

# STRATEGIC BASIS OF AUSTRALIAN DEFENCE POLICY (1973)

## Editor's Introduction

The 1973 Strategic Basis was the first to be endorsed under the new Labor government of Gough Whitlam. It stated that the 'strategic situation contrasts strongly with that which faced Australia ten years ago' as China was being drawn closer into a system of active management of super power relations, and South East Asia became an 'area of competition for limited stakes' (paras II-1, 2, 6, 28-30; III-2; VII-14). Although the ongoing conflict in Vietnam remained a source of tension, chances of overt aggression beyond Indochina were remote (paras III-14, 19, 30; VI-16). Despite domestic instabilities, ASEAN members showed progress in nation building and 'acute' hostility towards communism (paras III-20-24, 27, 28). Indonesia was now interested in a stable region and saw Australia 'as an ally rather than an enemy', and the likelihood of it posing threats to its neighbours was remote (paras IV-9, 11-14, 16, 20, 21; VI-37, 39; VII-6). Without sustained external military assistance, at most low-level harassment could occur in the more distant future (paras IV-15; V-5). Australia should support PNG against the likely 'decline in law and order' and possible secessionist threats, but beyond limited operations to extract Australian expatriates, military intervention should be avoided (paras IV-25-28; VI-45, 49-52; VII-9).

While there was a 'need for greater self-reliance and the ability to act independently' in the defence of Australia, the US alliance remained essential as an insurance, and for practical defence assistance (paras V-4; VI-8, 9; VII-4, 17). But there was no 'significant likelihood of a threat of armed attack upon Australia', and although there would be a measured competition for influence in the Indian Ocean, this was especially true of threats by a major power (paras III-10, 11; IV-32, 33; V-2, 3; VII-1). Political and economic pressures could be used against developing threats before military means, and Australia's security was increasingly supported by the instruments of broader foreign policy (paras I-5; IV-23; V-1; VI-13, 21-24, 39).

There were no requirements to contribute to the central Cold War balance, or to prepare for Indonesian aggression against Australia or PNG (paras VII-3, 7, 8). Specific requirements, for example pertaining to surveillance or 'most improbable' major assistance against insurgency, were 'insufficient in themselves to provide a valid base for force structure development' (paras VII-5, 12, 13, 30). But Australia 'must make allowance for circumstances which we cannot now predict', and as 'warning and lead times will then become of substantial significance', both concepts are discussed in detail (paras I-10-12; VII-1, 16, 24-28). They would require 'efficient intelligence' and timely decisions, and depend on reserves as well as 'nuclei' in the regular force (paras I-11; VII-36). Equipment purchases and force size should emphasise expansion capability over force-in-being, while the defence of Australia should influence defence infrastructure, and be the subject of major studies (paras VII-22, 23, 35, 38). There was 'no present strategic need' for nuclear weapons, but the implications of nuclear proliferation would 'need regular review' (para VII-40).



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## **PART I—INTRODUCTION**

1. Australia is remote from the principal centres of strategic interest of the major Powers, namely Western Europe and East Asia, and even those of secondary interest, the Mediterranean, the Middle East and North West Pacific. Having ratified the Nuclear Non-Proliferation Treaty we are not a factor in the Powers' nuclear calculations and dealings. We are not a principal party in the shaping of any regional affairs relevant to their interests, not are we under present threat from our immediate neighbours.
2. Because of its location and size Australia is a difficult country to invade, conquer and occupy. Moreover, we are a Power of sufficient substance to discourage any thought that we may be susceptible to low-level pressure. Our wealth and sparse population contrast with the large and poor populations of neighbouring countries. Access to the resources we can supply will be increasingly important to Western Europe, Japan and North America. This gives them a growing stake in Australia's security and undisturbed economic development.
3. For the foregoing reasons, it can be said that Australia is at present one of the more secure countries in the world.

### **A. AUSTRALIA'S STRATEGIC INTERESTS**

4. Australia's basic strategic concern is the security of our territory and off-shore resources from attack and threat of attack, and from political or economic duress. The strategic interests encompassed in that concern flow from Australia's geographic situation as already described. They are:
  - a. the security of Australia's sea and air lines of communication with its defence allies, major trading partners and suppliers of strategic materials and defence equipment, and avoidance of restrictions on freedom of military movement through these communications, whether by any international convention or arrangements for regional "neutrality" or otherwise;
  - b. the security of Australia's neighbours in South-East Asia, especially Indonesia, and in the South-West Pacific, including Papua and New Guinea after independence, from political or military subordination to substantial powers potentially hostile to Australia;
  - c. the pursuit by these same countries of domestic objectives without substantial disruption of their domestic peace and economic development;
  - d. the widest possible agreement among the major Powers and the use of their influence to restrain and limit any disputes among other nations;
  - e. the maximum effective limitation of strategic armaments generally, and in particular the non-proliferation of nuclear weapons;

- f. continued access for Australia to the technological resources and trade of economically advanced states;
- g. the absence of racial tensions between Australian and nations of different racial stock;
- h. maximum notice of the nature of threats to Australia's security.

5. Australia's long-term strategic interests as defined above suggest the fields in which Australia needs to be active. Avenues for the exercise of influence comprise political and diplomatic activity, trading and other economic relationships, economic assistance and other aid in its various forms, including defence aid; and evident military strength, appropriate display and, in the last resort, military operations.

## **B. UNCERTAINTIES IN THE PERIOD OF STUDY**

6. This study is required to assess likely developments over a period of fifteen years. It attempts to identify the principal factors and situations affecting Australian defence and strategic interests, ranging from the global balance of power to protection of the maritime resources zone. Certain important factors and long-term trends reinforcing the security of Australia and its interests can be assessed with some confidence. However, it is generally not possible to make reliable assessments over so long a period as fifteen years. The later period of the study is necessarily clouded with uncertainties.

7. We are at present in a transitional era, in the global balance, the situation in South-East Asia and our own neighbourhood, where Papua New Guinea will soon become independent. Major uncertainties arise in many respects. We cannot be confident that later developments will support the present relative stability of the international order and the continuing unlikelihood of threat against Australia.

8. Future economic and technological changes may influence international life as the strategic factor has influenced it in the decades since World War II. The economic factor can reinforce international stability and co-operation in important ways; but it can also be a source of stress and could affect present alliances and strategic relations among the Powers.

9. There are also changes in Australia's strategic situation. Technological advance has modified the security deriving from our geographical remoteness: for example, by 1974 China will have acquired the ability to deliver a three-megaton nuclear warhead onto Australia. The geographic area of primary strategic interest to Australia is now of reduced importance to our principal defence associates, the US and Britain. The principal changes in our situation are in respect of the neighbouring region, where Australia must now play a more independent role. No major military threat to Australian interests from this region is foreseen. Australia's security is strongly served by the interest of the major Powers in avoiding military confrontations and by our security alliance with the United States of America.

## **C. WARNING AND LEAD TIME**

**10.** Although a country's military capability may be assessed reasonably closely, its will to use it is a much more complex matter. This involves the nature of the political forces at work in the country, whether there is motivation to exert military pressure, and the ability to mobilise national support for it. These factors become even more difficult to predict in the longer term.

**11.** Inability to predict confidently that in the longer term there will be no threat does not, of course, mean that a threat is likely. However, the uncertainty is relevant to the factor of Warning Time. This is critical to the provision of adequate Lead Time for developing effective military forces when threats are recognised to be real. Effective Warning and Lead Time call for efficient intelligence, regular strategic reviews and timely decisions. It is also important to have in being forces adequate in size, in skills and in equipment to allow for expansion at the rate called for.

**12.** The improbability of threat or direct military pressure against Australia at least into the later, more uncertain period of this fifteen year study, despite the fact that military power globally is steadily increasing, poses difficult problems of judgment for Australian defence force development. These questions are discussed in Part VII of this Paper.



## **PART II—THE GLOBAL BALANCE**

1. After World War II, expansion of Soviet influence into Eastern Europe and the coincidental establishment of a communist regime in China led to a Western strategy of “containment”, notably NATO and SEATO, and confrontation between the two power blocs. The Sino-Soviet split made little immediate difference to this; but the great dangers of the nuclear weapon, to the US and the USSR and to all mankind, have increasingly moved these two Super Powers to cooperate in controlling their own nuclear development and nuclear proliferation among other Powers and in dealing with situations that might lead them into a critical confrontation.

2. In Asia, the US commitment to Taiwan and involvement in the post-colonial struggle for power in Viet Nam, along with the internal political situation in China, for long prevented a similar development. But the “détente” between the US and the USSR, the US reappraisal of the global containment strategy and the prospective advantage for both the US and China of greater flexibility in their dealings with the USSR, supported a rapprochement. President Nixon’s visit to China in 1971 finally opened a new era in international relations.

### **A. “DÉTENTE” AND STRATEGIC STRESS : SALT**

3. The continuing antipathies between the political systems of the USSR and the US, and the difficulties for either in reducing, without fear of unacceptable risk, its capability to destroy the other, mean that they will remain adversaries. Major conventional military conflict between them appears too dangerous and costly. They are likely to give selective and indirect support to other Powers in some of their conflicts but not to the point of bringing about direct confrontation between themselves. They will seek to contain these conflicts by “crisis management” politics.

4. The Strategic Arms Limitation Talks (SALT), begun in 1969, have contributed to the improved climate of confidence between the USSR and the US and they have reached three important agreements:

- (i) Ceilings on the total permitted numbers of land- and submarine-based long range ballistic missiles;
- (ii) Limitation to two each on defensive systems against missiles (one for the capital and one for the missile site);
- (iii) Each side may verify compliance of the agreement by “national technical means”. Neither will interfere with the national technical means of the other.

5. These agreements are provisions pending further progress. Much more difficult questions for negotiation lie ahead. They include problems of improvement of capability and of getting agreement on controlling research and development and technological advance. They also include other systems of delivery (e.g. aircraft).

6. The talks which have been held have been searching and responsible and a vast amount of sensitive information has been exchanged. The principle has been accepted that strategic deterrence depends on each preserving the capability of assured destruction of the other. It is also accepted that the aim of the talks is to establish parity of nuclear armaments between them.

7. Because the technical problems are so formidable we cannot offer judgments about what the second round of talks is likely to achieve. If there is further progress the two Powers will be compelled to work closely together in implementing and strengthening whatever is decided. Mutual agreements and understandings on nuclear stabilisation would force them much closer. Moreover, because they are placing limitations on themselves, they are developing common interests in the intentions and programmes of other nuclear powers.

8. No matter how difficult the problems, formal breakdown of the talks is unlikely. The whole bilateral relationship would be seriously impaired. It is likely, therefore, that if there are some areas where it is too difficult to reach agreement there would still be self-imposed restraint in the national decisions made.

## **B. THE PRINCIPAL POWERS AND THE BALANCE**

9. Maintenance of the balance is governed not only by the nuclear relationship and deployments but by general strategic and political competition between the USSR and the US, by their relations with other Powers and the developments in the policies and relative military and political status of other Powers.

### **(i) United States**

10. In the United States, the fundamentalist re-assessment of strategic policy in relation to its two major rivals, stimulated by frustration in Viet Nam and the pressure of domestic and economic problems, set in train a major reduction in America's role as "world policeman". The re-assessment has received its principal expression in the Nixon Doctrine, SALT, the attempt to disengage from Indo-China, rapprochement with China and domestic pressures within the US for retreat to a less involved global position.

