

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).

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MARCH 1971

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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 United 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 policies 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 policies 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 foreseeable 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 foreseeable 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 particular 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.