support for it. These factors become even more difficult to predict in the longer term.

11. Inability to predict confidently that in the longer term there will be no threat does not, of course, mean that a threat is likely. However, the uncertainty is relevant to the factor of Warning Time. This is critical to the provision of adequate Lead Time for developing effective military forces when threats are recognised to be real. Effective Warning and Lead Time call for efficient intelligence, regular strategic reviews and timely decisions. It is also important to have in being forces adequate in size, in skills and in equipment to allow for expansion at the rate called for.

12. The improbability of threat or direct military pressure against Australia at least into the later, more uncertain period of this fifteen year study, despite the fact that military power globally is steadily increasing, poses difficult problems of judgment for Australian defence force development. These questions are discussed in Part VII of this Paper.

PART II—THE GLOBAL BALANCE

1. After World War II, expansion of Soviet influence into Eastern Europe and the coincidental establishment of a communist regime in China led to a Western strategy of "containment", notably NATO and SEATO, and confrontation between the two power blocs. The Sino-Soviet split made little immediate difference to this; but the great dangers of the nuclear weapon, to the US and the USSR and to all mankind, have increasingly moved these two Super Powers to cooperate in controlling their own nuclear development and nuclear proliferation among other Powers and in dealing with situations that might lead them into a critical confrontation.

2. In Asia, the US commitment to Taiwan and involvement in the post-colonial struggle for power in Viet Nam, along with the internal political situation in China, for long prevented a similar development. But the "détente" between the US and the USSR, the US reappraisal of the global containment strategy and the prospective advantage for both the US and China of greater flexibility n their dealings with the USSR, supported a rapprochement. President Nixon's visit to China in 1971 finally opened a new era in international relations.

A. "DÉTENTE" AND STRATEGIC STRESS : SALT

3. The continuing antipathies between the political systems of the USSR and the US, and the difficulties for either in reducing, without fear of unacceptable risk, its capability to destroy the other, mean that they will remain adversaries. Major conventional military conflict between them appears too dangerous and costly. They are likely to give selective and indirect support to other Powers in some of their conflicts but not to the point of brining about direct confrontation between themselves. They will seek to contain these conflicts by "crisis management" politics.

4. The Strategic Arms Limitation Talks (SALT), begun in 1969, have contributed to the improved climate of confidence between the USSR and the US and they have reached three important agreements:

(i) Ceilings on the total permitted numbers of land- and submarine-based long range ballistic missiles;

(ii) Limitation to two each on defensive systems against missiles (one for the capital and one for the missile site);

(iii) Each side may verify compliance of the agreement by "national technical means". Neither will interfere with the national technical means of the other.

5. These agreements are provisions pending further progress. Much more difficult questions for negotiation lie ahead. They include problems of improvement of capability and of getting agreement on controlling research and development and technological advance. They also include other systems of delivery (e.g. aircraft).

6. The talks which have been held have been searching and responsible and a vast amount of sensitive information has been exchanged. The principle has been accepted that strategic deterrence depends on each preserving the capability of assured destruction of the other. It is also accepted that the aim of the talks is to establish parity of nuclear armaments between them.

7. Because the technical problems are so formidable we cannot offer judgments about what the second round of talks is likely to achieve. If there is further progress the two Powers will be compelled to work closely together in implementing and strengthening whatever is decided. Mutual agreements and understandings on nuclear stabilisation would force them much closer. Moreover, because they are placing limitations on themselves, they are developing common interests in the intentions and programmes of other nuclear powers.

8. No matter how difficult the problems, formal breakdown of the talks is unlikely. The whole bilateral relationship would be seriously impaired. It is likely, therefore, that if there are some areas where it is too difficult to reach agreement there would still be self-imposed restraint in the national decisions made.

B. THE PRINCIPAL POWERS AND THE BALANCE

9. Maintenance of the balance is governed not only by the nuclear relationship and deployments but by general strategic and political competition between the USSR and the US, by their relations with other Powers and the developments in the policies and relative military and political status of other Powers.

(i) United States

10. In the United States, the fundamentalist re-assessment of strategic policy in relation to its two major rivals, stimulated by frustration in Viet Nam and the pressure of domestic and economic problems, set in train a major reduction in America's role as "world policeman". The re-assessment has received its principal expression in the Nixon Doctrine, SALT, the attempt to disengage form Indo-China, rapprochement with China and domestic pressures within the US for retreat to a less involved global position.

11. It is still too early to tell how far the changes in American policy will go. The Nixon Doctrine's declared readiness to keep treaty commitments and furnish military assistance "as appropriate" is yet to be tested. The extent of American strategic interest in South-East Asia after Viet Nam is not clear. There is significant pressure in Congress for the substantial reduction, and even withdrawal, of US combat forces from Western Europe and for further cuts in the Defence budget.

12. On the other hand, Congress has resisted even numerical nuclear disparity with the USSR, and the Administration is reaffirming the US strategic interest in Europe, where as in East Asia and the Pacific, the US could not be indifferent to significant pressure on the balance of power.

13. The US appears likely to retain a major commitment in these three situations and to work actively in other areas in support of a stable international order that will both minimise stress with is major rivals and reduce economic dislocations.

(ii) The USSR

14. The obscurity of political debate in the USSR makes assessment of future Soviet policy the more uncertain; but certain primary features are clear enough.

15. The Soviet regime, like the Tsars before it, has a low tolerance of political dissent and requires insulation from “infection” from abroad. Policy that risked this basic position in “détente”, and displayed strategic weakness in relation to another major Power, would not command support.

16. The Soviet system is highly resolute in strategic relations with its major rivals, eg. in SALT. Soviet policy as expressed in the Brezhnev-Nixon General Principles of May 1972, is constrained by similar considerations to those moving the US to “détente” and co-operative global management. However, it is a signal success for the USSR to have achieved equal status with the US and it will not lightly yield it or accept any US ascendancy in their consultations.

17. In Soviet politics, as elsewhere, power requires success. The present governing group can so far claim success for their policies for nuclear rapprochement, “détente” in Europe, achievement of strategic parity with the US etc. Future crises or reverses would threaten their position.

18. The Soviet Union is likely, therefore, to continue to pursue it strategic interests with considerable stability of purpose and toughness and to develop the military and an economic basis that will maintain its challenge to the US and strengthen its status in areas of its strategic and political interest.

(iii) Western Europe

19. The principal area of land confrontation between the USSR and the US is Western Europe.

20. The massive Soviet military capability (it has forty-eight divisions and some three thousand tactical fighters deployed in Eastern Europe) imposes a palpable pressure on Western Europe against which the presence of American ground forces is the only credible countervailing force, signifying US willingness to proceed if necessary to the point of critical confrontation. American withdrawal would therefore allow the Soviet Union substantial leverage to impede Western Europe’s political and defence development and to gain access on favourable terms to Western Europe’s economic resources and technology, thus winning significant strategic advantage against the US. Britain and France have small nuclear forces, which they may in the long term amalgamate, but these offer only limited deterrence and will not be an adequate substitute for the US commitment in the period of this study.

21. The Soviet Union’s attitude in current negotiations strengthens Western caution. It has shown little interest in effective negotiations for a mutually balanced reduction of NATO and Warsaw Pact forces, to balance a partial US withdrawal; and in the parallel Conference on European Security and Co-operation it is resistant to the negotiations producing much beyond general declarations of amity.

22. In the next fifteen years the Western Europeans are unlikely to develop sufficient political unity and combined defence capability to meet the Soviet strategic pressure. Their security will depend on their alliance with the US. The alliance is subject to uncertainties and stresses, such as at present arise in relation to US policy in SALT; US intentions as regards to their force levels in Europe; US pressure for a larger defence effort that is politically practicable for the West Europeans in the "détente" atmosphere; and US opposition to the "exclusionist" trade policies of the European Economic Community.

(iv) Japan

23. Japan's leaders have committed themselves to the development of Japan as a great economic power. Japan expects to be able to develop and secure global access to markets, materials and investment opportunities, regardless of the political complexion of governments or their international alignments. The Japanese leaders are increasingly conscious of the problems of world economic management and access to world resources. However, Japan at present does not apparently consider that the addition of substantial military power would add to its strength in dealing with economic, financial and resources problems.

24. Japan's armed forces are completely outmatched by those of the USSR and China. It is likely to remain at best a medium military power, without means to project that power beyond its immediate area. If Japan were to reverse its present policies and to undertake a military build-up beyond its present limited capability it could, in two years from the time of the political decision, develop a limited regional offensive capability; in five years it could develop a major offensive capability; and in the same five years it could also produce an intermediate range nuclear ballistic missile system. Japan is dependent on outside sources for enriched uranium. Relying on its own resources, it would be the late 1970s before Japan could acquire an independent source of enriched uranium for nuclear production. In the late 1970s small numbers of nuclear warheads could be produced.

25. Japan cannot be indifferent to the concentration and weight of military power in East Asia. The Soviet Union maintains great military power in the Far East, much of it deployed in relation to China but nevertheless, in air and naval power, in close proximity to Japan. China is systematically developing its nuclear weapons programme and the means of delivery. In the coming years it will be engaging in test programmes for ICBMs, which will attract public attention in Japan.

26. Japan's policies assume that Japan's security will be safeguarded under the US/Japan Mutual Security Treaty. This protects Japan and restrains its military development. It also reassures China and the USSR about Japan and restrains them from policies towards Japan that may provoke Japan's military development.

27. However, Japan's commitment to its present course could be eroded if there were serious failure in international monetary and trading arrangements. Confidence in this respect, and co-operation between Japan, the US and Western Europe in economic matters, are necessary to Japan's continued reliance on the US "umbrella" and limitation of its own military development.

(v) China

28. China cannot attain nuclear status comparable with that of the USSR or the US within the next fifteen years. But it will at least develop an intercontinental strategic force that will provide assured second strike capability against any nuclear attack by the US and USSR. China is likely to find its policy increasingly influenced by the factors that have moved the USSR and the US to "détente"; they will seek to draw China into their nuclear discussions.

29. China's re-entry into the international community has modified its ideological ambitions for a world revolution, but ideology remains an important determinant of its view of the international scene and the policies it adopts towards it. China's present position is one of resistance to "global hegemony" by the USSR and the US and this leads it into extensive political activity, e.g. its enthusiastic support for the EEC and West European defence development. But, at present, its military and economic power is not sufficient to sustain a major global role and its influence is still largely confined to immediately neighbouring regions – where its nuclear capability and vast conventional superiority in ground forces give it status as a principal Power and, of course, the influence that goes with that status.

30. China's main significance in the global balance, as distinct from the Asian area, during the next fifteen years is therefore likely to be in its nuclear relationship with the USSR and the US and in the extent to which its political rivalry with them complicates their efforts to "manage" the global situation. Given a stable disengagement by the US from South-East Asia, the principal theatre of confrontation between China and the US will be in East Asia, where concern not to stimulate military development by Japan and China's confrontation with the USSR are likely to moderate any Sino-American tensions that may arise. After the death of the present leadership in China, the USSR is likely to make a major effort, at least at the state level, to reduce the rift with China. However, any rapprochement is likely to be limited. China's emergence appears likely to favour the US rather than the USSR's interest, but it will complicate the problems of the balance for both.

C. OTHER ASPECTS OF THE BALANCE

(i) "Multi-Polarity"

31. While the USSR and the US led opposing blocs in a global confrontation there was a basic bipolarity in world affairs. The US and the USSR continue predominant, but, with China, Western Europe and Japan, there are now five major concentrations of political power. The influence of the two Super Powers is reduced by this "multi-polarity" of political power and their policies have to take increasing account of it.

32. The proliferation of nation states since World War II has introduced a further element. The new states' consolidation of national power, their pre-occupation with domestic and regional affairs, and the increasing focus of their international activity on questions of trade, aid and investment, have much reduced both the scope and incentive for the US, USSR and China to compete for major influence among them, and complicated their efforts. To the extent that the major Powers' interests are not involved, either directly or by the prospect of a rival securing advantage, and they are

not moved to intervene to impose restraint, local disputes may more readily lead to armed conflict among smaller countries.

33. In the last two decades, non-alignment was essentially a reaction to the earlier major confrontation between the two power blocs of the US and the USSR, expressing the desire of the emerging states to protect their new political independence. In this, the non-aligned nations were largely successful; but their attempt to exert influence as a "Third World" on the policies of the major Powers was ineffective. Moreover, the concept eroded as the new nations began to assert or defend their own individual interests.

(ii) Nuclear Proliferation

34. The number of nuclear powers has been held at five for about ten years. One hundred and three have signed the Nuclear Non-Proliferation Treaty; eighty countries have ratified or acceded to it. The significant exceptions are France, China, India, Israel, South Africa, Brazil, and the Argentine, which have not signed or ratified the treaty. Japan has signed but not ratified it.

35. Advances in nuclear science, the widening use of nuclear technology and other factors, add to the practical potential for the proliferation of nuclear weapons among additional countries.

36. Influenced by China's policies, India has reached the threshold of nuclear weapons. Japan has not, but its industrial capacity would enable it in a few years to develop a nuclear force. Israel has developed a capability to produce nuclear weapons. South Africa is well advanced in nuclear technology.

37. The principal inhibitors of nuclear weapon proliferation are the influence and determination of the Super Powers in intervening to reduce tension in situations that could lead to armed conflict or confrontation between lesser nations; the stability of the present strategic system; and the co-ordinated concern of the secondary powers that the nuclear balance be maintained – expressed in action in the UN and in support for Super Power negotiation. Failure of these factors and resort by more countries to nuclear weapons as the principal form of their defence would significantly increase risks of nuclear exchange and radically affect present strategic alignments.

(iii) Economic and Technological Factors

38. A quarter of a century of economic and technological development without major war is transforming the international environment. There is a continuing revolution in communication, dissemination of information and transportation. [Two lines expunged] Shipping tonnage has trebled in twenty years. World trade has increase fourfold in twenty years.

39. National markets are increasingly joined and international movements of trade, finance and capital and the operation of international firms bear strongly on the domestic policies of modern governments seeking to manage their economies. Economic and related matters are becoming more significant in foreign policy formulation and the pursuit of national interests.

40. This process is developing to the extent that the traditional character of international relations may eventually be profoundly altered. The compound rate of growth of the big industrial countries is creating massive increases in the requirements for energy resources and minerals from foreign suppliers. The United States, self-sufficient until twenty years ago, will be needing large quantities of imports of oil, natural gas and minerals by 1985. Japan, a decade ahead, will be requiring a large proportion of the world's exports of raw materials. The EEC countries are similarly placed – but not the Soviet Union.

41. The large industrial economies of Western Europe, Japan and the United States increasingly require an uninterrupted and very large flow of essential raw materials across a world-wide grid of producing, processing and shipping facilities. Arrangements for stockpiling of essential materials and for the alternative national sources of supply would not prevent serious disruption to these industrial economies if the flow from abroad was to be curtailed by either political or military means. These developments are making the industrial countries more cautious about recourse to military force, and placing increasing significance on the peaceful accommodation of problems. The industrial countries are aware of their growing vulnerability through disruption of world supply systems and increasingly aware that attempting to secure sources of supply and supply lines by military means may not be realistic.

42. The way in which the world community deals with economic, monetary and resources problems could affect the strategic military balance itself. Economic recovery followed by growth has given the EEC countries and Japan the means to generate their own military power if they should wish to do so. Their willingness to continue relying on, and US willingness to continue supporting, the present security system will depend not only on strategic developments, but also on the status of and results achieved in economic negotiations.

PART III—THE REGIONAL BALANCE IN SOUTH-EAST ASIA

A. GREAT POWER INVOLVEMENT IN SOUTH-EAST ASIA

1. North-East Asia is strategically more important to the major Powers than is South-East Asia. Substantial military power is assembled there. The industrial potential is far higher. Their interests intersect in North-East Asia. The territories of the USSR, China and Japan border on that region and the United States, through its security treaty with Japan and its force disposition, has a continuing political and military commitment there.

2. The evolution of relations among the major Powers in North-East Asia affects the global strategic balance. South-East Asia is of subsidiary strategic importance to them. Underlying their agreement on winding-down the war in Viet Nam is a consensus that their competition in South-East Asia should be below the point where vital interests become involved. However, although the risk of Great Power military confrontation has been reduced in South-East Asia, it remains an area of competition for limited stakes and of localised instability.

3. Among the Great Powers the region is of most immediate strategic importance to both China and Japan. But China's power is limited, especially in those parts of South-East Asia that are remote from it. The improvement that has occurred in US/China relations holds out the possibility of further accommodation of their interests in the region. Both are opposed to the expansion of the role of the Soviet Union.

(i) China

4. China's policy towards the South-East Asian countries has gone through different phases. Currently, under pressure of the Soviet threat and consistent with its international diplomatic posture, China is emphasising good state level relations. At the same time China still publicly declares its support for "movements of national liberation". China assists such movements in South-East Asia politically by recognising that they exist; by allowing clandestine broadcasts from its territory; and by use of China's official media, such as Peking radio, for dissemination of hostile propaganda against governments of the region (although this is now moderating). China is giving large scale military aid to North Viet Nam and Chinese military equipment is used by communist military forces in Laos and Cambodia. Some Chinese military aid is used by communist forces in Thailand, and to a small extent in Burma. Elsewhere in South-East Asia there is no Chinese military aid to insurgent movements.

5. The significance of this ideological factor during the next fifteen years is uncertain. But China seems to regard it as a legitimate element in relations with the region and it could continue.

6. China's regional policy is probably long term. It can afford to wait for US disengagement from forward positions and for the regional countries to take the initiative in seeking normalisation of relations. How China's relations with them develop will depend significantly on the degree of apprehension about China's intentions. China will want the regional countries to be sympathetic and co-operative in various degrees, and resistant to the influence of the other Great Powers. (The regional attitude is discussed below.)

7. The future of China's policies cannot be accurately predicted. It could be affected by developments in the global equilibrium and by leadership changes.

(ii) The United States

8. The United States' interest derives from its global position and from the strategic commitment under its security treaties with Thailand, the Philippines and Australia and New Zealand. It is possible that these treaties may lose their force in the period under review, e.g. because of unwillingness of the US to shoulder the strategic commitment or because the other states themselves adopt other arrangements for their strategic security. But so long as the treaties are re-affirmed and have substance in the policies and working relations of the partner states, the US cannot be indifferent to pressures that might eventually involve it in committing forces under a treaty.

9. The US has an interest in limiting its commitments in South-East Asia, especially in not again having its own ground forces engaged there. It does not want to see South-East Asia as an area in which the vital interests of the major Powers clash. In the long term, the US probably favours the normalisation of relations between the South-East Asian countries and China. It would not object to some expansion of Chinese influence in the mainland states (i.e. Burma, Thailand, Cambodia, Laos, North Viet Nam and South Viet Nam), if this contributed to regional stability. What degree of expansion might be sought by China and accepted by the US is uncertain. The US is likely to seek to maintain Western influence in South-East Asia. In accordance with the Nixon Doctrine, it will continue to promote the self-reliance of countries in the area by its economic and military aid programmes, which are at present essential to some of the countries of the region and are likely to remain so.

(iii) The USSR

10. Soviet interests are more remote. It too is concerned with the region in its role as a global, and Asian, power and in particular as an adversary of China. It is likely over the years to increase its naval presence through the region and, as regional circumstances and local political situations offer opportunity, to improve its status (e.g. in North Viet Nam and Singapore). It will continue to work politically to limit Chinese influence, e.g. by seeking a substantive role in any arrangements for regional security or political consultation involving external powers.

11. The USSR has sought, with mixed success, to improve its state level relations with the South-East Asian countries by a variety of avenues, including trade and aid. It has also put forward a concept of "collective security" designed to further its political influence. During the period under study the USSR is likely gradually to improve its position but not to seek or gain decisive strategic influence. Its relationship with Hanoi could significantly shape its role in the region (see paragraph 17 below).

(iv) Japan

12. South-East Asia is a region of major importance to Japan. Its economic position achieved through trade, investment and aid is strong and will develop further. Its position is far stronger than that of China: twenty-five percent of the ASEAN countries' trade is with Japan, compared with three percent with China. Japan imports from South-East Asia raw materials, including oil from Indonesia. In addition, Japan has the strongest interest in preserving the free flow of oil from the Middle East and minerals from Australia through South-East Asian waters. Japan sees its national interests in South-East Asia being best served by an economically developing, stable region in which Japan is able to trade and develop its economic interests peacefully and without discrimination against it. The region is increasingly dependent on Japan's economic and political policies. Should Japan's defence arrangements with the US end, and Japan, in consequence, seek to develop a strategic capability of its own or to move close to China, self-confidence in the region would be shaken and a strong sense of threat could develop. But on present indications Japan is more likely to protect its interests in the region by non-military action and reliance on the strategic influence of other Powers.

B. INDO-CHINA

13. The immediate major uncertainty in the strategic situation is the position in Indo-China.

14. Assessments now give the Saigon government substantial prospects of holding power for at least some years. Political and military tension and some military conflict between North and South Viet Nam is therefore likely to continue for an indefinite period. Hanoi's ambition to control South Viet Nam has led it to occupy large areas of Laos and Cambodia for military transit and bases.

15. The future complexion of the governments of Laos and Cambodia is uncertain and will be much influenced by outside Powers. North Viet Nam, through training, use of cadres and military supply has built up a strong position in the local communist organizations which are bidding for power in those countries. China's associations seem to be more significant with the traditional aristocracy of the States. Both China and North Viet Nam will have their own separate interests in the type of governments which emerge in Laos and Cambodia. The United States has some commitment to the non-communist elements.

16. Thailand has little ability to influence internal political developments in Laos and Cambodia but is closely concerned. The common borders with Laos and Cambodia are long (the distance between Melbourne and Brisbane) and unprotected

and historically there has been much movement of ethnic groups between the Indo-China States and Thailand.

17. The United States may be expected to maintain military equipment support and economic aid to South Viet Nam and, depending on political developments, may have similar continuing commitments in Laos and Cambodia on a smaller scale. The Soviet Union has its strongest position in South-East Asia in Hanoi and will presumably want to maintain its position there. Therefore, it seems clear that, while the major powers have an interest in winding down the war in Indo-China, they will still remain substantially involved in the affairs of the region.

18. ASEAN powers have individually and collectively sought to bring North Viet Nam into regional consultations, but have so far been rebuffed. They are sensitive to the continued effort to bring down the government in South Viet Nam, to intervention by Hanoi in Laos and Cambodia and to the possibility of pressure by Hanoi against Thailand. They are worried by China's large superiority in conventional military power and conscious that they themselves will remain comparatively weak for the indefinite future.

19. In the shorter term at least, the principal strategic implication of the Indo-Chinese situation is that, if a reasonably stable modus vivendi cannot be achieved between North and South Viet Nam and Hanoi brought into some co-operation in regional matters, the ASEAN states' anxiety about the objectives of the communist states will perpetuate political and strategic tension in the region.

C. THE ASEAN STATES

(i) Internal Instabilities

20. In this situation, the factor of internal instabilities in the regional states assumes strategic importance.

21. Apart from Thailand, the states of South-East Asia are new and relatively inexperienced in national politics and government. Many of the sectional interests that were long suppressed under colonial rule have not yet found a secure place. The new governments have not yet been able to develop adequate programmes to attract co-operation in a national consensus that would allow free political interplay and orderly political change. Various sectional groups – religious, ethnic, regional, political – still dispute the authority of the new states.

22. As in other underdeveloped regions, administrative inefficiency, corruption and the quest for place and privilege also hamper national development.

23. Instabilities from such sources are compounded by the political energies released by economic and social changes in traditional societies, the erosion of earlier modes of social co-operation and constraint, high population growth, the rapid rate of urbanisation and student unrest. The semi-literate mass in town and country is not easy to involve in the usually unexciting programmes for national development, and can be fertile ground for agitation. The continuing shortage of trained, experienced administrative manpower, natural limitations on economic growth in narrowly-based, essentially rural economies and the slow development of broad-based institutions and activities beyond the state, in commerce, trade unions, the

professions, etc, also contribute to the basic political tensions and instability that still afflict the new states.

24. Despite these deep-seated difficulties, all governments but those of Indo-China, where the post-colonial power struggle still continues, have now managed to establish substantial authority and make considerable progress with the tasks of nation-building. However, although none of the ASEAN Governments faces, now or in the short term prospect, serious challenge, there remain, as is evident at present in the Philippines, significant areas of insecurity in the situations described above.

(ii) Opposition to Communists

25. In this respect, the communist organisations have particular significance.

26. More than with other opposition movements the communists' objective is full control of the state apparatus, which is necessary to their far-reaching political and economic programmes. They generally have a more coherent doctrine, are more skilful in political indoctrination and organisation, and more ready to resort to the systematic use of violence to oppose the state and coerce support. More than the Muslims on the right, for example, the communists also see themselves as part of an international movement with long term objectives. They receive doctrinal encouragement from one or other of the communist powers and, in some areas, material support. Their immediate following may be small, but they mobilise support by exploiting and gaining leadership in the various areas of dissatisfaction, and their programmes can have forceful appeal for the dispossessed and politically frustrated in town and country. Moreover the communists remain a subversive and insurrectionary force outside the state and national politics. In these ways they can present some of the regional governments with difficult problems, for the latter lack sufficient administrative, economic, police and political capabilities to enable them to operate effectively to reduce and control the sectional dissatisfactions.

27. All the ASEAN Governments have defeated or contained communist challenge during the last two decades, and generally they remain in control. As the endurance of even the Burmese Government shows – although there are special features in that situation – governments can survive a substantial degree of localised insurgency without their central authority coming under critical challenge. However, this challenge is always latent and the effort to contain it diverts valuable government effort and resources, leads to tighter political controls, and, over the long term, may sap capability and will.

28. Hostility to the communists is acute, particularly because of the encouragement and support they draw from external sources. This is seen as an attack upon the political independence of the states, regarding which the post-colonial generation has particular sensitivities. The prospect that ultimately concerns the regional governments is that continuing communist attacks could eventually undermine confidence and authority and bring about a government's downfall, or compliance with external pressure. Hence the Indonesian doctrine of national and regional "resilience" as the basis for the region's security and independence, and for insulating regional affairs from competition and confrontation between external Powers.

(iii) Regional Strategic Outlook

29. Quite apart from whether the threat feared by the ASEAN states in fact will develop, their sensitivity to the prospect already shapes their strategic outlook and the policies that flow from it.

30. Anxiety has already slowed earlier momentum towards the establishment of relations with China, attempts to establish a basis of co-operation with the communist powers and the move to some arrangement for regional neutrality. Insofar as efforts to establish some basis for co-operation with North Viet Nam and China do not progress and the policies of these two states are suspect, the ASEAN states will see themselves at risk. This is the source of their anxiety at the prospect of what they regard as a premature US withdrawal. Reciprocation of this distrust by the communist regimes is likely to perpetuate tension.

D. ASEAN PROPOSALS FOR "NEUTRALISATION"

31. Since late 1971 the five ASEAN countries have been discussing the political future of the South-East Asian region. They have agreed that South-East Asia should be "a zone of peace, freedom and neutrality". The geographical scope of the zone has not yet been decided nor what a zone of peace, freedom and neutrality would mean in practice. Their broad thinking is that the South-East Asian countries should live at peace with one another within their present boundaries; not interfere in each other's internal affairs; co-operate in preventing internal security problems in one spreading to another; declare their impartiality and non-involvement in conflicts beyond the region; seek respect from external powers for their national sovereignty and independence; and collectively develop their capacity to run the affairs of their own region.

32. The views of the individual ASEAN members about the means of attaining these objectives still require development and reconciliation. Malaysia has proposed that the region should be formally neutralised: the individual countries of the region would not belong to external security treaties and would not allow a foreign military presence on their territory. In return the United States, the USSR and China would commit themselves to respecting the independence and sovereignty of the countries of the region and to guaranteeing their security.

33. The other ASEAN countries are opposed to this proposal. They believe that a rigid form of internationally guaranteed neutralisation could work to the benefit of the Soviet Union and China; that it would strengthen the Soviet Union's political role in the region; that it would give China new status, and that it could make it more difficult for the United States to give material aid and military support to countries facing externally supported (but disavowable) subversion. Their anxiety about China's strategic predominance has already been mentioned. They do not really want "neutralisation" at all.

34. The other ASEAN countries therefore prefer to feel their way and retain flexibility. While they accept the removal of the foreign military presence as desirable in the long term, they do not want this to take place until they feel relieved of the pressures of externally supported subversion. Nor do they want to be policed by the Great Powers. They want to remain free to enter into arrangements with other countries which support their security (e.g. arrangements for military aid and equipment on which they are dependent upon external suppliers).

35. If the ASEAN governments in fact make progress towards agreeing and realising their "neutralisation" concept, formal commitments generally accepted are unlikely. (The implications for Australian security of having a zone declared to be neutral in the area to our north is discussed in Part VI G below.

E. INDONESIA

36. Indonesia and its relations with its Asian neighbours are discussed in Section IV of this Paper.

PART IV—THE NEIGHBOURHOOD

1. This Part deals with Indonesia and the strategic approaches to Australia through Papua New Guinea, the South West Pacific region, the Indian and Southern Oceans and Antarctica.

A. INDONESIA

2. Indonesia is of the greatest strategic significance to Australia because of its position. The Indonesian archipelago imposes a substantial sea and air barrier between Australia and mainland South East Asia; it is also the country from or through which a conventional military threat to the security of Australian territory could most easily be posed. Australia's relations with Indonesia are of profound and permanent importance to Australia's security and national interest.

3. In the twenty three years since achieving independence, Indonesia has never threatened Australia nor sought to acquire the capability necessary for it to launch significant military operations against Australia. Indonesia has never politically attacked Australia.

4. This favourable attitude was shaped in Australia's early support for Indonesia's nationalist struggle: it has consolidated with the growth of substantial common interests. At the same time, however, Indonesia's proximity and size, the possibility of friction over PNG, the political extremism of the Sukarno era and the uncertain prospects for political development in the long term have given rise to doubts in Australia about Indonesia.

[Three paragraphs expunged]

(i) Indonesian Political Situation and Foreign Policy

8. The present Indonesian Government identifies three main sources of potential political pressure within the country and within its immediate geographic environment to the north. These are the problems represented by armed and subversive communist movements; the political ambitions of the extremist Muslims committed to the establishment of Islamic power in Indonesia and its neighbourhood; and the problems of assimilating the Chinese immigrant communities. None of these problems at present represents a serious challenge to the Government, which is probably more concerned with how its neighbours deal with them and the possibility of spill-over into Indonesia.

9. The Indonesian Government is well aware of Indonesia's backwardness. It has consolidated administration throughout the regions of Indonesia by engaging the moderate, progressive elements in national programmes of social and economic development. It has virtually eliminated armed dissidence. It has severely curtailed expenditure on the armed forces and substantially involved them in government and administration.

10. The Government is committed to recover international standing after the excesses of the Sukarno era, and has made substantial progress in this respect. It

has also encouraged foreign private investment, including industrial manufacture and exploration and exploitation of oil, minerals and other raw materials.

11. Indonesia wants a stable region within which its national development can take place without disruption. It is gradually acquiring a leading role in ASEAN and exercising increasing influence in regional affairs. It is likely to continue its low military posture and continue to wish to receive defence equipment assistance from the US, Australia, and perhaps other western sources, at a moderate level.

12. In the unlikely event of the present structure of political power being supplanted by a regime from one of the political extremes, there could be internal conflict of sufficient scale to attract the intervention of external powers, by the provision of military or economic aid. Although such a regime may seek to assert itself in the South East Asian neighbourhood, it seems unlikely that it would be able to mobilise sufficient support, resourses or effort necessary for significant external military adventures.

(ii) Indonesia and Australia

13. For the foreseeable future, Indonesia will see Australia as an ally rather than an enemy. Australian friendship is important to Indonesia. We offer no threat; on the contrary, we constitute a stable strategic bulwark to the south, enhancing Indonesia's security. Our economic, technological and military status and western associations benefit Indonesia's economic, social and defence development. We share certain basic strategic concerns, and Indonesia's leading role in ASEAN is important to Australia. Our regional role, in the Five Power Arrangements and elsewhere, and our Western associations, particularly the ANZUS Treaty, are valued by Indonesia as complementing their own major policies and offering prospect of effective support in any major crisis.

(iii) Possible Indonesian Threat to Australia

14. The likelihood of Indonesia threatening Australia, either directly or by action in PNG, is therefore remote. It would require not only fundamental changes in the composition and attitude of the Indonesian Government and in major Indonesian policies, but positive hostility towards Australia. Even a Government of different political character from that likely to retain or to succeed to power in Indonesia would have little cause to consider military measures against Australia, and strong incentives not to, however relations may deteriorate in particular respects.

15. Indonesia's foreseeable military capability would not allow operations beyond sporadic raids and limited air and naval attacks, mainly confined to Australia's north and north-west areas and adjacent waters, but with the possibility of nuisance naval and air activity further afield, including limited submarine activity, some mining of ports and harbours. Indonesia's present capability for such operations is minimal and on the basis of present planning will remain small, at least until the later part of the period under study; as indicated in para. 14 above the likelihood of Indonesia attacking Australia in this way is remote.

16. Particular difficulties and frictions may arise over the next fifteen years regarding a range of matters, for example Australian fisheries and resource zones and transit of Indonesian archipelago waters and air space. These may give rise to such actions as denial of transit facilities or limited harassment of Australian aircraft flying over or near Indonesian territory or sporadic and limited interference with Australian shipping transiting Indonesian waters or incursions into Australia's maritime resource zone. However, at least until the later uncertain period of this study, Indonesia is likely to seek to settle any difficulties with Australia within the framework of the basic friendship between the two countries.

(iv) Indonesia and Papua New Guinea

17. Indonesia has a legitimate, abiding interest in the situation in Papua New Guinea. Like Australia, it has a strategic interest in avoiding significant penetration by external power and circumstances favouring this. It has an international border that must be policed for routine control of traffic, smuggling, gun-running etc. These two situations are unlikely to cause major difficulty over the next fifteen years, although the PNG Government will need to pay special attention to maintaining Indonesian confidence in its handling of border matters. Beyond this, Indonesia has a major interest in avoiding stimulation from PNG of dissidence in its own territory of Irian Jaya. This could be a source of difficulty between the Indonesian and PNG Governments.

18. The Indonesians are already concerned that the faster pace of development in PNG will stimulate dissatisfaction in their own province, for which they lack resources to support development at all comparable with Australia's contribution to PNG. They are also concerned lest dissident elements find safe haven and political and material support in PNG, and that instability there may have repercussions in their own province. Indonesia may also have to respond to actions by an irresponsible PNG Government, or by elements out of that Government's control.

19. For these reasons Indonesia will seek substantial influence in PNG and may at some time wish itself to use military force to protect its interests, either by agreement, as in Sarawak, or possibly unilaterally, if the PNG Government be unable or unwilling to do so. It is likely that Indonesia will remain in close touch with Australia about these circumstances, at least so long as Governments of the present outlook remain in power.

20. Military operations in the above context would be limited in extent and duration and confined to the border region. Similar limitations would be likely to prevail in circumstances of major disturbance in PNG. Indonesia's main concerns would be how the situation would affect its security situation along the border and whether communist influence in Melanesia would be facilitated. Although circumstances could arise which would dictate otherwise, for example a PNG government which had been actively supporting Irian Jaya dissidents, it is more likely that Indonesia would see its national interest in supporting the central government.

21. Beyond the possibility of limited activity in the border area, the likelihood of Indonesia adopting a military solution to problems it had with PNG is remote. This would require a major change in the leadership of Indonesia and in the orientation of Indonesia's policy towards PNG, Australia and the Western world. Should such a

new regime seek to assert itself to attract nationalist support, this would most probably be against its close Asian neighbours rather than against remote, and politically less rewarding PNG. It is extremely difficult to see how motivation would develop in Indonesia for sustained operations against PNG, aiming at an extension of Indonesian control, even given a threat to its national security. Aggression of this order against PNG would be a major act of policy that no discernable national Indonesian interest would support.

22. Any such policy would take time to develop, would require circumstances offering some political justification and would probably be preceded by Indonesian attempts to gain dominant influence in PNG short of the direct use of military pressure. (Insofar as secessionist moves are likely earlier rather than later after PNG's independence, the possibility of Indonesian intervention in this respect is the more remote.)

23. In addition to considerations along the foregoing lines, there would be substantial restraints on any Indonesian regime in respect of domestic political factors, foreign policy and economic interests. There would be scope to mobilise pressure particularly in the United Nations against any Indonesian attacks.

24. Significant military intrusion by Indonesia into Papua New Guinea is highly improbable, at least until the later period of this study. It can be expected that any aggression would occur only after major change in the Government of Indonesia and that it would then take time to develop. It would be indicated in a variety of developments in Indonesia and PNG.

B. PAPUA NEW GUINEA

25. The PNG Government's major problems are likely to arise from pressure for increased regional autonomy. In the worst case this could lead to moves for secession by Bougainville or, much less likely, on the Gazelle Peninsula or in the Highlands. In the case of Bougainville, the likely inability of the Government to suppress secession by military operations would lead it to seek protracted negotiations and to try to frustrate the secession by calling for non-recognition of an independent Bougainville, sanctions, etc. The prospects for the Gazelle or the Highlands seeking secession are less; in these cases the Government would be less likely to exercise military restraint.

26. Swollen urban populations, traditional hostilities in the Highlands and elsewhere and a general deterioration in law and order could lead to dissidence of varying degrees of seriousness and violence.

27. No threat of military attack against PNG by an external power is foreseen in the next fifteen years. Situations could develop however, that would offer scope for external interference. With a view to increasing their influence in PNG and changing the PNG Government's policies to those more closely attuned to their respective interests, China and the USSR could attempt to exploit student unrest and dissenting movements. The opportunities for external interference could be greatly increased in a secessionist situation; however the wider constraints on global rivalry are likely to limit interventions by external Powers. Moreover, a "war of national liberation" or sustained insurgency directed by a communist core, similar to those occurring in South-East Asia, is unlikely in PNG because of the fragmented nature of PNG society, and its lack of political sophistication. Gun running to relatively small areas of dissidence seems likely to offer more dangers to internal security in PNG than does direct intervention by an external Power.

28. An important factor in the situation for Australia will be the presence of large numbers of Australians, presently 46,000. A substantial number will remain in PNG, in private business or the PNG Government's service including Australians with the PNG Defence Forces. While the number of Australians in PNG is likely to diminish, in any emergency it could be necessary to warn and evacuate very large numbers. It is likely that some or all of these will be at risk at various times. Wholesale evacuation of Australians could seriously affect the ability of the PNG Government to keep the economy going and maintain services and effective administration.

C. THE SOUTH WEST PACIFIC

29. No state in the South West Pacific could possibly threaten Australia, although some may prejudice Australian interests, e.g. by limited interference with communications or by intrusions into our maritime resources zone.

30. Significant new strategic penetration by external Powers is unlikely during the period of this study, although the Soviet naval presence in particular will increase and Japan's economic and political status will grow. Any external Power would have to reckon with opposition within the region and with reactions from Britain and France, who for most or all of the period will have continuing responsibilities, from the United States, the dominant Pacific Power, and from Australia and New Zealand.

31. The region could, however, be troubled by smuggling, systematic intrusion into territorial waters, gun running, etc. The various states, particularly Fiji, may have internal security problems from time to time. In this respect, and in the development of their small armed forces, they will be looking for help in the training and equipment of their forces.

D. THE INDIAN OCEAN

32. The idea of the Indian Ocean as an area free of Great Power involvement is illusory. For each of the external Powers there will be higher priorities than the Indian Ocean area. However, a number of factors do suggest that the Indian Ocean will have strategic significance – less than the Middle East, but more than Africa. These factors include the broader interests of the Super Powers in projecting influence in ocean areas, the importance to Western Europe, Japan and the United States of oil from the Persian Gulf, the position of influence the USSR has begun to acquire in the Middle East and South Asia, and the probability that China will feel compelled to compete for influence in such places.