11. It is still too early to tell how far the changes in American policy will go. The Nixon Doctrine's declared readiness to keep treaty commitments and furnish military assistance "as appropriate" is yet to be tested. The extent of American strategic interest in South-East Asia after Viet Nam is not clear. There is significant pressure in Congress for the substantial reduction, and even withdrawal, of US combat forces from Western Europe and for further cuts in the Defence budget.

12. On the other hand, Congress has resisted even numerical nuclear disparity with the USSR, and the Administration is reaffirming the US strategic interest in Europe, where as in East Asia and the Pacific, the US could not be indifferent to significant pressure on the balance of power.

13. The US appears likely to retain a major commitment in these three situations and to work actively in other areas in support of a stable international order that will both minimise stress with its major rivals and reduce economic dislocations.

## **(ii) The USSR**

14. The obscurity of political debate in the USSR makes assessment of future Soviet policy the more uncertain; but certain primary features are clear enough.

15. The Soviet regime, like the Tsars before it, has a low tolerance of political dissent and requires insulation from "infection" from abroad. Policy that risked this basic position in "détente", and displayed strategic weakness in relation to another major Power, would not command support.

16. The Soviet system is highly resolute in strategic relations with its major rivals, eg. in SALT. Soviet policy as expressed in the Brezhnev-Nixon General Principles of May 1972, is constrained by similar considerations to those moving the US to "détente" and co-operative global management. However, it is a signal success for the USSR to have achieved equal status with the US and it will not lightly yield it or accept any US ascendancy in their consultations.

17. In Soviet politics, as elsewhere, power requires success. The present governing group can so far claim success for their policies for nuclear rapprochement, "détente" in Europe, achievement of strategic parity with the US etc. Future crises or reverses would threaten their position.

18. The Soviet Union is likely, therefore, to continue to pursue its strategic interests with considerable stability of purpose and toughness and to develop the military and an economic basis that will maintain its challenge to the US and strengthen its status in areas of its strategic and political interest.

## **(iii) Western Europe**

19. The principal area of land confrontation between the USSR and the US is Western Europe.

20. The massive Soviet military capability (it has forty-eight divisions and some three thousand tactical fighters deployed in Eastern Europe) imposes a palpable pressure on Western Europe against which the presence of American ground forces is the only credible countervailing force, signifying US willingness to proceed if necessary to the point of critical confrontation. American withdrawal would therefore allow the Soviet Union substantial leverage to impede Western Europe's political and defence development and to gain access on favourable terms to Western Europe's economic resources and technology, thus winning significant strategic advantage against the US. Britain and France have small nuclear forces, which they may in the long term amalgamate, but these offer only limited deterrence and will not be an adequate substitute for the US commitment in the period of this study.

21. The Soviet Union's attitude in current negotiations strengthens Western caution. It has shown little interest in effective negotiations for a mutually balanced reduction of NATO and Warsaw Pact forces, to balance a partial US withdrawal; and in the parallel Conference on European Security and Co-operation it is resistant to the negotiations producing much beyond general declarations of amity.

**22.** In the next fifteen years the Western Europeans are unlikely to develop sufficient political unity and combined defence capability to meet the Soviet strategic pressure. Their security will depend on their alliance with the US. The alliance is subject to uncertainties and stresses, such as at present arise in relation to US policy in SALT; US intentions as regards to their force levels in Europe; US pressure for a larger defence effort that is politically practicable for the West Europeans in the “détente” atmosphere; and US opposition to the “exclusionist” trade policies of the European Economic Community.

**(iv) Japan**

**23.** Japan’s leaders have committed themselves to the development of Japan as a great economic power. Japan expects to be able to develop and secure global access to markets, materials and investment opportunities, regardless of the political complexion of governments or their international alignments. The Japanese leaders are increasingly conscious of the problems of world economic management and access to world resources. However, Japan at present does not apparently consider that the addition of substantial military power would add to its strength in dealing with economic, financial and resources problems.

**24.** Japan’s armed forces are completely outmatched by those of the USSR and China. It is likely to remain at best a medium military power, without means to project that power beyond its immediate area. If Japan were to reverse its present policies and to undertake a military build-up beyond its present limited capability it could, in two years from the time of the political decision, develop a limited regional offensive capability; in five years it could develop a major offensive capability; and in the same five years it could also produce an intermediate range nuclear ballistic missile system. Japan is dependent on outside sources for enriched uranium. Relying on its own resources, it would be the late 1970s before Japan could acquire an independent source of enriched uranium for nuclear production. In the late 1970s small numbers of nuclear warheads could be produced.

**25.** Japan cannot be indifferent to the concentration and weight of military power in East Asia. The Soviet Union maintains great military power in the Far East, much of it deployed in relation to China but nevertheless, in air and naval power, in close proximity to Japan. China is systematically developing its nuclear weapons programme and the means of delivery. In the coming years it will be engaging in test programmes for ICBMs, which will attract public attention in Japan.

**26.** Japan’s policies assume that Japan’s security will be safeguarded under the US/Japan Mutual Security Treaty. This protects Japan and restrains its military development. It also reassures China and the USSR about Japan and restrains them from policies towards Japan that may provoke Japan’s military development.

**27.** However, Japan’s commitment to its present course could be eroded if there were serious failure in international monetary and trading arrangements. Confidence in this respect, and co-operation between Japan, the US and Western Europe in economic matters, are necessary to Japan’s continued reliance on the US “umbrella” and limitation of its own military development.

## **(v) China**

**28.** China cannot attain nuclear status comparable with that of the USSR or the US within the next fifteen years. But it will at least develop an intercontinental strategic force that will provide assured second strike capability against any nuclear attack by the US and USSR. China is likely to find its policy increasingly influenced by the factors that have moved the USSR and the US to “détente”; they will seek to draw China into their nuclear discussions.

**29.** China’s re-entry into the international community has modified its ideological ambitions for a world revolution, but ideology remains an important determinant of its view of the international scene and the policies it adopts towards it. China’s present position is one of resistance to “global hegemony” by the USSR and the US and this leads it into extensive political activity, e.g. its enthusiastic support for the EEC and West European defence development. But, at present, its military and economic power is not sufficient to sustain a major global role and its influence is still largely confined to immediately neighbouring regions – where its nuclear capability and vast conventional superiority in ground forces give it status as a principal Power and, of course, the influence that goes with that status.

**30.** China’s main significance in the global balance, as distinct from the Asian area, during the next fifteen years is therefore likely to be in its nuclear relationship with the USSR and the US and in the extent to which its political rivalry with them complicates their efforts to “manage” the global situation. Given a stable disengagement by the US from South-East Asia, the principal theatre of confrontation between China and the US will be in East Asia, where concern not to stimulate military development by Japan and China’s confrontation with the USSR are likely to moderate any Sino-American tensions that may arise. After the death of the present leadership in China, the USSR is likely to make a major effort, at least at the state level, to reduce the rift with China. However, any rapprochement is likely to be limited. China’s emergence appears likely to favour the US rather than the USSR’s interest, but it will complicate the problems of the balance for both.

## **C. OTHER ASPECTS OF THE BALANCE**

### **(i) “Multi-Polarity”**

**31.** While the USSR and the US led opposing blocs in a global confrontation there was a basic bipolarity in world affairs. The US and the USSR continue predominant, but, with China, Western Europe and Japan, there are now five major concentrations of political power. The influence of the two Super Powers is reduced by this “multi-polarity” of political power and their policies have to take increasing account of it.

**32.** The proliferation of nation states since World War II has introduced a further element. The new states’ consolidation of national power, their pre-occupation with domestic and regional affairs, and the increasing focus of their international activity on questions of trade, aid and investment, have much reduced both the scope and incentive for the US, USSR and China to compete for major influence among them, and complicated their efforts. To the extent that the major Powers’ interests are not involved, either directly or by the prospect of a rival securing advantage, and they are

not moved to intervene to impose restraint, local disputes may more readily lead to armed conflict among smaller countries.

**33.** In the last two decades, non-alignment was essentially a reaction to the earlier major confrontation between the two power blocs of the US and the USSR, expressing the desire of the emerging states to protect their new political independence. In this, the non-aligned nations were largely successful; but their attempt to exert influence as a “Third World” on the policies of the major Powers was ineffective. Moreover, the concept eroded as the new nations began to assert or defend their own individual interests.

### **(ii) Nuclear Proliferation**

**34.** The number of nuclear powers has been held at five for about ten years. One hundred and three have signed the Nuclear Non-Proliferation Treaty; eighty countries have ratified or acceded to it. The significant exceptions are France, China, India, Israel, South Africa, Brazil, and the Argentine, which have not signed or ratified the treaty. Japan has signed but not ratified it.

**35.** Advances in nuclear science, the widening use of nuclear technology and other factors, add to the practical potential for the proliferation of nuclear weapons among additional countries.

**36.** Influenced by China's policies, India has reached the threshold of nuclear weapons. Japan has not, but its industrial capacity would enable it in a few years to develop a nuclear force. Israel has developed a capability to produce nuclear weapons. South Africa is well advanced in nuclear technology.

**37.** The principal inhibitors of nuclear weapon proliferation are the influence and determination of the Super Powers in intervening to reduce tension in situations that could lead to armed conflict or confrontation between lesser nations; the stability of the present strategic system; and the co-ordinated concern of the secondary powers that the nuclear balance be maintained – expressed in action in the UN and in support for Super Power negotiation. Failure of these factors and resort by more countries to nuclear weapons as the principal form of their defence would significantly increase risks of nuclear exchange and radically affect present strategic alignments.

### **(iii) Economic and Technological Factors**

**38.** A quarter of a century of economic and technological development without major war is transforming the international environment. There is a continuing revolution in communication, dissemination of information and transportation. [Two lines expunged] Shipping tonnage has trebled in twenty years. World trade has increase fourfold in twenty years.

**39.** National markets are increasingly joined and international movements of trade, finance and capital and the operation of international firms bear strongly on the domestic policies of modern governments seeking to manage their economies. Economic and related matters are becoming more significant in foreign policy formulation and the pursuit of national interests.

**40.** This process is developing to the extent that the traditional character of international relations may eventually be profoundly altered. The compound rate of growth of the big industrial countries is creating massive increases in the requirements for energy resources and minerals from foreign suppliers. The United States, self-sufficient until twenty years ago, will be needing large quantities of imports of oil, natural gas and minerals by 1985. Japan, a decade ahead, will be requiring a large proportion of the world's exports of raw materials. The EEC countries are similarly placed – but not the Soviet Union.

**41.** The large industrial economies of Western Europe, Japan and the United States increasingly require an uninterrupted and very large flow of essential raw materials across a world-wide grid of producing, processing and shipping facilities. Arrangements for stockpiling of essential materials and for the alternative national sources of supply would not prevent serious disruption to these industrial economies if the flow from abroad was to be curtailed by either political or military means. These developments are making the industrial countries more cautious about recourse to military force, and placing increasing significance on the peaceful accommodation of problems. The industrial countries are aware of their growing vulnerability through disruption of world supply systems and increasingly aware that attempting to secure sources of supply and supply lines by military means may not be realistic.

