

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

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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 foreseeable 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

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