33. The waters of oceans are important to the Super Powers as areas for the deployment of a relatively invulnerable submarine-based nuclear capability. Neither Super Power at present deploys nuclear missile submarines in the Indian Ocean. It is likely that the Soviet Union uses the Indian Ocean for the transit of nuclear missile submarines, even although the capacity to manufacture them at the rate of one to two a year exists in the Soviet Far East. There are at present eleven nuclear powered ballistic missile submarines and sixteen nuclear powered submarines with guided nuclear missiles based in the Soviet Far East. Neither Super Power seems to want naval escalation in the Indian Ocean. It is possible that they could agree in due course to limit their surface deployments there (as distinct from submarine) as a step in expanding the area of agreement between them on strategic arms control.

34. The most substantial littoral state in the Indian Ocean is India. In the next fifteen years it is not foreseen that India, even if nuclear armed, would present a threat to Australia.

E. THE SOUTHERN OCEAN AND ANTARCTICA

35. The Antarctic Treaty of 1959 stabilised territorial disputes in the region and prohibited its use for military or defence purposes. It is unlikely that the USSR, the only potentially hostile nation with the capability to establish military bases in Antarctica, will do so; but existing bases could be used to provide communications and navigational facilities for Soviet ships or aircraft, or to re-supply submarines at certain times of the year.

36. In general, the situation to the south of Australia reinforces Australia's security, [one line expunged].

PART V—THREAT TO AUSTRALIA

1. The fundamental objectives that defence policy must serve are the independence and security of Australia. Independence for any nation means more than avoidance of occupation by an alien power. It means the ability to counter threats and to safeguard against risks whose magnitude would otherwise inhibit freedom of decision in the national interest. Defence policy is not simply directed to the static defence of Australian territories and dependencies, nor simply to meeting commitments we have made to other countries. It must provide for the protection of Australian interests, in step with an[d] in support of foreign policies drawn up with these concerns in mind.

A. THREAT OF DIRECT ATTACK

2. The preceding Sections of this paper have discussed various uncertainties and stresses, and have emphasised the difficulty of reliable assessment in the later period of the study. The present and likely trends identified have not indicated any likelihood of threat of direct attack on Australia in the period. Short of nuclear proliferation, less than a dozen countries have or might acquire the military capability to threaten direct attack on Australia, [one line expunged].

(i) USSR, China, Japan

3. Threat of direct attack from the USSR, China or Japan would require fundamental changes beyond the developments assessed as likely in this Paper. Australia would then be in a radically new situation in respect of these nations' policies and of the international situation and global balance of power. Such a development would take time and would affect many countries other than Australia. Our military development, our search for strategic support and our defence co-operation with Powers in and outside our region, would have proceeded well beyond the range assessed as necessary or prudent in this Paper. Inadequate warning time would only be likely to arise in the case of nuclear "blackmail" or attack. This contingency is highly improbable.

4. Australia itself would not have the capacity to deter a determined hostile major power. It is therefore important that against such a contingency in the future Australia maintain its security associations with friendly major powers.

(ii) Threat from Indonesia

5. The contingency of threat from Indonesia is discussed in Part IV (paras. 14-16). It was assessed that direct threat is remote, but that low-level threat of harassment, though unlikely, could occur in the later periods of this study.

B. POSSIBLE THREATS IN RESPECT OF US DEFENCE FACILITIES IN AUSTRALIA

6. No Power has formally queried the presence of U.S. defence facilities in Australia or requested their removal. Presumably other Powers would be mindful of the international agreements under which the facilities are located in Australia and of

the ANZUS alliance and Australia's general association with the Western community. They would expect this to include practical defence collaboration.

7. In the circumstances of the present "détente" the USSR particularly would be likely to tolerate the presence of these installations as part of the technological apparatus of the global balance and would be unlikely to want to provoke discord with the US by pressing Australia for their removal. China has no present interest in weakening the US position vis-à-vis the USSR. Moreover, the USSR and China may not wish to prejudice arrangements they themselves may seek with other Powers for defence facilities.

8. The US has many defence installations about the globe and it is unlikely that the USSR or China would press seriously for the removal of those in Australia. Unless they expected compliance from Australia to a request, they are more likely to focus any pressure on installations they would regard as more important to their strategic interests, such as the US forward-based systems in Europe that the USSR wants removed.

9. For demands to be pressed would assume developments in the international situation beyond the likelihood assessed in this study. In the fifteen years under study it is highly improbable that Australia would come under military pressure or threat in regard to US defence facilities in Australia.

10. In the remote contingency of a general war, Australia may come under threat for various reasons, including the presence of defence facilities. However, only in the highly improbable event of general nuclear exchange would it seem likely that the significant US defence facilities in Australia might be attacked.

C. OTHER POSSIBLE THREATS

11. Threats to Australian interests may arise in respect of conflicts about sovereignty over territorial waters, or interference with Australian communications by the archipelago states to our north, or denial by neutral states of strategic movement of naval ships or military aircraft by ourselves and our allies, or intrusions into Australia's maritime resources zone.

[PART] VI—THE AUSTRALIAN INTEREST

A. GENERAL

1. Australia's nearer substantial neighbours are countries with large populations whose history and societies are fundamentally foreign and with whom, excepting Japan, there are few substantial ties of importance to our national development. Across the major fields of its national life Australia's basic affinities are with Western Europe and North America. Including Japan, these countries are also our major market and the major source of our immigration, imports and technology. Australia's long-term development substantially depends on the readiness and capability of the "Western" community to co-operate with us.

(i) Importance of the Western Defence Connection

2. Association with Britain and America give us advantageous arrangements in the strategic and defence field, including important access to classified defence technology, doctrine, logistic support arrangements and to intelligence and policy consultations. We also benefit from military training and joint exercising and from collaboration in such fields as communications and maritime surveillance by advanced technological means.

3. These practical defence relationships, particularly with the US, are critical to the present capability of our defence forces and to their effective development.

4. There is advantage to Australia in Britain's continuing defence involvement in South East Asia. This is generally welcome in the region and supports Australia's own efforts to contribute to strategic confidence and stability there. It retains, and may eventually stimulate, a West European interest that is helpful in restricting scope for the Great Powers to win influence and to compete; and Britain's status with all those Powers is a useful factor to us in diplomatic exchanges concerning South-East Asia. It is also in our own national defence interest to keep Britain, a principal friend and ally, involved and interested in our own strategic area. It is desirable that Australian policy regarding the Five Power Arrangements have regard to this interest and seek to retain a British military presence.

5. There is value in the bilateral defence relationship in the form of Governmental contact, meetings between Chiefs of Staff and the Defence ministries; British military visits to Australia, training and exchange arrangements; use of British technology and intelligence co-operation.

6. The British interest in the Indian Ocean is also useful to Australia. Britain no longer has the capability to deploy a large force there, but British ships transit or tour, and the British encourage their European allies to do likewise. This helps to modify any US/USSR competition and to balance political advantage among the littoral states from the Soviet naval presence. Britain keeps in touch with the US about Indian Ocean matters. In these ways Britain continues to make a contribution, albeit limited, to the management of strategic questions arising in the Indian Ocean, and to represent in a tangible way a European interest in stability and secure communications there.

7. A number of factors have brought about change in the strategic significance of Australia to its major allies. These have included the degree of military disengagement by both the United States and the United Kingdom from South East Asia and the US "détente" with China. The US and the UK will also assess that Australia is unlikely to face major threats in the foreseeable future. The changes in the global balance discussed in Part II and the growth of stability in the region discussed in Part III will also influence the pattern of our relations with those Powers.

8. The Western Powers themselves are unlikely as a matter of policy substantially to reduce or sever the defence link, although diverging interests may gradually weaken it. History has established a concept of common strategic outlook and a confidence in basic Australian attitudes. Together with other ties and continuing reluctance to see Australia come under a rival's strategic influence, these attitudes can be expected to maintain close collaboration for many years. The relationship can tolerate considerable strain. But the Western Powers make their own assessments of Australia. It is important that Australian policies have regard to the impact on those to whom we look for practical collaboration in developing our own defence capability and on whom our ultimate security will continue to depend, at least throughout the present transitional era.

9. To what extent later developments may support a weakening or strengthening of this relationship cannot yet be assessed. Present trends towards global stability and the diminishing strategic involvement of our major associates in the areas of our own primary strategic interest could lead to increasing modification of our present association and a loosening of ties. However, the ANZUS Treaty, expressing the US interest in the Pacific area and in Australia's and New Zealand's security, will remain important to our defence and strategic policy into the longer term, and this will influence our handling of particular situations.

(ii) Australian Involvement in the Global Balance

10. The Australian interest extends beyond a merely dependent relationship. Although there are practical limits on what Australia can do in the global context, as a member of the "Western" community of North America, Western Europe and Japan we have a positive interest in upholding its status by our general political and strategic posture, our practical collaboration and the operation of our policy.

11. However, the changes in Australia's strategic circumstances require us to operate from an independent view of our strategic interest and in our own right. There is a role for Australia in bilateral and international consultations about matters affecting the global balance, and in efforts to maintain regional stability. These consultations and efforts will fall only partially within the framework of the ANZUS partnership. Obviously the scope, and fruitfulness, of these consultations will vary considerably among the Powers, and we need to avoid exposure to pressures and commitments beyond our interest.

12. The making of our own assessments and policy, and the understanding of others', require the continuing flow of intelligence (information and assessments) from all worthwhile sources. Also, Australia's point of view will command more respect if well-informed.

(iii) Military Capability

13. The principal carriage of most matters discussed above will rest with foreign policy conducted by the Foreign Affairs, Defence and economic ministries. Military capability is essential to that policy. It is the ultimate national means of defence should developments expose the "Western" community and Australia to major pressures or threat. The possession of such a capability is a contribution to the general strategic status of the "Western" community, and a support to our regional associations.

14. However, there is no specific requirement for Australia to develop military forces for a direct contribution to the global balance between the major Powers, or for direct military support to their strategic deployments or regional display. The operation and maintenance of the global balance through military forces is essentially a matter for the Great Powers themselves.

B. SOUTH EAST ASIA

(i) The Forward Strategy

15. For much of the last two decades, the Australian outlook was dominated by anxiety about communist expansion into a weak and unstable Asia and the possibility of ultimate pressure on Australia. Australia looked to a "forward defence" against China and North Viet Nam and the secure establishment of independent nation states in South East Asia that might serve as a strategic shield. We therefore encouraged and supported substantial involvement by Britain and the United States: our own efforts were very often dependent on them, but never of direct significance to the military outcome of any of the various campaigns.

(vii) Present Circumstances

16. For some years Australian intelligence assessments have recognised that any threat of overt military aggression into South East Asia by China or, at least beyond Indo-China, by North Viet Nam was receding. It is now considered remote. Similarly, although there still remain stresses and uncertainties in the region, the earlier view of regional weakness and instability has been substantially modified. The ASEAN states have made substantial advance in national and sub-regional consolidation – and even Burma survives. Strategic tension in the north of the region between China and the US has also relaxed.

17. Many of the contingencies that preoccupied earlier strategic policy now appear remote. But our present favourable strategic position would be prejudiced were developments in future to allow significant external encroachment into the region, particularly by the USSR or China, or to lead to indifference or unfriendliness to our interest among the regional Powers.

(iii) The Australian Interest

18. Australian and defence policy therefore retains an interest in the national stability of the South East Asian states and in their regional consolidation. Australia's interests are served by any reduction in tensions that exist between China and North Viet Nam on the one hand and the US and the ASEAN states on the other.

(iv) SEATO

19. SEATO, although irrelevant in many respects to the present situation, embodies the US commitment to Thailand, expressed in the Manila Treaty, and facilitate the political presentation of this by the US Administration. The continuing validity of SEATO, and Australian membership, therefore depend on judgments about the extent to which this commitment helps the US to secure clarification of China's policy towards Dr Kissinger's "grey areas" in South East Asia; whether it is necessary to the security of Thailand's political independence and is militarily sensible; and whether the US commitment, or the SEATO form of it, is a factor of stress. Beyond these factors, the US must have regard to the credibility of its security commitments elsewhere (for example, to Western Europe and Japan) in considering the future of its commitments to SEATO.

20. Participation in the SEATO organization, as distinct from the Manila Treaty, is not essential to the Australian interest, but withdrawal by Australia would have important repercussions. Australian policy is those respects would need to take fully into account the likely US reaction to our decision and the effect of this on US commitments elsewhere, attitudes towards the ANZUS Treaty and the important collaboration flowing from it. Australia's relations with Thailand would also be affected.

(v) Australian Support for the Region

21. There is scope for Australia to contribute to long term stability in the region, and hence the region's relations with major external Powers, and North Vietnam. In aid programmes and political support we can contribute to economic and social development and thus to regional confidence in dealing with the domestic situations that, as earlier discussed, still nourish anxieties about external interference. Australian policy will look to the development of processes of orderly political change.

22. Australia can also help Governments, in supply, training, technical assistance and exercising, to develop their national defence capabilities and confident handling of the security politics of the region. (It will be important, however, to avoid, and to encourage others to avoid, over-emphasis on offensive capabilities, and acquisition of military equipment that strains the states' technological and economic resources.)

23. Our policy should recognise that in the political handling of the region's problems our interests are not identical with those of the regional Powers, or with those of the principal external Powers interested in the region, China, the US and Japan. It would not usually be in our interest to become too closely involved in the region's affairs, or directly involved in any intra-regional disputes.

24. The carriage of these matters is primarily for foreign policy. But it will be important that Australia be able to demonstrate a capability that lends credibility and authority to this policy – and this has significance for the timing of withdrawal from Butterworth and the maintenance of a small naval presence in the area.

25. It is important to avoid commitments to defend any particular government or regime. Australia may wish, however, to retain defence capabilities which would give it the choice to support states under external attack by exploitation of local insurgency. (Under the Five Power Arrangements Australia is already committed to consult with partner Governments in the event of such an attack on Malaysia or Singapore.) Australia could in such a case contribute in fields such as transport, surveillance, sophisticated equipments, air and naval support. The Army size deemed desirable for Australian territorial defence purposes would contain an element which could be used for such a deployment should a future Government wish it. Australian decisions would be shaped by detailed circumstances, including other likely external support, about which it would not be fruitful to speculate in this paper.

26. Nevertheless, certain considerations appear clear enough. Firstly, Australian policy could not contemplate direct military support in essentially domestic situations – whatever political and other indirect support we may decide it in our interest to offer. Our interest would not be to prevent domestic change, but to help control and localise situations likely to plunge the region into serious instability and to favour encroachment by external power. There would need to be, therefore, a clear and substantial foreign intervention.

27. Secondly, the security of the South East Asia states against local insurgency is not ultimately critical to our own national defence. Even in strategic circumstances favouring Australian support – judgment of which would be difficult – only in the most improbable and extreme case of determined advance by a hostile power might major intervention by Australia appear warranted. Even then, such intervention would probably be dependent upon association with another substantial Power.

28. Containment of insurgency is primarily a matter for the national and collective action of the regional states of South East Asia.

(vi) The Five Power Arrangements

29. Under the Five Power Arrangements Australia is committed to consult with its partners in the event of any threat or form of armed attack on Malaysia or Singapore which is externally organised or supported.

30. The arrangements offer Australia a framework in which to provide support to the region and have some status in its strategic policies, and to display the military capability necessary to the credibility of our interest. The Arrangements, and the external military presence in the region that they provide at present, are welcome to both Malaysia and Singapore, the local partners, and to other ASEAN Governments. They are also welcome to the Governments of the US, Japan and Britain, which have important interests in the maintenance of regional stability and confidence; and they are an encouragement to foreign investment in the region's economic development. The indications are that the Arrangements cause no serious concern to China and to the USSR, even if only because each sees the Arrangements as some impediment to the other's penetration of the region.

31. Under present policy Australia is committed to honour the Arrangements "pending neutralisation". The immediate question for policy, therefore, is whether, and to what extent and for how long, Australia should retain a military presence in Malaysia and Singapore, as desired by those two Governments, and by Britain and New Zealand, or should seek to display its strategic interest by programmes for bilateral and multilateral military exercises (so far as these are practicable) and defence aid. In our view a continued presence would be an assurance of Australia's continued interest in their security.

(vii) Military Capability in the South-East Asian Context

32. The military capability developed in respect of Australia's own national defence, and evidence of our ability to expand this, will usefully supplement the less sophisticated equipments of our regional associates and provide adequate backing to our political policy. This capability is reinforced by our "Western" connections and close defence association with the US, provided we keep these associations alive. It will be important, however, to retain in our capability those elements that would enable us to provide support in the situations discussed above, should we wish to do so. These elements are defined more closely in Section VII.

C. INDONESIA

33. The discussion of Indonesia in Section IV of this Paper indicates a high improbability that Indonesia will adopt an "interventionist" policy against its neighbours.

34. It is important that Australian policies support continuance of the moderate and constructive approach by Indonesia in its foreign relations, and Australian influence in the senior levels of Indonesian Government. This is primarily a matter for foreign policy; but Australian influence depends to an important extent on Indonesian appreciation of common attitudes towards the strategic concerns of the region and of Australia's continuing support in that respect. In the Defence field there is scope to promote this appreciation by maintaining the co-operative arrangements already established for [five words expunged] the Defence Co-operation Programme, combined exercises and discussion of strategic questions, and also by developing Australia's own defence relations with neighbouring countries important to Indonesia. Australian policy, while recognising our own independent interests, should enlarge and consolidate the area of common interest and of direct and indirect co-operation with Indonesia, and further promote the already considerable political interest in Indonesia in stable relations with Australia.

35. Given the uncertainty in the later period of this study, however, Australian policy needs to contemplate the possibility of changes in Indonesia inimical to our strategic interests. As discussed in Section IV A, the development and working out of any changes would take time and should allow any necessary preparations for military response, provided we retain the basis for expansion. At this time no specific requirement arises in the development of Australia's armed forces in respect of possible military threat from Indonesia. Australia has at present a military capability vastly superior to Indonesia's as regards sophisticated equipments relevant to any major Indonesian threat against Australia, and the ability to operate them. This position could only be changed if Australia's capability were to be substantially reduced or in the unlikely event that Indonesia received massive military support from a major Power, providing not only modern equipment but large numbers of specialist personnel for technical support and training.

(i) Possible Indonesian Pressure on Malaysia and Singapore

36. In the earlier period of low defence capability in Malaysia and Singapore and the aftermath of Indonesia's "confrontation", an important element in the thinking leading to the Five Power Arrangements was the desirability of maintaining a defence relationship with Malaysia and Singapore that would allow Australia to contribute to the deterrence of Indonesia should it resume pressure against its neighbours in the longer term. The situation has now changed. Both Malaysia and Singapore are developing capabilities that offer increasing deterrence to any Indonesian pressure in the longer term.

37. In the highly improbable situation of Indonesian threat to Asian neighbours, Australian defence concern would be focussed primarily on Australia itself, and PNG. Any defence role in Asia would probably be confined to continued assistance to Malaysia and Singapore in their defence development and to such gestures as we wished to make to offer deterrence to Indonesia in our own neighbourhood.

(ii) Indonesia and Papua New Guinea

38. Papua New Guinea is of abiding strategic interest to Australia because of its geography and propinquity and because of its importance to our military and trade lines of communication to the north and to South East Asia.

39. The extreme improbability of Indonesian aggression against PNG has been stressed. In any such remote contingency, there would be very substantial scope in national and international policy, and in Indonesia's own interests, including its relations with Australia, to restrain Indonesia. It should be a prime activity of Australian policy to promote confidence and cooperation between Indonesia and Papua New Guinea and to retain substantial influence with both Governments in this respect.

[Four paragraphs expunged]

44. This discussion suggests some considerations in the decision yet to be made as to whether Australia will enter a treaty commitment to the defence of PNG against external attack.

45. It will be in the Australian interest to help PNG develop its security forces, by providing training, equipment, technical aid and, during the growth stage, personnel. We should also seek to arrange access to naval and air staging facilities in PNG.

D. PAPUA NEW GUINEA – INTERNAL SECURITY

46. All obligation on the part of Australia towards PNG relating to internal order and security will finally cease on PNG's acceptance of full status, authority and responsibility as a sovereign independent state. Whether Australia should thereafter intervene in internal security affairs in Papua New Guinea involves a range of considerations that cannot be definitively treated in this paper. However, some of the primary considerations may be indicated.

47. Australia will continue to have important national interests in PNG which would be served by a stable, united PNG, friendly to Australia. Australia's defence policy must recognise PNG's independent, sovereign status and responsibility.

48. None of Australia's national interests may be decisive in determining whether there should be Australian intervention in internal security. There would be strong political pressure for and against any Australian intervention were there serious deterioration in the internal security situation.

49. As indicated in Part IV, there is likely to be a substantial decline in law and order after PNG becomes independent. However, short of the remote contingency of major external intervention, major threat to the authority of the PNG Government appears likely only in two situations: separatist movement seeking to achieve secession by force; and an accretion of essentially limited pressures from different political and regional sources that, coming at the one time, prove beyond the Government's ability to handle. The prospect of major protracted insurgencies is remote.

50. Of these situations, separatism appears the most likely and could have major impact on the Australian and international interest. Judgement for Australia would be difficult. By intervention, Australia would be earning the hostility of significant political forces in PNG. They may also seek to interest another external Power in supporting them to balance Australia, or organise international political opposition to Australia. A weak, fragmented PNG may prejudice Australia's long-term strategic interest – although most states in the neighbourhood are small and weak. If the PNG Government itself were unable to cope with the situation politically and by military pressure, it is difficult to see what would justify Australian military intervention.

51. In these respects, therefore, there appear to be strong arguments against Australian intervention in the internal security situation in PNG.

52. A situation of particular concern to the Australian Government would be exposure of large numbers of Australian citizens to danger and failure of the PNG Government to offer them adequate protection.

53. Should the Australian Government decide that intervention was necessary, the object of intervention with ground forces should be to keep operations limited, short-term, as indirect as possible and as far as practicable to avoid the use of force against the PNG population.

54. The discussion indicates the desirability of avoiding any commitment to intervene in internal security in PNG.

E.THE SOUTH WEST PACIFIC

55. In the South West Pacific region, Australian military capability and its display should be such as to sustain regional confidence in our support, but no special provision need be made for possible operations.

56. Australia's political relations in the region should facilitate in the long term access to facilities and territories that may become strategically important. It will be desirable to have sufficient flexibility in our capability to allow us to make a contribution to any regionally agreed air and naval patrolling in respect of smuggling, systematic intrusions into territorial waters and maritime resources zones, etc.

57. The regional states will be developing small defence forces over the period. Australia will need the capability to help with training and to join in occasional exercises.

F. PREVENTION OF GUN RUNNING

58. An important aspect of the situation in PNG, the South West Pacific and South East Asia, will be the need to keep internal security operations at a low level by denial of armaments to dissident elements. It may be that the inter-departmental study of Australian national interests in PNG will recommend that Australia should be responsive to requests from PNG (and in the South Pacific Forum) to help prevent gun-running. This could require a surveillance and patrol capability that should be taken into account in the Australian capability.

G. NEUTRALISATION AND PEACE ZONES

59. Australia's interests are affected in a number of ways by the ASEAN proposals for the zone of peace, freedom and neutrality. As a political process – whereby the Governments or the region consult closely and with increasing mutual confidence about the future of the region, and seek to reduce Great Power involvement and the tensions of the last thirty years – the effort to establish a zone of peace, freedom and neutrality is in Australia's interests.

60. Whether the neutralisation of Malaysia, Singapore, Indonesia and indeed PNG would be in Australia's defence interests is doubtful. Australia's interests would be adversely affected if the neutralisation proposal were developed in such a way that, for example, Indonesia were obliged to treat Australia no more favourably than an enemy in some contingency. Equally, it would be against Australia's interests to strengthen Soviet and Chinese involvement in South-East Asia and to weaken the interest or the ability of the United States to assist the region.

61. Based upon the concept of a zone of peace, freedom and neutrality, the ASEAN countries in the future may develop a common approach to a number of matters affecting the interests of external Powers, including Australia. Such matters could be military transit; archipelago questions; questions relating to the straits and sea lanes; control over resources such as seabed exploration and exploitation etc.

62. These matters touch on important Australian interests. In particular sixty percent by volume and thirty per cent by value of Australia's overseas trade is carried on routes through Indonesia and Papua New Guinea. Use of the sea, of the air, and land facilities in the region are important for military and civilian communications: Indonesian facilities, for example, are required for the movement of most military aircraft between Australia and South East Asia. Open lines of communication and access to facilities are therefore important Australian interests.

63. By virtue of its growing bilateral links (trade, economic aid, investment, defence aid programmes, etc.) Australia should be well placed to secure its interests in the ASEAN area.

64. Moreover, Australia would not be facing the problems in isolation. The United States and the Soviet Union believe it is their strategic interest to maintain rights of freedom of passage for their naval units. All the major shipping powers have their interests engaged in the use of these waterways. Japan, for example, has a vital interest in securing its lines of communication from Australia and the Middle East, while the United States has a growing interest in South East Asian waterways because of the supply of oil from the Middle East to its west coast. This suggests that Australia should be concerting with the US and Japan in developing common policies towards proposals for a zone of peace, freedom and neutrality in South-East Asia.

65. While there may be occasions when Australian air communications were singled out, eg. by denial of staging rights, it is unlikely that there would be discriminatory interference with Australia's sea communications. This would affect the interest of all maritime nations. Australia's primary recourse would not be to military action to try to force a passage, but to international political action.

H. AUSTRALIAN INTEREST IN THE INDIAN OCEAN

66. Australia has considerable interest in the Indian Ocean as one of the strategic approaches to Australia, a major trade route, through which most of our imported petroleum products must come, and a subsidiary theatre for Great Power deployment and competition. In addition, the increased territorial sea and the even larger area which we claim for undersea resources in the north west of Australia make the eastern Indian Ocean even more important to Australia. The implications for the force structure are taken up in Part VII.

67. Australia shares the US desire to avoid escalation in the area and the general "Western" interest in balancing any political advantage to the USSR from its presence there. Australia can make a limited contribution by occasional display in the Indian Ocean area. There is a particular national interest in the security of the maritime resources zone; Australia can contribute to general strategic surveillance from its capability in this respect. It is important that we retain access to US and other "Western" surveillance.

I. NEW ZEALAND

68. Australia is of far greater strategic significance to New Zealand than New Zealand is to Australia. Australia has entered into extensive defence cooperation programmes with New Zealand covering a wide range of activities. New Zealand's defence capacity, however, is small and the benefits derived from such cooperation are largely to New Zealand's favour and will remain so while its resources devoted to defence remain at the present level of about 2% of GNP. Its military role in the region has been a supplementary one only and although its forces have in the past provided a useful supplement to Australia's they have relied heavily on Australian, or other allied, logistics support.

69. Nevertheless, the contribution New Zealand could make to Australia's efforts should not be discounted. Accordingly, we should continue, through the practical cooperation already being undertaken, to attempt to achieve the closest possible alignment of New Zealand's outlook and defence objectives with our own.

PART VII—THE DEVELOPMENT OF AUSTRALIAN DEFENCE CAPABILITIES

1. Allowing that, as indicated in Part V, several countries already possess the ability to launch attacks, including missile attacks, upon Australian targets (as upon other countries), the present outlook does not indicate any significant likelihood of a threat of armed attack upon Australia. The difficulty of reasonably reliable assessment of probabilities in the later period of this study has been emphasised. It has to be accepted that the quality of intelligence forecasts becomes more uncertain with time. Bearing in mind the period required for the development of major changes to defence capabilities we must make allowance for circumstances which we cannot now predict.

2. Moreover, defence policy is not concerned merely or even primarily with responding to threats, but with reinforcing factors which are favourable to Australia's security and independence of national decision and averting or deferring situations inimical to our interests.

A. SPECIFIC SITUATIONS RELATED TO AUSTRALIAN DEFENCE CAPABILITIES

3. In general there is no specific requirement for Australia to shape its forces in order to make a direct contribution to the global balance between the major Powers or for direct support to their strategic deployments. However, under Article II of the ANZUS Treaty, the parties to it are required to maintain and develop their individual and collective defence capabilities. There are defence and service plans in existence which would provide a basis for co-operation on a global basis, with Western Powers, in the event of war, to meet common interests, such as control of merchant shipping.

4. Australia's alliance with the United States is an assurance of ultimate security against pressure backed by overwhelming force in the unforeseeable circumstances of the more distant future. Combined with the right foreign policy, the alliance also gives us current defence advantages. The alliance should be preserved. This involves contributing to it something – current or potential – of military value to the United States, decided by us independently and with full regard to all the implications for foreign and domestic policies. No conflict is foreseen between assistance of this kind to the United States (and to Britain where relevant) and our independent defence associations with countries in Australia's neighbourhood. Indeed, our association with the United States is welcomed in the region. In addition, the absorption into our armed forces of advanced Western military technology and scientific support services is enhancing our status and constructive opportunities as a defence power in the region described in paragraph 21 below. We also have valuable intelligence associations. There are no comparable alternative sources of advanced technology (for example Soviet, Western European, or Japanese) open to us.

5. Containment of insurgency within South East Asia is primarily a matter for the national and collective action of the regional states. Australia should retain capabilities in fields such as transport, surveillance, more sophisticated techniques and air and naval support that would give it the choice to contribute assistance in the case of strong external attack by exploitation of insurgency. The Army size deemed desirable for Australia's territorial defence purposes would contain an element which could be deployed should a future government wish it. Major intervention by Australia would be most improbable; whether there would be any intervention would be affected, inter alia, by the intention of other countries to assist.

6. In the situation of Indonesia resuming pressure against Malaysia and Singapore, assessed as highly improbably at least until the later part of the time frame, and moving ultimately to military action, Australia may in some circumstances decide to contribute from its existing national capability to any collective measures to restrain Indonesia. The requirements would probably be along the lines of those indicated in para. 5 above.

7. At this time no specific requirement arises in the development of Australia's armed forces in respect of possible military threat from Indonesia to Australia. Because of the uncertainty in the later period of this study the possibility of changes in Indonesia inimical to our strategic interest needs to be contemplated. But the working out of any such changes would take time and should allow any necessary preparations for military response, provided an adequate base for expansion is maintained.

8. In the remote contingency of Indonesian aggression against PNG there would be very substantial scope in national and international policy to restrain Indonesia. Judgement about the Australian response would be difficult. However, the contingency is remote and no specific requirement in the development of Australia's armed forces arises at this time in respect of possible military threat by Indonesia against PNG.

9. There appear to be strong arguments against Australian intervention in internal security situations in PNG. Should an Australian Government nevertheless decide that intervention was necessary (for example, the evacuation of Australian nationals), the object of intervention with ground forces should be to keep operations limited, short-term, as indirect as possible, and as far as practicable to avoid the use of force against the PNG population.

10. In the South West Pacific region Australia should be prepared to display its military capability and make a contribution to any regionally agreed air and naval patrolling in respect of smuggling, systematic intrusions into territorial waters, etc. No special provision need be made for possible operations.

11. Australia should seek cooperation particularly with PNG and in the South Pacific Forum to prevent the supply of arms to dissident elements and as necessary to contribute to measures for its control. This could require a surveillance and patrol capability.

12. Australia should be prepared to make a limited contribution in the Indian Ocean by a presence and should possess strategic surveillance and intelligence capabilities to enable this contribution to be made.

13. There is a need to have forces in being which could cope with intrusions into our territorial waters or the surrounding fishing and resource zones, and generally exert effective Australian control. These activities will be to an extent shared with civil authorities, but the capabilities which the Services necessarily possess for their own purposes should be taken into account in order to arrive at the best national solution.

B. GENERAL ASSESSMENT

14. The present strategic situation contrasts strongly with that which faced Australia ten years ago and which contributed to the substantial expansion of Australian defence forces and capabilities in the 1960s. Important changes within the region which have led to this result include many-sided growth in the ability of South East Asian states to control their own national affairs and to resist interference and pressure from outside; and the re-orientation of Indonesian policy and the sharp decline of its naval and air capabilities necessary to any significant external aggression.

15. This assessment of the situation Australia is likely to face in the next decade does not mean that Australia can dispense with defence strength.

16. There are factors of stress and instability in our immediate neighbourhood and in the South East Asian region. While present trends are believed to be favourable, possible uncertainties particularly in the longer term need to be borne in mind.

17. A fundamental change in our position is that while Australia may still look to its major allies, particularly the US, for strategic support in circumstances going beyond those they will expect us to handle ourselves, it must now assume the primary responsibility for its own defence against any neighbourhood or regional threats. This need for greater self-reliance and the ability to act independently call for the maintenance at all times of defence strength which is adequate for immediate purposes and may be expanded if necessary.

18. Adequate defence strength in being can help keep the peace. Appropriately deployed, it can prevent potential conflicts from materialising. In the event of a conflict situation, ability to make choices in the level of military response can minimise the risks of rapid escalation and gain time while recourse is made to diplomatic and UN action.

19. There is also a requirement to develop some capabilities for which we have hitherto relied on allies, for example in respect of more independent logistic support.

20. Military capability is an essential support to Australia’s foreign policy. It is the ultimate means of defence should developments expose the “Western” community and Australia to major pressures or threat.

21. Within the South East Asian and South West Pacific regions, it will be important that Australia be able to demonstrate a military capability that lends credibility and authority to our foreign policy. Australia's resources, technology, and ability to operate and maintain more advanced military equipment place it in a unique position in the countries of peninsula and archipelago South East Asia and the South West Pacific region. It is not seen as threatening any country within this area. All this suggests that we should maintain our ability to be a source of military advice, equipment, technology and training, which are helpful in the development of the defence capabilities of the other countries. Moreover, participation in military aid programmes enable us to monitor the military strength and planning of the Governments supported.

22. For all these reasons assured defence strength in being is necessary. At the same time, an opportunity exists, within the resources available, to shape the force structure giving higher priority to long term potential rather than short term results. Planning must provide for an adequate basis for expansion.

23. The absence of specific threats at this time may provide opportunities for economies in some areas of defence spending, for example, by extending the life of some equipments in service where advantages outweigh disadvantages. There may be scope for moving to a lower level of capability in being in some areas or for restricting the rate of acquisition of some equipments or for varying capabilities in other ways. Careful and selective judgement will be necessary.

C. IMPORTANCE OF TIMING

24. It is emphasised here that the assessments made in this report and the policies suggested for Australian defence development, while projected forward for ten years and more, are in no way binding for that period. They represent no more than the best judgements that can be made now. The essence of the approach is regular re-appraisal, so that as changes are discerned they will be reflected in new decisions, and the shaping of our forces adjusted accordingly.

25. Changes to defence capabilities are long in gestation and in the larger elements cannot be made frequently. For this reason, and given Australia's present circumstances of low direct threat and greatly reduced likelihood of combat involvement, timing is of central importance in Australian defence thinking.

26. Two concepts are involved:

Warning time, which is the time from Government acceptance of a perceived threat to the time it is judged it will require operational response. Warning time will not be effective unless relevant measures are taken to develop a response.

Lead time, which is the time required to develop a force capability or components of a force structure from when a Government decision to develop is given.

27. Lead time is very variable, depending on the base from which build-up commences, the anticipated nature and level of conflict, and the manpower and material resources which the Government will direct in an emergency to defence development, either by allocation of priority or in some cases by compulsory transfer. The existence of an adequate base for expansion will be important in defence planning in present circumstances. Development will depend not only on the availability of equipment and Service resources but on the organisational, industrial and training backing of the wider civil community.

28. In the circumstances described in this paper, and given the recognition of the need to develop concepts for the defence of Australian territory, it is to be expected that greater emphasis will be placed on having forces with a basis for expansion. The warning and lead times will then become of substantial significance in the decisions to be made.

D. FACTORS AFFECTING FORCE DEVELOPMENT

29. Australia's basic strategic concern is the security of our territory from attack and threat of attack, and from political or economic duress.

30. Some specific capability requirements may be derived from the military responses to situations discussed in paragraphs 3 to 13. These situations are themselves of varying degrees of probability. They are insufficient in themselves to provide a valid basis for force structure development which would satisfy the need for military credibility proposed in this paper. Essentially they are capabilities which should and would stem from a viable force in being.

31. Our geographic position and the nature of the continent suggest some fundamental requirements of any Australian force development. These include:

a. capability for surveillance, both in our coastal and off-shore resource zones and in the area of wider strategic concern – the archipelago to our north, the eastern Indian and South-West Pacific Oceans;

b. a capability for naval and air maritime defence;

c. long range transport forces (taking account of civil resources also);

d. forces sufficient to repel or contain hostile landings on the mainland;

e. air defence;

f. an adequate defence infrastructure and communications network;

g. a comprehensive intelligence organisation; and

h. industrial, scientific and technological support.

32. The realisation of these capabilities would of course depend on the attainment of a number of ancillary capabilities, such as tactical transport, close support and reconnaissance.

33. Offensive capability, appropriate to the Australian environment and circumstances, will be a necessary part of any effective defence force.

34. The nature of Australian forces will be influenced by the Australian economic and industrial circumstances. Among the countries of South East Asia and the South West Pacific, Australia is relatively wealthy, has a well developed technology and industry, wide military experience, and ready access to advanced military technology and supply from her affiliations with the US and Britain. A degree of compatibility with the US equipments and doctrine will remain desirable. At the same time Australia is relatively deficient in manpower. This suggests that, where relevant to our circumstances, Australia can develop forces with more advanced weapons, and look to the efficient operation of those forces through adequate command, operational and logistic support systems. The level of sophistication of our military capabilities will, for the period of this review, be above that of other countries in our region. At the same time it does not have to match that of the Great Powers. Nor, or course, should we in any way neglect or fail to provide military skills or equipment, for example SAS forces, simple aircraft or patrol craft, which may not involve advanced technology, when they are suited to our environment and need.

35. Although we assess that significant attack on Australia is unlikely during the period and that any attempt at a major assault is a very remote contingency, the possibility of some kind of pressure or attack can never be entirely discounted. Bearing in mind that the ultimate defence of Australian territory is involved, it has been decided that a comprehensive study should be initiated on continental defence, together with some related and subsidiary studies; these studies have been started.

36. A basic need for the forces is to have the capacity to expand. Although we cannot predict the rate at which that expansion might be required, or to what extent, it is apparent that the process will be facilitated, firstly, if the regular forces have the nuclei upon which to base their expansion and, secondly, if there are in existence reserve forces and personnel trained and equipped to an adequate standard which will enable their easy assimilation into the regular armed forces. It is not within the scope of this paper to undertake a critical analysis of the requirement in terms of nature, size or state of readiness but it would appear likely that more emphasis would be placed on reserve forces for the Army than for the other forces. A separate study into the CMF is already in progress.

37. Defence forces will continue to contribute to United Nations supervisory or peace keeping forces and other defence tasks including special provision for training and technical aid for regional forces, both at home and abroad. National tasks including special air transport, oceanographic research, hydrographic and land survey, coastal surveillance, civil emergency and relief assistance, intelligence assessment etc., will also continue to make calls on our force availabilities or for particular provision and expertise within our force structure. While not determinants of the hard combat core of that structure, these activities are likely to assume increased importance at a time of low threat and provide an opportunity for the special capabilities of the Services to be used for civil or community purposes with overall economic and national advantage. There should be further study of these possibilities.

38. We should develop a civil/military infrastructure of base, communications and support facilities which will meet Australian needs for the defence of Australia, for the protection of its interests, and for the support of its external commitments; and which will as appropriate also be available for support of our allies. The implications of the guidance provided by this paper will be a partial determinant of works proposals for defence facilities.

39. Defence factors need to be taken into account in the development of our national industrial, scientific and technological capabilities which provide support for defence forces and a potential for further expansion as appropriate. This is an important and complex problem and should be the subject of further study.

40. In our opinion, there is no present strategic need for Australia to develop or acquire nuclear weapons. Australia has ratified the nuclear Non-Proliferation Treaty. However, the implications of any trend to nuclear proliferation and nuclear developments need regular review.

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY (1975)

Editor's Introduction

Drafted under the Labor government, the 1975 Strategic Basis was submitted to the new Fraser Cabinet in 1976, which did not accept the paper and asked for a new document to be submitted instead.