**42.** The way in which the world community deals with economic, monetary and resources problems could affect the strategic military balance itself. Economic recovery followed by growth has given the EEC countries and Japan the means to generate their own military power if they should wish to do so. Their willingness to continue relying on, and US willingness to continue supporting, the present security system will depend not only on strategic developments, but also on the status of and results achieved in economic negotiations.



## **PART III—THE REGIONAL BALANCE IN SOUTH-EAST ASIA**

### **A. GREAT POWER INVOLVEMENT IN SOUTH-EAST ASIA**

1. North-East Asia is strategically more important to the major Powers than is South-East Asia. Substantial military power is assembled there. The industrial potential is far higher. Their interests intersect in North-East Asia. The territories of the USSR, China and Japan border on that region and the United States, through its security treaty with Japan and its force disposition, has a continuing political and military commitment there.

2. The evolution of relations among the major Powers in North-East Asia affects the global strategic balance. South-East Asia is of subsidiary strategic importance to them. Underlying their agreement on winding-down the war in Viet Nam is a consensus that their competition in South-East Asia should be below the point where vital interests become involved. However, although the risk of Great Power military confrontation has been reduced in South-East Asia, it remains an area of competition for limited stakes and of localised instability.

3. Among the Great Powers the region is of most immediate strategic importance to both China and Japan. But China's power is limited, especially in those parts of South-East Asia that are remote from it. The improvement that has occurred in US/China relations holds out the possibility of further accommodation of their interests in the region. Both are opposed to the expansion of the role of the Soviet Union.

#### **(i) China**

4. China's policy towards the South-East Asian countries has gone through different phases. Currently, under pressure of the Soviet threat and consistent with its international diplomatic posture, China is emphasising good state level relations. At the same time China still publicly declares its support for "movements of national liberation". China assists such movements in South-East Asia politically by recognising that they exist; by allowing clandestine broadcasts from its territory; and by use of China's official media, such as Peking radio, for dissemination of hostile propaganda against governments of the region (although this is now moderating). China is giving large scale military aid to North Viet Nam and Chinese military equipment is used by communist military forces in Laos and Cambodia. Some Chinese military aid is used by communist forces in Thailand, and to a small extent in Burma. Elsewhere in South-East Asia there is no Chinese military aid to insurgent movements.

5. The significance of this ideological factor during the next fifteen years is uncertain. But China seems to regard it as a legitimate element in relations with the region and it could continue.

6. China's regional policy is probably long term. It can afford to wait for US disengagement from forward positions and for the regional countries to take the initiative in seeking normalisation of relations. How China's relations with them develop will depend significantly on the degree of apprehension about China's intentions. China will want the regional countries to be sympathetic and co-operative in various degrees, and resistant to the influence of the other Great Powers. (The regional attitude is discussed below.)

7. The future of China's policies cannot be accurately predicted. It could be affected by developments in the global equilibrium and by leadership changes.

### **(ii) The United States**

8. The United States' interest derives from its global position and from the strategic commitment under its security treaties with Thailand, the Philippines and Australia and New Zealand. It is possible that these treaties may lose their force in the period under review, e.g. because of unwillingness of the US to shoulder the strategic commitment or because the other states themselves adopt other arrangements for their strategic security. But so long as the treaties are re-affirmed and have substance in the policies and working relations of the partner states, the US cannot be indifferent to pressures that might eventually involve it in committing forces under a treaty.

9. The US has an interest in limiting its commitments in South-East Asia, especially in not again having its own ground forces engaged there. It does not want to see South-East Asia as an area in which the vital interests of the major Powers clash. In the long term, the US probably favours the normalisation of relations between the South-East Asian countries and China. It would not object to some expansion of Chinese influence in the mainland states (i.e. Burma, Thailand, Cambodia, Laos, North Viet Nam and South Viet Nam), if this contributed to regional stability. What degree of expansion might be sought by China and accepted by the US is uncertain. The US is likely to seek to maintain Western influence in South-East Asia. In accordance with the Nixon Doctrine, it will continue to promote the self-reliance of countries in the area by its economic and military aid programmes, which are at present essential to some of the countries of the region and are likely to remain so.

### **(iii) The USSR**

10. Soviet interests are more remote. It too is concerned with the region in its role as a global, and Asian, power and in particular as an adversary of China. It is likely over the years to increase its naval presence through the region and, as regional circumstances and local political situations offer opportunity, to improve its status (e.g. in North Viet Nam and Singapore). It will continue to work politically to limit Chinese influence, e.g. by seeking a substantive role in any arrangements for regional security or political consultation involving external powers.

11. The USSR has sought, with mixed success, to improve its state level relations with the South-East Asian countries by a variety of avenues, including trade and aid. It has also put forward a concept of "collective security" designed to further its political influence. During the period under study the USSR is likely gradually to improve its position but not to seek or gain decisive strategic influence. Its relationship with Hanoi could significantly shape its role in the region (see paragraph 17 below).

#### **(iv) Japan**

12. South-East Asia is a region of major importance to Japan. Its economic position achieved through trade, investment and aid is strong and will develop further. Its position is far stronger than that of China: twenty-five percent of the ASEAN countries' trade is with Japan, compared with three percent with China. Japan imports from South-East Asia raw materials, including oil from Indonesia. In addition, Japan has the strongest interest in preserving the free flow of oil from the Middle East and minerals from Australia through South-East Asian waters. Japan sees its national interests in South-East Asia being best served by an economically developing, stable region in which Japan is able to trade and develop its economic interests peacefully and without discrimination against it. The region is increasingly dependent on Japan's economic and political policies. Should Japan's defence arrangements with the US end, and Japan, in consequence, seek to develop a strategic capability of its own or to move close to China, self-confidence in the region would be shaken and a strong sense of threat could develop. But on present indications Japan is more likely to protect its interests in the region by non-military action and reliance on the strategic influence of other Powers.

### **B. INDO-CHINA**

13. The immediate major uncertainty in the strategic situation is the position in Indo-China.

14. Assessments now give the Saigon government substantial prospects of holding power for at least some years. Political and military tension and some military conflict between North and South Viet Nam is therefore likely to continue for an indefinite period. Hanoi's ambition to control South Viet Nam has led it to occupy large areas of Laos and Cambodia for military transit and bases.

15. The future complexion of the governments of Laos and Cambodia is uncertain and will be much influenced by outside Powers. North Viet Nam, through training, use of cadres and military supply has built up a strong position in the local communist organizations which are bidding for power in those countries. China's associations seem to be more significant with the traditional aristocracy of the States. Both China and North Viet Nam will have their own separate interests in the type of governments which emerge in Laos and Cambodia. The United States has some commitment to the non-communist elements.

16. Thailand has little ability to influence internal political developments in Laos and Cambodia but is closely concerned. The common borders with Laos and Cambodia are long (the distance between Melbourne and Brisbane) and unprotected

and historically there has been much movement of ethnic groups between the Indo-China States and Thailand.

**17.** The United States may be expected to maintain military equipment support and economic aid to South Viet Nam and, depending on political developments, may have similar continuing commitments in Laos and Cambodia on a smaller scale. The Soviet Union has its strongest position in South-East Asia in Hanoi and will presumably want to maintain its position there. Therefore, it seems clear that, while the major powers have an interest in winding down the war in Indo-China, they will still remain substantially involved in the affairs of the region.

**18.** ASEAN powers have individually and collectively sought to bring North Viet Nam into regional consultations, but have so far been rebuffed. They are sensitive to the continued effort to bring down the government in South Viet Nam, to intervention by Hanoi in Laos and Cambodia and to the possibility of pressure by Hanoi against Thailand. They are worried by China's large superiority in conventional military power and conscious that they themselves will remain comparatively weak for the indefinite future.

**19.** In the shorter term at least, the principal strategic implication of the Indo-Chinese situation is that, if a reasonably stable *modus vivendi* cannot be achieved between North and South Viet Nam and Hanoi brought into some co-operation in regional matters, the ASEAN states' anxiety about the objectives of the communist states will perpetuate political and strategic tension in the region.

## **C. THE ASEAN STATES**

### **(i) Internal Instabilities**

**20.** In this situation, the factor of internal instabilities in the regional states assumes strategic importance.

**21.** Apart from Thailand, the states of South-East Asia are new and relatively inexperienced in national politics and government. Many of the sectional interests that were long suppressed under colonial rule have not yet found a secure place. The new governments have not yet been able to develop adequate programmes to attract co-operation in a national consensus that would allow free political interplay and orderly political change. Various sectional groups – religious, ethnic, regional, political – still dispute the authority of the new states.

**22.** As in other underdeveloped regions, administrative inefficiency, corruption and the quest for place and privilege also hamper national development.

**23.** Instabilities from such sources are compounded by the political energies released by economic and social changes in traditional societies, the erosion of earlier modes of social co-operation and constraint, high population growth, the rapid rate of urbanisation and student unrest. The semi-literate mass in town and country is not easy to involve in the usually unexciting programmes for national development, and can be fertile ground for agitation. The continuing shortage of trained, experienced administrative manpower, natural limitations on economic growth in narrowly-based, essentially rural economies and the slow development of broad-based institutions and activities beyond the state, in commerce, trade unions, the

professions, etc, also contribute to the basic political tensions and instability that still afflict the new states.

**24.** Despite these deep-seated difficulties, all governments but those of Indo-China, where the post-colonial power struggle still continues, have now managed to establish substantial authority and make considerable progress with the tasks of nation-building. However, although none of the ASEAN Governments faces, now or in the short term prospect, serious challenge, there remain, as is evident at present in the Philippines, significant areas of insecurity in the situations described above.

## **(ii) Opposition to Communists**

**25.** In this respect, the communist organisations have particular significance.

**26.** More than with other opposition movements the communists' objective is full control of the state apparatus, which is necessary to their far-reaching political and economic programmes. They generally have a more coherent doctrine, are more skilful in political indoctrination and organisation, and more ready to resort to the systematic use of violence to oppose the state and coerce support. More than the Muslims on the right, for example, the communists also see themselves as part of an international movement with long term objectives. They receive doctrinal encouragement from one or other of the communist powers and, in some areas, material support. Their immediate following may be small, but they mobilise support by exploiting and gaining leadership in the various areas of dissatisfaction, and their programmes can have forceful appeal for the dispossessed and politically frustrated in town and country. Moreover the communists remain a subversive and insurrectionary force outside the state and national politics. In these ways they can present some of the regional governments with difficult problems, for the latter lack sufficient administrative, economic, police and political capabilities to enable them to operate effectively to reduce and control the sectional dissatisfactions.

**27.** All the ASEAN Governments have defeated or contained communist challenge during the last two decades, and generally they remain in control. As the endurance of even the Burmese Government shows – although there are special features in that situation – governments can survive a substantial degree of localised insurgency without their central authority coming under critical challenge. However, this challenge is always latent and the effort to contain it diverts valuable government effort and resources, leads to tighter political controls, and, over the long term, may sap capability and will.

