

## 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**

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# 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 7<sup>th</sup> 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.