The 1975 Strategic Basis found the same 'strategic influences' as in 1973, but a 'more uncertain' outlook (para 277). International terrorism was mentioned for the first time (paras 50, 247). Australia's neighbourhood, comprising Indonesia, New Guinea, Melanesia and Polynesia, was 'substantially free from the prospect of major power confrontation and from issues sustaining substantial adversarial relationships', and the integration of Portuguese Timor into Indonesia 'on politically acceptable terms' was in Australia's interest (paras 108, 112, 210, 235). But while the global balance remained stable, it was compatible with significant change in relationships at a regional level (paras 8, 20, 30-35, 37, 38, 71). Soviet naval presence in the North West Indian Ocean was increasing and required an Australian capability for surveillance and response, although South East Asia was of secondary importance to the super powers (paras 10, 22, 52-53, 221, 232). The end of the Vietnam War created uncertainty and tension in South East Asia — but these were limited — and influencing developments in that region militarily was beyond Australia's capability (paras 82, 85-90, 93, 98, 187, 197-200, 229).

The US alliance should be sustained because Australia would depend on it should a major threat develop (paras 156, 157, 225). But 'Australia's obligations are first to itself', as it had to deal with regional threats on its own (paras 159, 204, 275, 282). The maintenance of 'present favourable circumstances' was a task for the 'political arm of policy', while defence policy was primarily about adverse contingencies—although no need existed to prepare for combat operations in South East Asia or a substantial Indonesian assault on PNG (paras 229, 241, 278, 280).

As major threats would take time to develop, the force-in-being of the 'Core Force' had to include capabilities for the—unlikely—case of low-level, short warning conflict with Indonesia or PNG (paras 123, 153, 154, 203, 236-238, 242, 243). Capabilities for major contingencies were not necessarily cost-effective in that task and of a lower priority, although 'careful attention' should be paid to 'warning time, decision time and various lead times' in the expansion base (paras 155, 248, 249, 255-259). The Australian environment and geography were important for determining force structure characteristics, and would be subject of studies and exercises that would also help precise lead times (paras 251-253, 274, 276). Improved infrastructure in northern Australia, in particular in Darwin, was of increasing importance (para 268). While Australia should be technologically superior in the region, expansion considerations applied here as well (para 254, 262, 263). There was no present need for nuclear weapons, but for periodic reviews due to the 'possible requirement to keep the lead time for Australia matched' with that of other countries (para 264).

STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY

OCTOBER 1975

CONTENTS

	Paragraph
CHAPTER 1—INTRODUCTION	1
CHAPTER 2—THE GLOBAL ENVIRONMENT	7
The Super Powers	8
Changes in the global distribution of power	30
Nuclear proliferation	36
Economic and social factors	41
Law of the Sea	49
Terrorism	50
CHAPTER 3—THE REGIONAL ENVIRONMENT	51
The Persian Gulf and the North-West Indian Ocean	52
South Asia	60
South-East Asia	80
The Major Powers in South-East Asia	94
Other developments	102
CHAPTER 4—THE NEIGHBOURHOOD	105
The geo-political setting	106
Australian relations with Indonesia	113
Papua New Guinea	122
South-West Pacific	132
Cocos and Christmas Islands	140
Antarctica	141
Law of the Sea	142
CHAPTER 5—AUSTRALIA'S STRATEGIC SITUATION AND PROSPECTS	147
The Global balance and Australian security	148
Australia's strategic affinities	156
Defence relations with the United States	162
Nuclear proliferation	171
Economic and resource factors	173
Law of the Sea	174
Regional factors and Australian interests	176
The neighbourhood	203

CHAPTER 6—POLICY IMPLICATIONS FOR AUSTRALIA'S DEFENCE CAPABILITIES 218

Australian military involvement 219
Military requirements for defence of Australian territory 248
The Influence of the Australian environment on force requirements 253
The core force concept 255
The technology level 261
The need for nuclear weapons 264
Secondary defence tasks 265
The role of the defence infrastructure 266
The industrial requirement 270
The changing call on Australia's Defence Force 274

This paper was endorsed by the Defence Committee on 3 October 1975

CHAPTER 1—INTRODUCTION

1. The aim of this paper is to analyse the factors and trends that shape Australia's strategic circumstances and prospects, and to suggest for Ministers the implications and requirements for defence policies and for the development of our Defence Force that arise from the analysis.

2. Defence policy is concerned with recognising and responding to international situations and contingencies that support or endanger our security interests in the short or long run. The nature of Australia's defence interest may, we believe, be inferred from the analysis which follows, and from Chapter 6 which seeks to draw conclusions on the broad way in which Australia's defence capability should be shaped and developed in subsequent detailed planning.

3. Our analysis does not point simply to the military measures which Australia should consider. In some respects, the carriage of negotiation for the protection of the national defence interest (for example, Australia's great interest in averting a nuclear proliferation) will often rest with other areas of government, notably Foreign Affairs. Moreover, policies pursued in a variety of areas (e.g. overseas trade, access to resources, immigration as well as external political policy) can affect for good or ill our defence interests. This paper draws attention to the desirability of co-ordinated national policy which does in fact protect the national defence interest.

4. Where there is political instability, tension or military conflict a detailed course of events can be difficult to predict with any reasonable degree of probability beyond a few years, or even less. This paper applies no set or uniform timescale to its assessments and judgments. Few of them would have indefinite validity, and for some the range of vision is short; but there is much continuity in the determinants of Australia's strategic circumstance, and major threats (where both military capability and political motivation must exist) are unlikely to develop without preceding and perceptible indicators. A major military threat against Australia would be the final stage in a long series of developments.

5. Nevertheless, insurance for Australia against uncertainty requires continuing review of strategic circumstances and prospects to detect adverse changes in adequate time; and, even more importantly, it requires the maintenance, at all times, of basic military capabilities and competence capable of expansion, and sound international defence associations.

6. Australia has been free from any major threat of attack on our country since the defeat of Japan thirty years ago. Nevertheless, there must always be uncertainties about the future. We have based our analysis on intelligence assessments presently available to us. We have also given consideration to certain contingencies which, while improbable now, would be important to our security were they to eventuate.

CHAPTER 2—THE GLOBAL ENVIRONMENT

7. This Chapter discusses factors and trends that impact on the security interests of all nations and that shape the distribution of power about the globe. It does not discuss directly the impact on Australia's interests.

THE SUPER POWERS

8. The two Super Powers, which alone have the ability to devastate the world, have a compelling mutual interest in avoiding conflict that could escalate into a massive nuclear exchange. This is the dominating feature of their relationship. It is manifest in their strategic arms limitation talks (SALT), the détente expressed in a range of policies supporting co-operation, and in their continuing efforts to develop crisis management. On all rational calculations, the constraints on the exercise of force by one against the other are decisive and enduring. But the constraints are likely to be put to test and strain on occasions and conflict cannot be entirely ruled out.

9. The Super Powers have reached a nuclear strategic balance. But the balance is not static. It could be disturbed by technological improvements in strategic weapons systems, but the force levels of both sides are so enormous that for this to happen a substantial technological and industrial effort would be needed. Should one side attempt such an effort, it is most unlikely that this would not be perceived. The probable consequence would be a matching effort by the other side. The time required – seven to ten years – to develop and deploy new strategic weapons systems, together with the monitoring and stabilising role of SALT, are important factors inhibiting any sudden or substantial shift in the balance.

10. The United States developed much of its global strategic policies and its structure of alliances during a period when it possessed greater strategic capabilities than the USSR. This no longer obtains and the United States is going through a period of re-assessment and adaptation. The USSR has attained essential equivalence in central nuclear weapons systems. It has retained its superiority in conventional strength in relation to Western Europe, despite the commitment of substantial forces facing China. Its naval strength has developed remarkably, particularly in respect of long-range deployments. The USSR has acquired a capability to interdict sea lines of military logistic support and the flow of oil and strategic materials along the major world routes.

11. In recent years there has been substantial and sustained growth of the USSR's military power and defence spending. If the trend were to continue unabated, the USSR would be perceived internationally to be militarily stronger than the United States.

12. There are, however, constraints at work. Defence spending is a significant drag on the Soviet economy. The USSR has an economy about half that of the United States to sustain a similar level of defence spending. The USSR is at present at a high point on its defence-spending cycle and some analysts expect spending to level off in the late 1970's. The US is ready to concede perceived "military equivalence" to the USSR, but it appears to have the will, and certainly the economic strength, to sustain a defence posture which is not inferior. This posture, in the US

view, needs to include a highly effective and carefully deployed conventional capability in order to keep the nuclear threshold high.

13. These developments have given rise to questioning concerning the credibility of United States' alliance commitments and to uncertainties about an effective US response where vital US interests are not engaged. Further, the view formerly offered by the US that every component in its world-wide collective security system was as important as the other, because it carried with it a US commitment, has been eroded by events. Also, the extensiveness of its international involvement has caused dilemmas for the US in reconciling its interests, e.g. as between Greece, Cyprus and Turkey.

14. Another development has been the significant curtailment of the power of the President of the United States by the Congress in respect of his ability to deploy and commit US military power abroad. This has the effect, moreover, of rendering the Administration more sensitive to public opinion in the US.

15. Notwithstanding, the basic posture and thrust of the United States for strategic stability with the USSR and for world peace and security are likely to be sustained. In the face of international uncertainties since the end of the Vietnam War, the US Administration has re-iterated commitments to the defence of Western Europe and Japan, has stressed its readiness to defend the Republic of Korea, and has repeated that its treaty obligations to Australia and New Zealand continue in force. Major economic and political interests will sustain US strategic support of Israel and involvement in the Persian Gulf. In the last two years, Congress has met the Administration's request for substantial Defence budgets. The process of re-examination and adaptations in US overseas defence commitments will continue, but redefinition and curtailment are unlikely to impair US commitments or lead to retraction under Soviet pressure, in areas which it sees as involving its vital interests.

16. The world interests of the United States are sustained not only by its security relationships, but by its central economic and financial position among the developed industrial nations. The US accounts for approximately 20 percent of world trade, 50 percent of world foreign investment and perhaps one quarter of the world product. The Soviet Union believes that the world role of the developed industrial countries is declining and that the "balance of world forces" is steadily moving in its favour. It believes political disorder and change are inevitable and is prepared to selectively encourage and support the process. But it does not want to bring into doubt the détente relationship, or to destabilise seriously the overall international situation. While displaying strength and stability of purpose in strategic matters, the present Soviet leadership is at the same time cautious and calculating in its actions, especially where they might impinge on major US interests. The leaders who are believed likely to succeed are probably of the same outlook.

The Areas of Major Involvement of the Super Powers

Europe

17. The United States and the USSR have declared that they have vital security interests in Europe where they will not tolerate threat or challenge. Each sees the other, with its allies, as measurable threats, but deterrence against the initiation of force is high. Despite increased Soviet military capability, war between the Super Powers remains an unlikely contingency.

18. Weakness on the southern flank would not undermine NATO's position in the most important sector, namely Central Europe. The powers in Central Europe could sustain an effective strategic posture with continuing United States' support.

19. Politico-economic circumstances in both Eastern and Western Europe could affect the European security balance. Change in the political composition and outlook of some Western European governments could affect their traditional commitments to NATO. It seems likely, however, that NATO and the Warsaw Pact will remain in being as security groupings and as instrumentalities for stabilisation and balance. The Warsaw Pact governments are seeking, by small steps, to increase their independence of the USSR, but it is probable that the USSR would again use force in Eastern Europe if it believed it necessary, and it is unlikely that the United States would intervene. Adverse public reaction in the US would, however, damage to some extent the co-operation between the Super Powers.

East Asia

20. The regional balance in East Asia among the USSR, the United States, China and Japan is likely to continue. None of these powers has predominant influence there and changes among their relationships are unlikely to alter this. There is little likelihood of a Sino-Soviet rapprochement occurring that could upset the balance in East Asia or globally, although it could be upset by a significant increase in friction between the two.

21. Outside East Asia, the main thrust of China's foreign policy is to mobilise political support within the international community at large against "hegemony" – that is, the pressures and dictates of the two Super Powers. China's conventional forces are being modernised and are large but they will remain technologically inferior to those of the USSR and the United States. The strategic role of China's forces is primarily defensive. China has a small nuclear strike force capable of engaging targets in much of the Soviet Far East, parts of India, most of South-East Asia, Taiwan and Japan. Development of an Intercontinental Ballistic Missile (ICBM) is proceeding slowly and a submarine-launched ballistic missile (SLBM) system is under development. China could have a very small ICBM force by the end of this decade. The rate of progress in advanced weapons development and the rate of production of some conventional armaments have shown signs of slowing. Nevertheless, China continues to give high priority to defence developments. It is difficult to determine whether this slackening pace has resulted from the competition of economic development, from technical problems associated with more complex advanced weapons, or because there may be less apprehension of threat from the USSR or the US.

South-East Asia

22. The end of the Vietnam war is bringing some increased competition and manoeuvering between the Soviet Union and China. The Chinese are concerned that the Soviet Union wants to increase its influence in South-East Asia in order to contain them. Apart from this, the Soviet Union has important maritime and strategic interests in ensuring naval freedom of movement in the south China Sea and the straits and waterways of South-East Asia. The Soviet Union wishes to have freedom of movement to allow reinforcement of its naval presence in the Indian Ocean, as well as to preserve important lines of communication between European and Asian Russia. The United States has a strategic interest in the reinforcement of the Indian Ocean and in the security of the Asian off-shore states of the Pacific region. South-East Asia will remain an area of secondary strategic importance to the Super Powers, provided their vital interests are not seriously challenged.

The Middle East, Mediterranean, Persian Gulf and Horn of Africa

23. The previous American strategic dominance has disappeared with the growth and deployment of Soviet military power and its greater political involvement in these areas.

24. The dangers of the unpredictable consequences of war in the Middle East give the Super Powers common concern in trying to prevent renewed conflict. Although they are competing with each other, their interests in the region are not wholly incompatible and each recognises that the other has a role in containing the situation and reaching a settlement. In the event of renewed conflict, they will try to ensure that it is limited in time and objectives in order to reduce the risk of their being drawn into direct confrontation.

25. The increasing strategic involvement of the Super Powers in the North-West Indian Ocean/Persian Gulf area carries risks of tension and even confrontation. The moves by both sides to establish new military facilities are assessed as not necessarily the beginning of a major military build-up. The military presence of the Super Powers can be seen in political terms as competition for influence, precautionary, and the assertion of important national interests.

Other Areas

26. The Super Powers' direct strategic involvements are shaped by priorities, practicabilities and advantage, and by tacit concessions to each other's primary interests. Confrontation in Africa and Central and Latin America appears at this time improbable.

27. The United States is unlikely to contest the position that the USSR has at present in India.

28. While there may be more deployments in future, it is improbable that the USSR would consider challenge to United States' naval and air power in the South Pacific and Australasia to be worth instability in its relations with the US and other powers.

The Oceans

29. The capability which the USSR has acquired to project its naval power on a global basis has brought a significant new dimension into Super Power relations. For example, the USSR has the capability to introduce a naval presence in crisis regions and hence limit United States' military options and its ability to influence events through maritime power in the traditional way. At the same time, however, both the US and the USSR have major interests in preserving the freedom of the maritime environment for naval deployment. The USSR has particular interest in its large and growing merchant and fishing fleets and its military oceanographic research effort. These interests, taken with the vulnerabilities of its own sea lines of communications, lead to similarities of policies with the US in respect of conduct on the high seas and law of the sea matters.

CHANGES IN THE GLOBAL DISTRIBUTION OF POWER

30. The major forces working towards stability in the Super Powers' relationship have been noted. Given these, and the inability of other powers to project strategic influence significantly beyond their own region, the global distribution of power appears substantially secure from change by conflict between the Super Powers or by extension of regional conflict.

31. Over time, however, significant change can take place without conflict, as, for example, the USSR has been able to develop its influence appreciably in North Africa, the Middle East, the Horn of Africa and India. Regional powers themselves seek support of various kinds, thus promoting the extension of the Super Powers' strategic involvement. The involvement of one Super Power in a region can draw in the other. For example, apart from their respective commitments in the Arab/Israeli conflict, the Super Powers are arming other states in the region for their own strategic purposes – the USSR with Iraq and Somalia, and the United States with Iran and Saudi Arabia.

32. Changes of this sort over time could affect the distribution of world power and influence. At present, however, they seem unlikely to disturb the basic stability of the global strategic balance between the Super Powers.

33. Changes in Super Power influence could adversely affect the strategic circumstances and national security of regional states by heightening capabilities for regional conflict, by disturbing traditional relationships and attitudes, and by introducing distrust and fear.

34. Regional countries are becoming more sophisticated in exploiting the strategic interests of the Super Powers to increase their own capabilities. A significant number have taken considerable military aid from the Super Powers without becoming "clients" while, in some cases, preserving or restoring considerable freedom of action (e.g. Egypt and Indonesia).

35. The interplay of global and regional factors has thus become increasingly complex. While there is reasonable assurance that regional conflicts are not likely to disturb the global strategic balance, increasing military capabilities in regions can seriously threaten security and welfare among regional states. Having helped to create the conditions of armed competition and confrontation among regional states, the Super Powers can find themselves forced to interfere in regional matters in order to control the uses to which their aid is put, so as to minimise regional conflict and risks of escalation.

NUCLEAR PROLIFERATION

36. Apart from the nuclear-weapon powers, 34 countries are developing or are committed to develop nuclear power programs; of these countries, 13 possess or are constructing facilities capable of producing explosive-grade fissile material. They are India, Israel, Japan, South Africa, Brazil, Argentina, Taiwan, Italy, Spain, Pakistan, the Republic of Korea, the Federal Republic of Germany and the Netherlands (the last country shares the control of its facilities with Britain and the Federal Republic of Germany). Restraints on nuclear proliferation arise from costs, technical difficulties which improved safeguards could increase, and a range of political and strategic inhibitions, along with problems of delivery. However, these factors now appear much more likely to delay and to limit proliferation than to prevent it. The widespread inception of nuclear-power programs has led to a sharp reduction in lead time for an increasing number of countries. Whether or not they “go nuclear”, they could reach the threshold of capability and create the option.

37. Apart from China and Japan, no country will be able to achieve in the foreseeable future even the low level of threat posed by Britain and France against the USSR. Nuclear development would be primarily regional in its significance and motivation. It would introduce a major new factor into regional relationships and extend the impact of these relationships. Unless and until balanced pairing relationships were established, regional nuclear powers would be less subject to constraint against adversaries. There must in some cases be considerable uncertainty about the political and other controls over the weapon and about the risks of miscalculation. The risk of unconstrained action is likely to be higher in regions where there is political instability.

38. The development of regional nuclear inventories would complicate the position of the Super Powers. Supply of conventional military aid and other assistance as at present to regional states would no longer be enough to support those states or to allow Super Power control of the regional situation. Regional nuclear development would strengthen moves by those possessing nuclear weapons to exclude the Super Powers and thus allow initiative to pass to regional powers.

39. Within the Asian and Pacific areas, India has exploded a nuclear device and is developing the option to "go nuclear" by about 1980. Iran and Pakistan are likely to be able to explode nuclear devices in the early eighties. Japan could "go nuclear" in five years from the time of decision and could develop an Intermediate Range Ballistic Missile (IRBM) capability. The Republic of Korea and Taiwan show interest in nuclear power development and could in the next five to ten years stock-pile small amounts of explosive-grade fissile material. Indonesia has not ratified the Non-Proliferation Treaty (NPT), but has no significant program of nuclear development. Without large-scale external support, Indonesia could not produce a nuclear weapon before 1990 at the earliest.

40. While none of these powers is yet committed to a nuclear weapons program, and there are important constraints on each of them, there is the prospect of the action of one stimulating another.

ECONOMIC AND SOCIAL FACTORS

41. The United States, Western Europe and Japan account for 60 percent of world Gross National Product (GNP) and trade and, until the recent emergence of the Organization of Petroleum Exporting Countries (OPEC) as capital exporters, have been sources of almost all world foreign investment. In recent years they have maintained a measure of co-operation in commercial, financial and other arrangements in dealing with recession, inflation and oil crisis. They appear unlikely to resort to "beggar thy neighbour" policy among themselves which would disrupt mutual economic interests and hinder solutions to economic difficulties and bring severe strains into their political and security relationships.

42. An important factor in the recent economic and financial problems of industrialised countries, and a contributor to the difficulties of many developing countries, has been the rise in oil prices imposed by the OPEC countries. For the OPEC countries, the result has been a large transfer of financial resources to them. While the rate of this transfer is already declining, the cumulative build-up of their foreign assets provides scope for sharply increased expenditure on military equipment (both directly and through aid to other countries) and for purchase of highly sophisticated Western technology.

43. Oil is the most critical commodity traded. In 1974 the United States threatened the use of force in the Middle East if the industrial economies faced strangulation through curtailment of supply. Producers are now likely to be cautious about resort to the oil weapon because of the potential repercussions on their own economies through their growing financial and economic involvement with the industrial countries, and the further stimulus it would give to the efforts of Western countries to reduce their dependence on oil from OPEC countries. However, if they were to resort to use of the oil weapon, most of the industrial countries and, directly or indirectly, many others including Australia would be severely affected. Disruption to the supply of other mineral resources or raw materials is unlikely to be as effective or have the same impact.

44. The broad relations between the developed countries and Third World countries have been deteriorating. This reflects many factors, including the effects on many of the latter countries of the recent recession in industrialised countries; the oil price rise (which has placed the oil producers in a notably different financial situation from other Third World countries); and lack of success, particularly by some of the poorest countries, in tackling domestic problems, including excessive population growth. Foreign aid flows have not been increasing. Generally, gaps between rich and poor nations have been widening. There has been a growing sense of confrontation between Third World countries and the developed countries which could lead to increased political tensions.

45. The major communist powers, the USSR and China, are essentially self-sufficient and their economic involvement with the global economy, although increasing, is comparatively minor. They are resource exporters, including oil. Nevertheless, both the USSR and China are importers of Western technology, which is significant for their economic growth, and – from time to time – of large quantities of grain from the United States, Canada and Australia. The USSR and China could adjust internally to denial of such imports, if they had to. They do not experience the same criticisms and demands by Third World countries, particularly concerning economic matters, as do the developed capitalist economies.

46. Food shortages, compounded by population pressures and other socio-economic problems, are most pronounced in India, Bangladesh, the sub-Saharan belt of African states and Indonesia. These have at present over 900 million people, or almost one-fifth of the world's population. This figure is increasing by at least two percent a year – a doubling of population every 35 years – and the rate of increase is unlikely to drop in the foreseeable future.

47. Some of these areas seem destined to become increasingly dependent on imported grains and unable to pay for all their food requirements. In some under-developed countries, population increase will gradually intensify social and economic problems.

48. In many Third World countries the prospects appear to be for major social turbulence and radical political change. This in itself need not have strategic implications, but it would create a new and volatile political environment in which strategic prospects would be less certain and the operation of strategic policy more difficult.

LAW OF THE SEA

49. Developments in the Law of the Sea conference will, whether or not the Law is internationally agreed, reduce the high seas traditionally open to all nations for mercantile and military use, place extensive areas under national jurisdiction, and increase the scope for friction over access to maritime resources and passage. There will be strong international inclination and pressure for legal and political settlement of disputes, but there will be a contingent military element. This, and the policing of maritime zones and waterways, will have important implications for nations' force structures and strategic policy. Major powers, particularly the USSR with its world-wide fishing activity, could be moved to more extensive supporting naval deployments. Access to resource zones and waterways could be sought as a quid pro quo for military aid programs and other support, with wider strategic

implications. So far the major naval powers have preserved satisfactory rights of passage through waterways, but pressure for restriction will persist over the years, with serious implications for their increasingly important strategic maritime deployments. Selective restriction of movement through areas of national jurisdiction could be used with strategic intent or consequences (see Chapter 5, paragraph 174).

TERRORISM

50. The use of terrorism and other forms of low-level violence has increased worldwide. While these operations do not normally take place between states, states inevitably become involved in managing incidents. The effectiveness of these terrorist operations in many cases resides not so much in their military impact as in their unpredictability of timing, motivation and target. Targets in Australia are subject, as are those in many other countries, to a continuing low level of threat of terrorist action from abroad. At particular times the threat may increase.

CHAPTER 3—THE REGIONAL ENVIRONMENT

51. This chapter considers situations in the regions. Unless developments specific to Central and South America and Africa attract substantial involvement by the major powers, they are unlikely to affect significantly Australia's strategic interest. They are not considered further in this paper.

THE PERSIAN GULF AND NORTH-WEST INDIAN OCEAN

52. The Soviet Union has maintained a naval presence in the North-West Indian Ocean since 1968, significant by Indian Ocean standards. Now that the Suez Canal has re-opened, this is rapidly reinforceable. Their present development of naval and air facilities in Somalia together with access to other facilities will significantly improve the flexibility and operational effectiveness of the Soviet force; it increases the Soviet capability to interfere with shipping using the Straits of Bab el Mandeb and Hormuz in the Red Sea and Persian Gulf.

53. Soviet policy is probably directed towards the strategic importance of neighbouring Iraq and Iran. It also represents an extension for the long-established Soviet thrust for major strategic influence in North Africa and the Middle East, and evidence of soviet desire to compete with major United States' and Western interests in the oil states of the Gulf.

54. The United States has no significant permanent deployment, but US Navy task groups have made periodic visits to the area since 1973. As part of its involvement in the region, the US sells substantial military equipment to Iran and Saudi Arabia. The US is developing facilities at Diego Garcia for fuelling, communications and surveillance, to give it flexibility in the level and duration of deployment as it perceives the need.

55. The United States' deployments can be seen to an extent as a response to the developing Soviet capability in an area of major US interests. (The US appears to have been concerned by the evidence of Soviet strategic mobility displayed during the Middle East War in 1973.) The deployments also strengthen US authority in dealings with the oil states.

56. Over the last two years, the region has thus become a new theatre of direct strategic involvement of the Super Powers. Developments there could lead to tension between them and to military risk.

57. Regional developments in the Persian Gulf and the North-West Indian Ocean are also important for the oil supply which is critical to the economies of Western Europe and Japan, and important for the United States and Australia, both directly as consumers and indirectly because of their interests in the economic viability of their trading partners.

58. Iran has the ambition to develop with neighbouring states a regional strategic grouping independent of the Super Powers. This appears still a long way off; but if Iran sustains its own development it will become a substantial power, in interaction with South Asia.

59. Australia supports the proposal for a "zone of peace" in the Indian Ocean and has called on the United States and the USSR to agree on mutual restraint in their deployments there. These powers have not yet moved to meet this request, and the prospect of Soviet agreement is unlikely.

SOUTH ASIA

60. India's strategic dominance in the South Asian region is affected by China's power and, to a lesser extent, indirectly by that of the United States – and by India's large domestic problems. As Iran's power grows it may further inhibit any Indian threat to Pakistan, but it will not alter the basic strategic situation in the region.

61. Soviet support for India is substantial, including military aid and a treaty of peace, friendship and cooperation. There are practical and political limits to Soviet influence and no present indications that India sees a requirement for a permanent Soviet presence.

62. United States' support for Pakistan is likely to continue at a low level. It is unlikely that the US would seek to contest the USSR's position in India or that India would be receptive to any such attempt.

63. China's power and interest to intervene in the region are not extensive. It appears likely to be content to maintain a distant relationship with India, exploiting opportunity politically to harass the USSR, and such relations with Pakistan, Bangladesh and Nepal as give it some status in the South Asian region.

64. The influence of and interaction among the USSR, China and the United States in the region are of continuing interest to Australia. India's domestic problems and the endemic instability of the sub-continent raise uncertainties in these respects and about the future strategic situation in the region.

65. South Asia's acute and intractable economic problems may lead to various pressures on richer nations, including Australia, for assistance. These pressures are most likely to take the form of moral and diplomatic suasion designed to secure more finance and food as aid, to obtain trading advantages through preferred access and pricing arrangements, and perhaps to bring about a liberalisation of restrictive immigration policies. They are not likely to take on direct strategic significance. However, in the longer term a conjunction of India's economic problems and nuclear development could have strategic significance for Australia, but this contingency cannot be usefully assessed at this time.

EAST ASIA

66. Greater military power is deployed in North-East Asia than in any other region outside North America, the Soviet heartland and Europe. The strategic interests of the USSR, the United States, China and Japan intersect directly there. There is a complex and dynamic equilibrium of major power interests. No one power has predominant influence.

War in Korea

67. Neither the USSR nor China, on one or both of which the Democratic People's Republic of Korea (DPRK) would depend, appears to favour war in Korea. Nevertheless, should the DPRK become involved in hostilities, whether by its own volition or by action by the Republic of Korea (ROK), it would be difficult for either to withhold a measure of support from a neighbouring communist state.

68. The United States' commitment to the Republic of Korea is strengthened by the presence of a US Army Division there. This is likely to be retained unless there is a considerable change of political mood in the US. The ROK forces are substantial and well equipped, and powerful US air and naval support could be deployed. While there are political uncertainties about developments in Korea, the military strength which the US can bring to bear is an important stabilising element.

69. Acute tension or conflict between the Democratic People's Republic of Korea and the Republic of Korea would be of major strategic concern to Japan and a stimulus to Japanese defence expansion. This expansion could also follow direct encouragement by the United States, under domestic pressure to share the burden. Even without war, it could come from Japanese perception of erosion over time of US will to defend the ROK.

Taiwan

70. The United States/Taiwan Mutual Defence Treaty at present commits the US to the defence of Taiwan, subject to constitutional processes and the ability of the US Administration to muster Congressional support. China's present policy regarding Taiwan appears relaxed, but its claim persists and could be pressed by military action, particularly if Taiwan were seen to be developing nuclear weapons. It seems likely that Japan would then stand aside; but military action by China against Taiwan could stir Japan's concern about its own security and whether it were prudent or consistent with Japan's national status to leave its situation in the hands of foreign powers.

Sino-US-Soviet Relations

71. The United States seems still to be resting on Nixon's rapprochement with China. This relationship could deteriorate if China were to attempt to take Taiwan by military means or if there were a deterioration in security in the Korean peninsula. China's basic political antagonism to the US persists and could readily be revived by seriously mounting tensions in the region or by a post-Mao regime's concern to establish its credentials. Although substantial alignment of Sino-Soviet policies appears unlikely, some rapprochement must at least be reckoned with when the generation that experienced Stalin and Krushchev passes from China's leadership. There is potential for significant change in regional relationships in these respects. Such change could, in particular, affect Japan's policies and posture, but it is assessed that a challenge which would dangerously disturb the equilibrium among these major powers is unlikely.

Japan

72. Japan gives no present indication of greatly increasing its military power. The percentage of GNP (between 0.8 and 0.9%) devoted to defence spending is low and expected to remain so. But in absolute terms – $3100m in 1974 – expenditure on defence is considerable, and given the dimensions of Japan's economy, even a small rise in the percentage would lead to a significant increase in military capability.

73. The Japanese economy has suffered a serious setback in its rate of economic growth without evidence of such major social dissatisfaction as could lead to upheavals in domestic or foreign and defence policies.

74. The United States' withdrawal from Vietnam does not appear to have significantly affected Japanese attitudes to the US/Japan Treaty of Mutual Cooperation and Security.

75. There has been officially-promoted public discussion of the need for greater defence capability, particularly maritime, to protect Japan's commercial interests, but so far this has not received much support. The prevailing Japanese view is that Japan's economy requires so large and diverse a pattern of world trading activities that conventional military capability could provide little security for its trade. Japan has successfully used diplomatic and economic means to secure its access to resources. Its policy to ensure passage includes support for the position of the major maritime powers at international conferences, diplomatic and economic measures regarding the countries concerned and encouragement for United States' naval deployments.

76. Security developments affecting Korea and Taiwan, uncertainties about Japan's role in the relationship between the United States, the USSR and China, and doubts about US ability to protect Japan's interests, appear the most likely circumstances to lead Japan to reconsider its defence posture.

77. The very nature of Japan's critical dependence on imports of all sorts suggests that any period of sustained economic difficulty or of major shock would be likely to generate changes in national policy, and possibly more fundamental domestic political changes. Japan's acute sensitivity to economic circumstance was displayed in its foreign policy shift away from Israel in response to the Arab oil embargo. Such changes could generate pressure for greater strategic independence.

78. Japan has a technological and industrial capacity to increase its armed forces substantially; it would require about five years from a political decision to divert industrial capacity to develop a significant military status. In the light of the uncertainty about some of the factors referred to, it appears prudent to give a somewhat higher rating than previously to the possibility of a Japanese decision to change significantly its foreign policy and defence posture.

79. Instability in the East Asian balance and even indications of increasing Japanese military development may not directly affect Australian security; but they would heighten uncertainty and introduce new contingencies into Australia's strategic prospect (see Chapter 5, paragraph 181).

SOUTH-EAST ASIA

Indo-China

80. Internal consolidation of the new Indo-Chinese regimes will take some time. It is unlikely, however, that Hanoi will long accept the continued division of Vietnam. A unified Vietnamese state could become strong and self-sufficient in a few years. The North is already the most powerful military force in mainland South-East Asia and in the foreseeable future Vietnam will remain so.

81. Relations among the Indo-Chinese states will be subject to strains resulting from disputes about frontiers, off-shore islands and ethnic minorities. Vietnam seems likely to want dominant influence in Laos and Cambodia, but it will face competition from the Chinese, especially in Cambodia, and possibly from the Russians in Laos.

82. Vietnam will want Thailand's posture to be compatible with its interests, but direct aggression is assessed as unlikely, particularly as there will be some scope for pressure by manipulation of dissident and insurgent elements in Thailand.

83. The expressed attitude of the Vietnamese calls for both realignment in the external policies and associations of the governments of the Association of South-East Asian Nations (ASEAN)[1] and internal political change to eliminate what Vietnam sees as neo-colonialist forces and other "obstacles" to "the evolutionary trend of history".

84. This raises the question of the likelihood of Vietnam's using the vast quantity of United States' arms and equipment it has to provide material support to subversive and insurgent movements in neighbouring territories and to undermine present ASEAN regimes.

85. The evidence regarding Vietnamese intentions is inconclusive. Vietnam has had well-established links for some years with the insurgency movements in Northern Thailand. They include a logistics system for moving weapons and equipment through Laos and Cambodia to Northern Thailand and training schools in Vietnam, and the appearance in Thailand of small numbers of Vietnamese advisers and liaison personnel has been reported. This aid is likely to continue. The nature and level of aid given by Vietnam in future will be influenced by state-to-state relationships, China's interest, and other factors. It is not yet possible to judge how far these factors would inhibit Vietnam from stepping up its involvement should the insurgencies continue to develop.

[1] Indonesia, Malaysia, the Philippines, Singapore and Thailand.

The ASEAN States

86. All ASEAN governments have stressed the need to accept the new situation in Indo-China and to show readiness for friendship. But all are concerned that the communist victories in Indo-China have encouraged subversive forces in their own territories, and that these will probably get more arms. These countries maintain relatively modest defence forces, which are equipped and trained for, and primarily engaged in, counter-insurgency and internal security operations. They have little offensive and still less strategic capability.

87. Thailand faces the prospect of stronger insurgent activity and has greater requirements for adequately security its border defences. Events in Indo-China have also had some effect in sharpening internal problems and increasing the strains in Thai domestic politics. Subject to developments in this respect, there is likely to be some expansion of the Thai Armed Forces to meet new problems and threats.

88. Indonesia has a firm conception of threat from Vietnam and China by a campaign of long-term subversion. It is seeking to develop the mobility and range of its force structure for deployment if necessary in its near neighbourhood for anti-insurgency operations. It is particularly concerned for Malaysia's security. Indonesia is considering increased defence cooperation with Malaysia and with Singapore, including help with military forces if Malaysia's internal security situation deteriorated. Indonesia is also seeking more consultation in ASEAN on regional security matters, but seems unlikely to come to the defence of Thailand should its internal security be threatened.

89. The sub-region of Malaysia, Singapore and Indonesia is now more exposed to external exploitation of political instabilities. In each country there are major sources of disaffection. Political control is heavily dependent on sectional advantage and coercion. Communal relations in Malaysia are essentially fragile. There is a long-established insurgency in Malaysia which is based on the Thai-Malaysian border to which arms could be supplied. There is potential for large-scale instability in Malaysia if there were to be widespread disaffection in the Chinese population and if dissidents were to receive arms and other support.

90. The ASEAN governments command substantial national resources. Even given widespread disaffection and development of existing insurgencies, opposition is not readily organised into major challenge of the central power of the state. The prospect is not for early collapse of the ASEAN governments or of ASEAN itself. It could be for intensification of their political and security problems and for some tightening-up in the political system.

91. The reactions of ASEAN countries to events in Indo-China have been to try and strengthen the solidarity of the grouping. Thailand has been active in this effort but may come under pressure from Vietnam to reduce its ASEAN association. Thailand has also sought to develop its relations with China and with some apparent success.

92. Thailand and the Philippines are reviewing their security links with the United States. Thailand may seek to retain the Manila Treaty (as distinct from the SEATO Organization) and the supply of military equipment from the US while terminating the presence of US combat forces on its territory. The Philippines, on the other hand, may seek to disengage from the Manila Treaty while agreeing to bilateral arrangements for the use of the bases by US forces. Internal social and political changes may occur in each of them and there will be a move to more nationalism in their leadership and outlook, but the likelihood is that they will want to make re-adjustments prudently and with careful regard for their security.

93. In general, the ASEAN countries are likely to rely more on their own national resources and on political and diplomatic effort in future and much less on external security ties. This has implications for their attitude to Australia. ASEAN countries are likely to view Australia as of only marginal importance in assuring the security of the region although, as part of their strategic support, they are likely to continue to value Australia's stability and friendship and Australia's security links with the United States.

THE MAJOR POWERS IN SOUTH-EAST ASIA

94. These developments and prospects affect the interests of the major powers.

The United States

95. It is highly unlikely that the United States would contemplate renewed combat involvement on the mainland of South-East Asia, but it seems prepared to consider some indirect support to ASEAN states if requested, such as military supply and training. However, it is not at all clear what the US can do about ASEAN states' problems.

96. The ASEAN states themselves are also indecisive about what they want of the United States. They want its support – but in the background. Rather than military involvement on the ground they would prefer a continued naval presence. Indonesia wants US arms. Malaysia emphasises economic support. The Philippines want the US bases, but on modified terms. Singapore is sceptical of US efficacy. Thai policy is still evolving.

97. The United States has important interests in the retention of base facilities in the Philippines and free passage through the straits linking the Pacific and Indian Oceans. It has residual interests in the use of Thai facilities.

China

98. China is now playing a more active diplomatic and political role in South-East Asia. Its major interests include opposing the expansion of Soviet influence and restraining Vietnamese ambitions to become the dominant power in South-East Asia. It is continuing to place primary emphasis on state-to-state relations while maintaining its recognition of and support for insurgency movements. The developments in Indo-China have hastened moves in most ASEAN states for governmental relations with China. While China's strategic planning and military dispositions are primarily defensive, it is likely to include a capability to back up its extensive off-shore and island claims in the South China Seas – claims which often overlap with those of littoral countries.

The USSR

99. Developments in Indo-China, together with Sino-Soviet rivalries, will sustain Soviet involvement there. Indeed the USSR will probably step up its attempts to further its influence in all countries of the region. However, no ASEAN government at this stage appears likely to place its reliance on Soviet support although some could encourage closer relations. The USSR can be expected to canvass its collective security proposals again, but the regional governments are likely to be wary about giving the USSR major status in their affairs.

Japan

100. Japan still appears more likely to protect its trading, investment and maritime interests in the region by non-military action and reliance on the strategic influence of other powers.

101. Japan sees its national interests being best served by an economically developing and stable region. It would be concerned if its economic access in and through South-East Asia was likely to be threatened by radical political changes in the region. It is likely, however, to remain cautious about getting involved politically and to prefer to rely on its economic power for its influence.

OTHER DEVELOPMENTS

102. Two other developments are briefly noted.

103. The withdrawal of British and, later, New Zealand forces will leave Australia as the only significant external force contributor under the Five Power arrangements. The deployment of the RAAF Mirages is due to be reviewed at the end of 1976. The issues for Australia in either retaining or withdrawing them are examined in Chapter 5, paragraph 201.

104. The second development is the aid being given by Libya to the Muslim rebels in the Philippines, and apparently in Thailand. This of itself is of limited strategic significance but is a source of strain between Malaysia and the Philippines. It is also an indicator of possibly larger involvement by the Middle East oil states in the affairs of the region, with its large Muslim population and their discontents.