**28.** Hostility to the communists is acute, particularly because of the encouragement and support they draw from external sources. This is seen as an attack upon the political independence of the states, regarding which the post-colonial generation has particular sensitivities. The prospect that ultimately concerns the regional governments is that continuing communist attacks could eventually undermine confidence and authority and bring about a government's downfall, or compliance with external pressure. Hence the Indonesian doctrine of national and regional "resilience" as the basis for the region's security and independence, and for insulating regional affairs from competition and confrontation between external Powers.

### **(iii) Regional Strategic Outlook**

**29.** Quite apart from whether the threat feared by the ASEAN states in fact will develop, their sensitivity to the prospect already shapes their strategic outlook and the policies that flow from it.

**30.** Anxiety has already slowed earlier momentum towards the establishment of relations with China, attempts to establish a basis of co-operation with the communist powers and the move to some arrangement for regional neutrality. Insofar as efforts to establish some basis for co-operation with North Viet Nam and China do not progress and the policies of these two states are suspect, the ASEAN states will see themselves at risk. This is the source of their anxiety at the prospect of what they regard as a premature US withdrawal. Reciprocation of this distrust by the communist regimes is likely to perpetuate tension.

### **D. ASEAN PROPOSALS FOR “NEUTRALISATION”**

**31.** Since late 1971 the five ASEAN countries have been discussing the political future of the South-East Asian region. They have agreed that South-East Asia should be “a zone of peace, freedom and neutrality”. The geographical scope of the zone has not yet been decided nor what a zone of peace, freedom and neutrality would mean in practice. Their broad thinking is that the South-East Asian countries should live at peace with one another within their present boundaries; not interfere in each other’s internal affairs; co-operate in preventing internal security problems in one spreading to another; declare their impartiality and non-involvement in conflicts beyond the region; seek respect from external powers for their national sovereignty and independence; and collectively develop their capacity to run the affairs of their own region.

**32.** The views of the individual ASEAN members about the means of attaining these objectives still require development and reconciliation. Malaysia has proposed that the region should be formally neutralised: the individual countries of the region would not belong to external security treaties and would not allow a foreign military presence on their territory. In return the United States, the USSR and China would commit themselves to respecting the independence and sovereignty of the countries of the region and to guaranteeing their security.

**33.** The other ASEAN countries are opposed to this proposal. They believe that a rigid form of internationally guaranteed neutralisation could work to the benefit of the Soviet Union and China; that it would strengthen the Soviet Union’s political role in the region; that it would give China new status, and that it could make it more difficult for the United States to give material aid and military support to countries facing externally supported (but disavowable) subversion. Their anxiety about China’s strategic predominance has already been mentioned. They do not really want “neutralisation” at all.

**34.** The other ASEAN countries therefore prefer to feel their way and retain flexibility. While they accept the removal of the foreign military presence as desirable in the long term, they do not want this to take place until they feel relieved of the pressures of externally supported subversion. Nor do they want to be policed by the Great Powers. They want to remain free to enter into arrangements with other countries which support their security (e.g. arrangements for military aid and equipment on which they are dependent upon external suppliers).

**35.** If the ASEAN governments in fact make progress towards agreeing and realising their "neutralisation" concept, formal commitments generally accepted are unlikely. (The implications for Australian security of having a zone declared to be neutral in the area to our north is discussed in Part VI G below.

## **E. INDONESIA**

**36.** Indonesia and its relations with its Asian neighbours are discussed in Section IV of this Paper.



## **PART IV—THE NEIGHBOURHOOD**

1. This Part deals with Indonesia and the strategic approaches to Australia through Papua New Guinea, the South West Pacific region, the Indian and Southern Oceans and Antarctica.

### **A. INDONESIA**

2. Indonesia is of the greatest strategic significance to Australia because of its position. The Indonesian archipelago imposes a substantial sea and air barrier between Australia and mainland South East Asia; it is also the country from or through which a conventional military threat to the security of Australian territory could most easily be posed. Australia's relations with Indonesia are of profound and permanent importance to Australia's security and national interest.

3. In the twenty three years since achieving independence, Indonesia has never threatened Australia nor sought to acquire the capability necessary for it to launch significant military operations against Australia. Indonesia has never politically attacked Australia.

4. This favourable attitude was shaped in Australia's early support for Indonesia's nationalist struggle: it has consolidated with the growth of substantial common interests. At the same time, however, Indonesia's proximity and size, the possibility of friction over PNG, the political extremism of the Sukarno era and the uncertain prospects for political development in the long term have given rise to doubts in Australia about Indonesia.

[Three paragraphs expunged]

#### **(i) Indonesian Political Situation and Foreign Policy**

8. The present Indonesian Government identifies three main sources of potential political pressure within the country and within its immediate geographic environment to the north. These are the problems represented by armed and subversive communist movements; the political ambitions of the extremist Muslims committed to the establishment of Islamic power in Indonesia and its neighbourhood; and the problems of assimilating the Chinese immigrant communities. None of these problems at present represents a serious challenge to the Government, which is probably more concerned with how its neighbours deal with them and the possibility of spill-over into Indonesia.

9. The Indonesian Government is well aware of Indonesia's backwardness. It has consolidated administration throughout the regions of Indonesia by engaging the moderate, progressive elements in national programmes of social and economic development. It has virtually eliminated armed dissidence. It has severely curtailed expenditure on the armed forces and substantially involved them in government and administration.

10. The Government is committed to recover international standing after the excesses of the Sukarno era, and has made substantial progress in this respect. It

has also encouraged foreign private investment, including industrial manufacture and exploration and exploitation of oil, minerals and other raw materials.

**11.** Indonesia wants a stable region within which its national development can take place without disruption. It is gradually acquiring a leading role in ASEAN and exercising increasing influence in regional affairs. It is likely to continue its low military posture and continue to wish to receive defence equipment assistance from the US, Australia, and perhaps other western sources, at a moderate level.

**12.** In the unlikely event of the present structure of political power being supplanted by a regime from one of the political extremes, there could be internal conflict of sufficient scale to attract the intervention of external powers, by the provision of military or economic aid. Although such a regime may seek to assert itself in the South East Asian neighbourhood, it seems unlikely that it would be able to mobilise sufficient support, resources or effort necessary for significant external military adventures.

### **(ii) Indonesia and Australia**

**13.** For the foreseeable future, Indonesia will see Australia as an ally rather than an enemy. Australian friendship is important to Indonesia. We offer no threat; on the contrary, we constitute a stable strategic bulwark to the south, enhancing Indonesia's security. Our economic, technological and military status and western associations benefit Indonesia's economic, social and defence development. We share certain basic strategic concerns, and Indonesia's leading role in ASEAN is important to Australia. Our regional role, in the Five Power Arrangements and elsewhere, and our Western associations, particularly the ANZUS Treaty, are valued by Indonesia as complementing their own major policies and offering prospect of effective support in any major crisis.

### **(iii) Possible Indonesian Threat to Australia**

**14.** The likelihood of Indonesia threatening Australia, either directly or by action in PNG, is therefore remote. It would require not only fundamental changes in the composition and attitude of the Indonesian Government and in major Indonesian policies, but positive hostility towards Australia. Even a Government of different political character from that likely to retain or to succeed to power in Indonesia would have little cause to consider military measures against Australia, and strong incentives not to, however relations may deteriorate in particular respects.

**15.** Indonesia's foreseeable military capability would not allow operations beyond sporadic raids and limited air and naval attacks, mainly confined to Australia's north and north-west areas and adjacent waters, but with the possibility of nuisance naval and air activity further afield, including limited submarine activity, some mining of ports and harbours. Indonesia's present capability for such operations is minimal and on the basis of present planning will remain small, at least until the later part of the period under study; as indicated in para. 14 above the likelihood of Indonesia attacking Australia in this way is remote.

**16.** Particular difficulties and frictions may arise over the next fifteen years regarding a range of matters, for example Australian fisheries and resource zones and transit of Indonesian archipelago waters and air space. These may give rise to such actions as denial of transit facilities or limited harassment of Australian aircraft flying over or near Indonesian territory or sporadic and limited interference with Australian shipping transiting Indonesian waters or incursions into Australia's maritime resource zone. However, at least until the later uncertain period of this study, Indonesia is likely to seek to settle any difficulties with Australia within the framework of the basic friendship between the two countries.

#### **(iv) Indonesia and Papua New Guinea**

**17.** Indonesia has a legitimate, abiding interest in the situation in Papua New Guinea. Like Australia, it has a strategic interest in avoiding significant penetration by external power and circumstances favouring this. It has an international border that must be policed for routine control of traffic, smuggling, gun-running etc. These two situations are unlikely to cause major difficulty over the next fifteen years, although the PNG Government will need to pay special attention to maintaining Indonesian confidence in its handling of border matters. Beyond this, Indonesia has a major interest in avoiding stimulation from PNG of dissidence in its own territory of Irian Jaya. This could be a source of difficulty between the Indonesian and PNG Governments.

**18.** The Indonesians are already concerned that the faster pace of development in PNG will stimulate dissatisfaction in their own province, for which they lack resources to support development at all comparable with Australia's contribution to PNG. They are also concerned lest dissident elements find safe haven and political and material support in PNG, and that instability there may have repercussions in their own province. Indonesia may also have to respond to actions by an irresponsible PNG Government, or by elements out of that Government's control.

**19.** For these reasons Indonesia will seek substantial influence in PNG and may at some time wish itself to use military force to protect its interests, either by agreement, as in Sarawak, or possibly unilaterally, if the PNG Government be unable or unwilling to do so. It is likely that Indonesia will remain in close touch with Australia about these circumstances, at least so long as Governments of the present outlook remain in power.

**20.** Military operations in the above context would be limited in extent and duration and confined to the border region. Similar limitations would be likely to prevail in circumstances of major disturbance in PNG. Indonesia's main concerns would be how the situation would affect its security situation along the border and whether communist influence in Melanesia would be facilitated. Although circumstances could arise which would dictate otherwise, for example a PNG government which had been actively supporting Irian Jaya dissidents, it is more likely that Indonesia would see its national interest in supporting the central government.

**21.** Beyond the possibility of limited activity in the border area, the likelihood of Indonesia adopting a military solution to problems it had with PNG is remote. This would require a major change in the leadership of Indonesia and in the orientation of Indonesia's policy towards PNG, Australia and the Western world. Should such a

new regime seek to assert itself to attract nationalist support, this would most probably be against its close Asian neighbours rather than against remote, and politically less rewarding PNG. It is extremely difficult to see how motivation would develop in Indonesia for sustained operations against PNG, aiming at an extension of Indonesian control, even given a threat to its national security. Aggression of this order against PNG would be a major act of policy that no discernable national Indonesian interest would support.

**22.** Any such policy would take time to develop, would require circumstances offering some political justification and would probably be preceded by Indonesian attempts to gain dominant influence in PNG short of the direct use of military pressure. (Insofar as secessionist moves are likely earlier rather than later after PNG's independence, the possibility of Indonesian intervention in this respect is the more remote.)

**23.** In addition to considerations along the foregoing lines, there would be substantial restraints on any Indonesian regime in respect of domestic political factors, foreign policy and economic interests. There would be scope to mobilise pressure particularly in the United Nations against any Indonesian attacks.

