

AUSTRALIAN STRATEGIC ANALYSIS AND DEFENCE POLICY OBJECTIVES (1976)

Editor's Introduction

The *Australian Strategic Analysis and Defence Policy Objectives* paper came to similar force structure recommendations as the 1975 *Strategic Basis*, but discussed the impact of global and regional uncertainties on Australian strategic policy in more explicit and extensive terms. The relationship between the super powers was stable, but depended on US resolve (paras 10-16, 23, 27, 28). The USSR would 'take the opportunity to gain access to military facilities when this is militarily or politically useful', but such expansion would also result in weaknesses, and scope for it in South East Asia was limited (paras 41-55). Responsibility for countering Soviet influence rested primarily with the US, but Australia should help through defence assistance in South East Asia and should contribute to surveillance of the Indian Ocean (paras 56, 62-68, 70, 72, 361).

Despite uncertainties, South East Asia was more stable, stronger and less likely to be subject to outside influence than in the past (paras 138-142). Countries displayed 'general goodwill' towards Australia, and Australia should maintain defence cooperation in the region (paras 147-149). However, participation in common defence operations in Malaysia or Thailand would be 'political rather than military' and would depend on a major Indonesian contribution (paras 165-166, 172-185, 189, 192, 196, 197). Indonesia possessed 'attributes of both an ally and an adversary', requiring Australia to strike a balance between implicit general deterrence and explicit cooperation (paras 201, 220-223). Any threat from the country was unlikely, but low-level harassment was within Indonesian capabilities and Australian forces had to be able to respond (paras 202, 206, 207, 212-214, 371). Australia's main interest in PNG and the South West Pacific was to avoid lodgement of potentially hostile powers (paras 227, 228, 261, 263). An Indonesian incursion into PNG and requests for assistance against secession in Bougainville would both throw up difficult choices for Australia, which should avoid involvement in combat (paras 231-242, 248-257). A capability to evacuate citizens from PNG was required in the force-in-being (paras 243, 244, 375, 388)

The US valued Australia's general support for Western policies, its engagement in the region and the joint facilities, while the alliance provided Australia with both practical benefits and a status of general association with the US (paras 301-304, 307-311). But US support would always depend on US interests and circumstances at the time, and 'self-reliance should be developed for national tasks in which US support is likely to be uncertain' (paras 316-322, 324, 388). There was no direct threat, and force planning was based both on the capability of the force-in-being to deal with select contingencies and to expand, which should be adapted in response to adverse developments before direct threats developed (paras 7, 8, 81, 132, 339-347, 388). There was no prospective requirement for the acquisition of nuclear weapons, but a 'possible requirement' to match lead times with 'relevant countries', and 'the possibility that the country might be forced to consider turning to them for protection at some indeterminate time in the future' (paras 96, 382).

AUSTRALIAN STRATEGIC ANALYSIS AND DEFENCE POLICY OBJECTIVES

SEPTEMBER 1976

CONTENTS

	Paragraph
Introduction	1
CHAPTER ONE—THE SUPER POWERS' KEY STRATEGIC RELATIONSHIPS	10
Risk of conflict	13
The key situations	17
Prospects for stability	23
Considerations for Australian policy	29
CHAPTER TWO—POSSIBLE SOVIET STRATEGIC EXPANSION	40
Soviet interests and activities	41
Australian interests and policy	55
The maritime situation	57
The Indian Ocean	62
CHAPTER THREE—REGIONAL FACTORS—SOME GENERAL CONSIDERATIONS	73
The Regional Powers	74
Contingencies	82
Confinement of regional conflicts	87
Implications for Australian policy	91
Nuclear proliferation	94
Law of the Sea	97
CHAPTER FOUR—SITUATIONS IN PARTICULAR REGIONS	100
North-East Asia	101
The Middle East	118
Africa	121
South Asia	125
Central and South America	129
Definition of areas of Australian primary concern	130

CHAPTER FIVE—SOUTH EAST ASIA	135
Earlier perceptions	136
Present regional prospects	138
Regional relations with Australia	147
Australian defence interests and policy	151
A contingency in West Malaysia	187
CHAPTER SIX—THE NEIGHBOURHOOD—INDONESIA	199
Possible Change in Indonesian strategic attitudes	203
Australian defence interests	207
Contingencies	211
Basic strategic posture regarding Indonesia	219
CHAPTER SEVEN—THE NEIGHBOURHOOD—PAPUA NEW GUINEA	224
Proximity	226
Possible PNG difficulties with Indonesia	229
Instability in PNG	237
Fragmentation	246
The defence relationship with PNG	261
CHAPTER EIGHT—THE NEIGHBOURHOOD—THE SOUTH WEST PACIFIC AND ANTARCTICA	263
Strategic interests of external powers	264
Australian policy	274
Antarctica	289
CHAPTER NINE—AUSTRALIAN RELATIONS WITH THE SUPER POWERS	294
The USSR	295
Australian defence relations with the United States	302

CHAPTER TEN—POLICY IMPLICATIONS FOR AUSTRALIA’S DEFENCE CAPABILITIES	327
Factors in Australia’s security	328
Prospects	334
Requirements for defence capability	348
Guidance for the current five year Defence program	388
Environmental factors	390
The technology level	398
The role of the defence infrastructure	402
The requirement for industry	406
Other defence tasks	412
Some strategic perspectives	413

This paper was endorsed by the Defence Committee on 2 September 1976

INTRODUCTION

1. The aim of this paper is to analyse the factors and trends that affect Australia's security from military attack or pressure, and to suggest for Ministers the implications and requirements for defence policies and for the development of the Australian Defence Force that arise from the analysis.

2. The paper, while given a new title, is to be seen as part of the series on "The Strategic Basis of Australian Defence Policy" that has been produced by the Defence Committee for many years, normally at two to three year intervals.

Scope of the Paper

3. The Government, in commenting on the 1975 paper, called for a review of the paper, with particular attention to a full analysis of the global situation, including relations between the great powers and their likely effect on a "neighbourhood" defence policy concept; and an examination of wider regional issues of concern to Australia and their implications for Australian defence policy.

4. This paper therefore attempts a comprehensive examination of global and regional situations with a view to establishing their significance for Australia's security, and the scope and requirements for Australian defence policy, including practical military measures. The paper is to be read in conjunction with the NIC's Report of 6 August, 1976 on "The International Security Outlook"¹, on the findings of which its analysis is based.

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

6. There is, of course, important interaction between strategic, economic, political and other factors shaping relationships between nations. Strategic matters go beyond solely military matters or matters within the responsibility of the Minister for Defence. Other areas of government, notably Foreign Affairs, will often be involved. It is also recognised that a government may wish to use its Defence Force to serve national interests and policies other than those relating to the defence of the nation. Discussion of policy in this paper is essentially confined to the scope and requirements for defence policy.

¹ Hereafter referred to as NIC ISO. See also Defence Committee Minute Nos 8 and 4/1976

The Time Frame

7. Where there is political instability, tension or military conflict, a detailed course of events can be difficult to predict with any reasonable degree of probability beyond a few years, or even less. This paper applies no set or uniform timescale to its assessments and judgements. Few of them would have indefinite validity and for some the range of vision is short; but there is much continuity in the determinants of Australia's strategic circumstances, and major threats (where both military capability and political motivation must exist) are unlikely to develop without preceding and perceptible indicators. The emergency of a major military threat against Australia would be a late stage in a series of developments.

8. Australia has been free from any major threat of attack since the defeat of Japan thirty-one years ago. Nevertheless, there must as always be uncertainties about the future. We have based our analysis on intelligence assessments presently available to us. We have also given consideration to certain contingencies which, while improbable now, would be important to our security were they to eventuate. If the assessments on which the paper is based have validity, its conclusions should be good for some years. Continuous review of the assessments will be necessary, however, to insure against the uncertainties inherent in Australia's changing circumstances.

Military Supplement

9. A Military Supplement, authorized by the Chiefs of Staff Committee, has been prepared with the object of illustrating the kinds and levels of forces which might be needed in certain hypothetical contingencies in the neighbouring region. The settings vary as to timing and credibility, and are indicative rather than representing actual military planning. The Supplement has been lodged with the Cabinet Secretariat, as Chiefs of Staff Committee Paper No. 1/1976, entitled "Employment and Capabilities of the Australian Defence Force in Hypothetical Contingencies".

CHAPTER ONE—THE SUPER POWERS' KEY STRATEGIC RELATIONSHIPS

10. Relations between the two global powers, the US and the USSR, directly affect prospects for the security of all nations. If a conflict between them escalated to a massive nuclear exchange, this would devastate the nations and civilisation of the Northern Hemisphere and destroy the US and the USSR as major powers. International relationships world-wide would be completely altered and there would be most serious and imponderable consequences for the life of nations that might be spared direct attack.

11. Short of war, the achievement of such strategic advantage as would allow one Super Power to exact major concession from the other would radically change the international circumstances on which the security of nations now depends – for better or for worse as the particular case may be.

12. This Chapter reviews the NIC's findings regarding present prospects in these respects, and discusses the scope for Australian policy.

RISK OF CONFLICT

13. The two major adversaries are locked in confrontation at a level of destructive capability unprecedented in history. Their mutual threat is such as to render the difficulties of arms reduction largely intractable for the foreseeable future. The vital interests of both powers require the maintenance of high levels of deterrence and sustained competition in the development of strategic capabilities. This strategic confrontation has acquired its own dynamic; but it also expresses the political antipathies from which the Super Powers' confrontation fundamentally derives.

14. The consequences to be expected from nuclear conflict have, however, forced the US and the USSR into substantial efforts to relax the tensions between them, with the object of reducing the risks of military conflict and avoiding situations in which they might become faced with critical choice between conflict or strategic concession. On all rational calculations, the restraints on use of force against each other imposed by the risk of resort to nuclear weapons should be decisive and lasting. The framework of the two powers' co-operation in the stabilisation of strategic relations – arrangements for monitoring, control and crisis management, mutual respect for each other's major interests, control of initiatives risking major military response and of regional situations – likewise can be expected to endure.

15. The reality of this situation and the growing, though still limited Soviet interest in co-operation with the West in economic and technological matters, do not denote a fundamental resolution of the Super Powers' antipathies. While leagued in efforts to reduce tension and risk, they remain adversaries. As Schlesinger said in his 1975 Defense Report, "... we cannot exclude the possibility that future Soviet leaders might be misled into believing that ...apparently favourable asymmetries could, at the very least, be exploited for diplomatic advantage. Pressure, confrontation and crisis could easily follow from a miscalculation of this nature".¹

16. Although such crisis seems improbable while Soviet leadership continues as calculating as at present, it cannot be excluded that some future Soviet leadership might be prepared to take greater risks, and see the circumstances of the day as favouring this course. However, a radical shift in Soviet attitudes appears unlikely consequent upon the changes in Soviet leadership expected in the near future.

THE KEY SITUATIONS

17. The key areas of confrontation are the strategic nuclear relationship and the two theatres of Central Europe and North East Asia. In these theatres there are massive concentrations of population, industry and military might. Rival polities directly confront one another. Weakness in these theatres would risk the US, or the USSR's basic national interests, and its status as a global power.

18. Given the present or even an improved defence effort of the West European states, they could not alone withstand the USSR. They depend upon US support, with nuclear and conventional forces on the ground, in a high state of readiness and in sufficient numbers. With continuing US support, the Central Europeans can sustain an effective strategic posture, despite political and other weaknesses on the southern flank.

19. In North East Asia, the primary confrontation is between the USSR and China, but there are also critical issues regarding Korea and Taiwan. US support is related principally to Japan and to South Korea. Hostilities regarding Korea or Taiwan could disrupt the equilibrium between the US, the USSR and China, and stimulate major changes in Japanese defence policy.

20. The Sino-Soviet confrontation ties up substantial military strength. This benefits the US military position. It also benefits US strategic control by sustaining the prospect of US support for one party against the other.

21. The USSR is motivated by rivalry with the US for prime global status. Its military requirements are reinforced by its dependence on coercion for political control domestically and in Eastern Europe. A further factor is Soviet perception of major threat from east and west and from US strategic nuclear weapons. "The USSR's fundamental concern is the defence of the homeland... (It) believes that immense and unchallengeable military power is the foundation of its relationships with the West".²

¹ Annual Defense Department Report FY1975, page 43. Schlesinger's particular reference was to asymmetries in nuclear capabilities, but his remark applies across the strategic relationship.

² NIC ISO 2-1, 1

22. The relative military development of the US and the USSR in recent years has led to a significant improvement in the position of the USSR. If unchecked, this could lead to serious imbalance in important areas of their strategic relationship. The present US Administration, with popular and Congressional support, has set about guarding against this outcome. While there are grounds for confidence that its successor will continue this effort, this must remain conjectural until after the US elections.

PROSPECTS FOR STABILITY

23. The foregoing comments highlight the extent to which stability in the three key areas of the global powers' strategic relationship depends upon continuing US resolve and ability to maintain the necessary levels of deterrence. The prospect in this respect relates not only to the domestic political situation in the US, including Congressional support for the Administration's strategic policy and defence programs, but also to the situation in other countries on whose co-operation the US effort depends. For example, at this time the prospect of the Communist Party's entering the Government in Italy is causing anxiety in NATO Governments.

24. There are also certain imbalances between the military strengths and capabilities of NATO and the Warsaw Pact. The NATO powers assess that these imbalances do not give the Warsaw Pact sufficiently decisive advantages to encourage the USSR to believe that military attack upon Western Europe would be worthwhile. However, it is noted that this assessment assumes timely reinforcement and re-supply from the US mainland.