CHAPTER 4—THE NEIGHBOURHOOD

105. This Chapter deals with the situation in Australia's own neighbourhood.

THE GEO-POLITICAL SETTING

106. The Australian continent lies about 2,000 miles from the Asian mainland. In the arc between lie the large islands of Borneo and New Guinea and the Philippines and Indonesian archipelagos, contained by the Indian and Pacific Oceans and nine seas. Substantial islands curve towards north-west Australia, then east in smaller islands across narrow seas from Australia into close proximity at southern New Guinea along the Torres Strait, extending from New Guinea into a widening scatter of small islands across the seas to the north-east and east of Australia.

107. Australia's eastern arc is filled by the vast Pacific Ocean, with occasional small island groupings. Across the sea in the south-east lie the larger New Zealand islands. To the west of Australia are the largely empty spaces of the Indian Ocean. To the south are extensive seas, and Antarctica.

108. Australia's neighbourhood is therefore constituted by the Indonesian archipelago, New Guinea, the Melanesian and Polynesian islands of the South-West Pacific, New Zealand and the surrounding seas and oceans.

109. Of the nation states in this region, and several other British territories soon to be self-governing, only four (Indonesia, Australia, New Zealand and Papua New Guinea) have significant areas and populations. Australia and Indonesia alone have global significance in terms of resources and territorial areas. Indonesia, with about 130 million inhabitants, has the fifth-largest population in the world. Australia has a population of 13 million, largely concentrated in the east and south of the continent. The northern half of Australia, a major source of Australia's resources and export trade, contains only some 800,000 of the nation's people. Relative to the rest of the neighbourhood, only Australia and New Zealand enjoy wealth, and only Australia has significant industrial and technological status.

110. Outside Australia and Indonesia, military capability in the neighbourhood is negligible.

111. Within the neighbourhood the only formal defence arrangements or informal understandings are those between Australia, and New Zealand and Papua New Guinea respectively. French, Portuguese, British and American colonial connexions penetrate the neighbourhood – but British and Portuguese links will be substantially terminated shortly. The ANZUS alliance links the United States, Australia and New Zealand. Under this, certain defence-related facilities exist in Australia. But the neighbourhood contains no external military bases or deployments, except for a small French independent force in the South-West Pacific, based on New Caledonia. It is not used by the major powers for staging, although both Soviet and US naval ships transit through the Malacca, and occasionally the Lombok Straits to and from the Indian Ocean.

112. Relative to other regions, the neighbourhood is substantially free from the prospect of major power confrontation and from issues sustaining substantial adversarial relationships. Because of this, it is an area in which differences between states can be resolved by diplomatic means and political management. Only Australia and Indonesia have significant potential to project power beyond their national frontiers to influence by force the settlement of intra-neighbourhood differences or any more substantial change in the neighbourhood status quo.

AUSTRALIAN RELATIONS WITH INDONESIA

113. 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. Indeed without access to facilities in the island chain, not even a major maritime power could sensibly contemplate a sustained attack on Australia. For its part, Indonesia's strategic circumstances are much favoured by having a stable and friendly power in Australia.

114. Friendly relations have prevailed for a generation, having weathered sharp difference over Dutch New Guinea and Confrontation. They have been deliberately cultivated by successive Australian and Indonesian governments. Indonesia looks to Australia's relationship with Papua New Guinea to assist in securing Indonesia's interests on its eastern frontier. Australia's economic and defence aid programs are valued. Australia's alliance with the United States is welcome to Indonesian governments of the present political disposition (and would be a factor for constraint on any less friendly regimes that might emerge in future).

115. The relationship is free from disputes in respect of bilateral matters. Indeed bilateral relations are hardly substantial enough to give much scope for major dissension and their growth is likely to be slow. The relationship with Australia appears essentially peripheral to Indonesia's major, long-term preoccupation with domestic affairs and developments in its own northern neighbourhood.

116. Nevertheless, for Australia there will always be problems in living alongside a large, alien and volatile state. Should political relations deteriorate, co-operative management of bilateral matters could become difficult. At the present time, difficulties in relations with Indonesia are conceivable in respect of Portuguese Timor, Papua New Guinea and political change in Indonesia.

117. Indonesian use of force in respect of Portuguese Timor appears likely. This would not endanger Australian security. It could arouse political objections in Australia and risk impairment of friendly relations with Indonesia.

118. Although not assessed as probable, limited and localised and isolated military forays by Indonesia across the Papua New Guinea border could occur if Indonesia considered conditions there to be causing unrest in Irian Jaya and the PNG government unable or unwilling to exercise control, and if Indonesia saw Australian influence as ineffective. Australian security would not be endangered; but there would probably be political objections and some impairment of Australia's relations with Indonesia. Papua New Guinea might call on Australia for military assistance.

119. There could be loss of confidence by Papua New Guinea in Indonesia's behaviour and in Australia's will and ability to provide protection.

120. More substantial Indonesian military penetration of Papua New Guinea appears improbable. As distinct from Portuguese Timor, PNG would be a sovereign state and a new member of the United Nations. Many Australian interests would be involved, including a well-established defence association. Even allowing for Indonesian sensitivity to the security of its frontier territories, it is difficult to see an ambition to extend Indonesian military control and administration in PNG achieving the necessary national priority. However, were the state of PNG to break up, Indonesia, like Australia, would face new and difficult problems.

121. Despite its difficulties and shortcomings, the present regime in Indonesia is effectively in control and well-established. However, there must be doubts about its durability. Successor regimes will still find their national priorities in internal problems, including problems of political control, particularly in western Indonesia, and in relations with regional neighbours to the north. A regime motivated by antagonism to Australia and/or Papua New Guinea, or seeking relief from its primary problems by action against Australia and/or PNG, appears one of the more remote and improbable contingencies. [Two lines expunged].

PAPUA NEW GUINEA

122. Papua New Guinea's importance for the Australian defence interest rests on three basic considerations: its proximity; the security of Australian interests in PNG; and the potential in PNG's relations with Indonesia for disturbance of Australia's relations with Indonesia. PNG for its part will for the foreseeable future feel dependent on Australia for many reasons and perhaps over-sensitive to what we do; and no doubt will seek to reduce that sense of dependence to the extent practicable.

Proximity

123. Subject to Australian policy, a substantial defence relationship between Papua New Guinea and Australia is likely to be seen by PNG to continue to serve its interests indefinitely, surviving likely fluctuations in aspects of the general post-colonial relationship. Nevertheless, periods of political tension between the two countries are to be expected. Features of the frontier in the Torres Strait area could then lend themselves to limited, low-level harassment operations by PNG. The conjunction of necessary conditions appears improbable; but warning time could be short.

124. Of serious concern to Australia would be the lodgement in Papua New Guinea of some external power capable of military action against Australia. This would much disadvantage the defence of Australia, giving strategic access to eastern Australia and to Australian lines of communication with the northern and eastern Pacific.

125. Circumstances most likely to give rise to such development would be a loss of confidence in Australia by Papua New Guinea, serious tension between PNG and Indonesia, or a radical internal political change in PNG. These contingencies are unlikely to arise, but effective Australian policy to maintain a co-operative national relationship with PNG, including a satisfactory defence relationship, will be important in this.

Security of Australian Interests

126. Political instability in Papua New Guinea will from time to time threaten the security of Australian interests in PNG. It gives rise to a number of contingencies.

127. A serious breakdown in law and order could call for consideration of limited military operations to assemble, protect and evacuate Australians. This contingency on a nation-wide scale appears improbable, but in a more localised situation it could develop with little warning.

128. A Papua New Guinea government could request Australian military intervention in its support in circumstances of serious internal threats to its existence or of a secessionist situation beyond its control. Neither the internal security nor the unity of PNG is in itself essential to the Australian defence interest. In such circumstances the Australian government would need to assess, in addition to risks to national interests in general, the risks of third party involvement either in support of dissidents or in support of the PNG government.

Relations with Indonesia

129. Any Papua New Guinea government is likely to have some sympathy with the aspirations of the Melanesians in Irian Jaya to avoid total ethnic domination from Western Indonesia, but PNG governments, conscious of Indonesian sensitivity and strength, are generally likely to avoid actions which might be construed as prejudicial to Indonesian interests and to co-operate with Indonesia.

130. The Papua New Guinea Government's policy towards Indonesia seems mainly predicated on the requirement to maintain good relations with a large, powerful, and [two words expunged] neighbour.

131. Substantial progress has been made in the development of such co-operation, politically and in the border area. Border problems are at present contained by the concern and efforts of both governments. In the foreseeable future there are grounds for optimism, subject to uncertainties concerning the stability of the Papua New Guinea government itself, the continued effectiveness of PNG's border surveillance and control, and the continuation of mutual understanding. Serious instability in PNG and/or a breakdown of PNG authority in the border area remain contingencies of which both Australian assessments and policy will require to take constant account.

SOUTH-WEST PACIFIC

New Zealand

132. Though general co-operation across the Tasman has developed extensively, bilateral defence co-operation has remained limited in scope to a range of practical matters which are of importance to the New Zealand force rather than to the Australian.

133. Recent consultations have exposed New Zealand uncertainty about the reliability of United States' assurances under ANZUS and about Australian strategic policy, which New Zealand interprets as turning towards the defence of Australia and excluding New Zealand. New Zealand itself, however, shows little inclination to devote a larger share of its national resources to defence development. Its dominant approach to security matters appears to relate a very low sense of potential threat in its distant corner of the Pacific Ocean to a belief that a more secure international order is to be achieved by international discussion of zones of peace, disarmament, nuclear-free zones and similar regulatory formulae.

134. New Zealand's efforts to promote a nuclear-free zone in the South Pacific are detrimental to Australia's security interests. The United States has recently made clear its objections to New Zealand's nuclear-free zone proposal and its dissatisfaction that an ANZUS ally should persist on a course the US has declared harmful to its interests.

135. New Zealand's co-operation with us is highly desirable but there are some New Zealand attitudes on defence matters which impose some limits to the co-operation possible between Australia and New Zealand on strategic and defence matters.

136. Australia and New Zealand may also have different perspectives towards South Pacific countries. Australia's interests are, in particular, the avoidance of new major power intrusions of strategic significance while sustaining the broad United States' strategic interest and the security of the region from Asian pressure or penetration. New Zealand's interests may be more directed to ensuring that constitutional and political developments in the region do not become disturbing factors in its own domestic policies. Generally, while constitutional and political developments in the region are likely to throw up problems, there are reasonably good prospects that the South Pacific will not attract the involvement of major external powers and that in the long run Australian and New Zealand policies will not diverge too seriously.

Relations with France

137. Friction between the South Pacific countries and France is likely to continue under the stimulus of French colonial policy in its territories and French persistence in its pursuit of nuclear tests in the area. It could lead intermittently to practical as well as diplomatic pressures on France in which Australia could well be involved. The contingencies of resort to force and of French military reaction are improbable.

Intervention by Major External Powers

138. Both the USSR and Japan have interests in the area. Soviet naval research ships regularly visit on a small scale and the USSR responds in a limited way to political developments. Some island governments may grant the USSR access to port facilities for its research ships and in the longer term its naval ships.

139. Low-level competition between Japan, the USSR, and the United States is likely to increase regarding the resources of the South-West Pacific, especially seabed minerals. This will provide some opening for political penetration, but not sufficient basis for any significant challenge to the strategic position of the United States in the Pacific, either directly or by pressure on regional powers.

COCOS AND CHRISTMAS ISLANDS

140. The Cocos Islands are of continuing defence value because of circumstances in relation to staging flights and maritime surveillance by Australia and its allies. Christmas Island likewise has value as a site for discreet underwater surveillance, and a potential value for other forms of surveillance. Political developments regarding the status of Cocos Islands could limit Australian access in the future, but Australian sovereignty and defence access are not at present challenged by any other power. The contingency of such challenge can be conceived to derive only from the unlikely circumstances of major power strategic pressure against Australia itself or of some breakdown in Australian/Indonesian relations.

ANTARCTICA

141. Both the United States and the USSR appear content with the demilitarization provisions of the Antarctic Treaty, but if disputes were to arise over resources, tension is possible in the longer term. Political as distinct from military solutions to the problems of the area are to be expected.

LAW OF THE SEA

142. International negotiations towards an agreed Law of the Sea are by no means completed. Australia's interests are extensive. Two aspects are of special importance:-

a. transit rights through the archipelagos to our north (Indonesia, PNG, the Philippines, the Solomons) for trade and military traffic, including that of our trading partners and allies; and

b. the control and security of access to the resources of the sea and its territories.

143. It is likely that a reasonably satisfactory regime of transit through archipelagos will be agreed but archipelagic states will retain some latitude within the Convention to hamper the movement of ships and aircraft. The fact that much of the Australian trade involved is either proceeding to or coming from Japan, most of it in foreign ships, would constitute a restraining influence on the archipelagic states.

144. The greatest risk to the Australian/Japanese rights of transit would arise if Indonesia and/or Papua New Guinea were to re-orient towards powers politically opposed to either Australia or Japan. Even then the concern of other powers to avoid provoking the Japanese towards rearmament would provide reason for restraint. Should pressure develop, the passage of Australian military vessels and aircraft would be a probable priority target for restrictive measures.

145. The almost certain acceptance of the economic zone concept will increase Australian maritime resources zones enormously and will give Australia substantial authority in these areas. The provisions relating to the continental shelf may not help to safeguard Australia's maritime resource interests, particularly the delimitation of the seabed boundaries with Indonesia, Timor, Papua New Guinea and France. There will be scope for disputes in areas where there is vast potential for resources. PNG and other South-West Pacific countries will be unable to police their resources zones adequately.

146. Negotiations for an agreed seabed boundary between Australia and Papua New Guinea are also complicated by many Law of the Sea factors.

CHAPTER 5—AUSTRALIA'S STRATEGIC SITUATION AND PROSPECTS

147. The preceding Chapters have reviewed the factors and trends which we believe to have the most significant effect on Australia's strategic situation and prospects. It remains in this Chapter to try to draw together those matters that impact on Australian interests, and to suggest what are the likely or contingent developments upon which we should focus as a basis for defence policy and for recommending the size and shape of the Australian Defence Force.

THE GLOBAL BALANCE AND AUSTRALIAN SECURITY

148. The earlier analysis foresees a world in which there could be recurring local or regional conflicts which do not spread and do not affect Australian interests because the Super Powers are careful to avoid trespassing upon each other's vital interests. This is not a world of peace and it is not one in which we can assume that oppression, threat of violence, and injustice have been eliminated. It may be that Australian governments will want to have a military capability of contribution – probably modestly – to international efforts under proper auspices to restore and maintain peace in areas which represent no strategic threat to Australian territory or its direct interests.

149. In all situations short of conflict between the USSR and the United States, we believe that the events in Australia's region and immediate neighbourhood will most affect the security of our territory and interests. This is because the only powers who would have the physical capacity to project major strategic pressure against Australia are the USSR and (theoretically at least) the US, Britain and France, although China will later acquire a nuclear capability to do this. Other powers at present lack the capability.

150. As earlier pointed out, Australia is located in an area where United States' power is unlikely to be openly challenged. Moreover, we are directly allied with the US in a security treaty. It is not credible in the prevailing global circumstances that, assuming there were a Soviet or Chinese interest to be served, either would regard the potential gains from exerting pressure or threat against Australia as justifying the risk to their present relations with the US and with other powers.

151. We do not assume that this situation will necessarily always prevail. At a later time, the USSR – or another major power such as a re-armed Japan – might progressively acquire, without precipitating a major crisis, a strategic position from which Australia could be exposed to pressure exercised directly, or through a third power. For example, if, at any time, the USSR established a predominant naval presence in the North-East Indian Ocean and South-East Asia, or were Japan to enter into strategic cooperation with Indonesia, Australia would be more susceptible to pressure if its defence strength were as limited as it is at present.

152. Neither these nor similar situations exist at present and there is no present trend which suggests that any are likely. At the same time we clearly must keep a watch on political changes and the distribution of military power in East and South-East Asia.

153. Thus, the prevailing global situation, and Australia's remoteness from the primary foci of interest and confrontation between the major military powers afford Australia a substantial measure of security from involvement in conflict between them and from direct threat by any of them. Over and above the Super Powers, the military powers which we have considered include China, Japan, and European powers; we would at present exclude powers like India which will not have in the foreseeable future a sufficient air and maritime capability to pose a credible threat to Australia. Any significant change in the global situation including the acquisition by a regional power of capability and motivation to project a major military threat against Australia, is unlikely to be rapid, except in the improbable nuclear contingency.

154. It follows that, in respect of a credible threat of direct attack on Australia by any of the military powers considered in paragraph 153 above (that is, China, Japan, and the European powers) we can expect to have a substantial time in which to make necessary changes to our defence capability, provided we recognise the need for change early enough. The only major power which could now pose a credible threat of direct attack on Australia is the USSR. However, given its present and future massive capability to attack successfully virtually any country in the world except the United States, it is not desirable or practicable to found an Australian defence posture simply on Soviet military capabilities; reasonable regard must be given to the reactions of other powers against the USSR if it were to select Australia or any other country in the Western world for attack.

155. No necessity to enlarge our defence capability against a threat from any of the Super Powers or major powers referred to above is currently evident; while saying this, we must also say that the continuous survey of international developments must be maintained to ensure that any indicators of change relevant to the security of Australia are detected early, and careful attention needs to be paid to the relationship between warning time, decision time and various lead times required to make changes in Australia's defence capability and strategic posture that global or regional trends might indicate to be necessary.

AUSTRALIA'S STRATEGIC AFFINITIES

156. Australia will not for the foreseeable future have the military capability independently to defeat a major attack or to justify our seeking security in neutrality. Were Japan, China or India to acquire an independent strategic capability, Australia's security from any major threat which they (or the USSR) had the motivation to apply against us would, therefore, be critically dependent upon effective support by some major power or group of powers. It is a fundamental requirement of our national defence policy that we should pay continuing attention to Australia's contingent requirement for such external support.

157. In this connection, Australia's affinities, shared interests and interdependence with North America, Western Europe and to an important extent Japan, support cooperation in matters of fundamental strategic concern with those nations rather than with other powers. Australia's natural major ally is the United States. This appears to be well understood and accepted by the USSR and China, and by other states of strategic significance to Australia.

158. The United States could not afford to fail to support Australia in the event of major assault without seriously undermining its strategic position in the Pacific and Indian Oceans.

159. This does not mean that in all circumstances Australia must support the United States or can expect to be supported by it. Nor does it mean that there could not be circumstances modifying or supplementing the US association, when Australia could consider cooperation with the USSR or China or Japan or India and other powers which had common interests at the time with Australia. Australia would then be well advised to weigh the issues involved in the light of their security significance as seen by the US. At the present time, however, no considerations for policy arise in these respects. In present and foreseeable circumstances no advantage is seen in a reduction of arrangements that support Australia's long-term security from major threat.

160. Australian defence interests can be well-served by national policy that promotes international détente effectively, bridging and modifying strategic alignment and reducing confrontation. Other national interests can also require the demonstration of international affinities different from and sometimes in opposition to those supported by defence and security interest. In such respects, particularly where there could be incompatibilities of interest, Australian defence and security interests should be consulted and protected in the determination of national policy.

161. Conduct of our relationship with the United States should be sensitive to Soviet interests. The USSR could not be expected to be indifferent to any major developments in Australian defence support to the US, e.g. provision of base facilities. The US appears to have accepted the Australian position that, in accordance with Australian policy for mutual restraint by the Super Powers in the Indian Ocean, there should be no increase in the number of US Navy visits to West Australian ports. This policy should be reviewed if the Soviet presence in the Indian Ocean expanded considerably. Should Soviet naval combat ships seek to visit Australian ports, Soviet motivation for such a request would need careful consideration.

DEFENCE RELATIONS WITH THE UNITED STATES

162. There is no Australian requirement for any new inter-governmental defence arrangements with the United States such as, for example, the provision of military bases or by combined military planning or mutual commitment of forces. Moreover, such development could be contrary to Australian interests in bridging and ameliorating adversarial relationships, reducing confrontation and playing an independent international role.

163. Subject to judgements from time to time in these respects, policy for a working defence relationship with the United States should sustain cooperation in such areas as consultation on strategic and operational developments; surveillance; military, scientific and political intelligence; defence science and technology; military doctrine; equipment and associated fields (e.g. defence cataloguing); military staff and Service-to-Service discussions (e.g. on operating procedures); inter-operability; and joint and combined exercises.

164. Ready and economical access in the foregoing respects is not available on comparable terms elsewhere (save for Britain in certain important fields), or not available at all. However, it is important that close dealing with the United States not imbue Australian defence thinking with the perceptions and requirements of a Super Power facing very different tasks from Australia. The relationship with the US should not inhibit development of defence relations in particular matters with other countries, e.g. Western Europe and possibly Japan.

165. The US has repeatedly made clear the value it attaches to the defence facilities it maintains in Australia.

166. The United States also values highly and expects the use of Australian ports to reduce the logistic difficulties of long-range naval operations in the Pacific and Indian oceans. The closure of Australian ports to nuclear-powered warships in 1971 has become an irritant to the US, the more so as the US Navy converts increasingly to nuclear propulsion; over 30 percent of US combatant ships and 90 percent of the Pacific submarine fleet now use nuclear fuel. Although the long fuel-endurance of these warships is an advantage for operations in distant regions there remains a need for access to ports for stores replenishment, ship maintenance and crew rest. It might well appear to the Americans to be a holding back on cooperation expected of a Treaty partner that after four years, we remain unable to define which and what parts of ports they may use notwithstanding that the Court case over French nuclear-weapon testing has passed, new absolute liability assurances concerning reactor incidents have been passed into US law, and the accident-free record of US Navy reactor plants continues. As this paper argues, Australia's security depends substantially on the maintenance of the global regional balance. Subject at all times to Australia's right to disassociate itself, by denial of facilities, from US deployments or intentions which it does not support, it is a general and basic Australian interest to assist the US to deploy its sea power in support of the wider strategic objectives. As well, visits by US Navy nuclear-powered ships and submarines should be an important part of the defence relationship of the two countries for the joint training opportunities they afford, for development in peace of the techniques of combined operations and support which would be vital to Australia if attacked by a major power, for display of naval power, and for familiarisation with ocean areas contiguous to Australia. For these several purposes it is in the Australian defence interest not to delay further the resumption, under appropriate conditions, of visits by nuclear-powered warships.

167. Cooperation with the United States on the lines of the foregoing paragraphs is advantageous to Australia's defence interests. It enables Australia to contribute something of substance to the defence relationship with the US, and to US national and global strategic activities, without involvement in defence cooperation and commitments beyond the present level. Furthermore, the consultation flowing from this enables Australia to assess US strategic attitudes and policy and the reliability of US support in varying strategic circumstances.

168. In addition to the foregoing, maintenance of the global balance is of direct benefit to Australia's national strategic interests. Australia can support this balance by maintenance of the US Navy VLF facility at North-West Cape, which has the function, amongst others, of transmitting to the US submarine strategic deterrent force. The facility is also of great use to the RAN.

169. In the event of military crisis between the Super Powers, the USSR would have the capacity to threaten or attack the US Navy's VLF station at North-West Cape, or some other Australian target as a deterrent or retaliatory measure. Given the compelling force of nuclear constraint, this is improbable. Moreover, the USSR would be more likely to attack higher priority targets, such as weapons systems and strategic concentrations; it would be unlikely to impair US command and control over the Submarine-Launched Ballistic Missile (SLBM) force; and any attack on Australia would expose the USSR or its allies' territory to US reprisal. Risk to Australia of a limited nuclear strike is assessed as remote and as insufficient to justify consideration now of disengagement from or reduction of the present defence relationship with the United States.

170. However, the element of security risk, and the possibility that the operation of the North-West Cape communication station might undesirably associate Australia with some particular US activity, both require the closest continuing consultations on US strategic policy and operations relevant to the station.

NUCLEAR PROLIFERATION

171. It is in the Australian interest that as many countries as possible ratify the Non-Proliferation Treaty. It is also in the Australian interest to support efforts to strengthen and extend international safeguards arrangements governing the supply of nuclear materials, equipment and technology to non-parties as well as parties to the Treaty.

172. Likely significant reduction in Indonesia's or Japan's lead time to nuclear weapons production would be of particular interest to Australia.

ECONOMIC AND RESOURCE FACTORS

173. Sustained economic difficulties and frustrations are likely to set in train important national and international political changes, with unpredictable effect on strategic circumstances, that will require early and continuing assessment. Australia is well placed as a major supplier of important resources to influence international attitudes and to support co-operative relations. This is highly desirable from the strategic point of view. Access to Australian resources will be increasingly important to Western Europe, Japan and North America. This gives these countries a growing stake in Australia's security and undisturbed economic development. Short of radical changes in international political and strategic circumstances over the long term, major assault to gain control of Australian resources is not considered a credible contingency facing defence policy.

LAW OF THE SEA

174. Australian policy objectives include the maximum possible freedom of surface passage through and overflight of straits and archipelagos; the right of submerged transit on a reasonable scale by major powers through those areas for strategic deployments, and the enjoyment by Australia of this right in future; and effective procedure for the peaceful settlement of disputes.

175. Australia will be concerned to maintain the security of its own access to recourses of the sea and seabed around Australia, and to control access by others. Australia's jurisdiction will have to be maintained over an enormous area, and it will need to be able to enforce its authority there. It will be important that maritime boundaries and arrangements for access be clearly drawn and command the widest possible international acceptance.

REGIONAL FACTORS AND AUSTRALIAN INTERESTS

The Indian Ocean

176. Soviet strategic supremacy in the North-West Indian Ocean would place hostage major Western economic interests and vital oil supply as well as sea lines of communication from the Persian Gulf in times of tension.

177. Australia has substantial national and international interests in the stability of oil supplies from the Persian Gulf area. Moreover, the Soviet position in the North-West Indian Ocean described in paragraphs 52 to 59 of Chapter 3 suggests longer-term contingencies for Australia in terms of possible future development of the Soviet position into the North-East Indian Ocean. The USSR is unlikely to challenge the United States' relationship with Australia, but a slow increase in Soviet maritime activity in the Australian area is to be expected. The possibility of some limited bilateral friction between the USSR and Australia cannot be altogether ruled out.

178. A balancing of the Soviet presence in the Indian Ocean must depend primarily upon the United States. Support facilities at Diego Garcia will be important for this. However, it would not be in Australia's interest for there to be direct confrontation between Soviet and US ships or for the naval presence of one or both powers to be further extended and to involve more littoral states in the provision of base facilities. The Australian interest in mutual restraint by the US and USSR in their Indian Ocean deployments is clear, and supports continuing Australian representations to this end.

179. Australia has supported the concept of an Indian Ocean "zone of peace" as a long-term objective. It is in the Australian interest to contribute to the exploration of the concept, and to try to influence its development in practical and realistic directions. The cooperation of the Super Powers would be essential to give it any meaning.

180. Australian naval visits, particularly in the North-East Indian Ocean, for exercises and flag-showing are desirable to demonstrate Australian interest in its strategic approaches.

East Asia

181. The intelligence assessment in Chapter 3 indicated possibilities for change in the East Asian balance.

182. It cannot be seen that among China's many interests challenge to Australia would have any priority. Moreover, China's nuclear inferiority to the United States and the USSR would be constraint. China's conventional capability in respect of Australia will be limited for many years.

183. Japan is likely to maintain its present defence posture; any change of course is likely to be later than earlier. However, the factors for change over the long term appear somewhat more substantial than in earlier years. Indicators of incipient change should be closely watched and assessed.

184. Australia has a major interest in the maintenance of Japanese security relations with the United States, which are the foundation of the Japanese policy of limiting its own military capability.

185. Satisfactory national relations with China and Japan are an important Australian strategic interest. It is important that national political, economic and resources policy protect this interest over the long term.

South-East Asia

186. Chapter 3 identified considerable uncertainties in respect of South-East Asia. The direction and pace of developments cannot yet be assessed.

187. Strategic policy must now contemplate the possibility of considerable political change in South-East Asia and of instability in alignments there. Policy must acknowledge the impracticability of Australia's trying to influence these developments by military action when they essentially involve the domestic social, economic and political circumstances in the regional states.

188. Prospects for practical progress with the ASEAN proposal for a Zone of Peace, Freedom and Neutrality do not appear at present to be encouraging. Australia should continue to give firm support to the movement towards the achievement of the zonal objectives as standards of political conduct in the region.

189. A major focus for Australian attention is the effect of regional developments on Indonesia.

190. Indonesian collaboration with the USSR appears unlikely at present to develop in a significant way. This situation could change if, for example, Indonesian fear of China or dissatisfaction with the United States increased, or Indonesian political forces sought to accommodate to heightened communist pressure in the region. There is an Australian policy interest in encouraging cooperative relations between the US and Indonesia.

191. Stability in Malaysia will be very important to Indonesia and is therefore a key factor for Australia. Australian policy should seek to sharpen Chinese appreciation of the prospects for major, uncontrollable instability in Malaysia involving the entire sub-region in bitter conflict, and offering no realistic prospect of a Chinese-dominated left-wing regime. Large-scale communal conflict would also raise difficult problems for the Chinese Government, such as it appears likely to wish to avoid. Australia should encourage China to pursue a strict policy of non-interference in Malaysian internal affairs.

The United States in South-East Asia

192. Any form of direct combat involvement by the United States on the South-East Asian mainland appears improbable. US action appears more likely to be in the form of political and diplomatic support to ASEAN states, some economic and military aid (supply and training) and maintenance in particular of a maritime presence. Such US activities appear advantageous to Australian interests, and, subject to close assessment of specific US policies and when welcome to the states concerned, to warrant Australian support. It has to be recognised that in present and prospective circumstances US military and political influence are much reduced. Nevertheless, a continuing US interest and presence in the region are very important to Australia's strategic interest in the balancing of the USSR and China.

193. United States' strategic influence in South-East Asia is now primarily maritime. It supports secure and free maritime communications. This benefits Australia directly and indirectly by keeping Japan's requirement for naval development low. In these respects also it will be important for Australian policy to encourage continued US interest in the region, and maintenance of a maritime presence and the supporting bases in the Philippines.

194. Australia has important interests in keeping armaments in South-East Asia limited. The situation that the ASEAN regimes could face is unlikely to require large supplies from the United States of major equipments and sophisticated weaponry. Close and continuing consultation with the US on this matter is desirable, especially regarding arms supply to Indonesia.

Defence Cooperation Programs

195. Our strategic interest calls for the continuation of defence co-operation programs designed to foster sympathetic attitudes to Australia; to promote local defence capability and political independence, particularly in Malaysia, Singapore and Indonesia, and particularly such programs as offer benefit also to civil economic and technological development; to support Australian access to local governments, their defence ministries and military forces; and to improve Australian intelligence on important areas of regional defence planning and capability.

196. Beyond this, however, the scope for defence policy appears limited and the new situation in South-East Asia requires review of arrangements entered into in earlier circumstances and on different assessments.

The Five Power Arrangements

197. The Five Power Arrangements were originally conceived as a transitional measure to sustain confidence in Malaysia and Singapore in the aftermath of Indonesia's confrontation and in the circumstances of Britain's impending withdrawal. The Australian concept essentially was to enhance Australian diplomatic influence in the security policies of the sub-region at the time. When the decision was made in 1971, the political advantage was assessed as higher than the risk of being involved in military action to defend the territory, which was then seen as remote.

198. In recent years, the Five Power Arrangements have lost tangible substance with the progressive withdrawal of external military forces. After March 1976 when British forces will have withdrawn, Australia will still have a deployment of two RAAF Mirage squadrons in Malaysia with a detachment in Singapore, and New Zealand a deployment of one battalion in Singapore. In December 1974, the Minister for Defence agreed with his regional counterparts that the Mirage deployment would be reviewed at the end of 1976. New Zealand has announced that its battalion will be withdrawn in about two years.

199. In the new situation, the question arises whether Australia's Five Power commitment in relation to the external defence of Malaysia and Singapore, to consult with other partners "in the event of any form of armed attack externally organised or supported against Malaysia or Singapore", properly represents Australia's strategic intentions and capability.

200. Any significant armed attack would be likely to involve substantial internal security operations. An Australian contribution to such operations could not significantly affect their outcome. It would be contrary to the policy of non-involvement in internal security operations declared by successive Australian governments, and to long-established policy for Australia to avoid operational commitment in the region independently of a substantial power.

201. In this respect the deployment of the Mirage squadrons requires attention. Before withdrawing them, we would need to assess whether there would be any significantly adverse effect in the region (and in the United States) on the perceptions of Australia as a source of support. There are practical aspects pointing in different directions: some growing hazard from attack from local dissidents on a vulnerable site, combined with difficulties in adequately locating and housing the squadrons in Australia until facilities are built. The considerations affecting continued deployment of the squadrons should be reviewed now.

202. Britain, and New Zealand, intend to continue some naval deployments to Singapore and we believe the United States should be encouraged to increase naval use of the facilities there. Contribution on this basis to a regional maritime presence would be in Australia's strategic interests, which could help reduce any Singaporean incentive to permit more Soviet use of the facilities. RAN deployments to Singapore should continue, and as a possible additional contribution, the desirability of Australia's assisting in a further limited way in the management of the Sembawang Dockyard Stores Basin should be examined.

THE NEIGHBOURHOOD

203. The factors that at present substantially secure Australia from major threat would not similarly secure Australia from the contingency of lesser threat.

204. It is important to note that such lesser situations would not be likely to involve the global interests of the United States. They would be of a nature in which to a large extent, the US could be expected to avoid direct involvement, irrespective of Australia's attitude. Beyond support that might be available and worthwhile from the neighbourhood, there is no reason now to expect that Australia could secure assistance elsewhere. It would have to expect to handle these lesser situations on its own.

Relations with Indonesia

205. Australia's long-standing good relations with Indonesia continue and, with careful management, the prospects remain favourable. A secure and well-disposed Indonesia would be of major, possibly decisive advantage to Australia in relation to any deterioration in strategic prospects in South-East Asia. At the same time, Indonesia is a power with long-term potential for significant assault against Australia and with which at lower levels of capability Australia would have to expect to deal on its own. The maintenance of good relations with Indonesia is therefore of major importance to the Australian defence interest. It is important that Australian defence policy not only strive for good relations, [1.5 lines expunged]

206. Australian policy objectives strongly justify continuation of programs for defence aid and cooperation. The Government is committed to a new program not less in size than the present program. These programs also give Australia useful insight into Indonesian defence planning and capability.

207. Stable relations will require continued mutual political tolerance and cooperative handling of bilateral matters, such as Indonesian fishing incursions into Australian waters or maritime resources zones. Stable, mutually satisfactory maritime frontiers will be most important.

208. Particular Australian requirements will be unimpeded passage through the Indonesian archipelago and Indonesian respect for Australian status and interests in Papua New Guinea. The stability of the Papua New Guinean/Indonesian border will require the continuing attention of Australian policy.

209. The Indonesians' objective is to absorb East Timor; they have so far been reluctant to use open force, in part because of concern for Australian and international reactions.

210. Australian defence interest would favour integration of Portuguese Timor into Indonesia provided this could be achieved on politically acceptable terms; defence requirements would also be satisfied if Portuguese Timor became an independent state provided Indonesia's predominant influence there were assured, particularly regarding security matters.

Papua New Guinea

211. The prime Australian defence interest regarding Papua New Guinea is that no external power potentially unfriendly to Australia, gain significant strategic influence there. In particular, it would be damaging to Australia's interest for Indonesia to replace it as the primary military power supporting PNG. [One line expunged] It would favour subsequent extension of Indonesian influence into the South-West Pacific. It is not in Australia's interests that one power acquire strategic status throughout the entire area from the north-west to the north-east of Australia.

212. [One line expunged] Papua New Guinea is a question that could not and need not be decided until the relevant circumstances were beginning to shape and could be assessed. It is to be noted, however, that Indonesia, or another external power, could replace Australia as PNG's primary strategic partner without any question of force arising, were Australia not to maintain its status or should it lose it in diplomatic competition in PNG.

213. Present Australian policy looks to the conclusion of a defence relationship with an independent Papua New Guinea that will avoid formal commitment but will offer cooperation at a level sufficient to improve the efficiency of the small local forces, display Australia's strategic interests, and maintain influence. This requires of the Defence Force continuing close contact with the PNG Defence authorities and Defence Force, and aid in the latter's development.

214. Australian policy should influence Papua New Guinea governments to maintain a stable regime on its Indonesian border. At the same time Australian diplomacy should make clear to Indonesia Australia's and PNG's requirement for confidence in Indonesian behaviour in the border area.

215. In dealing with Papua New Guinea, it will be important to keep a clear distinction between Australian and PNG perceptions, and interests. It is likely that in regard to Indonesia particularly, PNG will have views and interests that Australia will not share or see as worth trouble with Indonesia. While it will be important to maintain PNG's strategic confidence in Australia, PNG should be under no illusions that Australia will support it in all its difficulties regarding Indonesia. It is in our defence interest that PNG reasonably accommodate its large neighbour and avoid any provocation.

216. At the present time, we consider it would be in the Australian defence interest if Papua New Guinea did not join ASEAN and thereby formally commit itself to political involvement in the affairs of South-East Asia, and to this extent enhance Indonesian status in PNG. Australian defence policy is best served if PNG finds its international setting primarily in its relations with Australia and the South Pacific, rather than in the wider region of South-East Asia.

The South Pacific

217. There is a requirement, and there appears to be scope, for a deliberate Australian policy of fostering a South Pacific consensus on strategic matters, particularly in relation to the connection with the United States, the limitation of penetration by other external powers, the importance of the continued independence of Papua New Guinea's territory, and the maintenance of Australian rights of transit passage. Understanding and collaboration between Australia and New Zealand would be a necessary basis for this diplomacy, and should be pursued in a constructive spirit. Australia has an important interest in this respect in encouraging the indigenous governments of the South Pacific to see their strategic alignment with the ANZUS powers. We have commented in paragraph 134 of Chapter 4 on New Zealand's policy on a nuclear-free zone for the Pacific which works towards conflicting objectives.

CHAPTER 6—POLICY IMPLICATIONS FOR AUSTRALIA'S DEFENCE CAPABILITIES

218. This Chapter will establish in the light of the present situation what guidance and, to the extent practicable, what conclusions may be drawn from the foregoing analysis on the way Australia's defence capability should be shaped and developed. The document will then assist the definition, through the established analytical procedures leading to the Five Year Defence Program, of more precise priority requirements and of the changes necessary in what we have now in the Navy, Army and Air Force, the Department of Defence and other support areas, including the possible reduction of any unjustifiable capabilities and the reallocation of resources.

AUSTRALIAN MILITARY INVOLVEMENT

Against Super or Major Powers

219. No specific requirement arises out of global circumstances for the development and deployment of Australian military capability as a direct contribution to the global or regional balances between the Super or major powers.

220. In the improbable event of military conflict between the Super Powers, Australia – like most countries in the world – would be vulnerable to nuclear attack. This is an event outside the range of influence of Australian military capability (but could have civil defence implications).

221. As between the USSR and Australia, bilateral friction could arise out of such matters as Soviet military display near Australian territorial waters, disagreement over the maritime resources zone, and testing of Australian sovereignty on any offshore islands that might become the object of dispute. The Australian Defence Force must be able to detect and respond to such activity and to assert sovereignty.

222. The contingency of military threat against international lines of communication directly affecting Australia is remote and improbable. However, Australia should maintain capability to help to sustain this situation and to provide a response should discriminatory action be taken against Australian passage through archipelagic waters.

223. In general, the prevailing strategic relationship between the Super Powers, the present lack of capability (or motivation or both) to project military power against Australia on the part of the only other powers at present deemed relevant – namely, China, Japan, India and the European powers – Australia's remoteness from the primary foci of interest and from places of confrontation between the major powers, are all important factors supporting Australia's security. It is not expected that any Soviet activity affecting Australia would be on a large scale, prolonged or frequent, or carried to the point of actual combat.

224. The contingency of military threat by a major power has been found to be remote and improbable (paragraph 153 of Chapter 5). Major assault against Australia is at present the least conceivable and most remote of contingencies.

225. Nevertheless, against the future contingency of any major threat Australia would, for the forseeable future, require external support. The alliance with the United States should therefore be preserved and Australian defence policy should do what it can in appropriate ways to assist the US to maintain its global role vis-à-vis the USSR.