**24.** Significant military intrusion by Indonesia into Papua New Guinea is highly improbable, at least until the later period of this study. It can be expected that any aggression would occur only after major change in the Government of Indonesia and that it would then take time to develop. It would be indicated in a variety of developments in Indonesia and PNG.

## **B. PAPUA NEW GUINEA**

**25.** The PNG Government's major problems are likely to arise from pressure for increased regional autonomy. In the worst case this could lead to moves for secession by Bougainville or, much less likely, on the Gazelle Peninsula or in the Highlands. In the case of Bougainville, the likely inability of the Government to suppress secession by military operations would lead it to seek protracted negotiations and to try to frustrate the secession by calling for non-recognition of an independent Bougainville, sanctions, etc. The prospects for the Gazelle or the Highlands seeking secession are less; in these cases the Government would be less likely to exercise military restraint.

**26.** Swollen urban populations, traditional hostilities in the Highlands and elsewhere and a general deterioration in law and order could lead to dissidence of varying degrees of seriousness and violence.

**27.** No threat of military attack against PNG by an external power is foreseen in the next fifteen years. Situations could develop however, that would offer scope for external interference. With a view to increasing their influence in PNG and changing the PNG Government's policies to those more closely attuned to their respective interests, China and the USSR could attempt to exploit student unrest and dissenting movements. The opportunities for external interference could be greatly increased in a secessionist situation; however the wider constraints on global rivalry are likely to limit interventions by external Powers. Moreover, a "war of national liberation" or sustained insurgency directed by a communist core, similar to those occurring in South-East Asia, is unlikely in PNG because of the fragmented nature of PNG society, and its lack of political sophistication. Gun running to relatively small areas of dissidence seems likely to offer more dangers to internal security in PNG than does direct intervention by an external Power.

**28.** An important factor in the situation for Australia will be the presence of large numbers of Australians, presently 46,000. A substantial number will remain in PNG, in private business or the PNG Government's service including Australians with the PNG Defence Forces. While the number of Australians in PNG is likely to diminish, in any emergency it could be necessary to warn and evacuate very large numbers. It is likely that some or all of these will be at risk at various times. Wholesale evacuation of Australians could seriously affect the ability of the PNG Government to keep the economy going and maintain services and effective administration.

### **C. THE SOUTH WEST PACIFIC**

**29.** No state in the South West Pacific could possibly threaten Australia, although some may prejudice Australian interests, e.g. by limited interference with communications or by intrusions into our maritime resources zone.

**30.** Significant new strategic penetration by external Powers is unlikely during the period of this study, although the Soviet naval presence in particular will increase and Japan's economic and political status will grow. Any external Power would have to reckon with opposition within the region and with reactions from Britain and France, who for most or all of the period will have continuing responsibilities, from the United States, the dominant Pacific Power, and from Australia and New Zealand.

**31.** The region could, however, be troubled by smuggling, systematic intrusion into territorial waters, gun running, etc. The various states, particularly Fiji, may have internal security problems from time to time. In this respect, and in the development of their small armed forces, they will be looking for help in the training and equipment of their forces.

## **D. THE INDIAN OCEAN**

**32.** The idea of the Indian Ocean as an area free of Great Power involvement is illusory. For each of the external Powers there will be higher priorities than the Indian Ocean area. However, a number of factors do suggest that the Indian Ocean will have strategic significance – less than the Middle East, but more than Africa. These factors include the broader interests of the Super Powers in projecting influence in ocean areas, the importance to Western Europe, Japan and the United States of oil from the Persian Gulf, the position of influence the USSR has begun to acquire in the Middle East and South Asia, and the probability that China will feel compelled to compete for influence in such places.

**33.** The waters of oceans are important to the Super Powers as areas for the deployment of a relatively invulnerable submarine-based nuclear capability. Neither Super Power at present deploys nuclear missile submarines in the Indian Ocean. It is likely that the Soviet Union uses the Indian Ocean for the transit of nuclear missile submarines, even although the capacity to manufacture them at the rate of one to two a year exists in the Soviet Far East. There are at present eleven nuclear powered ballistic missile submarines and sixteen nuclear powered submarines with guided nuclear missiles based in the Soviet Far East. Neither Super Power seems to want naval escalation in the Indian Ocean. It is possible that they could agree in due course to limit their surface deployments there (as distinct from submarine) as a step in expanding the area of agreement between them on strategic arms control.

**34.** The most substantial littoral state in the Indian Ocean is India. In the next fifteen years it is not foreseen that India, even if nuclear armed, would present a threat to Australia.

## **E. THE SOUTHERN OCEAN AND ANTARCTICA**

**35.** The Antarctic Treaty of 1959 stabilised territorial disputes in the region and prohibited its use for military or defence purposes. It is unlikely that the USSR, the only potentially hostile nation with the capability to establish military bases in Antarctica, will do so; but existing bases could be used to provide communications and navigational facilities for Soviet ships or aircraft, or to re-supply submarines at certain times of the year.

**36.** In general, the situation to the south of Australia reinforces Australia's security, [one line expunged].

## **PART V—THREAT TO AUSTRALIA**

1. The fundamental objectives that defence policy must serve are the independence and security of Australia. Independence for any nation means more than avoidance of occupation by an alien power. It means the ability to counter threats and to safeguard against risks whose magnitude would otherwise inhibit freedom of decision in the national interest. Defence policy is not simply directed to the static defence of Australian territories and dependencies, nor simply to meeting commitments we have made to other countries. It must provide for the protection of Australian interests, in step with an[d] in support of foreign policies drawn up with these concerns in mind.

### **A. THREAT OF DIRECT ATTACK**

2. The preceding Sections of this paper have discussed various uncertainties and stresses, and have emphasised the difficulty of reliable assessment in the later period of the study. The present and likely trends identified have not indicated any likelihood of threat of direct attack on Australia in the period. Short of nuclear proliferation, less than a dozen countries have or might acquire the military capability to threaten direct attack on Australia, [one line expunged].

#### **(i) USSR, China, Japan**

3. Threat of direct attack from the USSR, China or Japan would require fundamental changes beyond the developments assessed as likely in this Paper. Australia would then be in a radically new situation in respect of these nations' policies and of the international situation and global balance of power. Such a development would take time and would affect many countries other than Australia. Our military development, our search for strategic support and our defence co-operation with Powers in and outside our region, would have proceeded well beyond the range assessed as necessary or prudent in this Paper. Inadequate warning time would only be likely to arise in the case of nuclear "blackmail" or attack. This contingency is highly improbable.

4. Australia itself would not have the capacity to deter a determined hostile major power. It is therefore important that against such a contingency in the future Australia maintain its security associations with friendly major powers.

#### **(ii) Threat from Indonesia**

5. The contingency of threat from Indonesia is discussed in Part IV (paras. 14-16). It was assessed that direct threat is remote, but that low-level threat of harassment, though unlikely, could occur in the later periods of this study.

### **B. POSSIBLE THREATS IN RESPECT OF US DEFENCE FACILITIES IN AUSTRALIA**

6. No Power has formally queried the presence of U.S. defence facilities in Australia or requested their removal. Presumably other Powers would be mindful of the international agreements under which the facilities are located in Australia and of

the ANZUS alliance and Australia's general association with the Western community. They would expect this to include practical defence collaboration.

**7.** In the circumstances of the present "détente" the USSR particularly would be likely to tolerate the presence of these installations as part of the technological apparatus of the global balance and would be unlikely to want to provoke discord with the US by pressing Australia for their removal. China has no present interest in weakening the US position vis-à-vis the USSR. Moreover, the USSR and China may not wish to prejudice arrangements they themselves may seek with other Powers for defence facilities.

**8.** The US has many defence installations about the globe and it is unlikely that the USSR or China would press seriously for the removal of those in Australia. Unless they expected compliance from Australia to a request, they are more likely to focus any pressure on installations they would regard as more important to their strategic interests, such as the US forward-based systems in Europe that the USSR wants removed.

**9.** For demands to be pressed would assume developments in the international situation beyond the likelihood assessed in this study. In the fifteen years under study it is highly improbable that Australia would come under military pressure or threat in regard to US defence facilities in Australia.

**10.** In the remote contingency of a general war, Australia may come under threat for various reasons, including the presence of defence facilities. However, only in the highly improbable event of general nuclear exchange would it seem likely that the significant US defence facilities in Australia might be attacked.

### **C. OTHER POSSIBLE THREATS**

**11.** Threats to Australian interests may arise in respect of conflicts about sovereignty over territorial waters, or interference with Australian communications by the archipelago states to our north, or denial by neutral states of strategic movement of naval ships or military aircraft by ourselves and our allies, or intrusions into Australia's maritime resources zone.

## **[PART] VI—THE AUSTRALIAN INTEREST**

### **A. GENERAL**

1. Australia's nearer substantial neighbours are countries with large populations whose history and societies are fundamentally foreign and with whom, excepting Japan, there are few substantial ties of importance to our national development. Across the major fields of its national life Australia's basic affinities are with Western Europe and North America. Including Japan, these countries are also our major market and the major source of our immigration, imports and technology. Australia's long-term development substantially depends on the readiness and capability of the "Western" community to co-operate with us.

#### **(i) Importance of the Western Defence Connection**

2. Association with Britain and America give us advantageous arrangements in the strategic and defence field, including important access to classified defence technology, doctrine, logistic support arrangements and to intelligence and policy consultations. We also benefit from military training and joint exercising and from collaboration in such fields as communications and maritime surveillance by advanced technological means.

3. These practical defence relationships, particularly with the US, are critical to the present capability of our defence forces and to their effective development.

4. There is advantage to Australia in Britain's continuing defence involvement in South East Asia. This is generally welcome in the region and supports Australia's own efforts to contribute to strategic confidence and stability there. It retains, and may eventually stimulate, a West European interest that is helpful in restricting scope for the Great Powers to win influence and to compete; and Britain's status with all those Powers is a useful factor to us in diplomatic exchanges concerning South-East Asia. It is also in our own national defence interest to keep Britain, a principal friend and ally, involved and interested in our own strategic area. It is desirable that Australian policy regarding the Five Power Arrangements have regard to this interest and seek to retain a British military presence.

5. There is value in the bilateral defence relationship in the form of Governmental contact, meetings between Chiefs of Staff and the Defence ministries; British military visits to Australia, training and exchange arrangements; use of British technology and intelligence co-operation.

6. The British interest in the Indian Ocean is also useful to Australia. Britain no longer has the capability to deploy a large force there, but British ships transit or tour, and the British encourage their European allies to do likewise. This helps to modify any US/USSR competition and to balance political advantage among the littoral states from the Soviet naval presence. Britain keeps in touch with the US about Indian Ocean matters. In these ways Britain continues to make a contribution, albeit limited, to the management of strategic questions arising in the Indian Ocean, and to represent in a tangible way a European interest in stability and secure communications there.

7. A number of factors have brought about change in the strategic significance of Australia to its major allies. These have included the degree of military disengagement by both the United States and the United Kingdom from South East Asia and the US “détente” with China. The US and the UK will also assess that Australia is unlikely to face major threats in the foreseeable future. The changes in the global balance discussed in Part II and the growth of stability in the region discussed in Part III will also influence the pattern of our relations with those Powers.