25. The NIC believes that "the capability and combat readiness of major NATO forces have increased significantly in the light of concern over Warsaw Pact increases in military strength. At worst ...NATO conventional forces could contain a Warsaw Pact thrust in Central Europe far enough forward and for a period long enough for decisions to be taken relating to the use of tactical nuclear weapons. The assumption must be that the Warsaw Pact planners would make similar assessments.... Basic NATO reasoning is that resort to war is not a credible Warsaw Pact action so long as NATO forces are sufficient to mount a strong resistance and the US guarantee is in force; while the risk of escalation to nuclear conflict is high; while war could be destabilizing in respect of Soviet control of Eastern Europe; and while the risk of conflict would outweigh Soviet national interests. We consider that these powerful deterrents are in force."¹

26. In the North East Asian theatre, the possibility of some limited accommodation between the USSR and China after Mao's death must be taken into account – as US strategic policy acknowledges. It is not expected that any substantial Sino/Soviet rapprochement will take place.

27. After consideration of the uncertainties in the foregoing and other respects, the NIC's conclusions point to a substantial prospect for the maintenance of essential stability in the Super Powers' strategic relationship in respect of both their mutual nuclear deterrence and the situations in Central Europe and North East Asia.

¹ NIC ISO 6-5, 13 and 6-6, 17

28. However, the Super Powers' relationship is competitive and dynamic and it must be expected to fluctuate from time to time. Even if the risk of direct military conflict between the Super Powers, including that from miscalculation or mismanagement, is still to be seen as essentially controlled, a possibility persists that, in the circumstances of the day, some perceived weakness in the conflict of wills might be exploited to the USSR's advantage.

CONSIDERATIONS FOR AUSTRALIAN POLICY

29. On all the assessments, the prospect of the USSR's gaining significant advantage in any of the three key situations is at present improbable. However, given the critical importance of stability in these situations to Australia's security and general strategic interests, Australia should explore whether there is any useful contribution open to it that could support continued stability.

Australia's Basic Strategic Attitude

30. In this respect, it is desirable first of all to restate the fundamental consideration that shapes Australia's strategic interests and attitudes in respect of global matters, and their complex ramifications throughout other situations. This is that the extensive affinity and interdependence of basic national interest between Australia and the industrial democracies also sustain a basic community of interests in strategic opposition to the USSR.

31. This situation needs no elaboration in this paper. Nor is it necessary to dwell upon the points, firstly, that Australia's relationships with the industrial democracies do not, of course, constitute the limit of its external interests or the decisive determinant at all times of policy regarding these interests; and secondly, that Australia's interests are well served by the Super Powers' strategic balances and their efforts to avoid conflict. The strategic attitude need be no more of a barrier to Australia's co-operation with the USSR and its associates in economic, diplomatic and other matters offering mutual benefit than it is to other western countries in their activities.

Western Objectives

32. It is a Western objective to deepen and extend contacts and influence with the USSR by various measures. These include negotiations and monitoring regarding strategic capabilities and dispositions, and the development of Soviet interest in a widening range of political, economic, technological and other relations with the West, with their inherent restraints on Soviet conduct. Western policy seeks to do this without impairment of essential deterrence and without offering the USSR opportunities for exploitation and relative advantage, strategic, political or economic.

33. General political encouragement and support of these efforts vis a vis the USSR are in accord with Australia's interests, subject to free (but not necessarily public) expression of doubts or opposition regarding policy that may appear unsound in Australian assessment.

34. Australia can help to foster Soviet and East European interest in international stability by the promotion of trading and other relationships of mutual advantage.

Scope for Defence Policy

35. The elaboration and conduct of policy in the foregoing respects is not primarily a defence responsibility.

36. As far as Defence is concerned, there is an important role in consultation with other areas of the Government, notably the JIO and the Department of Foreign Affairs, in the monitoring of developments affecting the central balances and the range of activities constituting the strategic relationship. This includes providing advice to the Government for the conduct of its policy in such respects as the Strategic Arms Limitations Talks, nuclear-test ban arrangements, US and Soviet strategic doctrine and capability and technological developments.

37. Australia is not now or prospectively under direct military threat from the USSR (although there is always the possibility that US defence-related facilities in Australia might be targeted by Soviet nuclear weapons). A US NATO-type relationship with Australia is not necessary – and it is not sought by the US. At the same time, the US gains strategic advantage from its alliance relationship with a country of the area, resources, technology and geographical location of Australia.¹

38. Australia's national resources and commitments do not permit direct military contributions that would be of significance to the balance in the distant European or North East Asian theatres. Australia cannot contribute forces to the West's nuclear deterrent.

39. The powers involved in Europe and North East Asia assume that conflict there would very probably lead to the use of nuclear weapons. Prolonged conventional war is not regarded as likely. However, should future developments that now cannot be assessed make it more likely that war might be fought by conventional means, there could then be a question of an Australian military contribution. The considerations shaping decision would only be apparent at the time, but Australia might in future circumstances have embarked upon defence expansion on a scale that would enable it to make a contribution to its allies' effort. At this time, however, this possibility is too uncertain and remote to be a specific factor in the shaping of the Australian force structure.

¹ See Chapter Nine for discussion of Australian activities in support of the US strategic effort.

CHAPTER TWO—POSSIBLE SOVIET STRATEGIC EXPANSION

40. This Chapter reviews the prospects of strategic expansion by the USSR beyond the situations discussed in Chapter One. It looks particularly at the maritime situation and the position in the Indian Ocean, and discusses implications for Australian defence policy.

SOVIET INTERESTS AND ACTIVITIES

41. The USSR has attained the status of a global power. Along with certain world-wide interests, such as major fishing operations, commerce and diplomatic status, it has certain identifiable global requirements to support its nuclear and maritime strategic capabilities. It also continues to expand its naval and merchant shipping capabilities to achieve its basic strategic needs, and to establish a presence in areas from which it can exert a regional influence. Although it has relatively less need than the US for stationing forces overseas or for major bases, it will take the opportunity to gain access to military facilities when this is militarily or politically useful. It will seek to use its increasing global military reach for political purposes.

42. The USSR also looks forward to and works in various ways for the decline of the Western democracies and the eventual emergence there, and elsewhere about the globe, of “progressive” political forces. It displays alertness to opportunity for political, and potentially strategic, influence, where it sees advantage and calculates the risks acceptable.

43. This attitude by no means involves Soviet effort to penetrate every unstable situation about the globe. Soviet leadership has conducted its policy with discrimination and caution. Along with tenacity of purpose it has displayed flexibility, and considerable attention to the stability of its relations with the US.

Angola

44. The Soviet intervention in distant Angola, particularly its aid to Cuba's involvement, caused a shock in Western countries. This development needs to be seen in perspective. The Soviet action was bold; but it was against a long background of Soviet, and Cuban, involvement in Angola. More important, the USSR could calculate – and events proved it right – that its action would not lead to a prompt US response in kind.

45. The MPLA regime's dependence on the USSR and Cuba seems likely to last for some time. It has signed economic, technical and military aid agreements with them. Whether or not the USSR seeks special military access to Angolan facilities, it has established a position that it can use to advantage. Combined with their military and other aid to liberation movements operating from Mozambique, the USSR and Cuba are in a strong position from which to exploit the racial situation in both Rhodesia and Namibia.

46. At the same time, intervention in Angola produced some disadvantages for the USSR. It has drawn a US warning regarding the USSR's use of Cuba. It has stimulated a US program of political involvement and military and economic aid in Africa that could restrict the USSR's own scope, and force it into more costly competition. The Angola action was a factor in stimulating public and Congressional support for the larger US defence budget.

Possible Future Soviet Activity

47. The NIC reports, "It should not be assumed ... that détente means any more to the USSR than minimising the risk of nuclear war and re-directing the global competition with the US into safer channels where the USSR can pursue long-standing goals with instruments ranging from diplomacy to military support".¹

48. It cannot be ruled out therefore that similar occasions to Angola will again arise. The USSR has been favoured with situations arising from the withdrawal of the Western powers from their colonial territories. Opportunities in this respect are now dwindling. However, new opportunities are coming up, such as the racial confrontation in Southern Africa, and the USSR could also develop new political platforms for the justification of intervention in other situations. Soviet activity may in future involve large efforts to penetrate "soft spots" like Angola and Somalia, for example Djibouti, where it calculates that this does not risk a significant US response.

Calculating the US Reaction

49. In planning such initiatives, the USSR might miscalculate the US reaction, so provoking heightened competition or direct confrontation by the US, with risk of crisis. The NIC refers in this respect to "the need to evaluate, on a continuing basis, precisely what each of the two Super Powers define as their areas of 'primary' or 'vital' interest".²

50. There is uncertainty at present about the extent to which the US Congress would support US intervention in areas where the nature of the US interest was in doubt – and however the relations between Congress and the Executive might develop politically from time to time, Congress now has the power to check a foreign intervention by the Executive. On the other hand, continued pressure by the USSR in trouble spots about the globe could lead to questioning in the US of the value of the policies of "détente" for restraining the USSR, with consequent heightening of tension in the central strategic relationships.

¹ NIC ISO 2-7, 25

² NIC ISO 18-1, 1

51. The USSR seems likely to be at least cautious in these respects. It must at present take into account the possibility that the US, with Vietnam and its domestic political and economic troubles of the last decade behind it, could play a more vigorous role in support of “world order”. “Soviet leaders sense that US international difficulties of a kind that they would ordinarily welcome have already helped to harden US resistance to ‘détente’ and could put the relationship at risk altogether if they continue. At present the USSR is concerned to preserve the benefits, including economic co-operation with the West of its relationship with the US and to avoid arousing negative US reactions.”¹

Third World Attitudes

52. The USSR also faces resistance from Third World countries to the Super Powers’ intervention in their affairs. Its own limited ability to play a role in international aid, trade and investments further restricts its ability to win and consolidate political influence, except in a highly selective way.

The General Prospect

53. At this time the NIC’s analysis is that, although the USSR’s position has improved in recent years, it is rather the Western powers that are to be seen as generally better placed to extend their influence in the Third World and, if not to hold “the balance of world political forces” in their favour, at least to see the USSR denied decisive advantage in this respect.

54. Given the nationalist, non-aligned attitudes in the Third World countries, this is the best that the Western powers can hope for – and it should generally be sufficient to protect their interests. Even if the USSR’s motivation were progressively to acquire and extend areas of local strategic ascendancy – and this view of its motivation appears doubtful – it appears that the USSR would face considerable difficulties. Its achievements appear likely to be essentially confined to particular localities. Even there, the security of its position will be uncertain if its experience in Indonesia, Bangladesh, Egypt and the Middle East generally, is any guide.

AUSTRALIAN INTERESTS AND POLICY

55. The areas in Africa of principal current interest to the USSR are remote from Australia. Scope for the USSR nearer to Australia is at present limited. In particular, favourable opportunity in, e.g. Indonesia or Singapore, where the USSR might have the interest for a large effort, appears improbable while present circumstances persist – and no change is indicated in the NIC’s report.²

¹ NIC ISO 2-7, 26

² See Chapter Three for discussion of Africa and other distant regions, and Chapters Five, Six, Seven and Eight respectively for discussion of South East Asia, Indonesia, PNG and the South West Pacific and Antarctica.

56. Australian policy should actively try to ensure that these favourable circumstances persist. Much of this activity will rest with political, economic and diplomatic policy – in more distant regions there are limits on the effective reach of defence policy. However, in the South West Pacific, PNG, Indonesia and the ASEAN countries, defence activity can support policy for the reduction of opportunity for expansion by the USSR. Defence activity includes aid, military display, support as appropriate to US efforts, and the maintenance of general contacts and relationships that support local confidence and a sense of strategic affinities with the Western powers. Considerations shaping policy in particular areas are discussed in later Chapters.

THE MARITIME SITUATION

57. The NIC notes the growth of the USSR's fishing and mercantile marine activities, and its increasing maritime capability for the projection of Soviet influence into areas relatively remote from the primary areas of the USSR's strategic concern.

58. Primary response to the Soviet maritime challenge must rest with the US, whose declared policy is to maintain its maritime superiority. In this, however, it looks for local support from its allies. This affects Australia principally in respect of lines of communication in the Pacific and Indian Oceans, the seas and straits of South East Asia and Australia's own immediate strategic approaches. The following considerations are relevant to any Australian role.

59. Actual attack upon surface lines of communication has for many years been assessed as highly improbable short of general war. Nevertheless, the USSR has formidable capability for such attack, and in times of international crisis it could offer threat or harassment.

60. If danger to Australia's immediate approaches and focal areas of maritime trade were assessed, the Australian task would first be selective national defence in these respects. There would be no capability for significant involvement elsewhere. However, the concept of Soviet operations would probably rather be one of intimidation and harassment of high-seas traffic short of actual attack. Australia in these circumstances would have some capability to contribute to allied counter-measures.

61. Australia can also contribute to Western influence by the demonstration of interest and capability in peace-time in relevant areas of strategic interest, including regular naval cruises, ship and aircraft visits, and maritime exercising with friendly forces.

THE INDIAN OCEAN

62. The primary area of Soviet strategic concern in the Indian Ocean is likely to remain the north-west sector. This sector “bounds on the tension-prone Middle East and the major world resources of oil, through it pass the vital and sensitive Western oil lines of communication, it provides the approaches to the Suez Canal, and a number of its littoral States border the USSR. By maintaining a permanent presence in the area – a presence capable of rapid reinforcement in an emergency – the USSR can exercise an influence on regional countries and regional affairs and provide a latent instrument of pressure against vital Western interests. For these reasons it is likely to remain an area where a continuing naval presence is maintained.”¹ The USSR is likely to continue development of facilities in Somalia, and could somewhat increase the size and effectiveness of its deployment. The importance to the USSR of passage through the Malacca Straits is noted in this respect.