226. Our policy towards matters which the United States reasonably sees as affecting its security interests in this part of the world (including ability to offer military assistance to Australia) should be consistent with this objective. Current matters include visits of US nuclear-powered ships, visits to West Australian ports, proposals which would limit passage of US nuclear-armed vessels in the South-West Pacific, and presence of certain US/Australian facilities in Australia. Where practicable and relevant, military exercising with the US forces should be encouraged.

227. The United States' perception of Australian military professionalism and inherent capacity to act as a small but reliable ally is important. The large American transfer to Australia of weapons technology, research information, tactical doctrine, and intelligence could not be expected by a country which failed to maintain high standards in the professional employment of forces using modern technology, or to evidence determination to contribute in a meaningful way to the development of technology, research doctrine, and intelligence.

In South-East Asia or Other Regions

228. In paragraph 148 of Chapter 5, we recognised that, under international auspices, some Australian capability to share in restoring or maintaining peace might be called for, as an international duty.

229. We have recognised earlier that prospective developments in South-East Asia are unlikely to be directly susceptible to Australian military measures. Insofar as significant military operations were to develop, they would be likely, as far as we can see ahead, to involve internal security measures, and established Australian policy is to avoid military involvement in such situations. No specific requirement arises, in any of the regional circumstances considered, for the maintenance or development of Australian military forces specifically for regional combat operations in South-East Asia. Our Force will have in any case, elements that could operate in the region using their own resources, such as those elements which are employed from time to time in exercises with other forces. Moreover, they will have the capability to perform non-combat roles such as those of training, transport, civil aid relief, mapping and surveillance.

230. These considerations do not demand the permanent presence of combat forces abroad. The present situation is that apart from the Company at Butterworth, all Army units have been withdrawn from South-East Asia. No prospect of their return is seen.

231. Chapter 5 recommends review of the present RAAF deployments to Malaysia and Singapore. Should the Mirage squadrons be withdrawn, we do not foresee circumstances requiring the stationing of RAAF combat forces in the region.

232. Chapter 5, paragraph 202 recommended retention of the RAN deployment based on Singapore as part of a regional presence in conjunction with US Navy visits and, from time to time, the Royal Navy and the Royal New Zealand Navy. The RAN should retain a capability for display on occasions in the North-East Indian Ocean, and also in the archipelagic region and the trade routes to Japan. Combined exercising should be fostered.

233. Capability for surveillance of the approaches to Australia in the Eastern Indian Ocean area, northern approaches, South-West Pacific and maritime resources zones has a high importance, as has a capability to react to the results of such surveillance. Consideration should be given to co-ordinating to some extent our surveillance activities with Indonesia, Malaysia and Singapore who are showing increased concern with their maritime situation. This would give Australia an opportunity to co-operate with friendly neighbouring powers by assisting with capabilities which they possess to only a limited extent.

234. Australian programs of defence aid and co-operation with South-East Asian countries, principally Indonesia, Malaysia and Singapore, should continue at an appropriate level.

In Australia's Neighbourhood

235. Although prospects for continued good relations with Indonesia remain favourable, some potential causes of strain are indicated. These relate to Indonesian use of force against Portuguese Timor; some possible forms of Indonesian re-equipment; possible political change in outlook towards Australia; and conceivable Indonesian actions against Papua New Guinea. The Defence Force implications of these possibilities are discussed below.

236. In the event of a significant deterioration in political relations, [1.5 lines expunged] exists (even if the contingency is assessed as improbable of realisation), and we should place ourselves in a position to deter it. Were political relations to deteriorate seriously, warning time could be quite short.

237. Indonesian re-equipment appears unlikely to extend, to any significant extent, to capabilities relevant to assault against Australia. However, this could change in later years; and even present and planned capability would allow Indonesia, if it had the motivation, to conduct low-level operations that would pose significant defence problems for Australia.

238. As to political motivation, there will be political changes. There are uncertainties about the nature of a successor regime although any regime seems likely to be heavily pre-occupied with internal affairs and with relations with Indonesian northern neighbourhood. Indonesian hostility, and hence military threat, to Australia are assessed as improbable.

239. As with South-East Asia generally, it is important that Indonesia see Australia as a nation serious and competent in military matters

[1.5 paragraphs expunged]

241. In support of diplomatic policy and activity to keep Papua New Guinea independent of Indonesia, Australia can be expected to have capabilities in its force-in-being which are needed to encourage an independent outlook by PNG in its dealings with foreign powers, and a belief in Australia's military capacity to offer it assistance. Without predicting that any Australian government would be willing to deploy combat forces to PNG, a contingency study should be made of the measures that would be necessary to improve the adaptability of our force or production or other capabilities for use in alternative forms of support of the PNG Force. We should continue to aid PNG in its Defence Force development. No requirement is seen to consider the development of any Australian capabilities specifically against the contingency of substantial Indonesian assault against Papua New Guinea.

242. The low-level contingencies identified in respect of Indonesia are being given attention in the studies regarding the defence of Australia as part of the process of exploring possible future Australian defence problems. 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 seen 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.

243. The credible, albeit improbable, contingency of low-level harassment by Papua New Guinea in the Torres Strait area (paragraph 123 of Chapter 4) calls for a defence capability, including accurate intelligence, to deal with such a situation at short notice in certain political conditions.

244. There is a contingent requirement to be able at relatively short notice to assist in the evacuation of Australian citizens from Papua New Guinea should internal security there deteriorate – generally or locally.

In Protection of Maritime Zones

245. Whether or not a new Law of the Sea be internationally agreed, extension of national maritime jurisdiction is likely to increase requirements for surveillance and control of Australian waters and maritime resources zones, and demonstration of sovereignty in conjunction with civil agencies. Some increase in capabilities in this respect may be shown to be necessary.

In the South-West Pacific

246. In the South-West Pacific, it will be important to foster a sense of strategic association with Australia. This should be supported by Australian military display in the region, including surveillance in Australia's area of responsibility, and by appropriate programs of defence co-operation.

In Actions Against International Terrorism

247. Australia is vulnerable to international terrorist attack at any time. Responsibility for preventing and coping with such attack rests with the civil authorities. However, the Defence Force, subject to there being legal authority and executive approval, may be called upon to assist and should be trained and equipped to do so.

MILITARY REQUIREMENTS FOR DEFENCE OF AUSTRALIAN TERRITORY

248. The lack of palpable or likely threat complicates the task of planning the defence of Australian territory. The core force, as defined in paragraph 255 below, should at any time be such as to provide a credible basis for expansion as and when judged necessary. It should be able to provide concurrently a capability to deal with present tasks and the more likely, low-intensity contingencies, whether arising singly or in combination. It should also, with adequate warning time, be able to cope with larger and more remote contingencies.

249. More light will be thrown on the manpower, equipment and support needing now to be developed by examining first, current and foreseeable tasks for our Force, and then by selecting for examination contingencies that have regard to their credibility and probable timing. We believe that we should deal first with those contingencies that have greater credibility as situations that could arise in the shorter term. We include in these studies low-level harassment, raiding, disputes regarding maritime resources zones or off-shore territories or installations or a combination of events. As work progresses, it is intended that study will turn during 1976 to a representative range of situations of a higher level, including what we see as the more remote contingencies of substantial assault on Australia. The logic of this progressive approach is that to select weapons and other capabilities suited to the larger threat situations would not necessarily provide the Defence Force with adequate means to deal in a cost-effective way with lesser situations, or even to deal with them at all within the constraints of resources likely to be available in the foreseeable future.

250. The defence studies referred to will throw light on intelligence deficiencies and deficiencies for the military and civil infrastructure in Australia, as well as on operational and strategic concepts, planning of joint Service operations and command and control of them, and logistic requirements and deficiencies. But it has also to be acknowledged that study of the lesser situations alone would not be sufficient to enable development of the core force structure, operational and organisational doctrine, and understanding of logistic problems and possibilities in a manner which would enable the Defence Force to perform its role in a range of differing circumstances in the defence of our territory about which there is still much unknown.

251. This indicates the necessity to include studies guided predominantly by the physical characteristics of the country and its geography. Findings will be complemented by experience in, and analysis of, exercises which are designed to test operational and logistic concepts in the Australian environment.

252. An object in all the studies in train should be to expose the lead times for expanding or re-shaping the core force to meet higher-level contingencies of defending Australia under differing circumstances, so that judgements may be drawn by Governments from time to time as to the need to add to the core force.

THE INFLUENCE OF THE AUSTRALIAN ENVIRONMENT OF FORCE REQUIREMENTS

253. The level and structure of Australia's forces should be principally determined by the strategic guidance that is provided from time to time; but, in addition, our physical environment has certain enduring features which suggest some other fundamental determinants of our force structure. These include geography, population size and distribution, infrastructure, industrial composition and resources distribution. That environment suggests that we require:

a. as an island continent trading nation,

   - a capability for surveillance and patrol both in our coastal and off-shore resources zones and in our neighbourhood generally;

   - a capability for deterrent action in our neighbouring oceanic and archipelagic approaches, and for maritime defence of our focal areas and port approaches;

b. because of our small population and its distribution, and the scattered resource areas and large land mass relative to nations in our region,

   - readily transportable and mobile land forces with the necessary air support to meet hostile incursions;

   - a continental air defence capability in which mobility is a necessary part;

   - the logistic support capable of maintaining forces in the field over long distances from the main support areas (taking account of civilian infrastructure);

   - long range and tactical transport forces (taking account of civilian resources also);

c. because of Australia's geographic isolation, a capability for independent action;

d. because of the foregoing factors and because of Australia's greater domestic industrial, scientific and technological base compared with countries in our neighbourhood, selective adoption of a suitably high level of military technology in our weapons, equipment, training of men and support which satisfy certain objectives.

254. Among these objectives, we consider as a broad guide the level of military technology should:

a. be sufficient to permit peacetime tasks and responses to contingencies to be undertaken in a way which keeps down recurrent manpower and/or life-cycle costs;

b. at the same time maintain for our Force through the standard of its weapons, a favourable comparative position in our neighbouring region;

c. ensure that Australia can develop the technical level of the Force in a timely fashion if and when more complex and developed weapons systems are called for; and

d. be compatible with, but not necessarily equal in technical advancement with, the relevant weapons systems of larger allies.

THE CORE FORCE CONCEPT

255. In present and prospective strategic circumstances the core force concept is re-affirmed. The core force should be a force able to undertake peacetime tasks, a force sufficiently versatile to deter or cope with a range of low-level contingencies which have sufficient credibility, and a force with relevant skills and equipment capable of timely expansion to deter or meet a developing situation. Capabilities related to the least conceivable contingency of major assault against Australia should command a low priority in the development of the force structure, provided the capability for expansion is not prejudiced.

256. As stressed in paragraph 155 of Chapter 5, warning and lead times are critical factors in such force structure concepts. The concepts are:

Warning time. This is the time from Government acceptance of a perceived threat to the time it is judged an operational response is required. Warning time will not be effective unless relevant measures are taken to develop a response.

Lead time. This is the time required to develop a force capability or components of a force structure after a Government decision to develop is given.

257. The need for adequate warning time requires, in the Defence organisation, effective intelligence and assessment machinery, and the maintenance of international co-operation in these areas.

258. The lead time to expansion could be very variable, as it depends on many factors. It depends on the nature and size of the core force, the assessed type and level of conflict or deterrent need, the priority given to acquiring the necessary manpower and material resources and the availability and delivery time of equipment produced locally or overseas. The re-organisation and training of reserve forces and re-definition of their role could be important elements in allowing expansion of the Defence Force.

259. These matters are a reminder that the ability to expand the core force will much depend on the degree of popular and political support in Australia for manning and equipping the Services.

260. The absence of specific threats at this time, or foreseen in the more immediate future, continues to provide opportunity within the resources available, to shape the force structure giving higher priority to longer-term potential rather than short-term results.

THE TECHNOLOGICAL LEVEL

261. Because Australia has close affiliations with the United States and Western Europe, and sufficiently developed technology to make use of those links, a wide choice is available to apply the concepts described above concerning the technological level of defence equipments.

262. The notions involved in attaining a basis for the timely expansion of our forces are also applicable to the technological levels of weapons and equipment possessed by the Services. The technological level of the forces can be increased greatly over a period of five to ten years, and the period will tend to be shorter if sufficient modern weapons systems are already held in inventory. We should aim to be in a position to increase selectively the technological level of our forces in order to maintain a favourable position relative to countries in our neighbouring region and the weapons they might acquire and to preserve inter-operability with allies where relevant to likely future commitments as assessed.

263. To acquire high-level technology in weapons and equipment now throughout the whole core force would give us advantages in effectiveness but it would be very expensive. Advanced technology should be favoured where it offers measurable compensating advantages – e.g., in simplicity of operation and support, or sufficient savings in additional equipment, manpower and life-cycle costs, or is otherwise peculiarly suitable to our assessed strategic situation. High technology in an initial buy can be important in avoiding early obsolescence of equipments and weapons systems which have a long life; but the justification for their acquisition must be on the grounds stated above in this paragraph and in paragraph 262, and have relevance to neighbouring regional, and not global military capabilities.

THE NEED FOR NUCLEAR WEAPONS

264. The possibility of nuclear proliferation in the coming decades must now be taken into account by Australian policy (for reasons given in paragraph 39 of Chapter 2). No requirement is seen for Australia now to acquire nuclear weapons. However, the increased likelihood of nuclear proliferation, and the possible requirement to keep the lead time for Australia matched with contingent developments in other countries, call for a review periodically of Australia's potential for development of nuclear weapons, against the possibility that the country might be forced to consider turning to them for protection at some indeterminate time in the future.

SECONDARY DEFENCE TASKS

265. Peacetime national tasks need to be performed including special air transport, oceanographic, hydrographic and land survey, civil emergency and relief assistance, intelligence assessment and other calls on particular expertise or capability. National tasks in support of relevant government agencies seem increasingly likely to make calls on force availabilities for coastal and resource zone surveillance.

THE ROLE OF THE DEFENCE INFRASTRUCTURE

266. In present and prospective strategic circumstances, increased attention should be paid to military infrastructure and to influencing developments in civil infrastructure that may be relevant. This comprehends roads, railways, ports, airfields, communications, water acquisition and storage, and power sources. There is needed a more organised system of bringing defence interests to the notice of the relevant authorities, with the objective of bringing the disposition of facilities of this kind more closely into line with the strategic requirements for the defence of Australia. There have been in some cases limitations placed on the use of such facilities by the Defence Force because of industrial or other circumstances. There is a need for the Force to maintain an independent capacity to carry out some tasks which otherwise might have been performed by civil agencies or authorities.

267. Training areas need to provide representative environments for all types of operation which may need to be conducted by the Defence Force. Some training areas might well serve as suitable forward bases should our forces need to be deployed.

268. The assessment in this paper affirms particularly:

a. the continuing importance of the development of the naval support facility at Cockburn Sound;

b. the central importance of Darwin to our defence posture in North Australia and northern waters and the requirement for the early restoration or rebuilding of essential defence facilities in the areas, particularly those relating to communications, radar, the patrol boat base, and associated domestic accommodation.

c. the requirement to expedite provision of facilities needed for the return of the Mirage squadrons from Butterworth, in respect of which the Chiefs of Staff confirm their opinion that one squadron should be located at Darwin; and

d. the heightened significance in future of improved facilities for intelligence and for the movement and logistic support of forces operating in the northern areas of Australia or the approaches to that area.

269. We regard the development of Australian infrastructure as an important part of Australian defence capability.

THE INDUSTRIAL REQUIREMENT

270. Greater independence and self-reliance make demands on the Australian industrial, technological and scientific base. Consideration is required of the longer-term factors which are consistent with force expansion concepts, and the longer-term technology which is likely to be applicable to the industrial base.

271. The development of relevant industrial capabilities must be related to the likelihood of their use in contingent situations. In view of the strategic outlook, the first priority must be towards ensuring as far as is practicable those capabilities of repair, modification and production of a kind that are likely to be required in low-level contingencies. The development of industrial capacity by specific investment for the production (as distinct from repair and maintenance and refit and overhaul) of sophisticated equipment likely to be needed to be produced in Australia rather than overseas in high-level contingencies would not be warranted in present circumstances. Initiatives for defence industry should seek to develop selectively capacity where at present it may not be adequate for defence purposes. Where national industry policy is involved, it will be necessary to ensure that weight is given to the defence desiderata in deliberations of the relevant authorities.

272. The minimum requirement for our defence industry is that it should have, after making a judgement of the continuing availability of overseas sources, the capability to support the relevant Service capabilities in independent combat operations of limited intensity, possibly involving protracted operational deployments. This necessitates the availability of industrial support for such modification, servicing and repairing as might need to be undertaken locally of Service equipment likely to be needed, together with a suitable technological base that can be expanded to meet increased development and production requirements envisaged in these circumstances. Stockholding policy needs to be developed according to criteria consistent with the above.

273. Derivative papers from this strategic guidance are to be prepared on production and stockholding policy.

THE CHANGING CALL ON AUSTRALIA'S DEFENCE FORCE

274. Australian forces have fought in two global wars in this century. For the last 30 years they have been on foreign service in Asia in association with allies and, in part, because of that association. As far as can now be foreseen, this era is coming to an end. The scope and requirement for Australian forces to operate alongside allies in Asia and elsewhere abroad have drastically reduced. Any future combat operations are much more likely to be in the Australian neighbourhood than in some forward theatre. Moreover, Australian forces are more likely to be operating together than in support of an allied Service. It is important that Australian defence policy and preparations be based upon perceptions and requirements germane to the Australian environment, rather than that of the more substantial powers and other defence associates with which Australia has co-operated in the past.

275. Australia's obligations are first to itself, to be able to handle any lesser contingencies independently. In this way, and by the pursuit of policies that maintain stability in the Australian neighbourhood and by continuing co-operation in neighbourhood activities, Australia can make a significant contribution to the alliance relationship and to the United States' global effort. Australia is essentially a neighbourhood power, and an era of global and substantial regional involvement of Australian military forces is over. We do not foresee as likely a repetition of this kind of involvement.

276. The assessment – which does not claim to have indefinite validity – identifies no present likelihood of major strategic pressure or major military threat against Australia, its territories, maritime resources zones or lines of communication. A range of factors and circumstances were identified that serve substantially to insulate or protect Australia from major pressure or threat. Nevertheless, the assessment also identifies various uncertainties and contingencies. We have pointed out that our environment, as distinct from defined threats or contingent threats, should be one of the determinants of the size and shape of the Force.

277. The strategic influences affecting Australia have not markedly changed since the judgements made in 1973; but compared with 1973, the outlook is more uncertain over a wider range of circumstances. The requirement is stressed for continuing close assessment and for regular consideration of developments by the Government, so that warning time, if indicated, may be effectively used.

278. Were circumstances to indicate a developing military threat to Australia, defence policy would be actively seeking to develop military capabilities in a manner calculated to avert or deter it, irrespective of the support that might be expected from the United States and other powers, and to make the potential cost to any enemy of an assault unacceptable.

279. Conventional forces can only attack Australia by using sea and air approaches, and Australian strategy should look to having adequate naval and air power for interdiction, including forward operations, while at the same time having in being those ground and other forces capable of dealing quickly with any lodgements which might nevertheless be made.

280. It is the case, however, that the present circumstances shaping Australia's strategic prospects are generally not immediately susceptible to Australian military action; insofar as Australia can directly influence developments towards maintenance of its present favourable circumstances and prospects, this will be rather by the political arm of policy than the military.

281. Nevertheless it is important at all times, that Australia be seen as a nation that takes defence matters seriously, that is militarily competent and capable of independent effort, that has a realistic understanding of its strategic situation and is sensitive to developments. It is important that the United States, Australia's principal ally, see Australia in this way.

282. Military forces are required for the discharge of a range of current and foreseeable tasks. These forces, with a manifest ability to expand, are an essential element in the Australian national image in international dealings, and can influence situations from which threat could otherwise develop. Military forces, with their accompanying skills and equipment are necessary as a base for timely expansion should the uncertainties in our prospects resolve unfavourably and our strategic circumstances deteriorate. While Australia can continue to look to the United States for strategic support in circumstances going beyond those we would be expected to handle ourselves, it must carry the primary responsibility for its own defence against any neighbourhood or regional threats.

AUSTRALIAN STRATEGIC ANALYSIS AND DEFENCE POLICY OBJECTIVES (1976)

Editor's Introduction

The *Australian Strategic Analysis and Defence Policy Objectives* paper came to similar force structure recommendations as the 1975 *Strategic Basis*, but discussed the impact of global and regional uncertainties on Australian strategic policy in more explicit and extensive terms. The relationship between the super powers was stable, but depended on US resolve (paras 10-16, 23, 27, 28). The USSR would 'take the opportunity to gain access to military facilities when this is militarily or politically useful', but such expansion would also result in weaknesses, and scope for it in South East Asia was limited (paras 41-55). Responsibility for countering Soviet influence rested primarily with the US, but Australia should help through defence assistance in South East Asia and should contribute to surveillance of the Indian Ocean (paras 56, 62-68, 70, 72, 361).

Despite uncertainties, South East Asia was more stable, stronger and less likely to be subject to outside influence than in the past (paras 138-142). Countries displayed 'general goodwill' towards Australia, and Australia should maintain defence cooperation in the region (paras 147-149). However, participation in common defence operations in Malaysia or Thailand would be 'political rather than military' and would depend on a major Indonesian contribution (paras 165-166, 172-185, 189, 192, 196, 197). Indonesia possessed 'attributes of both an ally and an adversary', requiring Australia to strike a balance between implicit general deterrence and explicit cooperation (paras 201, 220-223). Any threat from the country was unlikely, but low-level harassment was within Indonesian capabilities and Australian forces had to be able to respond (paras 202, 206, 207, 212-214, 371). Australia's main interest in PNG and the South West Pacific was to avoid lodgement of potentially hostile powers (paras 227, 228, 261, 263). An Indonesian incursion into PNG and requests for assistance against secession in Bougainville would both throw up difficult choices for Australia, which should avoid involvement in combat (paras 231-242, 248-257). A capability to evacuate citizens from PNG was required in the force-in-being (paras 243, 244, 375, 388)

The US valued Australia's general support for Western policies, its engagement in the region and the joint facilities, while the alliance provided Australia with both practical benefits and a status of general association with the US (paras 301-304, 307-311). But US support would always depend on US interests and circumstances at the time, and 'self-reliance should be developed for national tasks in which US support is likely to be uncertain' (paras 316-322, 324, 388). There was no direct threat, and force planning was based both on the capability of the force-in-being to deal with select contingencies and to expand, which should be adapted in response to adverse developments before direct threats developed (paras 7, 8, 81, 132, 339-347, 388). There was no prospective requirement for the acquisition of nuclear weapons, but a 'possible requirement' to match lead times with 'relevant countries', and 'the possibility that the country might be forced to consider turning to them for protection at some indeterminate time in the future' (paras 96, 382).

AUSTRALIAN STRATEGIC ANALYSIS AND DEFENCE POLICY OBJECTIVES

SEPTEMBER 1976

CONTENTS

	Paragraph
Introduction	1
CHAPTER ONE—THE SUPER POWERS' KEY STRATEGIC RELATIONSHIPS	**10**
Risk of conflict	13
The key situations	17
Prospects for stability	23
Considerations for Australian policy	29
CHAPTER TWO—POSSIBLE SOVIET STRATEGIC EXPANSION	**40**
Soviet interests and activities	41
Australian interests and policy	55
The maritime situation	57
The Indian Ocean	62
CHAPTER THREE—REGIONAL FACTORS—SOME GENERAL CONSIDERATIONS	**73**
The Regional Powers	74
Contingencies	82
Confinement of regional conflicts	87
Implications for Australian policy	91
Nuclear proliferation	94
Law of the Sea	97
CHAPTER FOUR—SITUATIONS IN PARTICULAR REGIONS	**100**
North-East Asia	101
The Middle East	118
Africa	121
South Asia	125
Central and South America	129
Definition of areas of Australian primary concern	130

CHAPTER FIVE—SOUTH EAST ASIA **135**

Earlier perceptions 136
Present regional prospects 138
Regional relations with Australia 147
Australian defence interests and policy 151
A contingency in West Malaysia 187

CHAPTER SIX—THE NEIGHBOURHOOD—INDONESIA **199**

Possible Change in Indonesian strategic attitudes 203
Australian defence interests 207
Contingencies 211
Basic strategic posture regarding Indonesia 219

CHAPTER SEVEN—THE NEIGHBOURHOOD—PAPUA NEW GUINEA **224**

Proximity 226
Possible PNG difficulties with Indonesia 229
Instability in PNG 237
Fragmentation 246
The defence relationship with PNG 261

CHAPTER EIGHT—THE NEIGHBOURHOOD—THE SOUTH WEST PACIFIC AND ANTARCTICA **263**

Strategic interests of external powers 264
Australian policy 274
Antarctica 289

CHAPTER NINE—AUSTRALIAN RELATIONS WITH THE SUPER POWERS **294**

The USSR 295
Australian defence relations with the United States 302

CHAPTER TEN—POLICY IMPLICATIONS FOR AUSTRALIA'S DEFENCE CAPABILITIES **327**

Factors in Australia's security 328
Prospects 334
Requirements for defence capability 348
Guidance for the current five year Defence program 388
Environmental factors 390
The technology level 398
The role of the defence infrastructure 402
The requirement for industry 406
Other defence tasks 412
Some strategic perspectives 413

This paper was endorsed by the Defence Committee on 2 September 1976

INTRODUCTION

1. The aim of this paper is to analyse the factors and trends that affect Australia's security from military attack or pressure, and to suggest for Ministers the implications and requirements for defence policies and for the development of the Australian Defence Force that arise from the analysis.

2. The paper, while given a new title, is to be seen as part of the series on "The Strategic Basis of Australian Defence Policy" that has been produced by the Defence Committee for many years, normally at two to three year intervals.

Scope of the Paper

3. The Government, in commenting on the 1975 paper, called for a review of the paper, with particular attention to a full analysis of the global situation, including relations between the great powers and their likely effect on a "neighbourhood" defence policy concept; and an examination of wider regional issues of concern to Australia and their implications for Australian defence policy.

4. This paper therefore attempts a comprehensive examination of global and regional situations with a view to establishing their significance for Australia's security, and the scope and requirements for Australian defence policy, including practical military measures. The paper is to be read in conjunction with the NIC's Report of 6 August, 1976 on "The International Security Outlook"[1], on the findings of which its analysis is based.

5. This paper is concerned essentially with circumstances and policy related to the use of military force. This use of force may be present or potential, direct or indirect, short or long term. In accordance with the usage long established in this series of papers, the term "strategic" is used to denote this characteristic, thus distinguishing strategic from, e.g. essentially economic or political circumstances and policies.

6. There is, of course, important interaction between strategic, economic, political and other factors shaping relationships between nations. Strategic matters go beyond solely military matters or matters within the responsibility of the Minister for Defence. Other areas of government, notably Foreign Affairs, will often be involved. It is also recognised that a government may wish to use its Defence Force to serve national interests and policies other than those relating to the defence of the nation. Discussion of policy in this paper is essentially confined to the scope and requirements for defence policy.

[1] Hereafter referred to as NIC ISO. See also Defence Committee Minute Nos 8 and 4/1976

The Time Frame

7. Where there is political instability, tension or military conflict, a detailed course of events can be difficult to predict with any reasonable degree of probability beyond a few years, or even less. This paper applies no set or uniform timescale to its assessments and judgements. Few of them would have indefinite validity and for some the range of vision is short; but there is much continuity in the determinants of Australia's strategic circumstances, and major threats (where both military capability and political motivation must exist) are unlikely to develop without preceding and perceptible indicators. The emergency of a major military threat against Australia would be a late stage in a series of developments.

8. Australia has been free from any major threat of attack since the defeat of Japan thirty-one years ago. Nevertheless, there must as always be uncertainties about the future. We have based our analysis on intelligence assessments presently available to us. We have also given consideration to certain contingencies which, while improbable now, would be important to our security were they to eventuate. If the assessments on which the paper is based have validity, its conclusions should be good for some years. Continuous review of the assessments will be necessary, however, to insure against the uncertainties inherent in Australia's changing circumstances.

Military Supplement

9. A Military Supplement, authorized by the Chiefs of Staff Committee, has been prepared with the object of illustrating the kinds and levels of forces which might be needed in certain hypothetical contingencies in the neighbouring region. The settings vary as to timing and credibility, and are indicative rather than representing actual military planning. The Supplement has been lodged with the Cabinet Secretariat, as Chiefs of Staff Committee Paper No. 1/1976, entitled "Employment and Capabilities of the Australian Defence Force in Hypothetical Contingencies".

CHAPTER ONE—THE SUPER POWERS' KEY STRATEGIC RELATIONSHIPS

10. Relations between the two global powers, the US and the USSR, directly affect prospects for the security of all nations. If a conflict between them escalated to a massive nuclear exchange, this would devastate the nations and civilisation of the Northern Hemisphere and destroy the US and the USSR as major powers. International relationships world-wide would be completely altered and there would be most serious and imponderable consequences for the life of nations that might be spared direct attack.

11. Short of war, the achievement of such strategic advantage as would allow one Super Power to exact major concession from the other would radically change the international circumstances on which the security of nations now depends – for better or for worse as the particular case may be.

12. This Chapter reviews the NIC's findings regarding present prospects in these respects, and discusses the scope for Australian policy.

RISK OF CONFLICT

13. The two major adversaries are locked in confrontation at a level of destructive capability unprecedented in history. Their mutual threat is such as to render the difficulties of arms reduction largely intractable for the foreseeable future. The vital interests of both powers require the maintenance of high levels of deterrence and sustained competition in the development of strategic capabilities. This strategic confrontation has acquired its own dynamic; but it also expresses the political antipathies from which the Super Powers' confrontation fundamentally derives.

14. The consequences to be expected from nuclear conflict have, however, forced the US and the USSR into substantial efforts to relax the tensions between them, with the object of reducing the risks of military conflict and avoiding situations in which they might become faced with critical choice between conflict or strategic concession. On all rational calculations, the restraints on use of force against each other imposed by the risk of resort to nuclear weapons should be decisive and lasting. The framework of the two powers' co-operation in the stabilisation of strategic relations – arrangements for monitoring, control and crisis management, mutual respect for each other's major interests, control of initiatives risking major military response and of regional situations – likewise can be expected to endure.

15. The reality of this situation and the growing, though still limited Soviet interest in co-operation with the West in economic and technological matters, do not denote a fundamental resolution of the Super Powers' antipathies. While leagued in efforts to reduce tension and risk, they remain adversaries. As Schlesinger said in his 1975 Defense Report, "… we cannot exclude the possibility that future Soviet leaders might be misled into believing that …apparently favourable asymmetries could, at the very least, be exploited for diplomatic advantage. Pressure, confrontation and crisis could easily follow from a miscalculation of this nature".[1]

16. Although such crisis seems improbable while Soviet leadership continues as calculating as at present, it cannot be excluded that some future Soviet leadership might be prepared to take greater risks, and see the circumstances of the day as favouring this course. However, a radical shift in Soviet attitudes appears unlikely consequent upon the changes in Soviet leadership expected in the near future.

THE KEY SITUATIONS

17. The key areas of confrontation are the strategic nuclear relationship and the two theatres of Central Europe and North East Asia. In these theatres there are massive concentrations of population, industry and military might. Rival polities directly confront one another. Weakness in these theatres would risk the US, or the USSR's basic national interests, and its status as a global power.

18. Given the present or even an improved defence effort of the West European states, they could not alone withstand the USSR. They depend upon US support, with nuclear and conventional forces on the ground, in a high state of readiness and in sufficient numbers. With continuing US support, the Central Europeans can sustain an effective strategic posture, despite political and other weaknesses on the southern flank.

19. In North East Asia, the primary confrontation is between the USSR and China, but there are also critical issues regarding Korea and Taiwan. US support is related principally to Japan and to South Korea. Hostilities regarding Korea or Taiwan could disrupt the equilibrium between the US, the USSR and China, and stimulate major changes in Japanese defence policy.

20. The Sino-Soviet confrontation ties up substantial military strength. This benefits the US military position. It also benefits US strategic control by sustaining the prospect of US support for one party against the other.

21. The USSR is motivated by rivalry with the US for prime global status. Its military requirements are reinforced by its dependence on coercion for political control domestically and in Eastern Europe. A further factor is Soviet perception of major threat from east and west and from US strategic nuclear weapons. "The USSR's fundamental concern is the defence of the homeland… (It) believes that immense and unchallengeable military power is the foundation of its relationships with the West".[2]

---

[1] Annual Defense Department Report FY1975, page 43. Schlesinger's particular reference was to asymmetries in nuclear capabilities, but his remark applies across the strategic relationship.

[2] NIC ISO 2-1, 1

22. The relative military development of the US and the USSR in recent years has led to a significant improvement in the position of the USSR. If unchecked, this could lead to serious imbalance in important areas of their strategic relationship. The present US Administration, with popular and Congressional support, has set about guarding against this outcome. While there are grounds for confidence that its successor will continue this effort, this must remain conjectural until after the US elections.

PROSPECTS FOR STABILITY

23. The foregoing comments highlight the extent to which stability in the three key areas of the global powers' strategic relationship depends upon continuing US resolve and ability to maintain the necessary levels of deterrence. The prospect in this respect relates not only to the domestic political situation in the US, including Congressional support for the Administration's strategic policy and defence programs, but also to the situation in other countries on whose co-operation the US effort depends. For example, at this time the prospect of the Communist Party's entering the Government in Italy is causing anxiety in NATO Governments.

24. There are also certain imbalances between the military strengths and capabilities of NATO and the Warsaw Pact. The NATO powers assess that these imbalances do not give the Warsaw Pact sufficiently decisive advantages to encourage the USSR to believe that military attack upon Western Europe would be worthwhile. However, it is noted that this assessment assumes timely reinforcement and re-supply from the US mainland.

25. The NIC believes that "the capability and combat readiness of major NATO forces have increased significantly in the light of concern over Warsaw Pact increases in military strength. At worst …NATO conventional forces could contain a Warsaw Pact thrust in Central Europe far enough forward and for a period long enough for decisions to be taken relating to the use of tactical nuclear weapons. The assumption must be that the Warsaw Pact planners would make similar assessments…. Basic NATO reasoning is that resort to war is not a credible Warsaw Pact action so long as NATO forces are sufficient to mount a strong resistance and the US guarantee is in force; while the risk of escalation to nuclear conflict is high; while war could be destabilizing in respect of Soviet control of Eastern Europe; and while the risk of conflict would outweigh Soviet national interests. We consider that these powerful deterrents are in force."[1]

26. In the North East Asian theatre, the possibility of some limited accommodation between the USSR and China after Mao's death must be taken into account – as US strategic policy acknowledges. It is not expected that any substantial Sino/Soviet rapprochement will take place.

27. After consideration of the uncertainties in the foregoing and other respects, the NIC's conclusions point to a substantial prospect for the maintenance of essential stability in the Super Powers' strategic relationship in respect of both their mutual nuclear deterrence and the situations in Central Europe and North East Asia.

[1] NIC ISO 6-5, 13 and 6-6, 17

28. However, the Super Powers' relationship is competitive and dynamic and it must be expected to fluctuate from time to time. Even if the risk of direct military conflict between the Super Powers, including that from miscalculation or mismanagement, is still to be seen as essentially controlled, a possibility persists that, in the circumstances of the day, some perceived weakness in the conflict of wills might be exploited to the USSR's advantage.

CONSIDERATIONS FOR AUSTRALIAN POLICY

29. On all the assessments, the prospect of the USSR's gaining significant advantage in any of the three key situations is at present improbable. However, given the critical importance of stability in these situations to Australia's security and general strategic interests, Australia should explore whether there is any useful contribution open to it that could support continued stability.

Australia's Basic Strategic Attitude

30. In this respect, it is desirable first of all to restate the fundamental consideration that shapes Australia's strategic interests and attitudes in respect of global matters, and their complex ramifications throughout other situations. This is that the extensive affinity and interdependence of basic national interest between Australia and the industrial democracies also sustain a basic community of interests in strategic opposition to the USSR.

31. This situation needs no elaboration in this paper. Nor is it necessary to dwell upon the points, firstly, that Australia's relationships with the industrial democracies do not, of course, constitute the limit of its external interests or the decisive determinant at all times of policy regarding these interests; and secondly, that Australia's interests are well served by the Super Powers' strategic balances and their efforts to avoid conflict. The strategic attitude need be no more of a barrier to Australia's co-operation with the USSR and its associates in economic, diplomatic and other matters offering mutual benefit than it is to other western countries in their activities.

Western Objectives

32. It is a Western objective to deepen and extend contacts and influence with the USSR by various measures. These include negotiations and monitoring regarding strategic capabilities and dispositions, and the development of Soviet interest in a widening range of political, economic, technological and other relations with the West, with their inherent restraints on Soviet conduct. Western policy seeks to do this without impairment of essential deterrence and without offering the USSR opportunities for exploitation and relative advantage, strategic, political or economic.

33. General political encouragement and support of these efforts vis a vis the USSR are in accord with Australia's interests, subject to free (but not necessarily public) expression of doubts or opposition regarding policy that may appear unsound in Australian assessment.

34. Australia can help to foster Soviet and East European interest in international stability by the promotion of trading and other relationships of mutual advantage.

Scope for Defence Policy

35. The elaboration and conduct of policy in the foregoing respects is not primarily a defence responsibility.

36. As far as Defence is concerned, there is an important role in consultation with other areas of the Government, notably the JIO and the Department of Foreign Affairs, in the monitoring of developments affecting the central balances and the range of activities constituting the strategic relationship. This includes providing advice to the Government for the conduct of its policy in such respects as the Strategic Arms Limitations Talks, nuclear-test ban arrangements, US and Soviet strategic doctrine and capability and technological developments.

37. Australia is not now or prospectively under direct military threat from the USSR (although there is always the possibility that US defence-related facilities in Australia might be targeted by Soviet nuclear weapons). A US NATO-type relationship with Australia is not necessary – and it is not sought by the US. At the same time, the US gains strategic advantage from its alliance relationship with a country of the area, resources, technology and geographical location of Australia.[1]

38. Australia's national resources and commitments do not permit direct military contributions that would be of significance to the balance in the distant European or North East Asian theatres. Australia cannot contribute forces to the West's nuclear deterrent.

39. The powers involved in Europe and North East Asia assume that conflict there would very probably lead to the use of nuclear weapons. Prolonged conventional war is not regarded as likely. However, should future developments that now cannot be assessed make it more likely that war might be fought by conventional means, there could then be a question of an Australian military contribution. The considerations shaping decision would only be apparent at the time, but Australia might in future circumstances have embarked upon defence expansion on a scale that would enable it to make a contribution to its allies' effort. At this time, however, this possibility is too uncertain and remote to be a specific factor in the shaping of the Australian force structure.

[1] See Chapter Nine for discussion of Australian activities in support of the US strategic effort.

CHAPTER TWO—POSSIBLE SOVIET STRATEGIC EXPANSION

40. This Chapter reviews the prospects of strategic expansion by the USSR beyond the situations discussed in Chapter One. It looks particularly at the maritime situation and the position in the Indian Ocean, and discusses implications for Australian defence policy.

SOVIET INTERESTS AND ACTIVITIES

41. The USSR has attained the status of a global power. Along with certain world-wide interests, such as major fishing operations, commerce and diplomatic status, it has certain identifiable global requirements to support its nuclear and maritime strategic capabilities. It also continues to expand its naval and merchant shipping capabilities to achieve its basic strategic needs, and to establish a presence in areas from which it can exert a regional influence. Although it has relatively less need than the US for stationing forces overseas or for major bases, it will take the opportunity to gain access to military facilities when this is militarily or politically useful. It will seek to use its increasing global military reach for political purposes.

42. The USSR also looks forward to and works in various ways for the decline of the Western democracies and the eventual emergence there, and elsewhere about the globe, of "progressive" political forces. It displays alertness to opportunity for political, and potentially strategic, influence, where it sees advantage and calculates the risks acceptable.

43. This attitude by no means involves Soviet effort to penetrate every unstable situation about the globe. Soviet leadership has conducted its policy with discrimination and caution. Along with tenacity of purpose it has displayed flexibility, and considerable attention to the stability of its relations with the US.