8. The Western Powers themselves are unlikely as a matter of policy substantially to reduce or sever the defence link, although diverging interests may gradually weaken it. History has established a concept of common strategic outlook and a confidence in basic Australian attitudes. Together with other ties and continuing reluctance to see Australia come under a rival’s strategic influence, these attitudes can be expected to maintain close collaboration for many years. The relationship can tolerate considerable strain. But the Western Powers make their own assessments of Australia. It is important that Australian policies have regard to the impact on those to whom we look for practical collaboration in developing our own defence capability and on whom our ultimate security will continue to depend, at least throughout the present transitional era.

9. To what extent later developments may support a weakening or strengthening of this relationship cannot yet be assessed. Present trends towards global stability and the diminishing strategic involvement of our major associates in the areas of our own primary strategic interest could lead to increasing modification of our present association and a loosening of ties. However, the ANZUS Treaty, expressing the US interest in the Pacific area and in Australia’s and New Zealand’s security, will remain important to our defence and strategic policy into the longer term, and this will influence our handling of particular situations.

#### **(ii) Australian Involvement in the Global Balance**

10. The Australian interest extends beyond a merely dependent relationship. Although there are practical limits on what Australia can do in the global context, as a member of the “Western” community of North America, Western Europe and Japan we have a positive interest in upholding its status by our general political and strategic posture, our practical collaboration and the operation of our policy.

11. However, the changes in Australia’s strategic circumstances require us to operate from an independent view of our strategic interest and in our own right. There is a role for Australia in bilateral and international consultations about matters affecting the global balance, and in efforts to maintain regional stability. These consultations and efforts will fall only partially within the framework of the ANZUS partnership. Obviously the scope, and fruitfulness, of these consultations will vary considerably among the Powers, and we need to avoid exposure to pressures and commitments beyond our interest.

12. The making of our own assessments and policy, and the understanding of others’, require the continuing flow of intelligence (information and assessments) from all worthwhile sources. Also, Australia’s point of view will command more respect if well-informed.

### **(iii) Military Capability**

13. The principal carriage of most matters discussed above will rest with foreign policy conducted by the Foreign Affairs, Defence and economic ministries. Military capability is essential to that policy. It is the ultimate national means of defence should developments expose the “Western” community and Australia to major pressures or threat. The possession of such a capability is a contribution to the general strategic status of the “Western” community, and a support to our regional associations.

14. However, there is no specific requirement for Australia to develop military forces for a direct contribution to the global balance between the major Powers, or for direct military support to their strategic deployments or regional display. The operation and maintenance of the global balance through military forces is essentially a matter for the Great Powers themselves.

## **B. SOUTH EAST ASIA**

### **(i) The Forward Strategy**

15. For much of the last two decades, the Australian outlook was dominated by anxiety about communist expansion into a weak and unstable Asia and the possibility of ultimate pressure on Australia. Australia looked to a “forward defence” against China and North Viet Nam and the secure establishment of independent nation states in South East Asia that might serve as a strategic shield. We therefore encouraged and supported substantial involvement by Britain and the United States: our own efforts were very often dependent on them, but never of direct significance to the military outcome of any of the various campaigns.

### **(vii) Present Circumstances**

16. For some years Australian intelligence assessments have recognised that any threat of overt military aggression into South East Asia by China or, at least beyond Indo-China, by North Viet Nam was receding. It is now considered remote. Similarly, although there still remain stresses and uncertainties in the region, the earlier view of regional weakness and instability has been substantially modified. The ASEAN states have made substantial advance in national and sub-regional consolidation – and even Burma survives. Strategic tension in the north of the region between China and the US has also relaxed.

17. Many of the contingencies that preoccupied earlier strategic policy now appear remote. But our present favourable strategic position would be prejudiced were developments in future to allow significant external encroachment into the region, particularly by the USSR or China, or to lead to indifference or unfriendliness to our interest among the regional Powers.

### **(iii) The Australian Interest**

**18.** Australian and defence policy therefore retains an interest in the national stability of the South East Asian states and in their regional consolidation. Australia's interests are served by any reduction in tensions that exist between China and North Viet Nam on the one hand and the US and the ASEAN states on the other.

### **(iv) SEATO**

**19.** SEATO, although irrelevant in many respects to the present situation, embodies the US commitment to Thailand, expressed in the Manila Treaty, and facilitate the political presentation of this by the US Administration. The continuing validity of SEATO, and Australian membership, therefore depend on judgments about the extent to which this commitment helps the US to secure clarification of China's policy towards Dr Kissinger's "grey areas" in South East Asia; whether it is necessary to the security of Thailand's political independence and is militarily sensible; and whether the US commitment, or the SEATO form of it, is a factor of stress. Beyond these factors, the US must have regard to the credibility of its security commitments elsewhere (for example, to Western Europe and Japan) in considering the future of its commitments to SEATO.

**20.** Participation in the SEATO organization, as distinct from the Manila Treaty, is not essential to the Australian interest, but withdrawal by Australia would have important repercussions. Australian policy in those respects would need to take fully into account the likely US reaction to our decision and the effect of this on US commitments elsewhere, attitudes towards the ANZUS Treaty and the important collaboration flowing from it. Australia's relations with Thailand would also be affected.

### **(v) Australian Support for the Region**

**21.** There is scope for Australia to contribute to long term stability in the region, and hence the region's relations with major external Powers, and North Vietnam. In aid programmes and political support we can contribute to economic and social development and thus to regional confidence in dealing with the domestic situations that, as earlier discussed, still nourish anxieties about external interference. Australian policy will look to the development of processes of orderly political change.

**22.** Australia can also help Governments, in supply, training, technical assistance and exercising, to develop their national defence capabilities and confident handling of the security politics of the region. (It will be important, however, to avoid, and to encourage others to avoid, over-emphasis on offensive capabilities, and acquisition of military equipment that strains the states' technological and economic resources.)

**23.** Our policy should recognise that in the political handling of the region's problems our interests are not identical with those of the regional Powers, or with those of the principal external Powers interested in the region, China, the US and Japan. It would not usually be in our interest to become too closely involved in the region's affairs, or directly involved in any intra-regional disputes.

**24.** The carriage of these matters is primarily for foreign policy. But it will be important that Australia be able to demonstrate a capability that lends credibility and authority to this policy – and this has significance for the timing of withdrawal from Butterworth and the maintenance of a small naval presence in the area.

**25.** It is important to avoid commitments to defend any particular government or regime. Australia may wish, however, to retain defence capabilities which would give it the choice to support states under external attack by exploitation of local insurgency. (Under the Five Power Arrangements Australia is already committed to consult with partner Governments in the event of such an attack on Malaysia or Singapore.) Australia could in such a case contribute in fields such as transport, surveillance, sophisticated equipments, air and naval support. The Army size deemed desirable for Australian territorial defence purposes would contain an element which could be used for such a deployment should a future Government wish it. Australian decisions would be shaped by detailed circumstances, including other likely external support, about which it would not be fruitful to speculate in this paper.

**26.** Nevertheless, certain considerations appear clear enough. Firstly, Australian policy could not contemplate direct military support in essentially domestic situations – whatever political and other indirect support we may decide it in our interest to offer. Our interest would not be to prevent domestic change, but to help control and localise situations likely to plunge the region into serious instability and to favour encroachment by external power. There would need to be, therefore, a clear and substantial foreign intervention.

**27.** Secondly, the security of the South East Asia states against local insurgency is not ultimately critical to our own national defence. Even in strategic circumstances favouring Australian support – judgment of which would be difficult – only in the most improbable and extreme case of determined advance by a hostile power might major intervention by Australia appear warranted. Even then, such intervention would probably be dependent upon association with another substantial Power.

**28.** Containment of insurgency is primarily a matter for the national and collective action of the regional states of South East Asia.

#### **(vi) The Five Power Arrangements**

**29.** Under the Five Power Arrangements Australia is committed to consult with its partners in the event of any threat or form of armed attack on Malaysia or Singapore which is externally organised or supported.

**30.** The arrangements offer Australia a framework in which to provide support to the region and have some status in its strategic policies, and to display the military capability necessary to the credibility of our interest. The Arrangements, and the external military presence in the region that they provide at present, are welcome to both Malaysia and Singapore, the local partners, and to other ASEAN Governments. They are also welcome to the Governments of the US, Japan and Britain, which have important interests in the maintenance of regional stability and confidence; and they are an encouragement to foreign investment in the region's economic development. The indications are that the Arrangements cause no serious concern to China and to the USSR, even if only because each sees the Arrangements as some impediment to the other's penetration of the region.

**31.** Under present policy Australia is committed to honour the Arrangements "pending neutralisation". The immediate question for policy, therefore, is whether, and to what extent and for how long, Australia should retain a military presence in Malaysia and Singapore, as desired by those two Governments, and by Britain and New Zealand, or should seek to display its strategic interest by programmes for bilateral and multilateral military exercises (so far as these are practicable) and defence aid. In our view a continued presence would be an assurance of Australia's continued interest in their security.

#### **(vii) Military Capability in the South-East Asian Context**

**32.** The military capability developed in respect of Australia's own national defence, and evidence of our ability to expand this, will usefully supplement the less sophisticated equipments of our regional associates and provide adequate backing to our political policy. This capability is reinforced by our "Western" connections and close defence association with the US, provided we keep these associations alive. It will be important, however, to retain in our capability those elements that would enable us to provide support in the situations discussed above, should we wish to do so. These elements are defined more closely in Section VII.

### **C. INDONESIA**

**33.** The discussion of Indonesia in Section IV of this Paper indicates a high improbability that Indonesia will adopt an "interventionist" policy against its neighbours.

**34.** It is important that Australian policies support continuance of the moderate and constructive approach by Indonesia in its foreign relations, and Australian influence in the senior levels of Indonesian Government. This is primarily a matter for foreign policy; but Australian influence depends to an important extent on Indonesian appreciation of common attitudes towards the strategic concerns of the region and of Australia's continuing support in that respect. In the Defence field there is scope to promote this appreciation by maintaining the co-operative arrangements already established for [five words expunged] the Defence Co-operation Programme, combined exercises and discussion of strategic questions, and also by developing Australia's own defence relations with neighbouring countries important to Indonesia. Australian policy, while recognising our own independent interests, should enlarge and consolidate the area of common interest and of direct and indirect co-operation with Indonesia, and further promote the already considerable political interest in Indonesia in stable relations with Australia.

**35.** Given the uncertainty in the later period of this study, however, Australian policy needs to contemplate the possibility of changes in Indonesia inimical to our strategic interests. As discussed in Section IV A, the development and working out of any changes would take time and should allow any necessary preparations for military response, provided we retain the basis for expansion. At this time no specific requirement arises in the development of Australia's armed forces in respect of possible military threat from Indonesia. Australia has at present a military capability vastly superior to Indonesia's as regards sophisticated equipments relevant to any major Indonesian threat against Australia, and the ability to operate them. This position could only be changed if Australia's capability were to be substantially reduced or in the unlikely event that Indonesia received massive military support from a major Power, providing not only modern equipment but large numbers of specialist personnel for technical support and training.