63. The north-west sector is remote from Australia (about 3,500 nautical miles from North West Cape to the Arabian Sea). There is little reason to expect a direct attack on Australian territory from Soviet forces based in this area.

64. There are grounds for strategic concern, however, because of the potential for Soviet interference with the important oil-supply routes to Australia, Japan and Europe, and for Soviet strategic penetration into the north-east Indian Ocean, e.g. the Maldives. Moreover, expanded Soviet activity could lead to heightened confrontation with the US, drawing in littoral states and disturbing Australia’s strategic circumstances. Any further development of base facilities would give the USSR increased potential for interference.

65. Australian defence advice has therefore supported maintenance of US capability, including the facilities at Diego Garcia, and their development at a level necessary to restrain or counter expansion of the Soviet effort. The defence interest would not want to see escalation of the general level of naval deployments.

66. Countering of the USSR in this situation rests primarily with the US. Australia would not be able to undertake regular operational commitments distant from its bases without detriment to defence tasks in its own area and neighbouring region. However, the run-down of US facilities in Thailand, Britain’s withdrawal from the area, and uncertainty about the availability to the US of staging access through Singapore, could lead to a larger requirement for Australia to contribute to surveillance in the Indian Ocean.

67. In the improbable event that the USSR sought significant strategic expansion beyond the north-western sector into areas of the Indian Ocean closer to Australia, practical Australian support to US counter measures could assume a higher priority. Except in areas close to Australia, the prime burden of direct maritime restraint would still rest with the US. It could be important to US efforts, however, that there were capabilities in the Australian force structure, and supporting facilities, relevant to naval and air operations and surveillance.

¹ NIC ISO 8-13, 37

68. Relevant defence facilities in Western Australia should continue to be developed over the long term, and effective working defence relationships between Australia and the US should be demonstrated by US naval visits, combined exercises and surveillance co-operation. Subject to other commitments from time to time, the RAN should display in the lines-of-communication and ports of the East Indian Ocean. It could be helpful to the US to include occasional RAN and RAAF visits to Diego Garcia. (Occasional naval visits further afield in the Indian Ocean may be desirable, essentially in support of Australian diplomatic interests.)

Maritime Surveillance

69. Australian nautical and air forces already exercise and patrol in the closer Indian Ocean areas – currently at comparatively low levels. Attention is also given to surveillance by technical means and in research and development directed towards better coverage in the future, e.g. by over-the-horizon radar.

70. The possibility of Australia making a larger contribution to the surveillance task in the East Indian Ocean was mentioned (paragraph 66). The dimensions of that contribution cannot be quantified at present. It would depend on the extent and frequency of any unfriendly intrusions and on assessments of the response necessary. Judgements would be required regarding the extent to which Australia should provide and commit Defence Force resources and effort in this area, having regard both to the desirability of co-operation there with the US and to the priorities attaching to other tasks.

71. With the loss of facilities in Thailand, the US is seeking use of Singapore for air transport transit to Diego Garcia, and for use by its P3 aircraft proceeding on surveillance flights into the Indian Ocean. Australian diplomatic assistance has been sought by the US in obtaining the Singapore Government's approval to this use.

72. The scope for Australian co-operation with the US in these respects is being examined to ensure co-ordination of Australian and US surveillance and reporting. Use of Diego Garcia by RAAF LRMP aircraft is also being discussed. This would enhance the effectiveness of Australian operations, and help the US politically.

CHAPTER THREE—REGIONAL FACTORS: SOME GENERAL CONSIDERATIONS

73. This Chapter describes the reduction of former principal powers to a strategic status limited essentially to their own local regions and it points to implications of this, and of the associated local restriction of regional conflicts, for Australian defence policy. The Chapter also discusses regional developments in relation to nuclear proliferation and the Law of the Sea.

THE REGIONAL POWERS

74. An important aspect of the modern world is that there are no longer five or six “Great Powers” with extensive strategic interests and capability. There are only two global “Super Powers”, the US and the USSR.

75. The traditional European “Great Powers”, Britain, France and Germany, and Japan, formerly a major Asian power, have lost the status of an earlier era and are now regional powers. China has potential global military status in respect of its developing nuclear capability – which is still, however, very limited – and its confrontation with the USSR is a factor in the global equilibrium. It has strategic interests, but no local military presence in the adjacent South and South East Asian regions. India and Iran have developed capability for limited projection into each other’s region, but essentially they are restricted to their own local regions. Some exception to the foregoing is still provided by France, which has continued to deploy military forces abroad in support of its residual commitments in North East Africa and the South Pacific. These deployments do not, however, express interests and capacity on a scale that would sustain France’s earlier status as a “Great Power”.

Possible Conventional Threat from a Major Regional Power

76. Pressure can be brought against a country, or in its support, by a range of political and economic measures. Strategic pressure may also be exerted indirectly, for example by the use of proxies or by aid to insurgent groups. However, there is no likelihood that the powers mentioned above would nowadays deploy forces for major conventional military operations beyond their own particular regions. Such operations in areas of direct defence concern to Australia are not feasible without major change in present long-term circumstances.

77. Australia’s remoteness from the strategic interests and military strength of the major regional powers offers both advantage and disadvantage. It is disadvantageous for Australia to be remote from its strategic associates in Western Europe. However, its remoteness from powers in other regions, which might at some future time possibly acquire the motivation and capability for military threat to Australia, can be seen as substantially supporting Australia’s security.

78. The principal regional powers closest to Australia are China, Japan and India. China faces direct, palpable threat from the USSR. Japan is vulnerable to such threat. India is constrained by fear of China. While this situation persists, their strategic interest and effort are most unlikely to become significantly distracted by other, more distant interests. China is further restrained by the involvement of the US in the North East Asian region and by Japan’s potential for major military

development. If in time China might develop some capability for distant extra-regional projection, principally maritime, this looks as though it will long be too limited for major strategic impact. Military development by Japan is restrained by the likelihood of adverse reaction by the Super Powers, and by China, and by its treaty relationship with the US.

79. There is firm ground for expectation that the Super Powers would react strongly against independent military development by any regional power on a scale that threatened their own security interests.

80. Along with military capability, major questions of national interest and will and of strategic circumstances and opportunity must also be taken into account in any realistic consideration of the development of possible direct military threat to Australia.

81. There is nothing in the NIC's reports to suggest factors shaping threat of military attack upon Australia from any potentially capable power in other regions. Particularly given the other powers' substantial pre-occupation with the Super Powers, it is extremely difficult to conceive of a realistic combination of the necessary circumstances that would favour such a threat. These circumstances would have to include radical changes in the position of the Super Powers and in their relations with the regional powers, as well as major changes in the motivation and capability of the regional powers. There is no evidence to suggest that such changes are now in development or to be expected. Such complex changes could not, of their nature, be expected to be quick in their development; if they emerged, they would be likely to do so unpredictably over a substantial period of time.

CONTINGENCIES

82. It would appear, therefore, that, while present long-term factors prevail, the contingencies that might arise for Australia in respect of military attack by major powers from other regions would be limited to low-level pressures and harassments, e.g. in respect of the maritime resources zone. The possibility of deployment by those powers of the major military capabilities necessary for substantial assault on Australia is not a credible contingency for defence planning.

83. Australia now has the capability to deter or rebuff low-level pressures; but concurrent, wide-spread or long-term deployments could be beyond the capacity of the force-in-being.

Indonesia

84. Indonesia is a power that, like Australia, is remote from the theatres of primary strategic involvement of the Super Powers. The course Indonesia chooses militarily could therefore be of less direct security interest to the Super Powers, except for their interest in anything affecting maritime passage between the Pacific and Indian Oceans.

85. Any threat of significant military assault by Indonesia on Australia would have implications for the United States in respect of the ANZUS Treaty. US willingness and ability to support the security of its allies is basic to its global position vis a vis the USSR. There would be grounds for confidence in this respect that the US would see its interests jeopardised by Indonesia's action, and intervene. The extent and

manner of the US intervention, however, would depend upon a variety of circumstances at the time, for example US interests in Indonesia, the nature of Indonesia's disputes with Australia, the kind of external support that Indonesia might be receiving, and Congressional willingness to intervene, particularly militarily, if the USSR was not supporting Indonesia – or if there was an expectation that US action would attract Soviet involvement. The threshold of US military intervention in support of Australia could be quite high.

86. These considerations suggest that the general proposition about Australia's security from major military threat, and the assurance of US combat support, need qualification in respect of Indonesia¹.

CONFINEMENT OF REGIONAL CONFLICTS

87. An important feature of the contemporary world is the confinement of regional conflicts. This arises from both the limited capability of the regional powers to extend their hostilities and their lack of motivation to do so. Such extra-regional powers as might on occasion be interested in intervention are, unless associated with a Super Power, as in Vietnam or Angola, restrained by inadequate capability and the requirements of their own local security.

88. A further restraining factor can be action by the Super Powers, in the political and military-supply fields, particularly when their interests are involved and there is risk of their confrontation. A major concern of the principal powers involved has been to keep the regional conflicts limited, and not to let them spread.

89. This confinement of regional conflict is important for Australia, accustomed earlier in its history to see regional instability as bearing on Britain's interests, and therefore Australia's. In the contemporary world, the outbreak of regional conflict need not be seen as a preface to the collapse of international stability and the first stage of a world war.

90. At the same time, it is noted that the level of armament now available to regional powers, most often from one of the Super Powers, is such that regional war can be intense and cause great loss and suffering to the participants.

IMPLICATIONS FOR AUSTRALIAN POLICY

91. Conflicts in distant regions beyond Australia's areas of primary strategic interest would be matters that concerned Australia in varying ways. For example, they might excite humanitarian concern and public sympathies, or adversely affect Australia's exports or imports, including the oil supplies necessary to Australia's military operations. They might have significance for political policy or relations with voting blocs in international organisations. Australia would not be indifferent.

92. Distant conflicts could also be significant insofar as they might influence the general strategic environment and distribution of power and insofar as the Super Powers were involved and there was a prospect of relative strategic advantage for one of them or risk of confrontation between them. There could be implications in these respects for Australia's own interests.

¹ For discussion of Indonesia see Chapter Six.

93. In some distant regional hostilities in the future, the US could seek allied support from outside the region. No such situation is at present in sight. Should it arise, there could be difficult questions for Australian policy in deciding between support for the US in distant regions, and maintenance of the Defence Force's ability to perform its local tasks. Much would depend upon the circumstances of the day. The important point in the context of this chapter is that Australia would have a choice. Distant regional conflicts are not to be seen as necessarily affecting Australia's interests and calling for its heightened preparedness and other practical defence measures. (This subject is further discussed in Chapter Ten).

NUCLEAR PROLIFERATION

94. Further acquisition of nuclear weapons would be an important development. The NIC now reports that "there are good prospects for slowing and possibly curbing nuclear proliferation".¹ Any further proliferation appears likely to be essentially regional in its motivation and strategic significance, although there would be complex implications for central global relationships were proliferation to become extensive or lead to actual use of nuclear weapons.

95. The NIC reports no significant move towards acquisition of nuclear weapons in the regions of Australia's primary concern. In particular, "Indonesia could not develop a nuclear weapon in the foreseeable future."²

96. No requirement is seen in Australia's present and prospective strategic circumstances for acquisition of nuclear weapons. Any steps taken in this direction would at a certain point seriously concern the US and probably cause strong opposition from other nuclear powers. It could alarm countries of major strategic concern to Australia and stimulate further nuclear proliferation. (See also paragraph 382 in Chapter Ten).

LAW OF THE SEA

97. A major influence on regional strategic circumstances is already apparent in the international negotiations for new Law of the Sea. A large reduction of the traditional high seas, and expansion of areas under varying degrees of national jurisdiction appear certain.

98. Australia's defence interests are affected. Given its own maritime situation and its location near the main routes between the Indian and Pacific Oceans, there will be some increase in requirements for the surveillance, patrol and policing of its own national waters and maritime resources zone. There could be tasks in respect of its own and its allies' passage through the seas and straits of the neighbouring archipelagic region to Australia's north. Disputes under the Law of the Sea will have a contingent military content. Implications for the Australian force structure are receiving close study, and there is further reference in the final Chapter of this paper.

¹ NIC ISO 5-18, 20

² NIC ISO 17-2, 8

99. The defence interest requires that Australian policy in pursuit of other national interests take into account the requirement to minimise scope for international dispute and friction, notably in respect of maritime boundaries (e.g. in Torres Strait and the Timor Sea) and national claims for jurisdiction beyond those limits generally accepted by the international community, such as to the continental shelf beyond the 200-mile limit.

CHAPTER FOUR—SITUATIONS IN PARTICULAR REGIONS

100. This Chapter considers the situation in the North East Asian, Middle Eastern, African, South Asian and Central and South American regions.

NORTH EAST ASIA

101. There has already been reference in Chapter One to the North East Asian region as a key theatre in the global equilibrium between the Super Powers. This section of the paper discusses the regional situations in terms of factors of more direct significance for Australia's strategic interests and defence policy.