Angola

44. The Soviet intervention in distant Angola, particularly its aid to Cuba's involvement, caused a shock in Western countries. This development needs to be seen in perspective. The Soviet action was bold; but it was against a long background of Soviet, and Cuban, involvement in Angola. More important, the USSR could calculate – and events proved it right – that its action would not lead to a prompt US response in kind.

45. The MPLA regime's dependence on the USSR and Cuba seems likely to last for some time. It has signed economic, technical and military aid agreements with them. Whether or not the USSR seeks special military access to Angolan facilities, it has established a position that it can use to advantage. Combined with their military and other aid to liberation movements operating from Mozambique, the USSR and Cuba are in a strong position from which to exploit the racial situation in both Rhodesia and Namibia.

46. At the same time, intervention in Angola produced some disadvantages for the USSR. It has drawn a US warning regarding the USSR's use of Cuba. It has stimulated a US program of political involvement and military and economic aid in Africa that could restrict the USSR's own scope, and force it into more costly competition. The Angola action was a factor in stimulating public and Congressional support for the larger US defence budget.

Possible Future Soviet Activity

47. The NIC reports, "It should not be assumed … that détente means any more to the USSR than minimising the risk of nuclear war and re-directing the global competition with the US into safer channels where the USSR can pursue long-standing goals with instruments ranging from diplomacy to military support".[1]

48. It cannot be ruled out therefore that similar occasions to Angola will again arise. The USSR has been favoured with situations arising from the withdrawal of the Western powers from their colonial territories. Opportunities in this respect are now dwindling. However, new opportunities are coming up, such as the racial confrontation in Southern Africa, and the USSR could also develop new political platforms for the justification of intervention in other situations. Soviet activity may in future involve large efforts to penetrate "soft spots" like Angola and Somalia, for example Djibouti, where it calculates that this does not risk a significant US response.

Calculating the US Reaction

49. In planning such initiatives, the USSR might miscalculate the US reaction, so provoking heightened competition or direct confrontation by the US, with risk of crisis. The NIC refers in this respect to "the need to evaluate, on a continuing basis, precisely what each of the two Super Powers define as their areas of 'primary' or 'vital' interest".[2]

50. There is uncertainty at present about the extent to which the US Congress would support US intervention in areas where the nature of the US interest was in doubt – and however the relations between Congress and the Executive might develop politically from time to time, Congress now has the power to check a foreign intervention by the Executive. On the other hand, continued pressure by the USSR in trouble spots about the globe could lead to questioning in the US of the value of the policies of "détente" for restraining the USSR, with consequent heightening of tension in the central strategic relationships.

[1] NIC ISO 2-7, 25

[2] NIC ISO 18-1, 1

51. The USSR seems likely to be at least cautious in these respects. It must at present take into account the possibility that the US, with Vietnam and its domestic political and economic troubles of the last decade behind it, could play a more vigorous role in support of "world order". "Soviet leaders sense that US international difficulties of a kind that they would ordinarily welcome have already helped to harden US resistance to 'détente' and could put the relationship at risk altogether if they continue. At present the USSR is concerned to preserve the benefits, including economic co-operation with the West of its relationship with the US and to avoid arousing negative US reactions."[1]

Third World Attitudes

52. The USSR also faces resistance from Third World countries to the Super Powers' intervention in their affairs. Its own limited ability to play a role in international aid, trade and investments further restricts its ability to win and consolidate political influence, except in a highly selective way.

The General Prospect

53. At this time the NIC's analysis is that, although the USSR's position has improved in recent years, it is rather the Western powers that are to be seen as generally better placed to extend their influence in the Third World and, if not to hold "the balance of world political forces" in their favour, at least to see the USSR denied decisive advantage in this respect.

54. Given the nationalist, non-aligned attitudes in the Third World countries, this is the best that the Western powers can hope for – and it should generally be sufficient to protect their interests. Even if the USSR's motivation were progressively to acquire and extend areas of local strategic ascendency – and this view of its motivation appears doubtful – it appears that the USSR would face considerable difficulties. Its achievements appear likely to be essentially confined to particular localities. Even there, the security of its position will be uncertain if its experience in Indonesia, Bangladesh, Egypt and the Middle East generally, is any guide.

AUSTRALIAN INTERESTS AND POLICY

55. The areas in Africa of principal current interest to the USSR are remote from Australia. Scope for the USSR nearer to Australia is at present limited. In particular, favourable opportunity in, e.g. Indonesia or Singapore, where the USSR might have the interest for a large effort, appears improbable while present circumstances persist – and no change is indicated in the NIC's report.[2]

[1] NIC ISO 2-7, 26

[2] See Chapter Three for discussion of Africa and other distant regions, and Chapters Five, Six, Seven and Eight respectively for discussion of South East Asia, Indonesia, PNG and the South West Pacific and Antarctica.

56. Australian policy should actively try to ensure that these favourable circumstances persist. Much of this activity will rest with political, economic and diplomatic policy – in more distant regions there are limits on the effective reach of defence policy. However, in the South West Pacific, PNG, Indonesia and the ASEAN countries, defence activity can support policy for the reduction of opportunity for expansion by the USSR. Defence activity includes aid, military display, support as appropriate to US efforts, and the maintenance of general contacts and relationships that support local confidence and a sense of strategic affinities with the Western powers. Considerations shaping policy in particular areas are discussed in later Chapters.

THE MARITIME SITUATION

57. The NIC notes the growth of the USSR's fishing and mercantile marine activities, and its increasing maritime capability for the projection of Soviet influence into areas relatively remote from the primary areas of the USSR's strategic concern.

58. Primary response to the Soviet maritime challenge must rest with the US, whose declared policy is to maintain its maritime superiority. In this, however, it looks for local support from its allies. This affects Australia principally in respect of lines of communication in the Pacific and Indian Oceans, the seas and straits of South East Asia and Australia's own immediate strategic approaches. The following considerations are relevant to any Australian role.

59. Actual attack upon surface lines of communication has for many years been assessed as highly improbable short of general war. Nevertheless, the USSR has formidable capability for such attack, and in times of international crisis it could offer threat or harassment.

60. If danger to Australia's immediate approaches and focal areas of maritime trade were assessed, the Australian task would first be selective national defence in these respects. There would be no capability for significant involvement elsewhere. However, the concept of Soviet operations would probably rather be one of intimidation and harassment of high-seas traffic short of actual attack. Australia in these circumstances would have some capability to contribute to allied counter-measures.

61. Australia can also contribute to Western influence by the demonstration of interest and capability in peace-time in relevant areas of strategic interest, including regular naval cruises, ship and aircraft visits, and maritime exercising with friendly forces.

THE INDIAN OCEAN

62. The primary area of Soviet strategic concern in the Indian Ocean is likely to remain the north-west sector. This sector "bounds on the tension-prone Middle East and the major world resources of oil, through it pass the vital and sensitive Western oil lines of communication, it provides the approaches to the Suez Canal, and a number of its littoral States border the USSR. By maintaining a permanent presence in the area – a presence capable of rapid reinforcement in an emergency – the USSR can exercise an influence on regional countries and regional affairs and provide a latent instrument of pressure against vital Western interests. For these reasons it is likely to remain an area where a continuing naval presence is maintained."[1] The USSR is likely to continue development of facilities in Somalia, and could somewhat increase the size and effectiveness of its deployment. The importance to the USSR of passage through the Malacca Straits is noted in this respect.

63. The north-west sector is remote from Australia (about 3,500 nautical miles from North West Cape to the Arabian Sea). There is little reason to expect a direct attack on Australian territory from Soviet forces based in this area.

64. There are grounds for strategic concern, however, because of the potential for Soviet interference with the important oil-supply routes to Australia, Japan and Europe, and for Soviet strategic penetration into the north-east Indian Ocean, e.g. the Maldives. Moreover, expanded Soviet activity could lead to heightened confrontation with the US, drawing in littoral states and disturbing Australia's strategic circumstances. Any further development of base facilities would give the USSR increased potential for interference.

65. Australian defence advice has therefore supported maintenance of US capability, including the facilities at Diego Garcia, and their development at a level necessary to restrain or counter expansion of the Soviet effort. The defence interest would not want to see escalation of the general level of naval deployments.

66. Countering of the USSR in this situation rests primarily with the US. Australia would not be able to undertake regular operational commitments distant from its bases without detriment to defence tasks in its own area and neighbouring region. However, the run-down of US facilities in Thailand, Britain's withdrawal from the area, and uncertainty about the availability to the US of staging access through Singapore, could lead to a larger requirement for Australia to contribute to surveillance in the Indian Ocean.

67. In the improbable event that the USSR sought significant strategic expansion beyond the north-western sector into areas of the Indian Ocean closer to Australia, practical Australian support to US counter measures could assume a higher priority. Except in areas close to Australia, the prime burden of direct maritime restraint would still rest with the US. It could be important to US efforts, however, that there were capabilities in the Australian force structure, and supporting facilities, relevant to naval and air operations and surveillance.

[1] NIC ISO 8-13, 37

68. Relevant defence facilities in Western Australia should continue to be developed over the long term, and effective working defence relationships between Australia and the US should be demonstrated by US naval visits, combined exercises and surveillance co-operation. Subject to other commitments from time to time, the RAN should display in the lines-of-communication and ports of the East Indian Ocean. It could be helpful to the US to include occasional RAN and RAAF visits to Diego Garcia. (Occasional naval visits further afield in the Indian Ocean may be desirable, essentially in support of Australian diplomatic interests.)

Maritime Surveillance

69. Australian nautical and air forces already exercise and patrol in the closer Indian Ocean areas – currently at comparatively low levels. Attention is also given to surveillance by technical means and in research and development directed towards better coverage in the future, e.g. by over-the-horizon radar.

70. The possibility of Australia making a larger contribution to the surveillance task in the East Indian Ocean was mentioned (paragraph 66). The dimensions of that contribution cannot be quantified at present. It would depend on the extent and frequency of any unfriendly intrusions and on assessments of the response necessary. Judgements would be required regarding the extent to which Australia should provide and commit Defence Force resources and effort in this area, having regard both to the desirability of co-operation there with the US and to the priorities attaching to other tasks.

71. With the loss of facilities in Thailand, the US is seeking use of Singapore for air transport transit to Diego Garcia, and for use by its P3 aircraft proceeding on surveillance flights into the Indian Ocean. Australian diplomatic assistance has been sought by the US in obtaining the Singapore Government's approval to this use.

72. The scope for Australian co-operation with the US in these respects is being examined to ensure co-ordination of Australian and US surveillance and reporting. Use of Diego Garcia by RAAF LRMP aircraft is also being discussed. This would enhance the effectiveness of Australian operations, and help the US politically.

CHAPTER THREE—REGIONAL FACTORS: SOME GENERAL CONSIDERATIONS

73. This Chapter describes the reduction of former principal powers to a strategic status limited essentially to their own local regions and it points to implications of this, and of the associated local restriction of regional conflicts, for Australian defence policy. The Chapter also discusses regional developments in relation to nuclear proliferation and the Law of the Sea.

THE REGIONAL POWERS

74. An important aspect of the modern world is that there are no longer five or six "Great Powers" with extensive strategic interests and capability. There are only two global "Super Powers", the US and the USSR.

75. The traditional European "Great Powers", Britain, France and Germany, and Japan, formerly a major Asian power, have lost the status of an earlier era and are now regional powers. China has potential global military status in respect of its developing nuclear capability – which is still, however, very limited – and its confrontation with the USSR is a factor in the global equilibrium. It has strategic interests, but no local military presence in the adjacent South and South East Asian regions. India and Iran have developed capability for limited projection into each other's region, but essentially they are restricted to their own local regions. Some exception to the foregoing is still provided by France, which has continued to deploy military forces abroad in support of its residual commitments in North East Africa and the South Pacific. These deployments do not, however, express interests and capacity on a scale that would sustain France's earlier status as a "Great Power".

Possible Conventional Threat from a Major Regional Power

76. Pressure can be brought against a country, or in its support, by a range of political and economic measures. Strategic pressure may also be exerted indirectly, for example by the use of proxies or by aid to insurgent groups. However, there is no likelihood that the powers mentioned above would nowadays deploy forces for major conventional military operations beyond their own particular regions. Such operations in areas of direct defence concern to Australia are not feasible without major change in present long-term circumstances.

77. Australia's remoteness from the strategic interests and military strength of the major regional powers offers both advantage and disadvantage. It is disadvantageous for Australia to be remote from its strategic associates in Western Europe. However, its remoteness from powers in other regions, which might at some future time possibly acquire the motivation and capability for military threat to Australia, can be seen as substantially supporting Australia's security.

78. The principal regional powers closest to Australia are China, Japan and India. China faces direct, palpable threat from the USSR. Japan is vulnerable to such threat. India is constrained by fear of China. While this situation persists, their strategic interest and effort are most unlikely to become significantly distracted by other, more distant interests. China is further restrained by the involvement of the US in the North East Asian region and by Japan's potential for major military

development. If in time China might develop some capability for distant extra-regional projection, principally maritime, this looks as though it will long be too limited for major strategic impact. Military development by Japan is restrained by the likelihood of adverse reaction by the Super Powers, and by China, and by its treaty relationship with the US.

79. There is firm ground for expectation that the Super Powers would react strongly against independent military development by any regional power on a scale that threatened their own security interests.

80. Along with military capability, major questions of national interest and will and of strategic circumstances and opportunity must also be taken into account in any realistic consideration of the development of possible direct military threat to Australia.

81. There is nothing in the NIC's reports to suggest factors shaping threat of military attack upon Australia from any potentially capable power in other regions. Particularly given the other powers' substantial pre-occupation with the Super Powers, it is extremely difficult to conceive of a realistic combination of the necessary circumstances that would favour such a threat. These circumstances would have to include radical changes in the position of the Super Powers and in their relations with the regional powers, as well as major changes in the motivation and capability of the regional powers. There is no evidence to suggest that such changes are now in development or to be expected. Such complex changes could not, of their nature, be expected to be quick in their development; if they emerged, they would be likely to do so unpredictably over a substantial period of time.

CONTINGENCIES

82. It would appear, therefore, that, while present long-term factors prevail, the contingencies that might arise for Australia in respect of military attack by major powers from other regions would be limited to low-level pressures and harassments, e.g. in respect of the maritime resources zone. The possibility of deployment by those powers of the major military capabilities necessary for substantial assault on Australia is not a credible contingency for defence planning.

83. Australia now has the capability to deter or rebuff low-level pressures; but concurrent, wide-spread or long-term deployments could be beyond the capacity of the force-in-being.

Indonesia

84. Indonesia is a power that, like Australia, is remote from the theatres of primary strategic involvement of the Super Powers. The course Indonesia chooses militarily could therefore be of less direct security interest to the Super Powers, except for their interest in anything affecting maritime passage between the Pacific and Indian Oceans.

85. Any threat of significant military assault by Indonesia on Australia would have implications for the United States in respect of the ANZUS Treaty. US willingness and ability to support the security of its allies is basic to its global position vis a vis the USSR. There would be grounds for confidence in this respect that the US would see its interests jeopardised by Indonesia's action, and intervene. The extent and

manner of the US intervention, however, would depend upon a variety of circumstances at the time, for example US interests in Indonesia, the nature of Indonesia's disputes with Australia, the kind of external support that Indonesia might be receiving, and Congressional willingness to intervene, particularly militarily, if the USSR was not supporting Indonesia – or if there was an expectation that US action would attract Soviet involvement. The threshold of US military intervention in support of Australia could be quite high.

86. These considerations suggest that the general proposition about Australia's security from major military threat, and the assurance of US combat support, need qualification in respect of Indonesia[1].

CONFINEMENT OF REGIONAL CONFLICTS

87. An important feature of the contemporary world is the confinement of regional conflicts. This arises from both the limited capability of the regional powers to extend their hostilities and their lack of motivation to do so. Such extra-regional powers as might on occasion be interested in intervention are, unless associated with a Super Power, as in Vietnam or Angola, restrained by inadequate capability and the requirements of their own local security.

88. A further restraining factor can be action by the Super Powers, in the political and military-supply fields, particularly when their interests are involved and there is risk of their confrontation. A major concern of the principal powers involved has been to keep the regional conflicts limited, and not to let them spread.

89. This confinement of regional conflict is important for Australia, accustomed earlier in its history to see regional instability as bearing on Britain's interests, and therefore Australia's. In the contemporary world, the outbreak of regional conflict need not be seen as a preface to the collapse of international stability and the first stage of a world war.

90. At the same time, it is noted that the level of armament now available to regional powers, most often from one of the Super Powers, is such that regional war can be intense and cause great loss and suffering to the participants.

IMPLICATIONS FOR AUSTRALIAN POLICY

91. Conflicts in distant regions beyond Australia's areas of primary strategic interest would be matters that concerned Australia in varying ways. For example, they might excite humanitarian concern and public sympathies, or adversely affect Australia's exports or imports, including the oil supplies necessary to Australia's military operations. They might have significance for political policy or relations with voting blocs in international organisations. Australia would not be indifferent.

92. Distant conflicts could also be significant insofar as they might influence the general strategic environment and distribution of power and insofar as the Super Powers were involved and there was a prospect of relative strategic advantage for one of them or risk of confrontation between them. There could be implications in these respects for Australia's own interests.

---

[1] For discussion of Indonesia see Chapter Six.

93. In some distant regional hostilities in the future, the US could seek allied support from outside the region. No such situation is at present in sight. Should it arise, there could be difficult questions for Australian policy in deciding between support for the US in distant regions, and maintenance of the Defence Force's ability to perform its local tasks. Much would depend upon the circumstances of the day. The important point in the context of this chapter is that Australia would have a choice. Distant regional conflicts are not to be seen as necessarily affecting Australia's interests and calling for its heightened preparedness and other practical defence measures. (This subject is further discussed in Chapter Ten).

NUCLEAR PROLIFERATION

94. Further acquisition of nuclear weapons would be an important development. The NIC now reports that "there are good prospects for slowing and possibly curbing nuclear proliferation".[1] Any further proliferation appears likely to be essentially regional in its motivation and strategic significance, although there would be complex implications for central global relationships were proliferation to become extensive or lead to actual use of nuclear weapons.

95. The NIC reports no significant move towards acquisition of nuclear weapons in the regions of Australia's primary concern. In particular, "Indonesia could not develop a nuclear weapon in the foreseeable future."[2]

96. No requirement is seen in Australia's present and prospective strategic circumstances for acquisition of nuclear weapons. Any steps taken in this direction would at a certain point seriously concern the US and probably cause strong opposition from other nuclear powers. It could alarm countries of major strategic concern to Australia and stimulate further nuclear proliferation. (See also paragraph 382 in Chapter Ten).

LAW OF THE SEA

97. A major influence on regional strategic circumstances is already apparent in the international negotiations for new Law of the Sea. A large reduction of the traditional high seas, and expansion of areas under varying degrees of national jurisdiction appear certain.

98. Australia's defence interests are affected. Given its own maritime situation and its location near the main routes between the Indian and Pacific Oceans, there will be some increase in requirements for the surveillance, patrol and policing of its own national waters and maritime resources zone. There could be tasks in respect of its own and its allies' passage through the seas and straits of the neighbouring archipelagic region to Australia's north. Disputes under the Law of the Sea will have a contingent military content. Implications for the Australian force structure are receiving close study, and there is further reference in the final Chapter of this paper.

[1] NIC ISO 5-18, 20

[2] NIC ISO 17-2, 8

99. The defence interest requires that Australian policy in pursuit of other national interests take into account the requirement to minimise scope for international dispute and friction, notably in respect of maritime boundaries (e.g. in Torres Strait and the Timor Sea) and national claims for jurisdiction beyond those limits generally accepted by the international community, such as to the continental shelf beyond the 200-mile limit.

CHAPTER FOUR—SITUATIONS IN PARTICULAR REGIONS

100. This Chapter considers the situation in the North East Asian, Middle Eastern, African, South Asian and Central and South American regions.

NORTH EAST ASIA

101. There has already been reference in Chapter One to the North East Asian region as a key theatre in the global equilibrium between the Super Powers. This section of the paper discusses the regional situations in terms of factors of more direct significance for Australia's strategic interests and defence policy.

China

102. As noted earlier, China ties up substantial Soviet forces, imposes contingent restraint upon Japan, is a factor in South Asia, and is expanding its influence in South East Asia. In some important respects China's interests, as now apparent, do not conflict with Australia's, particularly regarding the limitation of Soviet influence and the acceptance of the strategic role of the US.

103. China's small nuclear force could already reach north-west Australia. However, its prime targets are in the USSR. Military attack on Australia is considered most unlikely to become a Chinese objective for the foreseeable future. China's posture is one of national defence; it neither threatens nor supports other powers of direct defence concern to Australia. China is therefore of little direct defence, as distinct from political, significance for Australia at the present time and during the period now in prospect.

104. In the longer term, there are bound to be uncertainties about a China that had developed the political and economic strength to pursue significant policy beyond its neighbouring regions, and capability to project supporting military force. At this time, such circumstances and their impact on Australia's interests can only be matters for conjecture.

105. Short of this, China has strategic significance for Australia in certain respects. Political dissension and weakness in China after Mao, or moderation of the confrontation with the USSR, could release important Soviet military capabilities. Or ascendancy of the more extremist Chinese political factions could lead to a more militant and interventionist Chinese policy abroad, including greater support for the national insurgencies in South East Asia.

106. The overseas Chinese communities in South East Asia are at present encouraged by the Chinese Government to regard themselves as citizens of their country of residence. Some future Chinese Governments could take a different attitude, or find themselves drawn into intervention by some regional government's behaviour to its Chinese population. China could use the overseas communities for its political activity against regional governments.

107. Finally, despite China's cultivation of relations with South East Asian governments, it continues to conduct activities detrimental to their interests, although at a subdued level. It maintains relations with the Maoist communist parties in the region, giving them recognition and ideological support. It has on its territory stations broadcasting pro-insurgency material. It provides training for subversion and insurgency, and some material supply to insurgents in Burma, and possibly Thailand.

108. China's interests and perspectives are long term. It is well placed to work for the gradual, steady increase of its influence without the employment of major pressure. Neither China nor any other power appears able to achieve domination over all the countries in South East Asia; but China could in time establish a primary status in the region that would be of substantial political and strategic consequence for Australia.

109. Australian policy can acknowledge that China has legitimate interests in acquiring a position of influence in South East Asia. However, Australia's interests would be best served if China's influence were limited, to ensure that the essential independence of such countries as Malaysia, Indonesia and the Philippines was preserved. China's drive for influence, even if consistently unaggressive and patient, is unlikely to go uncontested in the region. Indonesia, for example, would be sensitive to the growth of China's status in Malaysia. Over the long term, judgements will be required from time to time as to Australia's strategic interests in this context. Although Australian activity will be primarily with political and diplomatic policy, there could be occasions, now difficult to foretell, when there would be significant implications for defence policy.

Japan

110. Assessments have repeatedly found Japan uninterested in large-scale military development. The NIC again has found this. Major militarisation in Japan is not a prospect that should specifically shape Australia's force development.

111. Because of Japan's potential for major military development, and the uncertainties this would introduce into Australia's strategic circumstances, and indeed the global equilibrium, it is in Australia's interests that Japan's military capability continue limited. However, its local national defence role of support to the US maritime effort against the USSR is to Australia's advantage. Defence policy should contemplate consultations with the Japanese. These should be developed gradually, without Australia forcing the pace. They would seek to encourage Japanese confidence in the US security alliance and willingness to carry out practical defence tasks in support of it, as well as giving Australia better access to thinking in the Japanese defence community.

112. There are also matters of technical, as distinct from policy, defence interest, regarding which it could be worthwhile keeping in touch with the Japanese – and this would help to convey to the Japanese the impression of Australia as a country serious and competent in its defence activities.

Korea

113. War in Korea is a contingency of serious strategic concern to Australia. It would introduce problems of escalation and nuclear conflict; and major instabilities for the North East Asian and global equilibria. For these reasons, however, the Super Powers and China and Japan have strong interests in seeking to prevent renewed war in Korea. This accords with Australia's interest; but there appears to be no scope for Australian defence, as distinct from political, policy to influence this situation.

114. War in Korea is not a contingency that requires specific defence preparation by Australia. Korea is remote from Australia. Circumstances would be very different from 1950. In the unlikely event of an Australian contribution to a UN force, it should be drawn from the force-in-being.

Taiwan

115. It is possible that one day China may seek to make good its claim to Taiwan by employment of military force. This action could have seriously destabilising effects on Japan, South Korea and other Asian countries. It could affect the Super Powers' interests and action, particularly the US, in ways that are difficult to foresee.

116. Of particular concern to Australia would be Taiwanese development of nuclear weapons for protection against China. This could stimulate movement towards nuclear acquisition elsewhere. Actual use of nuclear weapons by Taiwan, or by China, would be an event with serious consequences for the stability of other nuclear relationships.

117. There appears to be no scope for Australian defence policy to influence these situations.

THE MIDDLE EAST

118. The Middle East is of strategic importance to Australia in that the Super Powers' interests are deeply engaged there and crisis in the area could risk their military confrontation. The Super Powers have now, however, considerable experience in the management of Middle Eastern crises.

119. Regional developments could disturb important oil supplies to Australia. They do not, however, impact directly on Australia's security, or on its primary strategic interests in the avoidance of military build-up or lodgement by a power potentially unfriendly to Australia in areas from which conventional military attack on Australia could be effectively launched. In this respect no Australian defence involvement is called for. There could be implications for Australian interests along the lines discussed in Chapter Three (paragraphs 91-93).

120. Although the Super Powers maintain massive support for the military capability of their client states and a strong maritime presence in the area, they do not themselves have any direct combat involvement. No question arises of possible calls by the US for its allies' direct military support. However, it is possible to envisage a further situation of developing tension between the two Super Powers in which some support from allies could be sought, especially if it involved a question of preserving the movement of oil.

AFRICA

121. Instability in Africa, particularly at present possible local armed conflict in Southern Africa and the Horn of Africa, could provide favourable circumstances for further Soviet penetration. The continent has become a theatre of heightened political competition between the Super Powers. Regional conflict could become more intense because of military aid by the Super Powers.

122. There is no scope or requirement for Australian defence involvement in Africa. Soviet penetration there would be well beyond the effective range of Australian defence policy. Australia's security and primary strategic interests are not directly affected by developments in Africa. Political considerations also would suggest the requirement for considerable caution about any Australian defence involvement in Southern Africa, which could rebound to Australia's ultimate strategic disadvantage in terms of attitudes to Australia in the Third World, particularly in Asia and the South West Pacific region.

123. Threat to the Cape route appears credible only in time of major international crisis, when the Australian Defence Force would have more urgent commitments nearer home.

124. No requirement is seen for Australian defence connections with governments in Africa, apart from limited military training from time to time as diplomatic policy finds worthwhile, and as facilities are available in Australian Service establishments.

SOUTH ASIA

125. The NIC's assessments give no grounds for expectation that the USSR would be able, were it interested, to secure any significant expansion of its strategic status in the South Asian region, despite its long-standing, close relationship with India.

126. While the relatively stable situation in respect of basic strategic relationships persists in South Asia, the continuation of low-level US competition with the USSR is adequate for Australian interests.

127. Previous assessments have noted the possible implications in the longer term of a conjunction between India's economic difficulties and its acquisition of a nuclear capability, should this occur. It is still not possible to provide a useful closer assessment of this contingency.

128. Scope for Australian defence influence in South Asia is likely to remain limited, as are present and foreseeable requirements. However, it is in Australia's strategic interest that friendly relations be maintained with the regional powers, particularly India as the largest power. Opportunity should be taken as it offers to maintain some defence contact, e.g. by occasional naval visits each way; and possibly defence sales to the region.

CENTRAL AND SOUTH AMERICA

129. Cuba constitutes a point of potential friction between the USSR and the US. In other respects, Soviet interest and opportunity for significant strategic involvement in Central and South America appear extremely limited. The region appears unlikely to become a theatre of confrontation between the Super Powers. Were confrontation to develop, it is most improbable that Australia could make any worthwhile defence contribution to the Western cause, or that such contribution would be warranted in the light of Australia's other commitments.

DEFINITION OF AREAS OF AUSTRALIAN PRIMARY CONCERN

130. The foregoing discussion has made clear that there could be situations in the future in more distant regions when the implications for Australia's interests, including, for example, the security of oil supplies from abroad or the containment of some regional situation or the desirability of supporting the US, could lead an Australian Government to consider making at least some marginal military contribution. Decisions in this respect would be shaped by the circumstances of the day, including concurrent requirements on the Australian Defence Force. At the present time, however, the situation in more distant regions suggests that for practical purposes the requirements and scope for Australian defence activity are limited essentially to those areas of Australia's primary strategic concern.

131. These are the areas in which the deployment, build-up or lodgement of military capabilities by a power potentially unfriendly to Australia could permit that power's military attack upon, or incursion into, or harassment of Australia and its territories, maritime resources zone and near lines-of-communication. These areas are Australia's adjacent ocean areas, seas and straits; the South West Pacific territories; PNG; Indonesia and the South East Asian region.

132. Strategic concern is not confined to threat itself but embraces developments that could directly or indirectly support Australia's security from military threat, or favour the development of a threat, sooner or later. Thus, deployment or build-up or lodgement in mainland South East Asia would not necessarily of itself mean that threat to Australia was developing. But it could introduce uncertainties into Australia's strategic prospects.

133. The question of nuclear attack obviously involves a wider area of concern for Australia than the areas stated above. The possibility of nuclear attack in some future circumstance, or the use against Australia of tactical nuclear weapons, cannot be completely dismissed. Nuclear exchanges involving the US, USSR, Europe, China and Japan, would radically alter Australia's strategic circumstances. However, given the long-term restraints prevailing, these contingencies are not now prospective grounds of practical concern for Australian defence policy and do not

affect the definitions of the areas of Australian primary strategic concerns as stated in the preceding paragraphs.

134. The following chapters deal in turn with South East Asia, Indonesia, PNG, the South West Pacific and Antarctica.

CHAPTER FIVE—SOUTH EAST ASIA

135. This Chapter reviews prospects for security and stability in South East Asia in the light of the NIC's findings, and discusses Australian strategic interests and policy requirements there. It discusses contingencies in Thailand and Malaysia.

EARLIER PERCEPTIONS

136. In the post-war decades, Australian strategic policy was strongly influenced by anxiety that a substantial external power would come to dominate South East Asia, and hence be favourably placed to exert pressure, or ultimately military threat, against Australia. China was the focus of concern.

137. This perception was influenced by the experience, then still relatively recent, of Japan's expansion in the 1940s. The prevailing view of China, under its new communist regime, was of an aggressive power bent on thrusting southward. Another influence was uncertainty regarding the political character of the post-colonial regimes, and the apparent weakness of the nascent nation states in the face of heightened communist pressures.

PRESENT REGIONAL PROSPECTS

138. It seems necessary to look afresh at a regional situation which has in many respects changed. The NIC's assessment, still tentative and short-term, depicts a regional situation of relative stability, but with many imponderables and uncertainties remaining.

139. On the favourable side, eight regional states[1] appear now to have better prospects than earlier expected of peaceful coexistence and of security from major extra-regional pressures. Basic political incompatibilities between the Indo-Chinese communist governments and the ASEAN governments are at present not proving a barrier to inter-governmental contacts. Although uncertainties must persist about the future, fears of aggressive Vietnamese interference have not so far been realised. For the time being at least, Vietnam seems likely to be pre-occupied with its internal tasks.

140. The prospect of large external powers acquiring major strategic influence in the region has very substantially receded. It is not on present prospects realistic for Australian strategic policy to be based on apprehensions about regional strategic dominance by one power, or major external rivalry in the region. No major external power's interests in the present period, or foreseeably, would be served by destabilisation of the region. China, the most interested of the external powers, appears likely to be satisfied to increase its influence gradually and with minimum political disturbance.

[1] Burma is excluded from this review as outside the South East Asian political and strategic region. There are no signs that the long insurgency there will end or that it will develop with general strategic significance. China's involvement is noted.

141. The NIC reports good prospects for essential governmental stability in the region, despite continuing political stresses. The domestic communist insurgencies appear unlikely to be able to organise major challenge as in earlier years. Support from the communist powers to subversive and insurgent groups in the ASEAN states is not expected now to be on a scale to change this prospect – although both China and Vietnam have the resources for such support.

142. The ASEAN governments are now more strongly placed to defeat domestic challenge did it emerge. With the exception of Thailand, they are also better equipped and more experienced for the tasks of effective nation-building, which, as the last thirty years' history in Asia shows, is essential for the successful containment of insurgency.

Uncertainties

143. This has been well demonstrated in the case of Malaysia. However, the intractable problems of communal relations there, and the persistence of local insurgency will continue for the indefinite future to sustain uncertainty about prospects for Malaysia's stability.

144. Uncertainties exist about domestic political tensions in all the ASEAN states. These states have not yet developed broad-based institutions capable of supporting orderly political change. Bad government, and bad times, could produce serious instabilities.

145. Uncertainties also attach to the policies of Vietnam after the consolidation of the communist government's position and to the policies of China after Mao's departure. Already the communist victory in Vietnam has promoted major changes in the domestic politics and foreign policy of Thailand.

146. In the longer term, with the high rates of regional population increase, formidable economic and social problems are looming for the South East Asian governments. It seems unlikely that relatively moderate ASEAN governments as of today will be able to cope with the consequent political tensions and instabilities: more harsh and authoritarian governments may emerge. Polities dependent heavily on coercion could experience radical change should the ruling regime's grip weaken or it become distracted.

REGIONAL RELATIONS WITH AUSTRALIA

147. A welcome feature of the regional situation is the general goodwill displayed towards Australia. Even the new communist governments appear to harbour no significant animosities towards Australia.

148. In any case, no government in the region has the military capability for significant threat to Australia – although Indonesia has capability for low-level harassment. The NIC reports that the general thrust of development in the region is rather towards capabilities relevant to internal security and limited national defence, than to conventional military operations. (Vietnam's capability is the exception; but no other government has comparable military-supply arrangements in prospect, nor relations that might offer China or the USSR a prospect of significant strategic lodgement.)

149. Australia does not have the resources that enabled Britain to defeat insurgency in Malaya (in a campaign over twelve years) and contain Indonesian confrontation (over three years). But most regional countries appear to value some association with Australia in defence matters. Australia's relationship with the US is important in this.

150. Australian national policy to develop mutually advantageous ties with the South East Asian countries would underpin their present goodwill, and support favourable strategic attitudes among them to Australia over the long term.

AUSTRALIAN DEFENCE INTERESTS AND POLICY

151. Australian defence policy should be concerned to support as best it may the present favourable prospect in South East Asia.

Basic Defence Interests

152. This prospect serves Australia's interests in avoidance of regional disturbances. Domestic instabilities in the region and even a level of political discord between the states would not of themselves jeopardise Australia's security. But they would introduce risks of communist intervention, to promote political change or to secure local strategic status (in the case of Vietnam, to extend it). Regional rivalry and confrontation between external powers could develop. Indonesia's strategic interests and political attitudes could be affected in ways unfavourable to its relations with Australia. Prolonged regional disturbance and tension could lead to a more substantial development of regional capability for conventional military operations and Australia could be exposed to pressures to take sides in regional military confrontations. The growth of regional armaments would at least be an important consideration in the level of Australia's own defence expenditure.

153. None of these developments is at present in prospect. Reference to them, however, can help to clarify the basis for Australia's abiding concern regarding the prospects for South East Asia.

External Involvement

154. The ASEAN posture against intervention by external powers in the region's affairs accords with Australia's own strategic objectives as indicated above. There is advantage in continuing Australian understanding for the ASEAN concept of a Zone of Peace, Freedom and Neutrality. Practical arrangements still seem a long way off. There is no indication that the concept would cause difficulties regarding the US bases in the Philippines or Australia's small defence presence in Malaysia and Singapore. The ASEAN Governments appear to want to ensure that their arrangements would not be a barrier to support from their friends.

155. The risk of communist intervention to promote political change has been noted. Insofar as communist regimes can be seen as readier to enter into strategic relations with one of the major communist powers, the spread of such regimes is unfavourable to Australia's strategic interests. However, it is noted that Sukarno's non-communist Indonesian Government entered into an arrangement for military supply with the USSR, and that the communist Vietnamese Government is resistant to close strategic ties with either the USSR or China. These observations suggest that the communist or non-communist character of a government should not be an automatic and final determinant of Australia's strategic attitude to it.

Indo-China

156. Vietnam is a long way from Australia: a direct military threat by Vietnam to Australia is not credible. However, Vietnam and Cambodia and Laos, are a theatre for Sino-Soviet rivalry. Vietnam, in particular, could become a vehicle for Chinese or Soviet strategic expansion, although this does not now appear probable. Direct Vietnamese military expansion or aggressive promotion of subversion and insurgency in neighbouring countries, seen as unlikely in the short term, would risk the stability of non-communist governments and renewed external pressure up to an including intervention in the region. It is in these respects that the Indo-Chinese states are included in the areas of Australia's primary strategic concern.

157. In present and prospective circumstances, Vietnam's direct defence significance for Australia is likely to remain small. Its maritime capability against lines of communication is geographically limited. US and Australian assessments do not rate highly the USSR's chance of acquiring base facilities at Cam Ranh Bay, in particular as this would cause Vietnam serious problems with the Chinese.

158. The Australian defence interest supports relationships with Vietnam that would lessen political frictions, bring Vietnam into the regional and wider international community, and support Vietnamese nationalist sentiment against Soviet and Chinese influence.

159. There appears to be little scope at present for Australian defence policy to influence developments in Cambodian and Laotian strategic policies and relationships.

The Philippines

160. The Philippines lacks hostile motivation and significant military capability regarding Australia and Australia's immediate neighbourhood. Australia's interests are that this situation continue, and that Philippine security and national independence not come under threat or dominance by any external powers unfriendly to Australia. Prospects in these respects are favourable.

161. The Philippines' acceptance of the major US air and naval bases has benefited Australia. These are essential for the maintenance of the US military presence throughout those areas of Australia's strategic concern in the Pacific and Indian Oceans and South East Asia. Current negotiations between the US and the Philippines could modify the terms of tenure of the bases but are unlikely to lead to their withdrawal.

162. In comparison, particularly with the US, the scope for Australian defence influence on the Philippines is small – and the requirement is not large. Australia can, however, make some contribution to the common interest by occasional defence consultations and a program of defence co-operation, covering selective aid, exchange of visits, some training and occasional military exercises. Australia should take appropriate opportunity to let the Philippines, and the US, know of the importance it attaches to maintenance of the US bases.

163. The Sabah issue, earlier a source of friction between the Philippines and Malaysia, appears to have been effectively dampened by diplomacy within the ASEAN framework. No implications are seen in this situation for practical Australian defence policy or the force structure.

Thailand

164. Control of Thailand by an external power would facilitate pressure and operations against Malaysia and Singapore, and from there possibly against Indonesia and eventually Australia. Australia would therefore wish to see Thailand free from such control.

165. Vietnam and China each have ample capability to challenge a Thai Government by direct military assault or by support of established insurgency. Did such challenge develop, Australia on its own would lack the capability for operations on a scale that would be significant against the superior numbers that China or Vietnam could deploy and/or support in Thailand.

166. Decisions as to any Australian involvement, if this were to have any useful purpose, would therefore have to take into account the likelihood of involvement by other powers, notably the US and Malaysia, Singapore and, particularly, Indonesia. The regional powers' security interests would be most directly exposed. Their involvement could well be a condition of any US intervention. All these regional powers, however, were prepared after the communist victory in Vietnam to see Thailand lost – and there are no signs of any change in their attitude.

167. Experience over three decades in Asia demonstrated repeatedly that successful counter-insurgency required political, economic and administrative measures as well as police and military action. These measures could be carried out only by the domestic government of the country (Britain's position in Malaya). Foreign military intervention has been unable to protect a government against insurgents, or external support to insurgents, when that Government itself could not attract or compel the support or acquiescence of the bulk of its citizens.

168. This experience strongly suggests that a Thai Government that had allowed insurgency to grow to the point where its central authority could come directly under challenge would not be a government to which external powers could provide effective defence assistance.