#### **(i) Possible Indonesian Pressure on Malaysia and Singapore**

**36.** In the earlier period of low defence capability in Malaysia and Singapore and the aftermath of Indonesia's "confrontation", an important element in the thinking leading to the Five Power Arrangements was the desirability of maintaining a defence relationship with Malaysia and Singapore that would allow Australia to contribute to the deterrence of Indonesia should it resume pressure against its neighbours in the longer term. The situation has now changed. Both Malaysia and Singapore are developing capabilities that offer increasing deterrence to any Indonesian pressure in the longer term.

**37.** In the highly improbable situation of Indonesian threat to Asian neighbours, Australian defence concern would be focussed primarily on Australia itself, and PNG. Any defence role in Asia would probably be confined to continued assistance to Malaysia and Singapore in their defence development and to such gestures as we wished to make to offer deterrence to Indonesia in our own neighbourhood.

#### **(ii) Indonesia and Papua New Guinea**

**38.** Papua New Guinea is of abiding strategic interest to Australia because of its geography and propinquity and because of its importance to our military and trade lines of communication to the north and to South East Asia.

**39.** The extreme improbability of Indonesian aggression against PNG has been stressed. In any such remote contingency, there would be very substantial scope in national and international policy, and in Indonesia's own interests, including its relations with Australia, to restrain Indonesia. It should be a prime activity of Australian policy to promote confidence and cooperation between Indonesia and Papua New Guinea and to retain substantial influence with both Governments in this respect.

[Four paragraphs expunged]

**44.** This discussion suggests some considerations in the decision yet to be made as to whether Australia will enter a treaty commitment to the defence of PNG against external attack.

**45.** It will be in the Australian interest to help PNG develop its security forces, by providing training, equipment, technical aid and, during the growth stage, personnel. We should also seek to arrange access to naval and air staging facilities in PNG.

#### **D. PAPUA NEW GUINEA – INTERNAL SECURITY**

**46.** All obligation on the part of Australia towards PNG relating to internal order and security will finally cease on PNG's acceptance of full status, authority and responsibility as a sovereign independent state. Whether Australia should thereafter intervene in internal security affairs in Papua New Guinea involves a range of considerations that cannot be definitively treated in this paper. However, some of the primary considerations may be indicated.

**47.** Australia will continue to have important national interests in PNG which would be served by a stable, united PNG, friendly to Australia. Australia's defence policy must recognise PNG's independent, sovereign status and responsibility.

**48.** None of Australia's national interests may be decisive in determining whether there should be Australian intervention in internal security. There would be strong political pressure for and against any Australian intervention were there serious deterioration in the internal security situation.

**49.** As indicated in Part IV, there is likely to be a substantial decline in law and order after PNG becomes independent. However, short of the remote contingency of major external intervention, major threat to the authority of the PNG Government appears likely only in two situations: separatist movement seeking to achieve secession by force; and an accretion of essentially limited pressures from different political and regional sources that, coming at the one time, prove beyond the Government's ability to handle. The prospect of major protracted insurgencies is remote.

**50.** Of these situations, separatism appears the most likely and could have major impact on the Australian and international interest. Judgement for Australia would be difficult. By intervention, Australia would be earning the hostility of significant political forces in PNG. They may also seek to interest another external Power in supporting them to balance Australia, or organise international political opposition to Australia. A weak, fragmented PNG may prejudice Australia's long-term strategic interest – although most states in the neighbourhood are small and weak. If the PNG Government itself were unable to cope with the situation politically and by military pressure, it is difficult to see what would justify Australian military intervention.

**51.** In these respects, therefore, there appear to be strong arguments against Australian intervention in the internal security situation in PNG.

**52.** A situation of particular concern to the Australian Government would be exposure of large numbers of Australian citizens to danger and failure of the PNG Government to offer them adequate protection.

**53.** Should the Australian Government decide that intervention was necessary, the object of intervention with ground forces should be to keep operations limited, short-term, as indirect as possible and as far as practicable to avoid the use of force against the PNG population.

**54.** The discussion indicates the desirability of avoiding any commitment to intervene in internal security in PNG.

## **E. THE SOUTH WEST PACIFIC**

**55.** In the South West Pacific region, Australian military capability and its display should be such as to sustain regional confidence in our support, but no special provision need be made for possible operations.

**56.** Australia's political relations in the region should facilitate in the long term access to facilities and territories that may become strategically important. It will be desirable to have sufficient flexibility in our capability to allow us to make a contribution to any regionally agreed air and naval patrolling in respect of smuggling, systematic intrusions into territorial waters and maritime resources zones, etc.

**57.** The regional states will be developing small defence forces over the period. Australia will need the capability to help with training and to join in occasional exercises.

## **F. PREVENTION OF GUN RUNNING**

**58.** An important aspect of the situation in PNG, the South West Pacific and South East Asia, will be the need to keep internal security operations at a low level by denial of armaments to dissident elements. It may be that the inter-departmental study of Australian national interests in PNG will recommend that Australia should be responsive to requests from PNG (and in the South Pacific Forum) to help prevent gun-running. This could require a surveillance and patrol capability that should be taken into account in the Australian capability.

## **G. NEUTRALISATION AND PEACE ZONES**

**59.** Australia's interests are affected in a number of ways by the ASEAN proposals for the zone of peace, freedom and neutrality. As a political process – whereby the Governments or the region consult closely and with increasing mutual confidence about the future of the region, and seek to reduce Great Power involvement and the tensions of the last thirty years – the effort to establish a zone of peace, freedom and neutrality is in Australia's interests.

**60.** Whether the neutralisation of Malaysia, Singapore, Indonesia and indeed PNG would be in Australia's defence interests is doubtful. Australia's interests would be adversely affected if the neutralisation proposal were developed in such a way that, for example, Indonesia were obliged to treat Australia no more favourably than an enemy in some contingency. Equally, it would be against Australia's interests to strengthen Soviet and Chinese involvement in South-East Asia and to weaken the interest or the ability of the United States to assist the region.

**61.** Based upon the concept of a zone of peace, freedom and neutrality, the ASEAN countries in the future may develop a common approach to a number of matters affecting the interests of external Powers, including Australia. Such matters could be military transit; archipelago questions; questions relating to the straits and sea lanes; control over resources such as seabed exploration and exploitation etc.

**62.** These matters touch on important Australian interests. In particular sixty percent by volume and thirty per cent by value of Australia's overseas trade is carried on routes through Indonesia and Papua New Guinea. Use of the sea, of the air, and land facilities in the region are important for military and civilian communications: Indonesian facilities, for example, are required for the movement of most military aircraft between Australia and South East Asia. Open lines of communication and access to facilities are therefore important Australian interests.

**63.** By virtue of its growing bilateral links (trade, economic aid, investment, defence aid programmes, etc.) Australia should be well placed to secure its interests in the ASEAN area.

**64.** Moreover, Australia would not be facing the problems in isolation. The United States and the Soviet Union believe it is their strategic interest to maintain rights of freedom of passage for their naval units. All the major shipping powers have their interests engaged in the use of these waterways. Japan, for example, has a vital interest in securing its lines of communication from Australia and the Middle East, while the United States has a growing interest in South East Asian waterways because of the supply of oil from the Middle East to its west coast. This suggests that Australia should be concerting with the US and Japan in developing common policies towards proposals for a zone of peace, freedom and neutrality in South-East Asia.

**65.** While there may be occasions when Australian air communications were singled out, eg. by denial of staging rights, it is unlikely that there would be discriminatory interference with Australia's sea communications. This would affect the interest of all maritime nations. Australia's primary recourse would not be to military action to try to force a passage, but to international political action.

## **H. AUSTRALIAN INTEREST IN THE INDIAN OCEAN**

**66.** Australia has considerable interest in the Indian Ocean as one of the strategic approaches to Australia, a major trade route, through which most of our imported petroleum products must come, and a subsidiary theatre for Great Power deployment and competition. In addition, the increased territorial sea and the even larger area which we claim for undersea resources in the north west of Australia make the eastern Indian Ocean even more important to Australia. The implications for the force structure are taken up in Part VII.

**67.** Australia shares the US desire to avoid escalation in the area and the general "Western" interest in balancing any political advantage to the USSR from its presence there. Australia can make a limited contribution by occasional display in the Indian Ocean area. There is a particular national interest in the security of the maritime resources zone; Australia can contribute to general strategic surveillance from its capability in this respect. It is important that we retain access to US and other "Western" surveillance.

## **I. NEW ZEALAND**

**68.** Australia is of far greater strategic significance to New Zealand than New Zealand is to Australia. Australia has entered into extensive defence cooperation programmes with New Zealand covering a wide range of activities. New Zealand's defence capacity, however, is small and the benefits derived from such cooperation are largely to New Zealand's favour and will remain so while its resources devoted to defence remain at the present level of about 2% of GNP. Its military role in the region has been a supplementary one only and although its forces have in the past provided a useful supplement to Australia's they have relied heavily on Australian, or other allied, logistics support.

**69.** Nevertheless, the contribution New Zealand could make to Australia's efforts should not be discounted. Accordingly, we should continue, through the practical cooperation already being undertaken, to attempt to achieve the closest possible alignment of New Zealand's outlook and defence objectives with our own.



## **PART VII—THE DEVELOPMENT OF AUSTRALIAN DEFENCE CAPABILITIES**

1. Allowing that, as indicated in Part V, several countries already possess the ability to launch attacks, including missile attacks, upon Australian targets (as upon other countries), the present outlook does not indicate any significant likelihood of a threat of armed attack upon Australia. The difficulty of reasonably reliable assessment of probabilities in the later period of this study has been emphasised. It has to be accepted that the quality of intelligence forecasts becomes more uncertain with time. Bearing in mind the period required for the development of major changes to defence capabilities we must make allowance for circumstances which we cannot now predict.

2. Moreover, defence policy is not concerned merely or even primarily with responding to threats, but with reinforcing factors which are favourable to Australia's security and independence of national decision and averting or deferring situations inimical to our interests.

### **A. SPECIFIC SITUATIONS RELATED TO AUSTRALIAN DEFENCE CAPABILITIES**

3. In general there is no specific requirement for Australia to shape its forces in order to make a direct contribution to the global balance between the major Powers or for direct support to their strategic deployments. However, under Article II of the ANZUS Treaty, the parties to it are required to maintain and develop their individual and collective defence capabilities. There are defence and service plans in existence which would provide a basis for co-operation on a global basis, with Western Powers, in the event of war, to meet common interests, such as control of merchant shipping.

4. Australia's alliance with the United States is an assurance of ultimate security against pressure backed by overwhelming force in the unforeseeable circumstances of the more distant future. Combined with the right foreign policy, the alliance also gives us current defence advantages. The alliance should be preserved. This involves contributing to it something – current or potential – of military value to the United States, decided by us independently and with full regard to all the implications for foreign and domestic policies. No conflict is foreseen between assistance of this kind to the United States (and to Britain where relevant) and our independent defence associations with countries in Australia's neighbourhood. Indeed, our association with the United States is welcomed in the region. In addition, the absorption into our armed forces of advanced Western military technology and scientific support services is enhancing our status and constructive opportunities as a defence power in the region described in paragraph 21 below. We also have valuable intelligence associations. There are no comparable alternative sources of advanced technology (for example Soviet, Western European, or Japanese) open to us.