China

102. As noted earlier, China ties up substantial Soviet forces, imposes contingent restraint upon Japan, is a factor in South Asia, and is expanding its influence in South East Asia. In some important respects China's interests, as now apparent, do not conflict with Australia's, particularly regarding the limitation of Soviet influence and the acceptance of the strategic role of the US.

103. China's small nuclear force could already reach north-west Australia. However, its prime targets are in the USSR. Military attack on Australia is considered most unlikely to become a Chinese objective for the foreseeable future. China's posture is one of national defence; it neither threatens nor supports other powers of direct defence concern to Australia. China is therefore of little direct defence, as distinct from political, significance for Australia at the present time and during the period now in prospect.

104. In the longer term, there are bound to be uncertainties about a China that had developed the political and economic strength to pursue significant policy beyond its neighbouring regions, and capability to project supporting military force. At this time, such circumstances and their impact on Australia's interests can only be matters for conjecture.

105. Short of this, China has strategic significance for Australia in certain respects. Political dissension and weakness in China after Mao, or moderation of the confrontation with the USSR, could release important Soviet military capabilities. Or ascendancy of the more extremist Chinese political factions could lead to a more militant and interventionist Chinese policy abroad, including greater support for the national insurgencies in South East Asia.

106. The overseas Chinese communities in South East Asia are at present encouraged by the Chinese Government to regard themselves as citizens of their country of residence. Some future Chinese Governments could take a different attitude, or find themselves drawn into intervention by some regional government's behaviour to its Chinese population. China could use the overseas communities for its political activity against regional governments.

107. Finally, despite China's cultivation of relations with South East Asian governments, it continues to conduct activities detrimental to their interests, although at a subdued level. It maintains relations with the Maoist communist parties in the region, giving them recognition and ideological support. It has on its territory stations broadcasting pro-insurgency material. It provides training for subversion and insurgency, and some material supply to insurgents in Burma, and possibly Thailand.

108. China's interests and perspectives are long term. It is well placed to work for the gradual, steady increase of its influence without the employment of major pressure. Neither China nor any other power appears able to achieve domination over all the countries in South East Asia; but China could in time establish a primary status in the region that would be of substantial political and strategic consequence for Australia.

109. Australian policy can acknowledge that China has legitimate interests in acquiring a position of influence in South East Asia. However, Australia's interests would be best served if China's influence were limited, to ensure that the essential independence of such countries as Malaysia, Indonesia and the Philippines was preserved. China's drive for influence, even if consistently unaggressive and patient, is unlikely to go uncontested in the region. Indonesia, for example, would be sensitive to the growth of China's status in Malaysia. Over the long term, judgements will be required from time to time as to Australia's strategic interests in this context. Although Australian activity will be primarily with political and diplomatic policy, there could be occasions, now difficult to foretell, when there would be significant implications for defence policy.

Japan

110. Assessments have repeatedly found Japan uninterested in large-scale military development. The NIC again has found this. Major militarisation in Japan is not a prospect that should specifically shape Australia's force development.

111. Because of Japan's potential for major military development, and the uncertainties this would introduce into Australia's strategic circumstances, and indeed the global equilibrium, it is in Australia's interests that Japan's military capability continue limited. However, its local national defence role of support to the US maritime effort against the USSR is to Australia's advantage. Defence policy should contemplate consultations with the Japanese. These should be developed gradually, without Australia forcing the pace. They would seek to encourage Japanese confidence in the US security alliance and willingness to carry out practical defence tasks in support of it, as well as giving Australia better access to thinking in the Japanese defence community.

112. There are also matters of technical, as distinct from policy, defence interest, regarding which it could be worthwhile keeping in touch with the Japanese – and this would help to convey to the Japanese the impression of Australia as a country serious and competent in its defence activities.

Korea

113. War in Korea is a contingency of serious strategic concern to Australia. It would introduce problems of escalation and nuclear conflict; and major instabilities for the North East Asian and global equilibria. For these reasons, however, the Super Powers and China and Japan have strong interests in seeking to prevent renewed war in Korea. This accords with Australia's interest; but there appears to be no scope for Australian defence, as distinct from political, policy to influence this situation.

114. War in Korea is not a contingency that requires specific defence preparation by Australia. Korea is remote from Australia. Circumstances would be very different from 1950. In the unlikely event of an Australian contribution to a UN force, it should be drawn from the force-in-being.

Taiwan

115. It is possible that one day China may seek to make good its claim to Taiwan by employment of military force. This action could have seriously destabilising effects on Japan, South Korea and other Asian countries. It could affect the Super Powers' interests and action, particularly the US, in ways that are difficult to foresee.

116. Of particular concern to Australia would be Taiwanese development of nuclear weapons for protection against China. This could stimulate movement towards nuclear acquisition elsewhere. Actual use of nuclear weapons by Taiwan, or by China, would be an event with serious consequences for the stability of other nuclear relationships.

117. There appears to be no scope for Australian defence policy to influence these situations.

THE MIDDLE EAST

118. The Middle East is of strategic importance to Australia in that the Super Powers' interests are deeply engaged there and crisis in the area could risk their military confrontation. The Super Powers have now, however, considerable experience in the management of Middle Eastern crises.

119. Regional developments could disturb important oil supplies to Australia. They do not, however, impact directly on Australia's security, or on its primary strategic interests in the avoidance of military build-up or lodgement by a power potentially unfriendly to Australia in areas from which conventional military attack on Australia could be effectively launched. In this respect no Australian defence involvement is called for. There could be implications for Australian interests along the lines discussed in Chapter Three (paragraphs 91-93).

120. Although the Super Powers maintain massive support for the military capability of their client states and a strong maritime presence in the area, they do not themselves have any direct combat involvement. No question arises of possible calls by the US for its allies' direct military support. However, it is possible to envisage a further situation of developing tension between the two Super Powers in which some support from allies could be sought, especially if it involved a question of preserving the movement of oil.

AFRICA

121. Instability in Africa, particularly at present possible local armed conflict in Southern Africa and the Horn of Africa, could provide favourable circumstances for further Soviet penetration. The continent has become a theatre of heightened political competition between the Super Powers. Regional conflict could become more intense because of military aid by the Super Powers.

122. There is no scope or requirement for Australian defence involvement in Africa. Soviet penetration there would be well beyond the effective range of Australian defence policy. Australia's security and primary strategic interests are not directly affected by developments in Africa. Political considerations also would suggest the requirement for considerable caution about any Australian defence involvement in Southern Africa, which could rebound to Australia's ultimate strategic disadvantage in terms of attitudes to Australia in the Third World, particularly in Asia and the South West Pacific region.

123. Threat to the Cape route appears credible only in time of major international crisis, when the Australian Defence Force would have more urgent commitments nearer home.

124. No requirement is seen for Australian defence connections with governments in Africa, apart from limited military training from time to time as diplomatic policy finds worthwhile, and as facilities are available in Australian Service establishments.

SOUTH ASIA

125. The NIC's assessments give no grounds for expectation that the USSR would be able, were it interested, to secure any significant expansion of its strategic status in the South Asian region, despite its long-standing, close relationship with India.

126. While the relatively stable situation in respect of basic strategic relationships persists in South Asia, the continuation of low-level US competition with the USSR is adequate for Australian interests.

127. Previous assessments have noted the possible implications in the longer term of a conjunction between India's economic difficulties and its acquisition of a nuclear capability, should this occur. It is still not possible to provide a useful closer assessment of this contingency.

128. Scope for Australian defence influence in South Asia is likely to remain limited, as are present and foreseeable requirements. However, it is in Australia's strategic interest that friendly relations be maintained with the regional powers, particularly India as the largest power. Opportunity should be taken as it offers to maintain some defence contact, e.g. by occasional naval visits each way; and possibly defence sales to the region.

CENTRAL AND SOUTH AMERICA

129. Cuba constitutes a point of potential friction between the USSR and the US. In other respects, Soviet interest and opportunity for significant strategic involvement in Central and South America appear extremely limited. The region appears unlikely to become a theatre of confrontation between the Super Powers. Were confrontation to develop, it is most improbable that Australia could make any worthwhile defence contribution to the Western cause, or that such contribution would be warranted in the light of Australia's other commitments.

DEFINITION OF AREAS OF AUSTRALIAN PRIMARY CONCERN

130. The foregoing discussion has made clear that there could be situations in the future in more distant regions when the implications for Australia's interests, including, for example, the security of oil supplies from abroad or the containment of some regional situation or the desirability of supporting the US, could lead an Australian Government to consider making at least some marginal military contribution. Decisions in this respect would be shaped by the circumstances of the day, including concurrent requirements on the Australian Defence Force. At the present time, however, the situation in more distant regions suggests that for practical purposes the requirements and scope for Australian defence activity are limited essentially to those areas of Australia's primary strategic concern.

131. These are the areas in which the deployment, build-up or lodgement of military capabilities by a power potentially unfriendly to Australia could permit that power's military attack upon, or incursion into, or harassment of Australia and its territories, maritime resources zone and near lines-of-communication. These areas are Australia's adjacent ocean areas, seas and straits; the South West Pacific territories; PNG; Indonesia and the South East Asian region.

132. Strategic concern is not confined to threat itself but embraces developments that could directly or indirectly support Australia's security from military threat, or favour the development of a threat, sooner or later. Thus, deployment or build-up or lodgement in mainland South East Asia would not necessarily of itself mean that threat to Australia was developing. But it could introduce uncertainties into Australia's strategic prospects.

133. The question of nuclear attack obviously involves a wider area of concern for Australia than the areas stated above. The possibility of nuclear attack in some future circumstance, or the use against Australia of tactical nuclear weapons, cannot be completely dismissed. Nuclear exchanges involving the US, USSR, Europe, China and Japan, would radically alter Australia's strategic circumstances. However, given the long-term restraints prevailing, these contingencies are not now prospective grounds of practical concern for Australian defence policy and do not

affect the definitions of the areas of Australian primary strategic concerns as stated in the preceding paragraphs.

134. The following chapters deal in turn with South East Asia, Indonesia, PNG, the South West Pacific and Antarctica.

CHAPTER FIVE—SOUTH EAST ASIA

135. This Chapter reviews prospects for security and stability in South East Asia in the light of the NIC's findings, and discusses Australian strategic interests and policy requirements there. It discusses contingencies in Thailand and Malaysia.

EARLIER PERCEPTIONS

136. In the post-war decades, Australian strategic policy was strongly influenced by anxiety that a substantial external power would come to dominate South East Asia, and hence be favourably placed to exert pressure, or ultimately military threat, against Australia. China was the focus of concern.

137. This perception was influenced by the experience, then still relatively recent, of Japan's expansion in the 1940s. The prevailing view of China, under its new communist regime, was of an aggressive power bent on thrusting southward. Another influence was uncertainty regarding the political character of the post-colonial regimes, and the apparent weakness of the nascent nation states in the face of heightened communist pressures.

PRESENT REGIONAL PROSPECTS

138. It seems necessary to look afresh at a regional situation which has in many respects changed. The NIC's assessment, still tentative and short-term, depicts a regional situation of relative stability, but with many imponderables and uncertainties remaining.

139. On the favourable side, eight regional states¹ appear now to have better prospects than earlier expected of peaceful coexistence and of security from major extra-regional pressures. Basic political incompatibilities between the Indo-Chinese communist governments and the ASEAN governments are at present not proving a barrier to inter-governmental contacts. Although uncertainties must persist about the future, fears of aggressive Vietnamese interference have not so far been realised. For the time being at least, Vietnam seems likely to be pre-occupied with its internal tasks.

140. The prospect of large external powers acquiring major strategic influence in the region has very substantially receded. It is not on present prospects realistic for Australian strategic policy to be based on apprehensions about regional strategic dominance by one power, or major external rivalry in the region. No major external power's interests in the present period, or foreseeably, would be served by destabilisation of the region. China, the most interested of the external powers, appears likely to be satisfied to increase its influence gradually and with minimum political disturbance.

¹ Burma is excluded from this review as outside the South East Asian political and strategic region. There are no signs that the long insurgency there will end or that it will develop with general strategic significance. China's involvement is noted.

141. The NIC reports good prospects for essential governmental stability in the region, despite continuing political stresses. The domestic communist insurgencies appear unlikely to be able to organise major challenge as in earlier years. Support from the communist powers to subversive and insurgent groups in the ASEAN states is not expected now to be on a scale to change this prospect – although both China and Vietnam have the resources for such support.

142. The ASEAN governments are now more strongly placed to defeat domestic challenge did it emerge. With the exception of Thailand, they are also better equipped and more experienced for the tasks of effective nation-building, which, as the last thirty years' history in Asia shows, is essential for the successful containment of insurgency.

Uncertainties

143. This has been well demonstrated in the case of Malaysia. However, the intractable problems of communal relations there, and the persistence of local insurgency will continue for the indefinite future to sustain uncertainty about prospects for Malaysia's stability.

144. Uncertainties exist about domestic political tensions in all the ASEAN states. These states have not yet developed broad-based institutions capable of supporting orderly political change. Bad government, and bad times, could produce serious instabilities.

145. Uncertainties also attach to the policies of Vietnam after the consolidation of the communist government's position and to the policies of China after Mao's departure. Already the communist victory in Vietnam has promoted major changes in the domestic politics and foreign policy of Thailand.

146. In the longer term, with the high rates of regional population increase, formidable economic and social problems are looming for the South East Asian governments. It seems unlikely that relatively moderate ASEAN governments as of today will be able to cope with the consequent political tensions and instabilities: more harsh and authoritarian governments may emerge. Polities dependent heavily on coercion could experience radical change should the ruling regime's grip weaken or it become distracted.