169. It is noted that supply and other support can be provided to Malaysian insurgents through Thailand without Thailand having first to come under foreign control. (The NIC has no evidence of movements at present.) There is no Thai Government now in sight with the resolve and capacity necessary to overcome Thailand's insurgency problems and to close supply routes to, or the insurgent bases in, the Thai-Malaysian border area. Indeed, operations there have not commanded a high priority with Thai governments.

170. It looks as if Thailand will survive as a rather unstable but still essentially independent polity, beset by domestic and diplomatic problems, but in no critical danger of collapse.

171. The scope for worthwhile Australian defence activity is limited. However, there could be some political value in a modest defence co-operation and aid program – some consultations, training, exercising and project aid. This could help to encourage the Thais to feel part of a wider community and to resist further encroachment on their independence, without stimulating them to any sharper confrontation with their communist neighbours.

Malaysia, Singapore and Indonesia

172. The stability and security of the sub-region constituted by Malaysia, Singapore and Indonesia have long been recognised of particular importance to Australia. Major instability in the sub-region could attract intervention by Vietnam and/or China, with uncertainties about the impact on Australia's strategic interests.

173. The air space, waters and straits controlled by the sub-regional powers are important for Australian trade and other communications. They are important for US and Soviet naval deployment into and between the Indian and Pacific Oceans. They are critical to the stable supply of raw materials to Japan. Increased USN use of Singapore is an Australian objective, to provide a counter to the substantial Soviet use of facilities there.

174. By continuing its defence aid and co-operation programs Australia can contribute to local military development and to local confidence regarding strategic and security matters. The establishment of maritime surveillance arrangements with the sub-regional powers, if practicable, and the association of the US, if locally acceptable, appear a worthwhile extension of present co-operation. Increased training and exercising with Singapore are already under development. Malaysia and Indonesia, however, have shown less interest in developing combined exercising, while welcoming Australian assistance and co-operation in other respects. Malaysia in particular has shown reluctance to exercise with Australia in conjunction with Singapore. It is important in any Australian arrangements regarding Singapore to take full account of its neighbours' sensitivities and likely reactions.

175. Defence relations between Australia and the sub-region can also contribute to a local sense of association with the wider community of the West, and thus limit the opportunity for the USSR and other communist powers to develop their strategic influence. Increased RAN use of Singapore's facilities, as practicable, could be worthwhile in this respect, together with continued regional display and exercising as opportunity can be arranged.

176. Australian activities that contribute to Malaysia's security and to stable relations between Singapore and Malaysia are valuable also to Indonesia, with prospect of benefit to Indonesian dealings with Australia regarding bilateral and neighbourhood affairs. Australian withdrawal from Malaysia would be seen by Indonesia as expressing Australia's indifference or incapacity regarding matters in which the present Indonesian Government has looked to Australia to take an active interest.

177. No question of more substantial and direct defence involvement is likely to arise in the present and now prospective situation in Malaysia and Singapore.

The Five-Power Commitment

178. Australia is a party to the 1971 Five-Power communiqué. In this, Ministers of the five Governments declared that they "would continue to co-operate, in accordance with their respective policies, in the field of defence … (and) in relation to the external defence of Malaysia and Singapore, that in the event of any form of armed attack externally organised or supported or the threat of such attack against Malaysia or Singapore, their Governments would immediately consult together for the purpose of deciding what measures should be taken jointly or separately in relation to such attack or threat".

179. The presence of the RAAF Mirage squadrons at Butterworth is due to be reviewed with the Malaysian Government at the end of 1976. Before these discussions, it would appear desirable for the Government to review both its obligation under the Five-Power communiqué, and the question of whether the RAAF deployment to Malaysia should be continued or modified or terminated. Some of the issues are indicated below. Detailed considerations will be submitted to the Government preparatory to the discussions with Malaysia.

180. In the event that consultations under the Five-Power communiqué were called for, it cannot be expected that a British response would go beyond diplomatic action. New Zealand would probably be prepared to consider a limited supplementation of such military assistance as might be decided upon by the Australian Government; but it would almost certainly expect Australia to provide the bulk of logistic support for New Zealand's contribution. Any external support for Malaysia and Singapore under the Five-Power arrangement would rest primarily on Australia. Australia could not, however, succeed to Britain's earlier role in the area.

181. From one point of view, maintenance of the RAAF deployments, in the context of the Five-Power consultative commitment, places Australia hostage to the local developments. Their presence can only encourage local expectations, including those of the Indonesian Government, that Australia would play a larger and more effective military role than its resources would permit, or its interests might require – or allow if there were concurrently other priority tasks for the Defence Force.

182. It is for consideration whether the RAAF deployments unduly limit the options open to the Australian Government in the event of a call for Five-Power consultations. Their withdrawal at that stage of crisis, or refusal to allow their operational employment, would be seen as an Australian failure to honour an obligation. Australia could thus be drawn into operations in Malaysia against its better judgement.

183. The NIC reports that Indonesia considers Malaysia and Singapore "as falling within its own defence"[1]. It is possible that any Australian military operations would therefore be in conjunction with the Indonesian Armed Forces. Implications in this respect will need study.

184. Considerations along the foregoing lines suggest that it could be prudent for the Australian Government to seek a more flexible position from which to deal with any request for military help under the Five-Power arrangement. The Five-Power arrangement does not require the external partners to deploy forces in Malaysia or Singapore permanently.

185. On the other hand, as indicated in paragraph 152 of this Chapter, Australia has interests in South East Asia that warrant active Australian support so far as practicable and consonant with other priorities arising. The RAAF Mirages are a tangible demonstration of Australia's interest in and goodwill towards the region. The possible damage to Australia's status and influence caused by withdrawal will need to be assessed. The RAAF presence also fosters the development of Malaysia's and Singapore's air forces. The United States, while it recognises the limitations upon any Australian operational contribution in Malaysia, values Australia's defence presence and activities in the sub-region. Their importance to Indonesia has also been noted (paragraph 176 above).

186. Finally, it is to be noted that as a practical matter, the Mirage squadrons would be hard to place in Australia for the next few years.

A CONTINGENCY IN WEST MALAYSIA

187. The following section considers a possible contingency in West Malaysia.

188. In the unlikely circumstances of a substantial deterioration of Malaysia's internal security situation, the Malaysian Government would have substantial resources of manpower that it could use in the situation. While a period, possibly prolonged, of heightened tension and instability could ensue, the Government's opponents would face formidable obstacles in mounting major challenge to its basic power and authority.

189. Any request for help on a significant scale would seem likely to be directed to Indonesia. Indonesia has considerable capabilities for counter-insurgency. If by this time the RAAF Mirages had been withdrawn, Australia could, however, conceivably be asked for military supplies and for some specialised support, e.g., surveillance, transport, maritime patrol, communications. Relevant capabilities are in the force-in-being.

[1] NIC ISO14-4, 10

190. It would be important then to assess whether the situation was attracting, or was likely to attract, external communist involvement on a scale that could activate the Five-Power commitment, or lead to material change in Australia's strategic circumstances. It would also be important to assess whether, in these events Australia could take any effective action to help counter or contain developments. The military and resource implications of a potentially protracted involvement would require close consideration. (A Military Supplement to this paper, lodged with the Cabinet Secretariat, throws more light on the nature and order of magnitude of force expansion that Australia might have to consider.)

191. Australian policy would also need to consider to what extent Australian intervention might provoke, or provide excuse for, external intervention by the communist powers.

192. More substantial Indonesian interests would be more closely involved in the situation postulated than Australian. What the Indonesians were going to do, if anything, would therefore be important for Australian policy.

193. A further factor would be the extent to which any Malaysian difficulties were due to bad government. Clearly, the question of Australia taking sides with the essentially Malay Governments of Malaysia and Indonesia against insurgents drawn primarily from the local Chinese population, would require careful consideration. Similarly, Australian policy that singled out Singapore for support could expect unfavourable political repercussions, unless its acceptability to the neighbouring governments had been established beforehand.

194. The greatest caution would be necessary should the question arise of Australian military support to a foreign government in its counter-insurgency operations. The political implications in both Australia and Malaysia of Australian involvement would influence policy.

195. Military intervention always risks enmity from those it seeks to suppress should they come to power. The defence interest has to be prepared to accept political change in another state and adapt to it, even if it be brought about by domestic violence.

196. In summary, a situation is unlikely to develop on the scale discussed above. It would appear that, despite Australia's defence interest in the sub-region's security from external interference, it is not a foregone conclusion that were the situation to deteriorate Australia would intervene militarily. While an Australian contribution could be useful in making good to a limited extent Malaysian and Indonesian deficiencies, it could not be expected to be decisive to the outcome of the operations.

197. The policy concept of any Australian contribution would appear political rather than military – viz, to encourage local resolution; to display partnership with regional governments; to enhance status for related political policy.

198. No requirement arises therefore that would specifically affect determination of the force structure.

CHAPTER SIX—THE NEIGHBOURHOOD : INDONESIA

199. This Chapter reviews Australia's strategic prospects in respect of Indonesia. It discusses requirements for Australian policy.

200. Indonesia's importance to Australia's defence interests, and the substantial considerations sustaining basic accord between the two countries, have been long understood and acknowledged. The discussion has already noted the importance of international passage through Indonesian archipelagic waters and straits. Indonesia's strategic location in relation to any major conventional threat to Australia by a third party, and its own potential in the longer term for significant assault against Australia have also been noted.

201. Indonesia thus possesses in relation to Australia attributes of both an ally and an adversary.

202. The NIC's review suggests no present likelihood of significant military threat to Australia from, or through, Indonesia.[1] Without substantial external aid (which would in turn attract the interest of the United States if the aid were from a major power) Indonesia would need at least ten years to bring its defence forces to such a state of technical readiness as would provide a capability to mount a substantial operation against Australia. Such a development would represent a major change in the determination of Indonesia's national priorities, and would also be immediately perceptible. If Indonesia were to receive substantial external aid, this too would be immediately perceptible and would provide warning time.

POSSIBLE CHANGE IN INDONESIAN STRATEGIC ATTITUDES

203. The NIC's findings do not support anxiety about possible military aid to Indonesia on the scale discussed about from the USSR, or any other power.

204. Although the NIC expects that a successor to the present Indonesian regime would preserve substantial continuity, in the longer term Indonesia's mounting domestic problems could cause political instability. A bellicose, adventurist Indonesia, however, is merely one speculative possibility among many.

205. There is little scope in the limited dealings between Australia and Indonesia on bilateral matters for relations to deteriorate to the point of military hostilities, unless such dealings were to become beset by major political animosities.

206. Even granted Indonesian political hostility, this could be vented in cheaper, safer and more effective ways than military attack. Military attack would require military capability. Threat could well be deterred by an Australian Defence Force of adequate size and with the right type of weapons. If Indonesia's attack were to be on any significant scale, Indonesia would need to take account of the ANZUS relationship.

[1] For assessment regarding Indonesia see particularly NIC ISO 14

AUSTRALIAN DEFENCE INTERESTS AND POLICY

207. It is to the north that Indonesia's principal strategic anxieties lie. Australian policy should therefore cultivate a sense of community in that respect. The importance in this respect of Australia's defence role in Malaysia has been noted (see Chapter Five, paragraph 176).

208. Bilateral co-operation with Indonesia includes project aid, technical advice and training; occasional combined exercises (principally naval); exchange visits; [three words expunged] These activities should be maintained. To them might usefully be added occasional, low-key consultations on the defence policy side and the proposed co-operation with Malaysia, Singapore and Indonesia in maritime surveillance, if practicable. There appears at present little further requirement or scope for substantive development of the relationship.

209. The East Timor issue has strained Australia's political relationship with Indonesia. Australia has publicly stated, and formally communicated to Indonesia, its objections to the use by Indonesia of force to settle a territorial dispute. As the alternative is an essentially weak state, open to outside interference, the defence interest is served by East Timor's incorporation in Indonesia. Given the importance of sustaining an atmosphere of co-operation on matters of defence, and on matters regarding the territorial integrity of each country, Australia's defence interest would be served by Australia ceasing to press further its advocacy of self-determination for East Timor. This would be a challenge to Indonesian sovereignty.

210. Defence policy requires continuing close assessment of developments regarding Indonesia, in order to maximise the warning time of any significant change, and to minimise the possibility of unexpected change. Defence policy should insure against uncertainties and the possibility of adverse change by maintenance in the force-in-being and in core-force planning of relevant capabilities, as assessments from time to time indicate appropriate.

CONTINGENCIES

211. Current circumstances provide basis for projection of contingencies in two situations of sufficient credibility to engage specific defence interest. These are discussed below. It is noted that these situations are assessed as improbable.

Low-Level Harassment of Australia

212. Indonesia already has capability for low-level politico-military harassment of Australia, including its maritime resources zone, off-shore territories including Cocos and Christmas Islands, and lines of communication. This could present Australia with difficult defence problems.

213. If there were a major deterioration in political relations with Australia, Indonesian resort to military attack would not necessarily follow: it would be subject to many inhibitions. If military attack were considered, there would be a strong probability that it would be deterred, and discarded as likely to be ineffective – provided Australia had maintained an adequate level of relevant defence capability.

214. Defence planning and preparation should ensure that, were circumstances to develop adversely and it be assessed that there was heightened possibility of Indonesian military pressures, the Defence Force could mount the necessary military measures quickly.

Indonesia and PNG

215. The NIC assesses a possible, but unlikely, contingency of small-scale Indonesian military pressure against PNG, given certain circumstances.[1]

216. It is noted that Indonesia has legitimate interests in the stability of PNG and in its security. The present Indonesian Government relies on the Australian role in PNG to help protect Indonesia's interests. However, it "has reservations about Australia's will and capability to play a leading role in ensuring stability in Papua New Guinea".[2]

217. The very existence and international operation of PNG as a sovereign state, and the inherent risk of strong international condemnation of anything that could be regarded as aggression against PNG, would be inhibitions against Indonesian resort to the use of military force. In the event of emerging difficulties between PNG and Indonesia, there would be scope for diplomatic action to organise restraints on both their policies.

218. A strong defence relationship between PNG and Australia would manifest Australian interest in PNG's security and undisturbed national development. It is an important question for Australian governmental policy whether such a relationship is to be sought and maintained. Australia would need to guard against exploitation by PNG of such a relationship in the conduct of PNG's relationship with Indonesia.

BASIC STRATEGIC POSTURE REGARDING INDONESIA

219. This Chapter has described Indonesia as having the attributes of both ally and adversary. Maintenance of Indonesia's goodwill and co-operation, while of abiding importance, cannot therefore be the only or overriding determinant of Australia's policy. At the present time, wider strategic developments do not impact directly on the security of the two countries. The value of their accord in that respect is therefore to be measured by the extent to which it supports common views about such matters of importance to Australia as PNG and the Indian Ocean.

220. While working to foster and extend the important shared interests between the two countries, Australian policy cannot ignore long-term factors also for possible discord. Policy primarily seeking to retain Indonesian goodwill would not be adequate to protect Australia's interests. Other measures may be necessary, at the cost of Indonesian goodwill.

221. These considerations are basic to defence policy, which may have to provide backing to diplomatic policy in defence of the national interest or itself defend that interest.

---

[1] NIC ISO 15-5, 12 and 14-9, 25

[2] NIC ISO 14-9, 24

222. Australia's military capabilities and competence should therefore be such as to command Indonesian respect. Prudent defence policy, however, will be sensitive to the requirement not to disturb unnecessarily Indonesia's confidence in Australia's friendly attitude. Requirements regarding practical defence measures against the contingency of low-level military harassment of Australia and Indonesian military pressure against PNG have been noted in paragraphs 214 and 218 above.

223. The strategic posture vis a vis Indonesia thus has two basic elements: the one, implicit, the maintenance by defence measures of a generalised deterrence against Indonesian use of military force against Australian interests; the other, explicit, the fostering by various measures, including defence measures, of a co-operative relationship with Indonesia, based on the common strategic concerns and interdependence of the two countries.

CHAPTER SEVEN—THE NEIGHBOURHOOD : PAPUA NEW GUINEA

224. Papua New Guinea's importance for the Australian defence interest resides in its geographic position and proximity; in the potential for trouble in PNG's relations with Indonesia; and in the security of extensive Australian interests in PNG, including some thirty thousand citizens. Past and present close association also gives Australia important obligations for the support of PNG, and these include defence support.

225. Nevertheless, Australian policy must now clearly recognise that PNG is a sovereign, independent country. The passage of time and some attenuation of Australia's existing intimate relationship with PNG are likely to place increased constraints on the ability of PNG Governments to accept external military assistance from Australia in the settlement of domestic disputes within PNG.

PROXIMITY

226. Periods of political tension between Papua New Guinea and Australia are likely to be experienced from time to time. Powerful political and economic interests on both sides can be expected to work to contain the situation. It is difficult to see PNG ever acquiring the military capability relative to Australia that would enable it to offer a significant threat. But it will have the capability for limited harassment in the border area of Torres Strait. The conjunction of the conditions necessary for this appear improbable; but, given a high level of political animosity, warning time of harassment could be short.

227. Military lodgement in PNG by a power unfriendly to Australia would facilitate attack against Australia and lines of communication to Australia's north. This contingency is on today's outlook improbable and would be remote in time. Short of this, however, an external power could over time acquire political influence in PNG and access to its facilities, such as may enable it to bring pressure on Australian interests in PNG and the South West Pacific region. At present no external power is assessed to be seeking such status, or likely to do so. Eventually we may find that Japanese economic and political influence could be a cause of concern to Australia.

228. However, denial of opportunity to any power, or effective containment should a power gain access, should remain an enduring objective of Australian national policy. In the defence field, this requires acceptance by PNG Governments that their primary strategic relationship is with Australia, and working defence relations between the two countries that support this.

POSSIBLE PNG DIFFICULTIES WITH INDONESIA

229. Indonesia's interests in PNG, and its reliance on Australian influence in PNG to protect these interests, have been mentioned in Chapter Six (paragraph 216).

230. Future changes in PNG or Indonesia or in Australia's relationship with one or the other could conceivably lead to Indonesia's seeking more direct influence over PNG. Direct military intervention on a large scale, however, is seen by the NIC as unlikely.[1] The contingency does not call for the practical attention of defence policy beyond the precautionary measures already discussed – on-going monitoring of Indonesian attitudes; the maintenance of a co-operative Australian relationship with Indonesia and Indonesian respect for Australian military competence; and demonstration in working defence relations of Australia's primary strategic status in PNG.

Low-Level Border Incursions by Indonesia

231. A substantially lesser contingency can be more readily envisaged in respect of low-level Indonesian incursions across the border.

232. Indonesian troops have on a few isolated occasions crossed the PNG border in the course of suppressive action against dissident elements. So long as limited and incidental – and no significant escalation is at present forecast by the NIC – this activity does not constitute a significant threat to PNG's national interests. There is no serious impact on Australia's defence interests, although the potential for more substantial operations requires close monitoring at all times.

233. If PNG attempted by military force to prevent Indonesian forays, PNG might ask for Australian assistance in its operations. Such a request would pose difficult problems for Australia that could only be decided in the circumstances of the day. Considerations would include such matters as the scale of Indonesia's operations, assessment as to their motivation and aim, the situation on the border, the extent and efficacy of PNG's efforts to control activities there detrimental to Indonesia's legitimate interests, and political attitudes in PNG to Indonesia. It would not be in Australia's interests to allow PNG to involve Australia in a bilateral dispute with Indonesia brought to crisis by PNG's own irresponsible conduct.

234. Assuming that the circumstances were such as to incline an Australian Government to support PNG, the implications of such support for Australia's relations with Indonesia would require the most careful assessment.

235. If, however, it were decided that Australian involvement would have a salutary effect on the situation, Australia could intervene. It could provide from existing capabilities indirect support to the PNGDF by way of logistic and technical services; but should avoid actual combat involvement.

236. The risks of such involvement appear considerable. It would be imprudent for Australia to become involved unless it were capable of more substantial military action, and ready to proceed to this if the situation so developed. Breaking off major involvement would undermine Australia's defence relationship with PNG and its posture vis a vis Indonesia. It could be better from Australia's point of view to let PNG handle any low-level border incursions by other than military measures. Without exaggerating the situation, which is at present not a cause for concern, Australia should encourage effective consultations between PNG and Indonesia about border problems.

[1] NIC ISO 14-9, 25

INSTABILITY IN PNG

237. Internal disorder in PNG would have strategic significance for Australia insofar as it was seen likely to attract external intervention, including by Indonesia. Short of this, Australian strategic policy can tolerate a significant degree of internal disorder – while preferring, of course, more stable conditions.

238. A range of Australian national interests in PNG, including the safety of Australian citizens there, could be at risk in conditions of heightened disorder. The question of protecting them would arise.

239. A PNG Government might seek Australian defence support in its internal security operations. On present forecasts, this seems unlikely beyond the present level of limited logistic, transport and communications support.

240. Even though requested by a PNG Government, the possibility of Australian intervention to help deal with disorders would arouse political controversy in PNG, in Australia and internationally. This would be a material factor in Australian, and also PNG, considerations, the more so if Australian intervention were likely to be on a significant scale and involve direct suppression of PNG dissident elements.

241. The following are some of the practical questions that would have to be addressed at the time. Would the situation be susceptible to a short intervention or would it involve prolonged operations? Once engaged, could Australia limit its intervention and readily extricate its forces when it wished? What would their legal position be? Would the intervention be effective and decisive, and so worthwhile?

242. Such considerations suggest that, short of a situation of importance for Australia's own security interests, any Australian intervention would best avoid direct action against the local population, but be confined to supporting roles, such as transport, reconnaissance, and sea patrol. The Defence Force could make available relevant capabilities. Even such limited involvement, however, could lead to Australian use of force against the local population – and this could provoke reprisals against Australian citizens and Servicemen.

243. Defence support for an emergency evacuation appears to offer lesser complications. Studies show, however, that in a major emergency there could be considerable difficulties in assembling, transporting and caring for evacuees before movement out of the country, and in protecting them during these operations.

244. In any emergency, limited or major, when the Australian and PNG Governments agreed that evacuation was necessary and that the Australian Defence Force should assist with arrangements, speed of reaction would be important. The Department of Defence together with the Department of Foreign Affairs should monitor the security situation in PNG in order to provide maximum warning time of any emergency and to ensure that contingency planning for evacuation is kept up to date and that the Armed Services could make the relevant capabilities available at short notice.

245. There would appear to be a strong case for encouraging the PNG Government to give more support to its security forces (both police and military). It is for consideration to what extent and by what means Australian assistance should be directed specifically to that purpose. While this would not avoid the possibility of PNG calls for Australian assistance, it could help PNG to handle lower level situations independently.

FRAGMENTATION

246. From the defence point of view, fragmentation in PNG would have major disadvantages for Australia's strategic interests. It could multiply the number of bodies politic in the area with whom external powers could enter into relations, and with whom Australia would have to deal. The defence preference for a unified PNG is clear, and it requires energetic and effective supporting policy. Much of this policy lies in political and economic fields beyond the scope of this paper.

247. The NIC assesses that generally the prospects are reasonably favourable for the containment of fragmentation; but it notes the particular problems in relation to Bougainville.

Possible Secession by Bougainville

248. The Australian Government has already called for a separate report on Australian policy regarding Bougainville, including the various actions open to the Government to help the PNG Government retain or regain its control. The following discussion does not purport to deal comprehensively with the subject, but only to indicate some considerations relevant to defence policy. However, the substantial importance to a range of PNG and Australian political, economic and defence interests of avoiding secession by Bougainville is noted.

249. It would appear desirable that a PNG Government faced with threat or act of secession by Bougainville have the choice of using military force to try to retain or regain control. It may judge that secession by Bougainville could be prevented or stopped by a speedy action of PNG's security forces, police and military, on a sufficient scale to persuade the secessionists and the Bougainville population that resistance would be too costly.

250. Australian defence policy could provide limited assistance in this situation within the context of the proposed defence relationship[1] by various measures of operational support, e.g. transport, surveillance, communications and other logistic and technical services.

[1] See FAD submission 7/76, 'Australia's Defence Relations with Papua New Guinea'.

Assistance in a more Substantial Situation

251. The NIC assesses that PNG's security forces would be totally inadequate to reassert control in an extreme situation involving continuous civil obedience and disorder, sabotage, selective violence and terrorism throughout the island.[1] In this situation, at present considered unlikely, the question of more direct Australian military assistance would raise some issues of basic policy.

252. The first consideration would be whether the situation in Bougainville was likely to be susceptible to quick military action. If not, assessment would be required regarding how intensive and prolonged military action might be and whether it would have reasonable prospects of ultimate success. In particular, judgement would be required whether a secessionist movement that could not be quickly suppressed and broken could be sufficiently contained to allow essential Government business and economic activity to proceed in reasonable security, and whether PNG's security forces would be adequate for on-going security tasks once the secessionists' grip had initially been broken.

253. As well as these judgements regarding the likely operational task and its prospects, account would have to be taken of costs, not only in military effort and resources, but in terms of other PNG security tasks and Australian defence commitments.

254. Military action against secession, particularly direct Australian military action, would provoke political controversy internationally and in Australia. Having regard to Australian interests in Bougainville mining operations, Australian motives would be questioned.

255. If the situation in Bougainville were prolonged, there could be the risk of growth of external involvement. This could include political agitation against the military operations, and ultimately efforts to supply the secessionists and to infiltrate training cadres. Given Australia's long-term interest in reduction of opportunity for external strategic involvement in the region, this risk and the additional tasks for Australia would require close assessment.

256. If it were assessed that the PNG Government could not itself assert control and that this was dependent on an Australian military effort, and if that effort were likely to be substantial, costly, prolonged and uncertain of success, Australia's interests might be better served by establishment of relations with the secessionist regime and encouragement of the PNG Government in the same direction.

257. On the other hand, an Australian decision not to provide military support to PNG to uphold its sovereignty over Bougainville would have disadvantages for Australia. For example, Australia's relations with PNG, particularly its defence relations, would suffer. Other countries with interests in PNG's stability, such as Indonesia and Japan, could lose confidence in Australia's role in PNG. They could seek to protect their interests there by their own action. PNG itself could turn elsewhere for support. Failure by Australia to respond to a request for help could undermine the position of the PNG Prime Minister and his Cabinet, and their policy for co-operation with Australia.

---

[1] NIC ISO 15-4, 11.

258. Considerations along the foregoing lines, and practical military considerations, suggest that the question of any Australian intervention in Bougainville, but particularly intervention beyond limited support of an essentially logistic and technical nature, would require very careful assessment.

Defence Force Requirements

259. Given the large uncertainties attaching to policy regarding intervention, and the other demands for Australian defence investments, it would be unwise to develop the force structure specifically for the contingency of anti-secessionist operations in PNG. A preferable course would be to rely upon capabilities available from the force-in-being. Present and planned capabilities would allow the Government a range of choice for practical military intervention of a limited character, subject to the particular circumstances prevailing. It is to be noted that the Australian Defence Force is neither trained nor equipped for duties in aid to the civil power.

260. The particular requirement for close monitoring, to maximise warning time, is noted. Similarly, if the government wished to have the choice of intervention, quick reaction forces in the Australian Defence Force would be required.

THE DEFENCE RELATIONSHIP WITH PNG

261. Policy regarding the long-term Australian defence relationship with PNG has been discussed at length in other papers. It would be much affected by the issues dealt with in the paragraphs above and by the way Australia responds to them.[1] It is important to emphasise again in the context of this paper, that a basic requirement of Australian strategic policy is a defence relationship with PNG that sustains PNG's acceptance of, and confidence in, Australia as its primary strategic partner. The relationship should make Australia's major interest clear also to other powers, and to PNG's expatriate population, on whom the national working and development of PNG so heavily depend.

262. This relationship involves a clear statement of the common strategic interests of the two countries and their intention to maintain defence co-operation; on-going consultations about strategic developments and policy requirements; and a substantial practical working defence relationship embodied in arrangements for project aid, training, attachment of Service officers, supply support, military exercising, and operational support as circumstances require and the Government approves.

[1] See FAD submission 7/76 'Australia's Defence Relations with Papua New Guinea

CHAPTER EIGHT—THE NEIGHBOURHOOD : THE SOUTH WEST PACIFIC AND ANTARCTICA

263. The South West Pacific region lies across important approaches to Australia, New Zealand and Papua New Guinea. Even limited military lodgement or operations there of a power unfriendly to Australia would be a significant development for Australian defence policy, to be avoided if possible. This chapter discusses regional prospects in this regard, and Australian policy requirements.

STRATEGIC INTERESTS OF EXTERNAL POWERS

264. At this time, the regional situation and prospects for Australia in the foregoing respect are favourable. The power most capable of major military operations in the region is the united States, Australia's principal ally. US primacy in the Central and South West Pacific is unlikely to be seriously challenged by the USSR in the foreseeable future.

265. The next most substantial powers with major interest in the region are New Zealand and France. Both share Australia's basic strategic objectives vis a vis the USSR and other powers that might conceivably at some time develop interest in the region, notably China and Japan. New Zealand is itself a regional power, and is an ally of Australia and the US. France has important interests, in the nickel deposits in New Caledonia and in the nuclear-testing facilities at Mururoa. It is determined to remain in the area. Britain will shed its residual responsibilities in the region in the next few years and can no longer be regarded as an important factor in the regional situation.

266. The region's remoteness is an important limiting factor on any military deployments were the strategic motivation to develop among other external powers.

267. Generally it is difficult to foresee circumstances in which such motivation might develop, and what advantages external powers might see that would make a relevant effort in the region worthwhile. Although there seems some prospect for undersea mining once the necessary technology is developed,[1] the region generally is not rich in resources, except in marine protein. Its population is small and widely scattered. It is incapable of major economic growth. Except regarding Antarctica (but see following section), the region does not offer passage to other areas of strategic interest to external powers, such as might lead them to develop regional relationships and facilities. There is little development of military facilities, although there are some airfields and ports that could be useful militarily.

268. These observations suggest that the region is likely to continue at most peripheral to the strategic interests of external powers.

269. However, powers claiming global status, or status beyond their own and immediately neighbouring regions, could possibly come to find some limited activity in the South West Pacific worthwhile. They may wish to display their status or establish an area of limited competition with another power. For reasons such as these, the USSR in the foreseeable future and in the longer term conceivably China

[1] NIC ISO 16-3, 10

and Japan, and possibly also other powers, might seek some military status in the region. Short of this, regional developments could attract some external political interest that could be seen by Australia to have military potential. Or external powers might offer military supply or stage military display in the region to support their position in economic competition. They could then seek regular access to port facilities or to develop their own facilities. Or they could help develop facilities for other purposes that could also be militarily useful.

The USSR

270. Such developments appear improbable at present on any significant scale. However, the USSR has shown some interest in acquiring access to New Zealand for fishery support facilities. It has made similar approaches to Tonga and Western Samoa. It has offered aid to PNG. It has fishing and resource interests in the region and is active in oceanography and other maritime research. It has political interests as a global power. It may have interests in the development of limited competition with the US. It can be expected to be responsive to Chinese activity (at present limited). In the broader strategic context, the South West Pacific could become a theatre for deployment of Soviet anti-shipping or nuclear forces, although it appears improbable that it would command priority in these respects.

271. While Soviet civil shipping normally has some military role in the collection of intelligence, up to this time the USSR is not known to have deployed surface combat vessels into the South West Pacific. It is currently a remote area for Soviet naval operations. Given the lack of strategic motivation discussed above, it appears unlikely that any deployments would be large or prolonged. In time, however, the USSR might possibly move to a program of regular, if infrequent, naval display, and seek supporting access to local ports and facilities.

272. This would not of itself represent a direct threat to the security of Australia. However, as already mentioned (paragraph 263), it would be a significant development for Australian defence policy. It would establish an element of competition with the ANZUS powers. It would manifest Soviet potential for the selective development of military relations among the regional states, for interference in political developments and for maritime harassment, particularly of Australia's lines of communication with the US.

273. It is Australia's interest that any Soviet activity in the direction mentioned be avoided if possible, or contained should it develop. Australian policy must acknowledge the USSR's legitimate rights to economic activity in the region and to the development of political relations with regional states. But Australian policy should seek to minimise opportunity for the USSR to develop relationships and activities having military potential or significance. Policy in this respect should also seek to improve Australia's position to counter any similar activity of strategic import that other external powers might develop later in the future.

AUSTRALIAN POLICY

274. Together with its ANZUS allies, Australia should seek to develop in the South West Pacific a regional sense of strategic community in primary relationships with Australia, New Zealand and the US. In this it seems unlikely that the US itself will play a leading role. Prime responsibility will rest with Australia as the principal regional power, in close consultation and co-operation with New Zealand.

275. A good deal of the effort for the achievement of this objective will rest with political and economic policy. This will include, for example, continuing development of bilateral relations, regional consultations, e.g. in the South Pacific Forum, and aid programs, particularly regarding communications and transport. Policy recommendations for the Government in these respects are already being developed among interested Departments and in consultation with the US and New Zealand Governments.

276. Australian interests can be served by deliberate programming of Australian aid, civil and defence, to those areas of particular interest to the regional states that might attract external effort, particularly by the USSR and possibly by other external powers. In the defence field, Australia might be able to assist in hydrographic research and associated activities. There will be significant scope for development aid projects. A contribution from Australia in these respects would help to minimise opportunity to the USSR. In this way it could avoid the need for substantially larger defence expenditure and effort at a later stage, were the USSR able itself to exploit these aid openings to develop its regional status.

277. Policy for defence aid presents problems. Apart from PNG, and to a lesser extent Fiji, the security forces of the region's mini-states are so small and undeveloped that it is difficult to find ways of providing aid and assistance. Nevertheless, study does show worthwhile scope in the following respects:

a. guidance in the development and organisation of local security forces, bearing in mind that these will usually be for general law and order purposes rather than conventional military operations;

b. military and police training. This can usefully include training of members of the security forces to enable local forces to play a role in civil development;

c. limited project aid. This could include military engineering and construction, and support for maritime surveillance and patrol. This latter could include, as with Indonesia and PNG, some provision of patrol boats and aircraft suitable for operations in the maritime resources zones. Large and sophisticated equipments should be avoided. Aid would be necessary in all aspects of operations, including maintenance and repair and logistic support.

278. Beyond such aid activities, there is a requirement for Australian military display by naval cruisers and visits, LRMP flights and military exercises. This does not at this time need to be frequent, but it should be regular and at a level adequate to sustain an image of Australian, and allied capability and active interest in the region. Programming of display should be sensitive to any developments of strategic significance.

279. There is likely to be scope for development of regional co-operation regarding surveillance and reporting in respect of Soviet and other external powers' activities. The limitations of both regional and Australian capability in this respect are noted, but this consideration should not discourage what co-operation can be achieved.

280. Defence policy in the foregoing respects is the subject of detailed consideration and recommendation in another paper, shortly to be issued for consideration by the Defence Committee.

Relations with France

281. While continuing criticism can be expected of French colonial policy, France's overall position in the region is expected to become easier, with a prospect of increased French co-operation with the Island states, possibly in the fields of aid and maritime surveillance. The contingency of regional resort to force in respect of French Pacific territories and of French military reaction is improbable.

282. The propinquity of Australia's maritime resources zone to that of New Caledonia is noted.

283. Co-operative relations with local French forces e.g. in maritime surveillance, can serve Australian interests in relation to regional activities by external powers, notably the USSR. However, in developing relations with local French forces Australia will need to be careful to heed the sensitivities of South Pacific Island governments and to avoid giving them grounds for the belief that Australia supports French colonial policies in respect of its South Pacific territories. Involvement in any French military measures in support of such policies should be avoided.

284. Australia's interest is that France conduct policy regarding its territories, and nuclear testing, so as not to stimulate political tensions in the region.

Relations with New Zealand

285. Australian policy to support its strategic interests in the South West Pacific could be more effective if conducted in co-operation with regional governments. PNG and Fiji will be important in this respect and co-operation on regional matters could usefully reinforce bilateral relations with them. However, close co-operation between Australia and New Zealand will be of particular importance.

286. Such co-operation is favoured by a long historical association and by common interests in strategic matters beyond the South West Pacific region, notably South East Asia, where both countries are members of the Five Power arrangement. There have been some indications, however, that New Zealand tends to make assumptions about an identity between Australian and New Zealand strategic interests that do not take account of Australia's differing geo-political circumstances and the different and separate interests that flow therefrom, e.g. regarding Indonesia and the Indian Ocean. Generally New Zealand appears to envisage a degree of co-operation with Australia that goes beyond its defence capacity to support.

287. In the light of past experience Australian policy should be active in trying to ensure that both sides of politics in New Zealand fully comprehend Australian and US interests and do not conduct policies prejudicial to them.

288. Within the limits established by New Zealand's reluctance to allocate a larger share of its national resources to defence development, military co-operation with Australia is generally satisfactory and supports worthwhile co-operation with the US in ANZUS activities, such as military staff talks and exercising. Co-operation with Australia in defence production and associated fields is limited, but appears incapable of significant developments, despite regular contact and exploration of scope for expansion. The effort to promote co-operation with New Zealand in defence matters should continue.

ANTARCTICA

289. Conflict over sovereignty in the Antarctica could affect Australia's own claims there.

290. At the present time fishing (the fishing resources are substantial), whaling and sealing, are the only forms of resource extraction. Prospects in other respects are largely unexplored, but existence of mineral deposits, particularly petroleum, seems certain. Their extraction would be expensive, hazardous and extremely difficult on present technology.

291. There are signs of awakening Third World interest in Antarctica and its resources. Were exploitation of the resources later to develop, by the USSR or others, military pressure could emerge, although the provisions of the Antarctic Treaty, which prohibits military use of the territory, would be relevant. Both the US and the USSR appear satisfied with these provisions. Political as distinct from military solutions to disputes are to be expected. This prospect is reinforced by the Super Powers' interests in avoidance of direct military confrontation.

292. It is noted that Australia's claim is not accepted by either the US or the USSR – nor do we press it. There are three Soviet stations on Australian territory. It would be improbable that any Australian military activity, whether in present circumstances or in a situation of mineral exploitation in the future, would be worthwhile, even if practicable.

293. Similarly, were Australia to attempt to introduce licensing and other controls on fishing and other activities in its area of jurisdiction, there would be formidable difficulties for any military policing of such arrangements. The unilateral imposition of control could result in formal challenge to Australia's sovereignty.

CHAPTER NINE—AUSTRALIAN RELATIONS WITH THE SUPER POWERS

294. This Chapter reviews factors in Australia's relations with the USSR and the US affecting Australia's security interests and defence policy.

THE USSR

295. At the present time the USSR offers Australia itself no direct military threat – although in the improbable event of general war, the USSR might attack Australia with nuclear weapons.

296. The NIC's report gives grounds for confidence that the USSR accepts Australia's security relationship with the US and will not seriously challenge it. Moreover, the USSR has positive economic interests in co-operation with Australia.

Possible Soviet Pressure on Australia

297. While there is no reason at this time to expect change in Soviet motivation towards Australia, the possibility that this could occur should not be completely excluded.

298. A range of diplomatic and economic activity would be open to a power of the size and status of the USSR. This could include direct political attack, or a diplomatic campaign among Third World countries against Australia. Or the USSR could cease or substantially reduce trading with Australia, although this seems unlikely given its own interests.

299. Soviet action specifically affecting the defence interest could include heightened agitation against US defence related facilities in Australia, or difficulties regarding Law of the Sea matters or Cocos and Christmas Islands or Antarctica, insofar as such action was compatible with wider Soviet interests.

300. Of particular defence concern would be the possibility of Soviet maritime harassment in Australia's surrounding waters or offshore territories. At present this appears improbable.

Australian Policy Requirements

301. Because Australia could not deal effectively with a Soviet nuclear threat or conventional assault, Australia should maintain and display an effective defence relationship with the US. This implies among other things a requirement to maintain national Australian defence forces that could contribute appropriately to discouraging the USSR from any direct operations against Australia, and which could of themselves respond adequately to low-level Soviet military harassment.

AUSTRALIAN DEFENCE RELATIONS WITH THE UNITED STATES

302. Many important practical advantages flow to Australia from its defence relations with the United States. These include assistance to Australia – unique in comprehensiveness and quality – in intelligence, defence science and technology, military staff contacts regarding tactical doctrine and operational procedures, access on a preferred basis to equipment, and military exercising not otherwise available with high technology forces, involving the sharing of military information of very high value to Australia.