**5.** Containment of insurgency within South East Asia is primarily a matter for the national and collective action of the regional states. Australia should retain capabilities in fields such as transport, surveillance, more sophisticated techniques and air and naval support that would give it the choice to contribute assistance in the case of strong external attack by exploitation of insurgency. The Army size deemed desirable for Australia's territorial defence purposes would contain an element which could be deployed should a future government wish it. Major intervention by Australia would be most improbable; whether there would be any intervention would be affected, *inter alia*, by the intention of other countries to assist.

**6.** In the situation of Indonesia resuming pressure against Malaysia and Singapore, assessed as highly improbably at least until the later part of the time frame, and moving ultimately to military action, Australia may in some circumstances decide to contribute from its existing national capability to any collective measures to restrain Indonesia. The requirements would probably be along the lines of those indicated in para. 5 above.

**7.** At this time no specific requirement arises in the development of Australia's armed forces in respect of possible military threat from Indonesia to Australia. Because of the uncertainty in the later period of this study the possibility of changes in Indonesia inimical to our strategic interest needs to be contemplated. But the working out of any such changes would take time and should allow any necessary preparations for military response, provided an adequate base for expansion is maintained.

**8.** In the remote contingency of Indonesian aggression against PNG there would be very substantial scope in national and international policy to restrain Indonesia. Judgement about the Australian response would be difficult. However, the contingency is remote and no specific requirement in the development of Australia's armed forces arises at this time in respect of possible military threat by Indonesia against PNG.

**9.** There appear to be strong arguments against Australian intervention in internal security situations in PNG. Should an Australian Government nevertheless decide that intervention was necessary (for example, the evacuation of Australian nationals), the object of intervention with ground forces should be to keep operations limited, short-term, as indirect as possible, and as far as practicable to avoid the use of force against the PNG population.

**10.** In the South West Pacific region Australia should be prepared to display its military capability and make a contribution to any regionally agreed air and naval patrolling in respect of smuggling, systematic intrusions into territorial waters, etc. No special provision need be made for possible operations.

**11.** Australia should seek cooperation particularly with PNG and in the South Pacific Forum to prevent the supply of arms to dissident elements and as necessary to contribute to measures for its control. This could require a surveillance and patrol capability.

**12.** Australia should be prepared to make a limited contribution in the Indian Ocean by a presence and should possess strategic surveillance and intelligence capabilities to enable this contribution to be made.

**13.** There is a need to have forces in being which could cope with intrusions into our territorial waters or the surrounding fishing and resource zones, and generally exert effective Australian control. These activities will be to an extent shared with civil authorities, but the capabilities which the Services necessarily possess for their own purposes should be taken into account in order to arrive at the best national solution.

## **B. GENERAL ASSESSMENT**

**14.** The present strategic situation contrasts strongly with that which faced Australia ten years ago and which contributed to the substantial expansion of Australian defence forces and capabilities in the 1960s. Important changes within the region which have led to this result include many-sided growth in the ability of South East Asian states to control their own national affairs and to resist interference and pressure from outside; and the re-orientation of Indonesian policy and the sharp decline of its naval and air capabilities necessary to any significant external aggression.

**15.** This assessment of the situation Australia is likely to face in the next decade does not mean that Australia can dispense with defence strength.

**16.** There are factors of stress and instability in our immediate neighbourhood and in the South East Asian region. While present trends are believed to be favourable, possible uncertainties particularly in the longer term need to be borne in mind.

**17.** A fundamental change in our position is that while Australia may still look to its major allies, particularly the US, for strategic support in circumstances going beyond those they will expect us to handle ourselves, it must now assume the primary responsibility for its own defence against any neighbourhood or regional threats. This need for greater self-reliance and the ability to act independently call for the maintenance at all times of defence strength which is adequate for immediate purposes and may be expanded if necessary.

**18.** Adequate defence strength in being can help keep the peace. Appropriately deployed, it can prevent potential conflicts from materialising. In the event of a conflict situation, ability to make choices in the level of military response can minimise the risks of rapid escalation and gain time while recourse is made to diplomatic and UN action.

**19.** There is also a requirement to develop some capabilities for which we have hitherto relied on allies, for example in respect of more independent logistic support.

**20.** Military capability is an essential support to Australia's foreign policy. It is the ultimate means of defence should developments expose the "Western" community and Australia to major pressures or threat.

**21.** Within the South East Asian and South West Pacific regions, it will be important that Australia be able to demonstrate a military capability that lends credibility and authority to our foreign policy. Australia's resources, technology, and ability to operate and maintain more advanced military equipment place it in a unique position in the countries of peninsula and archipelago South East Asia and the South West Pacific region. It is not seen as threatening any country within this area. All this suggests that we should maintain our ability to be a source of military advice, equipment, technology and training, which are helpful in the development of the defence capabilities of the other countries. Moreover, participation in military aid programmes enable us to monitor the military strength and planning of the Governments supported.

**22.** For all these reasons assured defence strength in being is necessary. At the same time, an opportunity exists, within the resources available, to shape the force structure giving higher priority to long term potential rather than short term results. Planning must provide for an adequate basis for expansion.

**23.** The absence of specific threats at this time may provide opportunities for economies in some areas of defence spending, for example, by extending the life of some equipments in service where advantages outweigh disadvantages. There may be scope for moving to a lower level of capability in being in some areas or for restricting the rate of acquisition of some equipments or for varying capabilities in other ways. Careful and selective judgement will be necessary.

### **C. IMPORTANCE OF TIMING**

**24.** It is emphasised here that the assessments made in this report and the policies suggested for Australian defence development, while projected forward for ten years and more, are in no way binding for that period. They represent no more than the best judgements that can be made now. The essence of the approach is regular re-appraisal, so that as changes are discerned they will be reflected in new decisions, and the shaping of our forces adjusted accordingly.

**25.** Changes to defence capabilities are long in gestation and in the larger elements cannot be made frequently. For this reason, and given Australia's present circumstances of low direct threat and greatly reduced likelihood of combat involvement, timing is of central importance in Australian defence thinking.

**26.** Two concepts are involved:

*Warning time*, which is the time from Government acceptance of a perceived threat to the time it is judged it will require operational response. Warning time will not be effective unless relevant measures are taken to develop a response.

*Lead time*, which is the time required to develop a force capability or components of a force structure from when a Government decision to develop is given.

**27.** Lead time is very variable, depending on the base from which build-up commences, the anticipated nature and level of conflict, and the manpower and material resources which the Government will direct in an emergency to defence development, either by allocation of priority or in some cases by compulsory transfer. The existence of an adequate base for expansion will be important in defence planning in present circumstances. Development will depend not only on the availability of equipment and Service resources but on the organisational, industrial and training backing of the wider civil community.

**28.** In the circumstances described in this paper, and given the recognition of the need to develop concepts for the defence of Australian territory, it is to be expected that greater emphasis will be placed on having forces with a basis for expansion. The warning and lead times will then become of substantial significance in the decisions to be made.

#### **D. FACTORS AFFECTING FORCE DEVELOPMENT**

**29.** Australia's basic strategic concern is the security of our territory from attack and threat of attack, and from political or economic duress.

**30.** Some specific capability requirements may be derived from the military responses to situations discussed in paragraphs 3 to 13. These situations are themselves of varying degrees of probability. They are insufficient in themselves to provide a valid basis for force structure development which would satisfy the need for military credibility proposed in this paper. Essentially they are capabilities which should and would stem from a viable force in being.

**31.** Our geographic position and the nature of the continent suggest some fundamental requirements of any Australian force development. These include:

- a. capability for surveillance, both in our coastal and off-shore resource zones and in the area of wider strategic concern – the archipelago to our north, the eastern Indian and South-West Pacific Oceans;
- b. a capability for naval and air maritime defence;
- c. long range transport forces (taking account of civil resources also);
- d. forces sufficient to repel or contain hostile landings on the mainland;
- e. air defence;
- f. an adequate defence infrastructure and communications network;
- g. a comprehensive intelligence organisation; and
- h. industrial, scientific and technological support.

**32.** The realisation of these capabilities would of course depend on the attainment of a number of ancillary capabilities, such as tactical transport, close support and reconnaissance.

**33.** Offensive capability, appropriate to the Australian environment and circumstances, will be a necessary part of any effective defence force.

**34.** The nature of Australian forces will be influenced by the Australian economic and industrial circumstances. Among the countries of South East Asia and the South West Pacific, Australia is relatively wealthy, has a well developed technology and industry, wide military experience, and ready access to advanced military technology and supply from her affiliations with the US and Britain. A degree of compatibility with the US equipments and doctrine will remain desirable. At the same time Australia is relatively deficient in manpower. This suggests that, where relevant to our circumstances, Australia can develop forces with more advanced weapons, and look to the efficient operation of those forces through adequate command, operational and logistic support systems. The level of sophistication of our military capabilities will, for the period of this review, be above that of other countries in our region. At the same time it does not have to match that of the Great Powers. Nor, or course, should we in any way neglect or fail to provide military skills or equipment, for example SAS forces, simple aircraft or patrol craft, which may not involve advanced technology, when they are suited to our environment and need.

**35.** Although we assess that significant attack on Australia is unlikely during the period and that any attempt at a major assault is a very remote contingency, the possibility of some kind of pressure or attack can never be entirely discounted. Bearing in mind that the ultimate defence of Australian territory is involved, it has been decided that a comprehensive study should be initiated on continental defence, together with some related and subsidiary studies; these studies have been started.

**36.** A basic need for the forces is to have the capacity to expand. Although we cannot predict the rate at which that expansion might be required, or to what extent, it is apparent that the process will be facilitated, firstly, if the regular forces have the nuclei upon which to base their expansion and, secondly, if there are in existence reserve forces and personnel trained and equipped to an adequate standard which will enable their easy assimilation into the regular armed forces. It is not within the scope of this paper to undertake a critical analysis of the requirement in terms of nature, size or state of readiness but it would appear likely that more emphasis would be placed on reserve forces for the Army than for the other forces. A separate study into the CMF is already in progress.

**37.** Defence forces will continue to contribute to United Nations supervisory or peace keeping forces and other defence tasks including special provision for training and technical aid for regional forces, both at home and abroad. National tasks including special air transport, oceanographic research, hydrographic and land survey, coastal surveillance, civil emergency and relief assistance, intelligence assessment etc., will also continue to make calls on our force availabilities or for particular provision and expertise within our force structure. While not determinants of the hard combat core of that structure, these activities are likely to assume increased importance at a time of low threat and provide an opportunity for the special capabilities of the Services to be used for civil or community purposes with overall economic and national advantage. There should be further study of these possibilities.

**38.** We should develop a civil/military infrastructure of base, communications and support facilities which will meet Australian needs for the defence of Australia, for the protection of its interests, and for the support of its external commitments; and which will as appropriate also be available for support of our allies. The implications of the guidance provided by this paper will be a partial determinant of works proposals for defence facilities.

**39.** Defence factors need to be taken into account in the development of our national industrial, scientific and technological capabilities which provide support for defence forces and a potential for further expansion as appropriate. This is an important and complex problem and should be the subject of further study.

**40.** In our opinion, there is no present strategic need for Australia to develop or acquire nuclear weapons. Australia has ratified the nuclear Non-Proliferation Treaty. However, the implications of any trend to nuclear proliferation and nuclear developments need regular review.