REGIONAL RELATIONS WITH AUSTRALIA

147. A welcome feature of the regional situation is the general goodwill displayed towards Australia. Even the new communist governments appear to harbour no significant animosities towards Australia.

148. In any case, no government in the region has the military capability for significant threat to Australia – although Indonesia has capability for low-level harassment. The NIC reports that the general thrust of development in the region is rather towards capabilities relevant to internal security and limited national defence, than to conventional military operations. (Vietnam's capability is the exception; but no other government has comparable military-supply arrangements in prospect, nor relations that might offer China or the USSR a prospect of significant strategic lodgement.)

149. Australia does not have the resources that enabled Britain to defeat insurgency in Malaya (in a campaign over twelve years) and contain Indonesian confrontation (over three years). But most regional countries appear to value some association with Australia in defence matters. Australia's relationship with the US is important in this.

150. Australian national policy to develop mutually advantageous ties with the South East Asian countries would underpin their present goodwill, and support favourable strategic attitudes among them to Australia over the long term.

AUSTRALIAN DEFENCE INTERESTS AND POLICY

151. Australian defence policy should be concerned to support as best it may the present favourable prospect in South East Asia.

Basic Defence Interests

152. This prospect serves Australia's interests in avoidance of regional disturbances. Domestic instabilities in the region and even a level of political discord between the states would not of themselves jeopardise Australia's security. But they would introduce risks of communist intervention, to promote political change or to secure local strategic status (in the case of Vietnam, to extend it). Regional rivalry and confrontation between external powers could develop. Indonesia's strategic interests and political attitudes could be affected in ways unfavourable to its relations with Australia. Prolonged regional disturbance and tension could lead to a more substantial development of regional capability for conventional military operations and Australia could be exposed to pressures to take sides in regional military confrontations. The growth of regional armaments would at least be an important consideration in the level of Australia's own defence expenditure.

153. None of these developments is at present in prospect. Reference to them, however, can help to clarify the basis for Australia's abiding concern regarding the prospects for South East Asia.

External Involvement

154. The ASEAN posture against intervention by external powers in the region's affairs accords with Australia's own strategic objectives as indicated above. There is advantage in continuing Australian understanding for the ASEAN concept of a Zone of Peace, Freedom and Neutrality. Practical arrangements still seem a long way off. There is no indication that the concept would cause difficulties regarding the US bases in the Philippines or Australia's small defence presence in Malaysia and Singapore. The ASEAN Governments appear to want to ensure that their arrangements would not be a barrier to support from their friends.

155. The risk of communist intervention to promote political change has been noted. Insofar as communist regimes can be seen as readier to enter into strategic relations with one of the major communist powers, the spread of such regimes is unfavourable to Australia's strategic interests. However, it is noted that Sukarno's non-communist Indonesian Government entered into an arrangement for military supply with the USSR, and that the communist Vietnamese Government is resistant to close strategic ties with either the USSR or China. These observations suggest that the communist or non-communist character of a government should not be an automatic and final determinant of Australia's strategic attitude to it.

Indo-China

156. Vietnam is a long way from Australia: a direct military threat by Vietnam to Australia is not credible. However, Vietnam and Cambodia and Laos, are a theatre for Sino-Soviet rivalry. Vietnam, in particular, could become a vehicle for Chinese or Soviet strategic expansion, although this does not now appear probable. Direct Vietnamese military expansion or aggressive promotion of subversion and insurgency in neighbouring countries, seen as unlikely in the short term, would risk the stability of non-communist governments and renewed external pressure up to an including intervention in the region. It is in these respects that the Indo-Chinese states are included in the areas of Australia's primary strategic concern.

157. In present and prospective circumstances, Vietnam's direct defence significance for Australia is likely to remain small. Its maritime capability against lines of communication is geographically limited. US and Australian assessments do not rate highly the USSR's chance of acquiring base facilities at Cam Ranh Bay, in particular as this would cause Vietnam serious problems with the Chinese.

158. The Australian defence interest supports relationships with Vietnam that would lessen political frictions, bring Vietnam into the regional and wider international community, and support Vietnamese nationalist sentiment against Soviet and Chinese influence.

159. There appears to be little scope at present for Australian defence policy to influence developments in Cambodian and Laotian strategic policies and relationships.

The Philippines

160. The Philippines lacks hostile motivation and significant military capability regarding Australia and Australia's immediate neighbourhood. Australia's interests are that this situation continue, and that Philippine security and national independence not come under threat or dominance by any external powers unfriendly to Australia. Prospects in these respects are favourable.

161. The Philippines' acceptance of the major US air and naval bases has benefited Australia. These are essential for the maintenance of the US military presence throughout those areas of Australia's strategic concern in the Pacific and Indian Oceans and South East Asia. Current negotiations between the US and the Philippines could modify the terms of tenure of the bases but are unlikely to lead to their withdrawal.

162. In comparison, particularly with the US, the scope for Australian defence influence on the Philippines is small – and the requirement is not large. Australia can, however, make some contribution to the common interest by occasional defence consultations and a program of defence co-operation, covering selective aid, exchange of visits, some training and occasional military exercises. Australia should take appropriate opportunity to let the Philippines, and the US, know of the importance it attaches to maintenance of the US bases.

163. The Sabah issue, earlier a source of friction between the Philippines and Malaysia, appears to have been effectively dampened by diplomacy within the ASEAN framework. No implications are seen in this situation for practical Australian defence policy or the force structure.

Thailand

164. Control of Thailand by an external power would facilitate pressure and operations against Malaysia and Singapore, and from there possibly against Indonesia and eventually Australia. Australia would therefore wish to see Thailand free from such control.

165. Vietnam and China each have ample capability to challenge a Thai Government by direct military assault or by support of established insurgency. Did such challenge develop, Australia on its own would lack the capability for operations on a scale that would be significant against the superior numbers that China or Vietnam could deploy and/or support in Thailand.

166. Decisions as to any Australian involvement, if this were to have any useful purpose, would therefore have to take into account the likelihood of involvement by other powers, notably the US and Malaysia, Singapore and, particularly, Indonesia. The regional powers' security interests would be most directly exposed. Their involvement could well be a condition of any US intervention. All these regional powers, however, were prepared after the communist victory in Vietnam to see Thailand lost – and there are no signs of any change in their attitude.

167. Experience over three decades in Asia demonstrated repeatedly that successful counter-insurgency required political, economic and administrative measures as well as police and military action. These measures could be carried out only by the domestic government of the country (Britain's position in Malaya). Foreign military intervention has been unable to protect a government against insurgents, or external support to insurgents, when that Government itself could not attract or compel the support or acquiescence of the bulk of its citizens.

168. This experience strongly suggests that a Thai Government that had allowed insurgency to grow to the point where its central authority could come directly under challenge would not be a government to which external powers could provide effective defence assistance.

169. It is noted that supply and other support can be provided to Malaysian insurgents through Thailand without Thailand having first to come under foreign control. (The NIC has no evidence of movements at present.) There is no Thai Government now in sight with the resolve and capacity necessary to overcome Thailand's insurgency problems and to close supply routes to, or the insurgent bases in, the Thai-Malaysian border area. Indeed, operations there have not commanded a high priority with Thai governments.

170. It looks as if Thailand will survive as a rather unstable but still essentially independent polity, beset by domestic and diplomatic problems, but in no critical danger of collapse.

171. The scope for worthwhile Australian defence activity is limited. However, there could be some political value in a modest defence co-operation and aid program – some consultations, training, exercising and project aid. This could help to encourage the Thais to feel part of a wider community and to resist further encroachment on their independence, without stimulating them to any sharper confrontation with their communist neighbours.

Malaysia, Singapore and Indonesia

172. The stability and security of the sub-region constituted by Malaysia, Singapore and Indonesia have long been recognised of particular importance to Australia. Major instability in the sub-region could attract intervention by Vietnam and/or China, with uncertainties about the impact on Australia's strategic interests.

173. The air space, waters and straits controlled by the sub-regional powers are important for Australian trade and other communications. They are important for US and Soviet naval deployment into and between the Indian and Pacific Oceans. They are critical to the stable supply of raw materials to Japan. Increased USN use of Singapore is an Australian objective, to provide a counter to the substantial Soviet use of facilities there.

174. By continuing its defence aid and co-operation programs Australia can contribute to local military development and to local confidence regarding strategic and security matters. The establishment of maritime surveillance arrangements with the sub-regional powers, if practicable, and the association of the US, if locally acceptable, appear a worthwhile extension of present co-operation. Increased training and exercising with Singapore are already under development. Malaysia and Indonesia, however, have shown less interest in developing combined exercising, while welcoming Australian assistance and co-operation in other respects. Malaysia in particular has shown reluctance to exercise with Australia in conjunction with Singapore. It is important in any Australian arrangements regarding Singapore to take full account of its neighbours' sensitivities and likely reactions.

175. Defence relations between Australia and the sub-region can also contribute to a local sense of association with the wider community of the West, and thus limit the opportunity for the USSR and other communist powers to develop their strategic influence. Increased RAN use of Singapore's facilities, as practicable, could be worthwhile in this respect, together with continued regional display and exercising as opportunity can be arranged.

176. Australian activities that contribute to Malaysia's security and to stable relations between Singapore and Malaysia are valuable also to Indonesia, with prospect of benefit to Indonesian dealings with Australia regarding bilateral and neighbourhood affairs. Australian withdrawal from Malaysia would be seen by Indonesia as expressing Australia's indifference or incapacity regarding matters in which the present Indonesian Government has looked to Australia to take an active interest.

177. No question of more substantial and direct defence involvement is likely to arise in the present and now prospective situation in Malaysia and Singapore.

The Five-Power Commitment

178. Australia is a party to the 1971 Five-Power communiqué. In this, Ministers of the five Governments declared that they "would continue to co-operate, in accordance with their respective policies, in the field of defence ... (and) in relation to the external defence of Malaysia and Singapore, that in the event of any form of armed attack externally organised or supported or the threat of such attack against Malaysia or Singapore, their Governments would immediately consult together for the purpose of deciding what measures should be taken jointly or separately in relation to such attack or threat".

179. The presence of the RAAF Mirage squadrons at Butterworth is due to be reviewed with the Malaysian Government at the end of 1976. Before these discussions, it would appear desirable for the Government to review both its obligation under the Five-Power communiqué, and the question of whether the RAAF deployment to Malaysia should be continued or modified or terminated. Some of the issues are indicated below. Detailed considerations will be submitted to the Government preparatory to the discussions with Malaysia.

180. In the event that consultations under the Five-Power communiqué were called for, it cannot be expected that a British response would go beyond diplomatic action. New Zealand would probably be prepared to consider a limited supplementation of such military assistance as might be decided upon by the Australian Government; but it would almost certainly expect Australia to provide the bulk of logistic support for New Zealand's contribution. Any external support for Malaysia and Singapore under the Five-Power arrangement would rest primarily on Australia. Australia could not, however, succeed to Britain's earlier role in the area.

181. From one point of view, maintenance of the RAAF deployments, in the context of the Five-Power consultative commitment, places Australia hostage to the local developments. Their presence can only encourage local expectations, including those of the Indonesian Government, that Australia would play a larger and more effective military role than its resources would permit, or its interests might require – or allow if there were concurrently other priority tasks for the Defence Force.

182. It is for consideration whether the RAAF deployments unduly limit the options open to the Australian Government in the event of a call for Five-Power consultations. Their withdrawal at that stage of crisis, or refusal to allow their operational employment, would be seen as an Australian failure to honour an obligation. Australia could thus be drawn into operations in Malaysia against its better judgement.

183. The NIC reports that Indonesia considers Malaysia and Singapore “as falling within its own defence”¹. It is possible that any Australian military operations would therefore be in conjunction with the Indonesian Armed Forces. Implications in this respect will need study.

184. Considerations along the foregoing lines suggest that it could be prudent for the Australian Government to seek a more flexible position from which to deal with any request for military help under the Five-Power arrangement. The Five-Power arrangement does not require the external partners to deploy forces in Malaysia or Singapore permanently.

185. On the other hand, as indicated in paragraph 152 of this Chapter, Australia has interests in South East Asia that warrant active Australian support so far as practicable and consonant with other priorities arising. The RAAF Mirages are a tangible demonstration of Australia’s interest in and goodwill towards the region. The possible damage to Australia’s status and influence caused by withdrawal will need to be assessed. The RAAF presence also fosters the development of Malaysia’s and Singapore’s air forces. The United States, while it recognises the limitations upon any Australian operational contribution in Malaysia, values Australia’s defence presence and activities in the sub-region. Their importance to Indonesia has also been noted (paragraph 176 above).

186. Finally, it is to be noted that as a practical matter, the Mirage squadrons would be hard to place in Australia for the next few years.

A CONTINGENCY IN WEST MALAYSIA

187. The following section considers a possible contingency in West Malaysia.

188. In the unlikely circumstances of a substantial deterioration of Malaysia’s internal security situation, the Malaysian Government would have substantial resources of manpower that it could use in the situation. While a period, possibly prolonged, of heightened tension and instability could ensue, the Government’s opponents would face formidable obstacles in mounting major challenge to its basic power and authority.

189. Any request for help on a significant scale would seem likely to be directed to Indonesia. Indonesia has considerable capabilities for counter-insurgency. If by this time the RAAF Mirages had been withdrawn, Australia could, however, conceivably be asked for military supplies and for some specialised support, e.g., surveillance, transport, maritime patrol, communications. Relevant capabilities are in the force-in-being.