303. These arrangements greatly assist Australia's defence capability. Moreover, they display to the world Australia's close defence association with the powerful US. The co-operation, which includes location of facilities on Australian soil, is also, despite the disparate strength and resources of the two countries, of value to the US and is maintained by the US on a calculation of its own self-interest.

304. Earlier chapters have indicated Australia's dependence on US efforts to contain strategic expansion by the USSR. Australia's security could depend even more directly on the US if there was direct threat to it of large-scale military attack – a possibility currently assessed as remote and improbable.

305. Australian defence policy regarding the US therefore has two primary objectives. The first is to maximise Australia's long-term influence on US policy, so as to enhance the prospect of US support in an Australian defence emergency. The second is to support US activity for the deterrence and containment of the USSR, and any other power that might offer threat to Australia. The US, for its part, looks to its allies for maximum self reliance in their own defence, and for complementarity of their efforts with its own.

Support for the US

306. Australia's defence activities can, and do, support the US directly and indirectly in a number of areas.

307. As earlier mentioned (Chapter One paragraph 37), it is valuable to the US to have as an ally a country of the area, resources and technology of Australia, and in its geo-political location. Dominant influence on Australia by any government unfriendly to the US would adversely affect US strategic interests in the Pacific and Indian Oceans.

308. Australian activity in the South West Pacific and PNG and in relations with Indonesia serves the US by support of general western strategic interests. (Current Australian difficulties with Indonesia about East Timor detract from this.)

309. Australian activity in South East Asia similarly supports the western interest. In particular, in the sub-region of Malaysia, Singapore and Indonesia, Australian activity enables the US to limit its own defence involvement and so to moderate associated political problems. The US acknowledges that in any major emergency in South East Asia, Australia's resources would be too limited for it to be able to influence developments in any substantial, let alone decisive, way. But short of this, the US sees Australia's role as valuable to US interests.

310. Developments from time to time, as currently in respect of surveillance in the Indian Ocean, and the associated dealings with Singapore, and in respect of policy to strengthen the western position in the South West Pacific, provide opportunity to extend and consolidate this partnership. In this way, the protection and promotion of US interests are made dependent, in varying degrees, on Australian activities.

311. Australia also makes a defence contribution by the maintenance in Australia of defence-related facilities that support the US strategic effort vis a vis the USSR – such as the USN's VLF station at North West Cape, which supports the US SSBN deterrent force, and the important facilities at Pine Gap and Nurrungar. There would be scope for extension of co-operation, should future developments require this, e.g. by provision of Australian staging facilities, or use of Australian base facilities. In this latter context, access to Australian ports and facilities by US nuclear-powered warships is of operational importance – particularly for submarines – for provisioning and for crew rest and recreation, and it helps the US regarding access to ports in other countries.

Present Requirements to Expand Australian Activity

312. Discussion in the earlier Chapters indicated no specific requirement at present or foreseen for the extension of the foregoing activities beyond the range and level now obtaining, or under consideration regarding Indian Ocean surveillance. In particular there is no Australian requirement, and none that the US itself has indicated, for the contribution of Australian military forces to US strategic deployments.

313. As earlier mentioned, the US seeks complementarity in its allies' efforts. The most relevant and effective complementarity is that provided in an ally's own region. This is true strategically, in terms of an ally's own interests and activities. It is also true in practical defence and military terms, for it is in its own region that the ally is best able to operate its forces with least dependence on US support.

Australian Dependence on the US

314. A generalised assumption of US support is already fundamental to Australia's defence planning, to its strategic posture vis a vis the USSR, and to Australia's activities in South East Asia.

315. Australia's direct dependence on the US for the conduct of peace-time tasks is substantial. Maintenance and repair of Australian defence equipments of US origin require continuing co-operation from the US in the supply of replacements and spares, and the soft-ware necessary to operational efficiency. A higher rate of operational activity would increase Australia's dependence. If strategic circumstances deteriorated, the speed and efficiency of Australia's defence expansion would depend heavily upon the US. Australian security could depend upon US combat support, as well as supply and diplomatic and other measures.

Considerations Regarding US Support

316. Australian policy has for many years deliberately avoided attempts to reach understandings with US governments defining the circumstances in which the US would come to Australia's support, and the nature of that support. It has been considered that the US would not be responsive to such attempts. Moreover, such attempts could result in a more limited US commitment than would serve Australia's interests. The extent to which the US accepts a commitment will always depend upon US judgements regarding its own interests at the time. Much would depend on the circumstances of the day.

317. At the present time, uncertainties about US policy arise from differences between the US Congress and Executive. The problems may ease with the inauguration of the new US Administration in 1977. But the prospect for the future is that, whatever the composition of the parties in Congress in relation to the Administration, Congress will monitor closely the Administration's foreign and defence policies in order to avoid having the United States "drawn into" major commitments abroad without Congress being a consenting partner from the outset. In recent years Congress has used its fiscal powers to curb military operations in Indochina. It has also adopted a War Powers Resolution with the stated purpose to "insure that the collective judgement of both the Congress and the President will apply to the introduction of United States Armed Forces into hostilities, or into situations where imminent involvement in hostilities is clearly indicated by the circumstances…".

318. However, the fact that the US does not maintain formed military units in Australia, as it does in Western Europe and South Korea, is not a valid ground for doubting the reliability of US support. Australia is not under threat, as are the Europeans or Koreans. There is no US requirement at present for bases in Australia of the type existing in the Philippines.

Likely Factors Influencing US Support

319. If Australia became involved in a dispute with potentiality for war, the US would not be indifferent because its own position as Australia's ally could be affected. The alliance also expresses a US interest in Australia's security. To protect this, and the credibility of its alliances with other countries, the US would be likely to take some action. It would do this even though there was no substantive US interest in the issue at stake between Australia and another party. But the US action could be less than Australia sought, or other than Australia preferred. The US might press both Australia and the other party for concession to allow settlement of their dispute. US support for Australia might be inhibited by a conflict in US interests; or its support could be affected by some situation elsewhere, reducing, for example, US military support, or even supply to Australia. US interests require that it avoid being dragged into war by allies on less than vital issues.

320. It cannot be said in clear-cut terms that, for example, Australia should expect to have to look after itself in "low-level" situations, but could count on US support in "high-level" situations. US interests, and the Congressional view of them, would be the decisive factor.

321. Conceivably, the US might react quite strongly to some militarily "low-level" situation, which, however, exposed its own interests – such as small-scale harassment of Australia by the USSR or some dispute involving Law of the Sea. But it might well prefer to let Australia carry the military brunt of a more substantial situation, such as trouble with Indonesia about PNG. In Chapter 3 (paragraphs 84 and 85) we gave reasons why the threshold of US military intervention against Indonesia could be quite high. In circumstances such as Australian military intervention against secession by Bougainville, US military help could not be expected. In the case of politico-military harassment, Australia could face difficult defence problems. But its essential security would not be threatened. The US in such circumstances might well confine any support to non-military measures.

322. In summary, there are, therefore, significant areas of defence contingency for Australia, about which at this time we can only conjecture, in which US support, and particularly military support, would appear uncertain. Regarding developments fundamentally affecting Australia's security or the strategic interests of the US itself, however, the reliability of US support appears not to be in doubt.

Australian Policy in Respect of US Support

323. Policy requirements deriving from the foregoing discussion may be briefly indicated.

324. Australian defence planning should ensure a substantial capability for independence in military operations regarding issues assessed as likely to be of lesser consequence to US interests.

325. Policy for this self-reliance should not be confined, however, to contingencies in which US support is assessed as uncertain. It should take into account also other possible requirements for complementary operations with the US, in which independent Australian capability would be valuable.

326. The development of independent capability should not be an indiscriminate process. It should be guided by Australia's own national requirements in the first instance, as indicated from time to time by intelligence assessments and study of contingencies. Secondly, policy for self-reliance should pay attention to the support to be expected from the US. The concept is complementarity. Australian defence planning should avoid development of defence capabilities which are not relevant to Australia's own requirements.

CHAPTER TEN—POLICY IMPLICATIONS FOR AUSTRALIA'S DEFENCE CAPABILITIES

327. This Chapter brings together the principal findings of the earlier Chapters, reviewing the factors affecting Australian security and the requirements for Australian defence effort and military operations. It discusses strategic, environmental and other determinants of defence requirements. It offers broad conclusions regarding defence technology and infrastructure, and comment on some strategic perspectives for Australia.

FACTORS IN AUSTRALIA'S SECURITY

328. The principal external factors on which Australia's security at present and foreseeably depends, may be briefly summarised as follows:

a. maintenance of the central strategic balance between the Super Powers, and their avoidance of conflict and the risk of global war;

b. deterrence or containment of strategic expansion by the USSR;

c. US resolve and capability in both the foregoing respects, and necessary supporting activity, particularly maintenance of US maritime superiority;

d. maintenance and display of an effective working defence relation between Australia and the US;

e. Australian activities that enlarge the US interest in support of Australia in a defence emergency;

f. the maximum limitation possible of nuclear proliferation, and its avoidance in areas of Australia's primary strategic concern;

g. continued limitation of regional conflicts and restraint on independent strategic development and expansion by any regional power potentially unfriendly to Australia;

h. moderation of competition in South East Asia between major external powers; and containment of situations that could favour strategic expansion in the region by communist powers, or other developments promoting growth of conventional military confrontation there;

i. stability in relations between China and the ASEAN countries;

j. continued friendly relations with Indonesia, and Indonesian avoidance of use of force against Australia and its interests;

k. PNG's security from external threat and domination, and the limitation of scope for penetration by powers potentially unfriendly to Australia;

l. avoidance or containment of strategic activity in the South West Pacific and in the Indian Ocean approaches to Australia by external powers potentially unfriendly to Australia;

m. reduction of scope for international disputes regarding Australia's maritime frontiers and resources zone and its off-shore territories, and settlement by political rather than military means, should disputes arise.

329. Beyond these essentially external factors, certain features of Australia's own situation support its security. It is remote from the principal areas of strategic concern of the Super Powers, and from both the strategic concerns and military strength of the principal powers in other regions. It is not a power that independently, or as partner of some larger power, threatens any other power. At present and foreseeably, Australia itself is not, and it does not command, an important route to any area of strategic significance to any other power, such as might lead that power to apply pressure for Australian co-operation. Australia's relations with those countries with whom it has important dealings are friendly, or at least free from significant animosities. Its relative wealth and richness in resources place it favourably to play a constructive international role, although such wealth could also make Australia a cause of envy. The value of its resources, particularly to the powerful industrial countries of North America, Japan and Western Europe, give them a growing stake in Australia's stability and secure development.

330. A further fundamental factor in Australia's security is its competence in military and defence affairs. It is important that its capability in important areas of defence relative to other local powers in the areas of its immediate strategic interest be maintained and, should strategic circumstances deteriorate, increased.

Relations with Europe

331. Although the West European powers, including Britain, are no longer in a position to provide significant direct military support to Australia in a defence emergency, they remain a factor in Australia's security circumstances.

332. These powers are important sources of intelligence and assessment, of military doctrine, defence science and technology, and advanced weaponry and equipment. Their diplomatic and other support, short of direct military aid, could be valuable to Australia in a defence emergency. They offer other sources of defence supply, thus enabling Australia to lessen its dependence on the US and spread its supply risks. There is scope for the extension of contact in the general area of defence policy consultation, in support not only of Australia's strategic understanding and assessment but of West European appreciation of Australia's strategic concerns and its competence and status in defence affairs. Contact with them also demonstrates Australia's place in the Western strategic community, and can thus contribute to the inhibition of Soviet or Soviet-supported actions harmful to Australia's security interests.

333. All these considerations support deliberate policy to maintain and cultivate defence relations with the NATO powers.

PROSPECTS

334. Assessment of prospects in the foregoing respects varies as regards the time-frame projected and the degree of certainty attached to findings.

335. The findings are, either clearly or on balance, favourable. In particular, the present assessment identifies no probability of strategic pressure or direct military threat against Australia, its territories, maritime resources zone or lines of communication. Australia's national military strength, and the expectation of others that Australia's US ally remains willing to support it militarily, must be considered to have some part in this satisfactory prospect.

336. However, some trends in strategic development in recent years have not been altogether favourable.

337. The USSR has achieved strategic parity with the US, and it maintains a level of defence development that, if unmatched, could enable it to extract strategic concessions from the US and its allies, or at least incline it to press for concessions. The USSR has developed naval capability for deep water operations that, if still limited in some respects and inferior to that of the US and its allies, allows it to project military power and political influence to areas remote from the theatres of its primary interest. Britain, Australia's main protecting power throughout most of Australia's history, has withdrawn from Asia and is no longer militarily significant in the Indian or Pacific Oceans. The communists have won the long struggle in Indo-China and are in a position to bring pressure against the ASEAN governments. The US, after Indo-China, has substantially modified its commitments in some areas of primary Australian concern. There are uncertainties about its interests and policies in these areas. The East Timor issue has brought about a political disagreement between Indonesia and Australia, and demonstrated the influence in the present Indonesian Government of elements prepared to use military force to achieve policy goals. With the withdrawal of the colonial powers from their territories in the South West Pacific, a regime of mini-states is emerging that would have little capacity to resist any pressures from external powers.

338. Simply to state such factors, and the statement could be expanded, gives an unbalanced and false perspective of Australia's strategic circumstances. The comprehensive assessment of prospects for Australia's continued security is that as of today they are favourable, not unfavourable; but important changes have been noted throughout the earlier Chapters that give rise to significant uncertainties in some respects.

Uncertainties and Risk

339. Defence policy must insure against future uncertainties. How and in what degree it should do this are always difficult matters for judgement.

340. Policy for long term insurance must necessarily rest on fairly generalised statements about uncertainty. Long lead times and protracted in-service life of various weapons systems often extend beyond assessment. Where practicable, however, policy should take account of uncertainties arising from substantial matters that can be specified, i.e., particular threat contingencies rated as to timing and credibility.

341. The methodology for minimising risk has been described in earlier papers in this series, and we confirm it: we need continuing review of strategic assessments, maintenance of a substantial and versatile force-in-being, a core-force so composed and equipped as to be capable of timely expansion,[1] constant watch whether warning time is likely to fall short of lead times for expansion, and continuous study of contingencies of threat or pressure, even if they are not deemed to be probable. Some further comment regarding warning time and contingencies is relevant to judgements regarding uncertainty and risk.

Warning Time

342. The present definition of warning time is related to "Government acceptance of a perceived threat".[2] This appears to be too narrowly conceived.

343. The emergence of threat would be a late stage in a series of developments and Governments would need to act well in advance of it. Defence planning and preparations over the preceding years should therefore be responsive to any strategic change perceived as having potential for harming Australia's interests. Measures would include shaping and expanding the force structure, developing defence facilities and other infrastructure, securing supply lines, and other external support. In such ways, Australia would have to be prepared to move quickly to maximise the defence effort as necessary to deter or counter threat were this finally to mature.

344. Preparatory planning and practical measures of this nature, based on a capable and broadly based force-in-being, would substantially reduce the time necessary to organise an effective defence response.

345. It is to be noted, too, that even with large-scale assistance, Indonesia, for example – which is best placed for attack on Australia geographically and in relation to Super-Power restraint[3] – would have considerable difficulty in achieving the necessary military capability, in the improbable event that it acquired the motivation to launch significant attack upon Australia. The problems of expansion are relative.

Contingencies

346. As well as on-going assessments, defence planning should undertake, and keep under review and development, study of a representative range of contingencies – i.e., possible situations that are not considered likely or probable but that are of sufficient credibility or importance to warrant policy attention. This process should provide for systematic consideration of future uncertainties and the testing and, as judged necessary from time to time, the development of defence preparedness.

[1] See Strategic Basis of Australian Defence Policy, 1975, Paras 255-260

[2] See *Strategic Basis of Australian Defence Policy*, 1973, VII Para 26. *Strategic Basis of Australian Defence Policy*, 1975, para 256

[3] See Chapter Three paragraph 84

347. It is considered that the methodology indicated in the discussion above (paragraph 341), if carefully and systematically applied, provides a sound basis for prudent defence insurance against future uncertainty. It offers criteria for responsible judgements regarding the retention, development or acquisition of defence capabilities – but it assumes governmental and parliamentary willingness to respond to changes from time to time in the indicators for determination of defence development. Within the framework of total resources nationally provided, it thus provides a basis also for the necessary control of defence expenditure, and for the allocation of scarce resources among various areas of defence development in accordance with realistic priorities.

REQUIREMENTS FOR DEFENCE CAPABILITY

348. The circumstances that at present shape Australia's strategic prospects, while of fundamental defence importance, are, in many cases, generally not immediately susceptible to influence by Australian military action. Insofar as Australia can directly influence developments, this will often be rather by the political arm of policy than the military. Australia's military capability, however, is directly relevant in certain circumstances, and can in others provide important support for political policy.

349. The earlier Chapters contain both positive and negative findings regarding requirements for defence capability. These are summarised below.

In Relation to the Super Powers

350. A primary requirement regarding defence capability arises in respect of Australia's alignment with the industrial democracies.

351. Western strategic resolve and capacity can be important sources of influence, not only in the primary situations, but in areas and issues beyond them. A robust western posture can also help to restrain Soviet strategic expansion. Australia has obligations in these respects. Australia's national effort should be such as to contribute to the demonstration of western strategic resolve and capacity.

352. Apart from US facilities in Australia, Australia has no military role in respect of the nuclear balance or the principal theatres of confrontation in Europe and North East Asia. A requirement for an Australian military contribution in these areas is at present improbable, and the possibility of a contribution at some future time should not be a specific factor in the shaping of the force structure.

In Relation to Possible Super-Power Conflict

353. A question for policy is the extent to which uncertainty about prospects for avoidance of conflict between the Super Powers should determine Australia's defence development.

354. This paper concludes, on the basis of the NIC's analysis and other consistent assessments over the years, that Australian preparation for defence emergencies consequent upon conflict between the Super Powers is not warranted beyond the present limited level of civil defence preparations, and of training of the Defence Force for operations in environments of nuclear, biological and chemical warfare. The situation should be kept under close assessment, and the adequacy of present measures should be regularly reviewed.

In Relation to the US

355. No requirement is foreseen for the contribution of Australian military forces to US strategic deployments.

356. The US makes limited use of Australian ports and air fields. US access, e.g. for visits by nuclear-powered warships, should be maintained and facilitated. No requirement is foreseen for facilities to support deployment of US forces to Australia.

357. Current discussions with the US could lead to a requirement for an Australian contribution to maritime surveillance in the Indian Ocean.

358. Australia should take into account possible requirements for operations complementary to those of the US. Where practicable and relevant, Australian military exercising with the US should be encouraged and interoperability with US forces developed. Interoperability implies significant commonality in doctrine, procedures and logistic support; but it is not dependent on having equipment of US origin.

359. The US perception of Australian military professionalism and inherent capacity to act as a small but reliable ally is important. The large US transfer to Australia of weapons technology, research information, tactical doctrine and intelligence could not be expected by a country that failed to maintain high standards in the professional employment of forces using modern technology, or to evidence determination to contribute in a meaningful way to the development of defence technology, research and intelligence.

In Relation to the USSR

360. No specific requirement arises for defence capability vis a vis the USSR. However, Australia should always have the capabilities for adequate response to any low-level Soviet maritime harassment. This would be unlikely to be on a large scale, frequent, or carried to the point of actual combat.

361. Significant Soviet expansion in the Indian Ocean to near Australia is assessed as improbable, but defence facilities relevant to possible future US and Australian maritime operations vis a vis the USSR, closer to Australia, should continue to be developed.

362. There is a requirement for Australian maritime display in relevant areas of Australia's strategic concern, including by naval cruises, aircraft and ship visits and exercising with friendly forces.

363. In time of international tension, Australia could need to take selective action for security in its immediate approaches and focal areas. If these were assessed as free from threat, Australia may wish to contribute to allied counter-measures against possible Soviet intimidation of high-seas traffic.

In Relation to Distant Regions

364. No requirements specifically affecting the determination of the force structure arise in areas beyond those of Australia's primary strategic concern. Conflicts in distant regions are not seen as necessarily calling for Australia's heightened preparedness and other defence measures.

In Relation to Possible Attack on Australia by Regional Powers

365. The possibility of deployment by powers in other regions of the major military capabilities necessary for substantial attack on Australia is not a credible contingency for defence planning. Major assault against Australia by distant regional powers is at present the least conceivable and most remote of contingencies.

In Relation to South East Asia

366. Australia should continue significant programs for defence co-operation with Malaysia, Singapore and Indonesia, by way of project aid, technical advice, training and military exercising. Consideration should be given to the adequacy of assistance to Thailand and the Philippines. Australia's defence co-operation programs are important to its strategic interests in South East Asia, and are also valued by the US. The defence resources necessary to effective activity should be made available at a corresponding level of priority.

367. The RAN should continue to operate ships from Singapore and maintain a program of regional display, visits and exercising with friendly forces as opportunity offers.

368. Where operationally practicable and worthwhile, and politically acceptable, the RAAF should institute maritime surveillance operations in co-operation with the US and the sub-regional governments.

369. No requirement for more substantial and direct Australian defence involvement than at present is likely to arise in the current and prospective situation in Malaysia and Singapore. Governmental consideration regarding the RAAF deployment of Mirages to these two countries is recommended, and submission will be made before the consultations due at the end of the year.

370. In the event of a serious deterioration in Malaysia's internal security, there might be a request for Australian military help. This would raise very important issues. If the Australian Government agreed to help, the best course from the military and general policy point of view would be to avoid substantial involvement, particularly by ground forces, and to offer capabilities that would supplement those in which local regional forces were deficient. Relevant capabilities could be naval and air surveillance, naval patrol, air transport and certain logistic and technical services. Such capabilities are required for Australia's own national tasks and, subject to other priority commitments, limited provision would therefore be available from the Australian force-in-being. No requirement arises that would specifically affect determination of the Australian force structure, provided a policy of avoidance of substantial involvement is agreed.

In Relation to Indonesia

371. Military attack or harassment on Australia by Indonesia is assessed as unlikely. Indonesia would in any case be incapable of substantial attack until at least well into the 1980's. However, it is already capable of low-level politico-military harassment of Australia. Australia already has superiority in many capabilities relevant to defence against a larger Indonesian attack. Present planned defence development and acquisition can be expected to preserve this relativity.

372. No practical defence measures by way of new or added specific deterrence are at present called for beyond those at present planned for development of the Defence Force. Defence policy should insure against uncertainties by maintenance in the force-in-being of relevant capabilities for quick and effective response to any threat of low-level politico-military harassment by Indonesia. As assessments from time to time may indicate appropriate, planning of the core-force and defence infrastructure should provide for relevant capabilities for response to more substantial attack. Australia's military capabilities and competence should be such as to command Indonesian respect, without unnecessarily disturbing Indonesia's confidence in Australia's friendly strategic attitude.

In Relation to PNG

373. Australia should maintain and display a substantial working defence relationship with PNG. Requirements include attachment of Service officers to the PNGDF, project aid, training, supply support, exercising and operational support as approved from time to time.

374. Should there be requests from PNG for Australian help to deal with internal disorders, from the point of view of military and general policy Australia should avoid becoming directly involved in their suppression. But it could provide indirect support, as relevant, in respect of logistics, transport, communications, reconnaissance and sea-patrol. Capability would be available from the force-in-being. Threats on any substantial scale to Australian citizens, and the inability or unwillingness of PNG's security forces to protect them, would face the Australian Government with a difficult choice between leaving them to their fate or trying to protect and evacuate them. This latter could involve direct operations against the local population.

375. Appropriate quick reaction forces should be available to assist with emergency evacuation from PNG.

376. Indirect support could also be provided from the force-in-being if the Government agreed to help PNG in respect of minor border incursions by Indonesia. Specific deterrent measures by Australia against the possibility of larger military action by Indonesia are not called for. This contingency is assessed as improbable.

377. Low-level PNG harassment in the Torres Strait areas is improbable, but, given the necessary political conditions, warning time could be short.

378. Australian military intervention in Bougainville is at present unlikely to be requested by PNG. Any request would face the Australian Government with a difficult decision, for there would be disadvantages whether it did or did not meet the request, and the efficacy of Australian intervention would be uncertain. It would be unwise to develop the force structure specifically for this contingency. Present and planned capabilities would allow the Government a range of options for limited military intervention.

In Relation to the South West Pacific and Antarctica

379. No specific requirements for determination of the force structure arise in respect of the South West Pacific and Antarctica.

380. However, Australia should possess capability for military display and exercising in the South West Pacific, for defence aid and co-operation programs, for a contribution to western maritime surveillance and for expansion of these activities if required. It is not expected that such a requirement would be large; but the institution of any Soviet military activity in the South West Pacific would require a clear response by Australia, e.g. by increased surveillance, military display and combined exercising with ANZUS partners, to demonstrate primary strategic interests and status.

In Relation to Law of the Sea

381. Whether or not a new Law of the Sea be internationally agreed, extension of Australia's national maritime jurisdiction is likely to increase requirements for surveillance and control of Australian waters and maritime resources zones, and for demonstration of sovereignty in conjunction with civil agencies. An increase in capabilities seems likely to be necessary, and some provision has already been made in the FYDP.

In Relation to Nuclear Weapons

382. No requirement is seen for Australia now to acquire nuclear weapons. However, the possible requirement to keep the lead time for Australia matched with contingent developments in other relevant countries, calls for keeping up-to-date in developments and for a review periodically of Australia's potential for development of nuclear weapons, against the possibility that the country might be forced to consider turning to them for protection at some indeterminate time in the future.

In Relation to International Terrorism

383. Australia is vulnerable to international terrorist attack at any time. Responsibility for preventing and coping with such attack rests with the civil authorities. Nevertheless, the Defence Force, subject to executive approval, may be called upon to assist, and should be trained and equipped to do so, which it is not at present.

In Relation to Contingencies

384. Earlier paragraphs in this section have discussed defence policy issues in relation to possible Australian military involvement regarding certain contingencies in Malaysia, in PNG and in Bougainville. Direct operational support for Australia, by way of combat or logistics, could not be expected from the US or Australia's other Western associates, although Indonesian forces could well be engaged in support of Malaysia.

385. From the force-in-being and now planned, Australia could provide limited assistance to the local forces, by way of transport, air support, logistics and technical services, surveillance, reconnaissance and maritime patrol capabilities.

386. But, by way of illustration of the implications of committing ground combat assistance, it might be assumed that at least a three battalion task force would be needed. This would require considerable expansion of all arms of the present Defence Force, particularly the Army, to enable the deployment, operation, logistic support, and relief of the task force. Lead times would be substantial and National Service would be involved.

387. These conclusions emerge from the Military Supplement to this paper.

GUIDANCE FOR THE CURRENT FIVE YEAR DEFENCE PROGRAM

388. Judgement of the capabilities required for the display or use of military force to deter or to counter possible military pressure or threat in the short or longer term, depends primarily on assessment at any time of the nature and timing of the circumstances in which such action might be necessary. The analysis in this paper of Australia's strategic circumstances and prospects suggests the following guidance for the shaping of the force structure in the current FYDP:

a. the force-in-being should demonstrate that Australia is serious and competent in defence matters, and capable of responding effectively to low-level pressures or military attacks, and of timely expansion for response to more substantial threat;

b. capabilities should be adequate for current and foreseeable tasks, and for shorter-term contingencies of sufficient credibility. These tasks and contingencies include maintenance and training of the expansion base; sea control in the areas of Australia's maritime jurisdiction; quick response to low-level maritime and coastal harassment, possibly protracted and geographically dispersed, and to minor incursions into Australia's air space; joint and combined exercising with allies and regional defence associates; assertion of right of passage through archipelagic straits; naval display in the South West Pacific, South East Asian waters, the lines of communication to Japan and East Indian Ocean lines of communication and ports; support for defence aid programs; selected specialised support to Malaysia, Singapore and PNG; emergency evacuation from PNG, the South West Pacific and South East Asia; maritime surveillance in the South West Pacific, South East Asia and East Indian Ocean, as may be decided from time to time; peacekeeping;

c. a capability for expansion, as indicated appropriate by assessments from time to time, should receive attention in the planning and development of the core-force;

d. equipments and skills, particularly with long lead-times, and relevant to Australia's general deterrent posture against more substantial operations and to demonstration of military competence, should be considered for retention, development or acquisition – for example, capability for maritime strike and interdiction in Australia's neighbouring approaches;

e. capability related to major assault against Australia, the least conceivable contingency, should command a low priority in the force structure, subject to the requirements regarding expansion in a., c. and d. above;

f. self-reliance should be developed for national tasks in which US support is likely to be uncertain;

g. complementarity and interoperability with the US should be sought according to guidance in Chapter Nine;

h. continuing long-term development of facilities and other infrastructure should be undertaken, particularly those relevant to possible military operations in the north and north-west of Australia.

389. The foregoing has covered the strategic considerations to be taken into account in the development of the level and structure of the Defence Force. Determination of specific force characteristics includes environmental factors, technological considerations and support requirements. These are dealt with below.

ENVIRONMENTAL FACTORS

390. Factors such as geography, population size and distribution, infrastructure, industrial capacity and resources distribution combine to create enduring features in our physical environment. Such enduring features, which have particular implications for determining the characteristics of force development are:

a. Australia is a large island land mass with extensive maritime resource areas, overseas trade and no land frontiers.

b. Vital areas (natural resources, industrial centres, population centres) are widely dispersed.

c. The population is small, relative to both the land area and to other regional populations, and is urban, coastal and concentrated in the south-east.

d. The archipelagic region to the north offers location for operating bases that would be an important factor in any offensive military strategy against the Australian continent. Except in the Torres Strait area, any approach to the continent involves a transit of the open ocean.

e. Australia has a relatively sophisticated industrial, scientific and technological base compared with countries in the neighbouring region, but is dependent on the importation of oil, complex weapons systems and high technology material.

391. Conventional forces could attack Australia only by using sea and air approaches. Australia would require adequate naval and air power for interdiction, including forward operations, and those ground and other forces capable of dealing quickly with lodgements.

392. As a historical consequence of the uneven population distribution, defence infrastructure and civilian infrastructure of defence importance are still limited in the north and west. Furthermore, trends there suggest that the infrastructure required for defence purposes is likely to develop only slowly as a result of natural population growth or resource development.

Environmental Influences on Force Structure

393. The ocean gap and the long coastline suggest that any confrontation or conflict situations would be, initially at least, maritime in character. In time of tension or conflict, the vulnerability of long sea lines of communication contain potential for attempts to interfere with or disrupt our maritime trade. Also Australia's large and probably increasing offshore resources zone is a potential area for conflict.

394. Likely limitations on the size of the Australian forces available emphasise a need for firepower, mobility and flexibility in the force structure. To offset the limited infrastructure, the forces would need to be capable of operating at long range from their bases, and in areas remote from their sources of logistic support.

395. The inability in peacetime to raise and support more than modest regular forces implies a requirement for timely expansion as a threat develops. Fundamental to achievement of such expansion would be the level of training of regular forces and the number of reserves maintained in peacetime.

396. The requirement for warning time in which to expand the Defence Force to meet an emerging situation indicates a need for intelligence-gathering, including surveillance, and assessment.

397. Taken together, these considerations suggest a force structure possessing the following characteristics:

a. good intelligence capability;

b. a capacity for surveillance and patrol of Australia's ocean approaches and maritime resource areas on a regular basis;

c. naval and air strike components capable of deterrence and effective action against maritime forces at sea and neighbouring operational bases;

d. readily transportable and mobile land forces, with adequate reconnaissance capability, to meet hostile incursions at remote localities;

e. mobile air defence elements with the ability to be quickly redeployed;

f. elements for the protection of shipping from attack or other interference in Australia's focal areas and port approaches;

g. a capability for sustained operations remote from sources of logistic support;

h. the exploitation of suitable high technology in Australian weapon systems, equipment, training and support; and

i. an adequate level of trained reserves.

THE TECHNOLOGY LEVEL

398. As a broad guide the level of military technology should:

a. be sufficient to permit peacetime tasks and responses to contingencies to be undertaken in a way which keeps down recurrent manpower and/or life-cycle costs;

b. at the same time maintain for the Defence Force through the standard of its weapons, a favourable comparative position in Australia's neighbouring region;

c. ensure that Australia can develop the technical level of the Force in a timely fashion, if and when more complex and developed weapons systems are called for; and

d. be compatible with, but not necessarily equal in technical advancement with, the relevant weapons systems of larger allies.

399. Because Australia has close affiliations with the United States and Western Europe, and sufficiently developed technology to make use of those links, a wide choice is available to apply the concepts described above.

400. The notions involved in attaining a basis for the timely defence expansion are also applicable to the technological levels of weapons and equipment possessed by the Services. The technological level of the forces can be increased greatly over a period of five to ten years. The period will tend to be shorter if sufficient modern weapons systems are already held in inventory, and if Australia has a sound scientific and technological base. Australia should aim to be in a position to increase selectively the technological level of its forces in order to maintain a favourable position relative to countries in its neighbouring region and the weapons they might acquire, and to preserve interoperability with allies where relevant to likely future commitments, as assessed.

401. To acquire high-level technology in weapons and equipment throughout the core force now may give Australia advantages in effectiveness, but it would be very expensive. Advanced technology should be favoured where it offers measurable compensating advantages – e.g. in simplicity of operation and support, or sufficient savings in additional equipment, manpower and life-cycle costs, or is otherwise peculiarly suitable to Australia's assessed strategic situation. High technology in an initial buy can be important in avoiding early obsolescence of equipments and weapons systems which have a long life; but the justification for their acquisition must be on the grounds stated in this paragraph and the paragraphs above, and have relevance to neighbouring regional, but not global military capabilities.

THE ROLE OF THE DEFENCE INFRASTRUCTURE

402. In present and prospective strategic circumstances, increased attention should be paid to defence infrastructure and to influencing developments in civil infrastructure that may be relevant. This comprehends roads, railways, ports, airfields, communications, water acquisition and storage, and power sources. There is needed a more organised system of bringing defence interests to the notice of the relevant authorities, with the objective of bringing location of facilities of this kind more closely into line with the strategic requirements for the defence of Australia. There have been in some cases limitations placed on the use of facilities by the Defence Force because of industrial action or other circumstances. There is, for this reason, a need for the Force to maintain some independent capacity to carry out some tasks which otherwise might have been performed by civil agencies or authorities.

403. Training areas should provide representative environments for all types of operation that the Defence Force may have to conduct. Some training areas might well serve as suitable forward bases should the Force need to be deployed.

404. The assessment in this paper points particularly to:

a. the continuing importance of the development of the naval support facility at Cockburn Sound;

b. the central importance of the Darwin area to our defence posture in North Australia and northern waters;

c. the requirement to expedite provision of facilities needed in Australia for the basing of the Tactical Fighter Force;

d. the requirement for improved facilities for the movement and logistic support of forces operating in the north and north-west areas of Australia or the approaches to those areas;

e. the significance in the future of improved facilities for intelligence-gathering.

405. We regard the development of Australian infrastructure as an important part of Australian defence capability.

THE REQUIREMENT FOR INDUSTRY

406. Greater independence and self-reliance for the Australian Defence Force makes demands on, but does not require exclusive dependence on, the Australian industrial, technological and scientific base. Consideration is required of the longer-term factors which shape this base to ensure that development of technologies and capacities which are likely to be applicable to defence requirements is consistent with force expansion concepts.

407. The development of relevant industrial capabilities should be related to the likelihood of their use in contingent situations. In view of the strategic outlook, the first priority must be towards ensuring, as far as is practicable, the availability of those capabilities of repair, overhaul, modification and production of a kind that are likely to be required in low-level contingencies; and that there is flexibility in these capabilities to facilitate intensification and diversification of industrial activities should this be necessary.

408. The development of industrial capacity by specific investment for the production (as distinct from repair, overhaul and modification) of sophisticated equipment likely to be needed to be produced in Australia rather than overseas solely in high-level contingencies, would not be warranted in present circumstances.

409. Initiatives for defence industry should seek to develop selectively capacity where at present it may not be adequate for defence purposes, or to maintain important capacities which would otherwise disappear. Where national industrial policy is involved, it will be necessary to ensure that the defence desiderata are properly taken into account in deliberations of the relevant authorities.

410. The minimum requirement for Australia's defence industry is that it should have, after making a judgement of the continuing availability of overseas sources, the capabilities to support the relevant Service capabilities in independent combat operations of limited intensity, possibly involving protracted operational deployments. This necessitates the availability of industrial support for such repair, overhaul and modification as might need to be undertaken locally of Service equipment likely to be needed, together with a suitable technological base that can be expanded to meet increased development and production requirements envisaged in those circumstances. Stockholding policy needs to be developed according to criteria consistent with the above.

411. Derivative papers from this strategic guidance are to be prepared on industry and stockholding policy.

OTHER DEFENCE TASKS

412. Peacetime national tasks need to be performed including special air transport, oceanographic, hydrographic and land survey, civil emergency and relief assistance, and other calls on particular expertise or capability. National tasks in support of relevant governmental agencies seem increasingly likely to make calls on force availabilities for coastal and resource zone surveillance and patrol.

SOME STRATEGIC PERSPECTIVES

413. Australia nowadays is faced with different strategic perspectives from those of a few years ago, and radically different from those of earlier decades. Britain has withdrawn to Europe, for example, and the US from the South East Asian mainland. The Guam Doctrine and the assertion of Congressional checks on US policy substantially limit prospects for any US re-engagement, particularly with its ground forces. SEATO is being disbanded. The communists rule in Indo-China. The ASEAN states by and large have progressed in nation-building, and are no longer so vulnerable as in earlier years to insurgent challenge and external pressures. Earlier assessments of threat from China have been drastically modified. This process of change is still going on. The following comments seek to indicate some basic perspectives for Australian strategic thinking in the context of these changes.

414. Certain features of its own situation support Australia's security. Its remoteness from the main centres of global and regional confrontation, while disadvantageous regarding separation from strategic associates in Western Europe, substantially supports Australia's security vis a vis the principal powers in other regions. Australia is surrounded by water – vast expanses of ocean to the east, west and south – and it is without a land frontier. It has no powerful neighbours. However, the policies and arrangements previously adopted to buttress these natural advantages are in many fundamental respects no longer relevant, or no longer wise, or no longer possible.

415. The European powers on whose colonial rule at first, and later continuing extensive military involvement, Australia largely rested its security, have gone. Australia's only effective allies now are New Zealand, a country of limited military capacity, and the United States. The US is still the world's most powerful country; but it has many obligations, diverse interests and distractions. Earlier discussion in the paper (Chapter Nine) concluded that US support was not in doubt in case of threat to Australia's fundamental security. It also concluded that there were "significant areas of defence contingency for Australia … in which US support, and particularly military support, would appear uncertain".

416. In the light of these circumstances, this paper has stressed the requirement for a substantial measure of self-reliance in Australia's defence capability. Such self-reliance can also be held desirable as supporting national independence in the conduct of Australia's relations with foreign powers.

417. Australia can still play a useful, albeit nowadays more limited role in support of its strategic interests in South East Asia. It cannot, however, take Britain's place. Nor can it yet expect to be a powerful enough country to conduct substantial military operations concurrently in separate distant theatres. The effect on capability for defence of the national territory should, therefore, always be a primary consideration should the question of involvement in distant theatres arise.

418. An Australian defence posture based on these considerations accords not only with Australia's primary national obligations to handle certain contingencies on its own, but also with the requirement for complementarity of effort with Australia's ally, the US. By the pursuit of policies that support stability in Australia's own immediate neighbourhood, and reduce scope for Soviet and other external penetration, Australia can make a significant contribution to the alliance relationship and to the US global effort. The US looks to Australia to carry this responsibility.

419. As a neighbourhood power, and a substantial one, Australia will have its own important role to play in developments. Its own security could be affected significantly from time to time, although in what ways it is not possible now to foretell. If major hostilities appear improbable, lesser situations, were they to occur, could still produce challenging defence problems. It will always be important, therefore, both for the support of political policy or for the direct defence of national interest, that Australia possess defence forces and associated capabilities able to operate with substantial independence and shaped to do so in its own environment.