¹ NIC ISO14-4, 10

190. It would be important then to assess whether the situation was attracting, or was likely to attract, external communist involvement on a scale that could activate the Five-Power commitment, or lead to material change in Australia's strategic circumstances. It would also be important to assess whether, in these events Australia could take any effective action to help counter or contain developments. The military and resource implications of a potentially protracted involvement would require close consideration. (A Military Supplement to this paper, lodged with the Cabinet Secretariat, throws more light on the nature and order of magnitude of force expansion that Australia might have to consider.)

191. Australian policy would also need to consider to what extent Australian intervention might provoke, or provide excuse for, external intervention by the communist powers.

192. More substantial Indonesian interests would be more closely involved in the situation postulated than Australian. What the Indonesians were going to do, if anything, would therefore be important for Australian policy.

193. A further factor would be the extent to which any Malaysian difficulties were due to bad government. Clearly, the question of Australia taking sides with the essentially Malay Governments of Malaysia and Indonesia against insurgents drawn primarily from the local Chinese population, would require careful consideration. Similarly, Australian policy that singled out Singapore for support could expect unfavourable political repercussions, unless its acceptability to the neighbouring governments had been established beforehand.

194. The greatest caution would be necessary should the question arise of Australian military support to a foreign government in its counter-insurgency operations. The political implications in both Australia and Malaysia of Australian involvement would influence policy.

195. Military intervention always risks enmity from those it seeks to suppress should they come to power. The defence interest has to be prepared to accept political change in another state and adapt to it, even if it be brought about by domestic violence.

196. In summary, a situation is unlikely to develop on the scale discussed above. It would appear that, despite Australia's defence interest in the sub-region's security from external interference, it is not a foregone conclusion that were the situation to deteriorate Australia would intervene militarily. While an Australian contribution could be useful in making good to a limited extent Malaysian and Indonesian deficiencies, it could not be expected to be decisive to the outcome of the operations.

197. The policy concept of any Australian contribution would appear political rather than military – viz, to encourage local resolution; to display partnership with regional governments; to enhance status for related political policy.

198. No requirement arises therefore that would specifically affect determination of the force structure.

CHAPTER SIX—THE NEIGHBOURHOOD : INDONESIA

199. This Chapter reviews Australia's strategic prospects in respect of Indonesia. It discusses requirements for Australian policy.

200. Indonesia's importance to Australia's defence interests, and the substantial considerations sustaining basic accord between the two countries, have been long understood and acknowledged. The discussion has already noted the importance of international passage through Indonesian archipelagic waters and straits. Indonesia's strategic location in relation to any major conventional threat to Australia by a third party, and its own potential in the longer term for significant assault against Australia have also been noted.

201. Indonesia thus possesses in relation to Australia attributes of both an ally and an adversary.

202. The NIC's review suggests no present likelihood of significant military threat to Australia from, or through, Indonesia.¹ Without substantial external aid (which would in turn attract the interest of the United States if the aid were from a major power) Indonesia would need at least ten years to bring its defence forces to such a state of technical readiness as would provide a capability to mount a substantial operation against Australia. Such a development would represent a major change in the determination of Indonesia's national priorities, and would also be immediately perceptible. If Indonesia were to receive substantial external aid, this too would be immediately perceptible and would provide warning time.

POSSIBLE CHANGE IN INDONESIAN STRATEGIC ATTITUDES

203. The NIC's findings do not support anxiety about possible military aid to Indonesia on the scale discussed about from the USSR, or any other power.

204. Although the NIC expects that a successor to the present Indonesian regime would preserve substantial continuity, in the longer term Indonesia's mounting domestic problems could cause political instability. A bellicose, adventurist Indonesia, however, is merely one speculative possibility among many.

205. There is little scope in the limited dealings between Australia and Indonesia on bilateral matters for relations to deteriorate to the point of military hostilities, unless such dealings were to become beset by major political animosities.

206. Even granted Indonesian political hostility, this could be vented in cheaper, safer and more effective ways than military attack. Military attack would require military capability. Threat could well be deterred by an Australian Defence Force of adequate size and with the right type of weapons. If Indonesia's attack were to be on any significant scale, Indonesia would need to take account of the ANZUS relationship.

¹ For assessment regarding Indonesia see particularly NIC ISO 14

AUSTRALIAN DEFENCE INTERESTS AND POLICY

207. It is to the north that Indonesia's principal strategic anxieties lie. Australian policy should therefore cultivate a sense of community in that respect. The importance in this respect of Australia's defence role in Malaysia has been noted (see Chapter Five, paragraph 176).

208. Bilateral co-operation with Indonesia includes project aid, technical advice and training; occasional combined exercises (principally naval); exchange visits; [three words expunged] These activities should be maintained. To them might usefully be added occasional, low-key consultations on the defence policy side and the proposed co-operation with Malaysia, Singapore and Indonesia in maritime surveillance, if practicable. There appears at present little further requirement or scope for substantive development of the relationship.

209. The East Timor issue has strained Australia's political relationship with Indonesia. Australia has publicly stated, and formally communicated to Indonesia, its objections to the use by Indonesia of force to settle a territorial dispute. As the alternative is an essentially weak state, open to outside interference, the defence interest is served by East Timor's incorporation in Indonesia. Given the importance of sustaining an atmosphere of co-operation on matters of defence, and on matters regarding the territorial integrity of each country, Australia's defence interest would be served by Australia ceasing to press further its advocacy of self-determination for East Timor. This would be a challenge to Indonesian sovereignty.

210. Defence policy requires continuing close assessment of developments regarding Indonesia, in order to maximise the warning time of any significant change, and to minimise the possibility of unexpected change. Defence policy should insure against uncertainties and the possibility of adverse change by maintenance in the force-in-being and in core-force planning of relevant capabilities, as assessments from time to time indicate appropriate.

CONTINGENCIES

211. Current circumstances provide basis for projection of contingencies in two situations of sufficient credibility to engage specific defence interest. These are discussed below. It is noted that these situations are assessed as improbable.

Low-Level Harassment of Australia

212. Indonesia already has capability for low-level politico-military harassment of Australia, including its maritime resources zone, off-shore territories including Cocos and Christmas Islands, and lines of communication. This could present Australia with difficult defence problems.

213. If there were a major deterioration in political relations with Australia, Indonesian resort to military attack would not necessarily follow: it would be subject to many inhibitions. If military attack were considered, there would be a strong probability that it would be deterred, and discarded as likely to be ineffective – provided Australia had maintained an adequate level of relevant defence capability.

214. Defence planning and preparation should ensure that, were circumstances to develop adversely and it be assessed that there was heightened possibility of Indonesian military pressures, the Defence Force could mount the necessary military measures quickly.

Indonesia and PNG

215. The NIC assesses a possible, but unlikely, contingency of small-scale Indonesian military pressure against PNG, given certain circumstances.¹

216. It is noted that Indonesia has legitimate interests in the stability of PNG and in its security. The present Indonesian Government relies on the Australian role in PNG to help protect Indonesia's interests. However, it "has reservations about Australia's will and capability to play a leading role in ensuring stability in Papua New Guinea".²

217. The very existence and international operation of PNG as a sovereign state, and the inherent risk of strong international condemnation of anything that could be regarded as aggression against PNG, would be inhibitions against Indonesian resort to the use of military force. In the event of emerging difficulties between PNG and Indonesia, there would be scope for diplomatic action to organise restraints on both their policies.

218. A strong defence relationship between PNG and Australia would manifest Australian interest in PNG's security and undisturbed national development. It is an important question for Australian governmental policy whether such a relationship is to be sought and maintained. Australia would need to guard against exploitation by PNG of such a relationship in the conduct of PNG's relationship with Indonesia.

BASIC STRATEGIC POSTURE REGARDING INDONESIA

219. This Chapter has described Indonesia as having the attributes of both ally and adversary. Maintenance of Indonesia's goodwill and co-operation, while of abiding importance, cannot therefore be the only or overriding determinant of Australia's policy. At the present time, wider strategic developments do not impact directly on the security of the two countries. The value of their accord in that respect is therefore to be measured by the extent to which it supports common views about such matters of importance to Australia as PNG and the Indian Ocean.

220. While working to foster and extend the important shared interests between the two countries, Australian policy cannot ignore long-term factors also for possible discord. Policy primarily seeking to retain Indonesian goodwill would not be adequate to protect Australia's interests. Other measures may be necessary, at the cost of Indonesian goodwill.

221. These considerations are basic to defence policy, which may have to provide backing to diplomatic policy in defence of the national interest or itself defend that interest.

¹ NIC ISO 15-5, 12 and 14-9, 25

² NIC ISO 14-9, 24

222. Australia's military capabilities and competence should therefore be such as to command Indonesian respect. Prudent defence policy, however, will be sensitive to the requirement not to disturb unnecessarily Indonesia's confidence in Australia's friendly attitude. Requirements regarding practical defence measures against the contingency of low-level military harassment of Australia and Indonesian military pressure against PNG have been noted in paragraphs 214 and 218 above.

223. The strategic posture vis a vis Indonesia thus has two basic elements: the one, implicit, the maintenance by defence measures of a generalised deterrence against Indonesian use of military force against Australian interests; the other, explicit, the fostering by various measures, including defence measures, of a co-operative relationship with Indonesia, based on the common strategic concerns and interdependence of the two countries.

CHAPTER SEVEN—THE NEIGHBOURHOOD : PAPUA NEW GUINEA

224. Papua New Guinea's importance for the Australian defence interest resides in its geographic position and proximity; in the potential for trouble in PNG's relations with Indonesia; and in the security of extensive Australian interests in PNG, including some thirty thousand citizens. Past and present close association also gives Australia important obligations for the support of PNG, and these include defence support.

225. Nevertheless, Australian policy must now clearly recognise that PNG is a sovereign, independent country. The passage of time and some attenuation of Australia's existing intimate relationship with PNG are likely to place increased constraints on the ability of PNG Governments to accept external military assistance from Australia in the settlement of domestic disputes within PNG.

PROXIMITY

226. Periods of political tension between Papua New Guinea and Australia are likely to be experienced from time to time. Powerful political and economic interests on both sides can be expected to work to contain the situation. It is difficult to see PNG ever acquiring the military capability relative to Australia that would enable it to offer a significant threat. But it will have the capability for limited harassment in the border area of Torres Strait. The conjunction of the conditions necessary for this appear improbable; but, given a high level of political animosity, warning time of harassment could be short.

227. Military lodgement in PNG by a power unfriendly to Australia would facilitate attack against Australia and lines of communication to Australia's north. This contingency is on today's outlook improbable and would be remote in time. Short of this, however, an external power could over time acquire political influence in PNG and access to its facilities, such as may enable it to bring pressure on Australian interests in PNG and the South West Pacific region. At present no external power is assessed to be seeking such status, or likely to do so. Eventually we may find that Japanese economic and political influence could be a cause of concern to Australia.

228. However, denial of opportunity to any power, or effective containment should a power gain access, should remain an enduring objective of Australian national policy. In the defence field, this requires acceptance by PNG Governments that their primary strategic relationship is with Australia, and working defence relations between the two countries that support this.

POSSIBLE PNG DIFFICULTIES WITH INDONESIA

229. Indonesia's interests in PNG, and its reliance on Australian influence in PNG to protect these interests, have been mentioned in Chapter Six (paragraph 216).

230. Future changes in PNG or Indonesia or in Australia's relationship with one or the other could conceivably lead to Indonesia's seeking more direct influence over PNG. Direct military intervention on a large scale, however, is seen by the NIC as unlikely.¹ The contingency does not call for the practical attention of defence policy beyond the precautionary measures already discussed – on-going monitoring of Indonesian attitudes; the maintenance of a co-operative Australian relationship with Indonesia and Indonesian respect for Australian military competence; and demonstration in working defence relations of Australia's primary strategic status in PNG.

Low-Level Border Incursions by Indonesia

231. A substantially lesser contingency can be more readily envisaged in respect of low-level Indonesian incursions across the border.

232. Indonesian troops have on a few isolated occasions crossed the PNG border in the course of suppressive action against dissident elements. So long as limited and incidental – and no significant escalation is at present forecast by the NIC – this activity does not constitute a significant threat to PNG's national interests. There is no serious impact on Australia's defence interests, although the potential for more substantial operations requires close monitoring at all times.

233. If PNG attempted by military force to prevent Indonesian forays, PNG might ask for Australian assistance in its operations. Such a request would pose difficult problems for Australia that could only be decided in the circumstances of the day. Considerations would include such matters as the scale of Indonesia's operations, assessment as to their motivation and aim, the situation on the border, the extent and efficacy of PNG's efforts to control activities there detrimental to Indonesia's legitimate interests, and political attitudes in PNG to Indonesia. It would not be in Australia's interests to allow PNG to involve Australia in a bilateral dispute with Indonesia brought to crisis by PNG's own irresponsible conduct.

234. Assuming that the circumstances were such as to incline an Australian Government to support PNG, the implications of such support for Australia's relations with Indonesia would require the most careful assessment.

235. If, however, it were decided that Australian involvement would have a salutary effect on the situation, Australia could intervene. It could provide from existing capabilities indirect support to the PNGDF by way of logistic and technical services; but should avoid actual combat involvement.

236. The risks of such involvement appear considerable. It would be imprudent for Australia to become involved unless it were capable of more substantial military action, and ready to proceed to this if the situation so developed. Breaking off major involvement would undermine Australia's defence relationship with PNG and its posture vis a vis Indonesia. It could be better from Australia's point of view to let PNG handle any low-level border incursions by other than military measures. Without exaggerating the situation, which is at present not a cause for concern, Australia should encourage effective consultations between PNG and Indonesia about border problems.

¹ NIC ISO 14-9, 25

INSTABILITY IN PNG

237. Internal disorder in PNG would have strategic significance for Australia insofar as it was seen likely to attract external intervention, including by Indonesia. Short of this, Australian strategic policy can tolerate a significant degree of internal disorder – while preferring, of course, more stable conditions.

238. A range of Australian national interests in PNG, including the safety of Australian citizens there, could be at risk in conditions of heightened disorder. The question of protecting them would arise.

239. A PNG Government might seek Australian defence support in its internal security operations. On present forecasts, this seems unlikely beyond the present level of limited logistic, transport and communications support.

240. Even though requested by a PNG Government, the possibility of Australian intervention to help deal with disorders would arouse political controversy in PNG, in Australia and internationally. This would be a material factor in Australian, and also PNG, considerations, the more so if Australian intervention were likely to be on a significant scale and involve direct suppression of PNG dissident elements.

241. The following are some of the practical questions that would have to be addressed at the time. Would the situation be susceptible to a short intervention or would it involve prolonged operations? Once engaged, could Australia limit its intervention and readily extricate its forces when it wished? What would their legal position be? Would the intervention be effective and decisive, and so worthwhile?

242. Such considerations suggest that, short of a situation of importance for Australia's own security interests, any Australian intervention would best avoid direct action against the local population, but be confined to supporting roles, such as transport, reconnaissance, and sea patrol. The Defence Force could make available relevant capabilities. Even such limited involvement, however, could lead to Australian use of force against the local population – and this could provoke reprisals against Australian citizens and Servicemen.

243. Defence support for an emergency evacuation appears to offer lesser complications. Studies show, however, that in a major emergency there could be considerable difficulties in assembling, transporting and caring for evacuees before movement out of the country, and in protecting them during these operations.

244. In any emergency, limited or major, when the Australian and PNG Governments agreed that evacuation was necessary and that the Australian Defence Force should assist with arrangements, speed of reaction would be important. The Department of Defence together with the Department of Foreign Affairs should monitor the security situation in PNG in order to provide maximum warning time of any emergency and to ensure that contingency planning for evacuation is kept up to date and that the Armed Services could make the relevant capabilities available at short notice.

245. There would appear to be a strong case for encouraging the PNG Government to give more support to its security forces (both police and military). It is for consideration to what extent and by what means Australian assistance should be directed specifically to that purpose. While this would not avoid the possibility of PNG calls for Australian assistance, it could help PNG to handle lower level situations independently.

FRAGMENTATION

246. From the defence point of view, fragmentation in PNG would have major disadvantages for Australia's strategic interests. It could multiply the number of bodies politic in the area with whom external powers could enter into relations, and with whom Australia would have to deal. The defence preference for a unified PNG is clear, and it requires energetic and effective supporting policy. Much of this policy lies in political and economic fields beyond the scope of this paper.

247. The NIC assesses that generally the prospects are reasonably favourable for the containment of fragmentation; but it notes the particular problems in relation to Bougainville.

Possible Secession by Bougainville

248. The Australian Government has already called for a separate report on Australian policy regarding Bougainville, including the various actions open to the Government to help the PNG Government retain or regain its control. The following discussion does not purport to deal comprehensively with the subject, but only to indicate some considerations relevant to defence policy. However, the substantial importance to a range of PNG and Australian political, economic and defence interests of avoiding secession by Bougainville is noted.

249. It would appear desirable that a PNG Government faced with threat or act of secession by Bougainville have the choice of using military force to try to retain or regain control. It may judge that secession by Bougainville could be prevented or stopped by a speedy action of PNG's security forces, police and military, on a sufficient scale to persuade the secessionists and the Bougainville population that resistance would be too costly.

250. Australian defence policy could provide limited assistance in this situation within the context of the proposed defence relationship¹ by various measures of operational support, e.g. transport, surveillance, communications and other logistic and technical services.

¹ See FAD submission 7/76, 'Australia's Defence Relations with Papua New Guinea'.

Assistance in a more Substantial Situation

251. The NIC assesses that PNG's security forces would be totally inadequate to reassert control in an extreme situation involving continuous civil obedience and disorder, sabotage, selective violence and terrorism throughout the island.¹ In this situation, at present considered unlikely, the question of more direct Australian military assistance would raise some issues of basic policy.

252. The first consideration would be whether the situation in Bougainville was likely to be susceptible to quick military action. If not, assessment would be required regarding how intensive and prolonged military action might be and whether it would have reasonable prospects of ultimate success. In particular, judgement would be required whether a secessionist movement that could not be quickly suppressed and broken could be sufficiently contained to allow essential Government business and economic activity to proceed in reasonable security, and whether PNG's security forces would be adequate for on-going security tasks once the secessionists' grip had initially been broken.

253. As well as these judgements regarding the likely operational task and its prospects, account would have to be taken of costs, not only in military effort and resources, but in terms of other PNG security tasks and Australian defence commitments.

254. Military action against secession, particularly direct Australian military action, would provoke political controversy internationally and in Australia. Having regard to Australian interests in Bougainville mining operations, Australian motives would be questioned.

255. If the situation in Bougainville were prolonged, there could be the risk of growth of external involvement. This could include political agitation against the military operations, and ultimately efforts to supply the secessionists and to infiltrate training cadres. Given Australia's long-term interest in reduction of opportunity for external strategic involvement in the region, this risk and the additional tasks for Australia would require close assessment.

256. If it were assessed that the PNG Government could not itself assert control and that this was dependent on an Australian military effort, and if that effort were likely to be substantial, costly, prolonged and uncertain of success, Australia's interests might be better served by establishment of relations with the secessionist regime and encouragement of the PNG Government in the same direction.

257. On the other hand, an Australian decision not to provide military support to PNG to uphold its sovereignty over Bougainville would have disadvantages for Australia. For example, Australia's relations with PNG, particularly its defence relations, would suffer. Other countries with interests in PNG's stability, such as Indonesia and Japan, could lose confidence in Australia's role in PNG. They could seek to protect their interests there by their own action. PNG itself could turn elsewhere for support. Failure by Australia to respond to a request for help could undermine the position of the PNG Prime Minister and his Cabinet, and their policy for co-operation with Australia.

¹ NIC ISO 15-4, 11.

258. Considerations along the foregoing lines, and practical military considerations, suggest that the question of any Australian intervention in Bougainville, but particularly intervention beyond limited support of an essentially logistic and technical nature, would require very careful assessment.

Defence Force Requirements

259. Given the large uncertainties attaching to policy regarding intervention, and the other demands for Australian defence investments, it would be unwise to develop the force structure specifically for the contingency of anti-secessionist operations in PNG. A preferable course would be to rely upon capabilities available from the force-in-being. Present and planned capabilities would allow the Government a range of choice for practical military intervention of a limited character, subject to the particular circumstances prevailing. It is to be noted that the Australian Defence Force is neither trained nor equipped for duties in aid to the civil power.

260. The particular requirement for close monitoring, to maximise warning time, is noted. Similarly, if the government wished to have the choice of intervention, quick reaction forces in the Australian Defence Force would be required.

THE DEFENCE RELATIONSHIP WITH PNG

261. Policy regarding the long-term Australian defence relationship with PNG has been discussed at length in other papers. It would be much affected by the issues dealt with in the paragraphs above and by the way Australia responds to them.¹ It is important to emphasise again in the context of this paper, that a basic requirement of Australian strategic policy is a defence relationship with PNG that sustains PNG's acceptance of, and confidence in, Australia as its primary strategic partner. The relationship should make Australia's major interest clear also to other powers, and to PNG's expatriate population, on whom the national working and development of PNG so heavily depend.

262. This relationship involves a clear statement of the common strategic interests of the two countries and their intention to maintain defence co-operation; on-going consultations about strategic developments and policy requirements; and a substantial practical working defence relationship embodied in arrangements for project aid, training, attachment of Service officers, supply support, military exercising, and operational support as circumstances require and the Government approves.

¹ See FAD submission 7/76 'Australia's Defence Relations with Papua New Guinea'

CHAPTER EIGHT—THE NEIGHBOURHOOD : THE SOUTH WEST PACIFIC AND ANTARCTICA

263. The South West Pacific region lies across important approaches to Australia, New Zealand and Papua New Guinea. Even limited military lodgement or operations there of a power unfriendly to Australia would be a significant development for Australian defence policy, to be avoided if possible. This chapter discusses regional prospects in this regard, and Australian policy requirements.

STRATEGIC INTERESTS OF EXTERNAL POWERS

264. At this time, the regional situation and prospects for Australia in the foregoing respect are favourable. The power most capable of major military operations in the region is the United States, Australia's principal ally. US primacy in the Central and South West Pacific is unlikely to be seriously challenged by the USSR in the foreseeable future.

265. The next most substantial powers with major interest in the region are New Zealand and France. Both share Australia's basic strategic objectives vis a vis the USSR and other powers that might conceivably at some time develop interest in the region, notably China and Japan. New Zealand is itself a regional power, and is an ally of Australia and the US. France has important interests, in the nickel deposits in New Caledonia and in the nuclear-testing facilities at Mururoa. It is determined to remain in the area. Britain will shed its residual responsibilities in the region in the next few years and can no longer be regarded as an important factor in the regional situation.

266. The region's remoteness is an important limiting factor on any military deployments were the strategic motivation to develop among other external powers.

267. Generally it is difficult to foresee circumstances in which such motivation might develop, and what advantages external powers might see that would make a relevant effort in the region worthwhile. Although there seems some prospect for undersea mining once the necessary technology is developed,¹ the region generally is not rich in resources, except in marine protein. Its population is small and widely scattered. It is incapable of major economic growth. Except regarding Antarctica (but see following section), the region does not offer passage to other areas of strategic interest to external powers, such as might lead them to develop regional relationships and facilities. There is little development of military facilities, although there are some airfields and ports that could be useful militarily.

268. These observations suggest that the region is likely to continue at most peripheral to the strategic interests of external powers.

269. However, powers claiming global status, or status beyond their own and immediately neighbouring regions, could possibly come to find some limited activity in the South West Pacific worthwhile. They may wish to display their status or establish an area of limited competition with another power. For reasons such as these, the USSR in the foreseeable future and in the longer term conceivably China

¹ NIC ISO 16-3, 10

and Japan, and possibly also other powers, might seek some military status in the region. Short of this, regional developments could attract some external political interest that could be seen by Australia to have military potential. Or external powers might offer military supply or stage military display in the region to support their position in economic competition. They could then seek regular access to port facilities or to develop their own facilities. Or they could help develop facilities for other purposes that could also be militarily useful.

The USSR

270. Such developments appear improbable at present on any significant scale. However, the USSR has shown some interest in acquiring access to New Zealand for fishery support facilities. It has made similar approaches to Tonga and Western Samoa. It has offered aid to PNG. It has fishing and resource interests in the region and is active in oceanography and other maritime research. It has political interests as a global power. It may have interests in the development of limited competition with the US. It can be expected to be responsive to Chinese activity (at present limited). In the broader strategic context, the South West Pacific could become a theatre for deployment of Soviet anti-shipping or nuclear forces, although it appears improbable that it would command priority in these respects.

271. While Soviet civil shipping normally has some military role in the collection of intelligence, up to this time the USSR is not known to have deployed surface combat vessels into the South West Pacific. It is currently a remote area for Soviet naval operations. Given the lack of strategic motivation discussed above, it appears unlikely that any deployments would be large or prolonged. In time, however, the USSR might possibly move to a program of regular, if infrequent, naval display, and seek supporting access to local ports and facilities.

272. This would not of itself represent a direct threat to the security of Australia. However, as already mentioned (paragraph 263), it would be a significant development for Australian defence policy. It would establish an element of competition with the ANZUS powers. It would manifest Soviet potential for the selective development of military relations among the regional states, for interference in political developments and for maritime harassment, particularly of Australia's lines of communication with the US.

273. It is Australia's interest that any Soviet activity in the direction mentioned be avoided if possible, or contained should it develop. Australian policy must acknowledge the USSR's legitimate rights to economic activity in the region and to the development of political relations with regional states. But Australian policy should seek to minimise opportunity for the USSR to develop relationships and activities having military potential or significance. Policy in this respect should also seek to improve Australia's position to counter any similar activity of strategic import that other external powers might develop later in the future.

AUSTRALIAN POLICY

274. Together with its ANZUS allies, Australia should seek to develop in the South West Pacific a regional sense of strategic community in primary relationships with Australia, New Zealand and the US. In this it seems unlikely that the US itself will play a leading role. Prime responsibility will rest with Australia as the principal regional power, in close consultation and co-operation with New Zealand.

275. A good deal of the effort for the achievement of this objective will rest with political and economic policy. This will include, for example, continuing development of bilateral relations, regional consultations, e.g. in the South Pacific Forum, and aid programs, particularly regarding communications and transport. Policy recommendations for the Government in these respects are already being developed among interested Departments and in consultation with the US and New Zealand Governments.

276. Australian interests can be served by deliberate programming of Australian aid, civil and defence, to those areas of particular interest to the regional states that might attract external effort, particularly by the USSR and possibly by other external powers. In the defence field, Australia might be able to assist in hydrographic research and associated activities. There will be significant scope for development aid projects. A contribution from Australia in these respects would help to minimise opportunity to the USSR. In this way it could avoid the need for substantially larger defence expenditure and effort at a later stage, were the USSR able itself to exploit these aid openings to develop its regional status.

277. Policy for defence aid presents problems. Apart from PNG, and to a lesser extent Fiji, the security forces of the region's mini-states are so small and undeveloped that it is difficult to find ways of providing aid and assistance. Nevertheless, study does show worthwhile scope in the following respects:

- a. guidance in the development and organisation of local security forces, bearing in mind that these will usually be for general law and order purposes rather than conventional military operations;
- b. military and police training. This can usefully include training of members of the security forces to enable local forces to play a role in civil development;
- c. limited project aid. This could include military engineering and construction, and support for maritime surveillance and patrol. This latter could include, as with Indonesia and PNG, some provision of patrol boats and aircraft suitable for operations in the maritime resources zones. Large and sophisticated equipments should be avoided. Aid would be necessary in all aspects of operations, including maintenance and repair and logistic support.

278. Beyond such aid activities, there is a requirement for Australian military display by naval cruisers and visits, LRMP flights and military exercises. This does not at this time need to be frequent, but it should be regular and at a level adequate to sustain an image of Australian, and allied capability and active interest in the region. Programming of display should be sensitive to any developments of strategic significance.

279. There is likely to be scope for development of regional co-operation regarding surveillance and reporting in respect of Soviet and other external powers' activities. The limitations of both regional and Australian capability in this respect are noted, but this consideration should not discourage what co-operation can be achieved.

280. Defence policy in the foregoing respects is the subject of detailed consideration and recommendation in another paper, shortly to be issued for consideration by the Defence Committee.

Relations with France

281. While continuing criticism can be expected of French colonial policy, France's overall position in the region is expected to become easier, with a prospect of increased French co-operation with the Island states, possibly in the fields of aid and maritime surveillance. The contingency of regional resort to force in respect of French Pacific territories and of French military reaction is improbable.

282. The propinquity of Australia's maritime resources zone to that of New Caledonia is noted.

283. Co-operative relations with local French forces e.g. in maritime surveillance, can serve Australian interests in relation to regional activities by external powers, notably the USSR. However, in developing relations with local French forces Australia will need to be careful to heed the sensitivities of South Pacific Island governments and to avoid giving them grounds for the belief that Australia supports French colonial policies in respect of its South Pacific territories. Involvement in any French military measures in support of such policies should be avoided.

284. Australia's interest is that France conduct policy regarding its territories, and nuclear testing, so as not to stimulate political tensions in the region.

Relations with New Zealand

285. Australian policy to support its strategic interests in the South West Pacific could be more effective if conducted in co-operation with regional governments. PNG and Fiji will be important in this respect and co-operation on regional matters could usefully reinforce bilateral relations with them. However, close co-operation between Australia and New Zealand will be of particular importance.

286. Such co-operation is favoured by a long historical association and by common interests in strategic matters beyond the South West Pacific region, notably South East Asia, where both countries are members of the Five Power arrangement. There have been some indications, however, that New Zealand tends to make assumptions about an identity between Australian and New Zealand strategic interests that do not take account of Australia's differing geo-political circumstances and the different and separate interests that flow therefrom, e.g. regarding Indonesia and the Indian Ocean. Generally New Zealand appears to envisage a degree of co-operation with Australia that goes beyond its defence capacity to support.

287. In the light of past experience Australian policy should be active in trying to ensure that both sides of politics in New Zealand fully comprehend Australian and US interests and do not conduct policies prejudicial to them.

288. Within the limits established by New Zealand's reluctance to allocate a larger share of its national resources to defence development, military co-operation with Australia is generally satisfactory and supports worthwhile co-operation with the US in ANZUS activities, such as military staff talks and exercising. Co-operation with Australia in defence production and associated fields is limited, but appears incapable of significant developments, despite regular contact and exploration of scope for expansion. The effort to promote co-operation with New Zealand in defence matters should continue.

ANTARCTICA

289. Conflict over sovereignty in the Antarctica could affect Australia's own claims there.

290. At the present time fishing (the fishing resources are substantial), whaling and sealing, are the only forms of resource extraction. Prospects in other respects are largely unexplored, but existence of mineral deposits, particularly petroleum, seems certain. Their extraction would be expensive, hazardous and extremely difficult on present technology.

291. There are signs of awakening Third World interest in Antarctica and its resources. Were exploitation of the resources later to develop, by the USSR or others, military pressure could emerge, although the provisions of the Antarctic Treaty, which prohibits military use of the territory, would be relevant. Both the US and the USSR appear satisfied with these provisions. Political as distinct from military solutions to disputes are to be expected. This prospect is reinforced by the Super Powers' interests in avoidance of direct military confrontation.

292. It is noted that Australia's claim is not accepted by either the US or the USSR – nor do we press it. There are three Soviet stations on Australian territory. It would be improbable that any Australian military activity, whether in present circumstances or in a situation of mineral exploitation in the future, would be worthwhile, even if practicable.

293. Similarly, were Australia to attempt to introduce licensing and other controls on fishing and other activities in its area of jurisdiction, there would be formidable difficulties for any military policing of such arrangements. The unilateral imposition of control could result in formal challenge to Australia's sovereignty.

CHAPTER NINE—AUSTRALIAN RELATIONS WITH THE SUPER POWERS

294. This Chapter reviews factors in Australia's relations with the USSR and the US affecting Australia's security interests and defence policy.

THE USSR

295. At the present time the USSR offers Australia itself no direct military threat – although in the improbable event of general war, the USSR might attack Australia with nuclear weapons.

296. The NIC's report gives grounds for confidence that the USSR accepts Australia's security relationship with the US and will not seriously challenge it. Moreover, the USSR has positive economic interests in co-operation with Australia.

Possible Soviet Pressure on Australia

297. While there is no reason at this time to expect change in Soviet motivation towards Australia, the possibility that this could occur should not be completely excluded.

298. A range of diplomatic and economic activity would be open to a power of the size and status of the USSR. This could include direct political attack, or a diplomatic campaign among Third World countries against Australia. Or the USSR could cease or substantially reduce trading with Australia, although this seems unlikely given its own interests.

299. Soviet action specifically affecting the defence interest could include heightened agitation against US defence related facilities in Australia, or difficulties regarding Law of the Sea matters or Cocos and Christmas Islands or Antarctica, insofar as such action was compatible with wider Soviet interests.

300. Of particular defence concern would be the possibility of Soviet maritime harassment in Australia's surrounding waters or offshore territories. At present this appears improbable.

Australian Policy Requirements

301. Because Australia could not deal effectively with a Soviet nuclear threat or conventional assault, Australia should maintain and display an effective defence relationship with the US. This implies among other things a requirement to maintain national Australian defence forces that could contribute appropriately to discouraging the USSR from any direct operations against Australia, and which could of themselves respond adequately to low-level Soviet military harassment.

AUSTRALIAN DEFENCE RELATIONS WITH THE UNITED STATES

302. Many important practical advantages flow to Australia from its defence relations with the United States. These include assistance to Australia – unique in comprehensiveness and quality – in intelligence, defence science and technology, military staff contacts regarding tactical doctrine and operational procedures, access on a preferred basis to equipment, and military exercising not otherwise available with high technology forces, involving the sharing of military information of very high value to Australia.

303. These arrangements greatly assist Australia's defence capability. Moreover, they display to the world Australia's close defence association with the powerful US. The co-operation, which includes location of facilities on Australian soil, is also, despite the disparate strength and resources of the two countries, of value to the US and is maintained by the US on a calculation of its own self-interest.

304. Earlier chapters have indicated Australia's dependence on US efforts to contain strategic expansion by the USSR. Australia's security could depend even more directly on the US if there was direct threat to it of large-scale military attack – a possibility currently assessed as remote and improbable.

305. Australian defence policy regarding the US therefore has two primary objectives. The first is to maximise Australia's long-term influence on US policy, so as to enhance the prospect of US support in an Australian defence emergency. The second is to support US activity for the deterrence and containment of the USSR, and any other power that might offer threat to Australia. The US, for its part, looks to its allies for maximum self reliance in their own defence, and for complementarity of their efforts with its own.

Support for the US

306. Australia's defence activities can, and do, support the US directly and indirectly in a number of areas.

307. As earlier mentioned (Chapter One paragraph 37), it is valuable to the US to have as an ally a country of the area, resources and technology of Australia, and in its geo-political location. Dominant influence on Australia by any government unfriendly to the US would adversely affect US strategic interests in the Pacific and Indian Oceans.

308. Australian activity in the South West Pacific and PNG and in relations with Indonesia serves the US by support of general western strategic interests. (Current Australian difficulties with Indonesia about East Timor detract from this.)

309. Australian activity in South East Asia similarly supports the western interest. In particular, in the sub-region of Malaysia, Singapore and Indonesia, Australian activity enables the US to limit its own defence involvement and so to moderate associated political problems. The US acknowledges that in any major emergency in South East Asia, Australia's resources would be too limited for it to be able to influence developments in any substantial, let alone decisive, way. But short of this, the US sees Australia's role as valuable to US interests.

310. Developments from time to time, as currently in respect of surveillance in the Indian Ocean, and the associated dealings with Singapore, and in respect of policy to strengthen the western position in the South West Pacific, provide opportunity to extend and consolidate this partnership. In this way, the protection and promotion of US interests are made dependent, in varying degrees, on Australian activities.

311. Australia also makes a defence contribution by the maintenance in Australia of defence-related facilities that support the US strategic effort vis a vis the USSR – such as the USN's VLF station at North West Cape, which supports the US SSBN deterrent force, and the important facilities at Pine Gap and Nurrungar. There would be scope for extension of co-operation, should future developments require this, e.g. by provision of Australian staging facilities, or use of Australian base facilities. In this latter context, access to Australian ports and facilities by US nuclear-powered warships is of operational importance – particularly for submarines – for provisioning and for crew rest and recreation, and it helps the US regarding access to ports in other countries.

Present Requirements to Expand Australian Activity

312. Discussion in the earlier Chapters indicated no specific requirement at present or foreseen for the extension of the foregoing activities beyond the range and level now obtaining, or under consideration regarding Indian Ocean surveillance. In particular there is no Australian requirement, and none that the US itself has indicated, for the contribution of Australian military forces to US strategic deployments.

313. As earlier mentioned, the US seeks complementarity in its allies' efforts. The most relevant and effective complementarity is that provided in an ally's own region. This is true strategically, in terms of an ally's own interests and activities. It is also true in practical defence and military terms, for it is in its own region that the ally is best able to operate its forces with least dependence on US support.

Australian Dependence on the US

314. A generalised assumption of US support is already fundamental to Australia's defence planning, to its strategic posture vis a vis the USSR, and to Australia's activities in South East Asia.

315. Australia's direct dependence on the US for the conduct of peace-time tasks is substantial. Maintenance and repair of Australian defence equipments of US origin require continuing co-operation from the US in the supply of replacements and spares, and the soft-ware necessary to operational efficiency. A higher rate of operational activity would increase Australia's dependence. If strategic circumstances deteriorated, the speed and efficiency of Australia's defence expansion would depend heavily upon the US. Australian security could depend upon US combat support, as well as supply and diplomatic and other measures.

Considerations Regarding US Support

316. Australian policy has for many years deliberately avoided attempts to reach understandings with US governments defining the circumstances in which the US would come to Australia's support, and the nature of that support. It has been considered that the US would not be responsive to such attempts. Moreover, such attempts could result in a more limited US commitment than would serve Australia's interests. The extent to which the US accepts a commitment will always depend upon US judgements regarding its own interests at the time. Much would depend on the circumstances of the day.

317. At the present time, uncertainties about US policy arise from differences between the US Congress and Executive. The problems may ease with the inauguration of the new US Administration in 1977. But the prospect for the future is that, whatever the composition of the parties in Congress in relation to the Administration, Congress will monitor closely the Administration's foreign and defence policies in order to avoid having the United States "drawn into" major commitments abroad without Congress being a consenting partner from the outset. In recent years Congress has used its fiscal powers to curb military operations in Indochina. It has also adopted a War Powers Resolution with the stated purpose to "insure that the collective judgement of both the Congress and the President will apply to the introduction of United States Armed Forces into hostilities, or into situations where imminent involvement in hostilities is clearly indicated by the circumstances...".

318. However, the fact that the US does not maintain formed military units in Australia, as it does in Western Europe and South Korea, is not a valid ground for doubting the reliability of US support. Australia is not under threat, as are the Europeans or Koreans. There is no US requirement at present for bases in Australia of the type existing in the Philippines.

Likely Factors Influencing US Support

319. If Australia became involved in a dispute with potentiality for war, the US would not be indifferent because its own position as Australia's ally could be affected. The alliance also expresses a US interest in Australia's security. To protect this, and the credibility of its alliances with other countries, the US would be likely to take some action. It would do this even though there was no substantive US interest in the issue at stake between Australia and another party. But the US action could be less than Australia sought, or other than Australia preferred. The US might press both Australia and the other party for concession to allow settlement of their dispute. US support for Australia might be inhibited by a conflict in US interests; or its support could be affected by some situation elsewhere, reducing, for example, US military support, or even supply to Australia. US interests require that it avoid being dragged into war by allies on less than vital issues.

320. It cannot be said in clear-cut terms that, for example, Australia should expect to have to look after itself in "low-level" situations, but could count on US support in "high-level" situations. US interests, and the Congressional view of them, would be the decisive factor.

321. Conceivably, the US might react quite strongly to some militarily “low-level” situation, which, however, exposed its own interests – such as small-scale harassment of Australia by the USSR or some dispute involving Law of the Sea. But it might well prefer to let Australia carry the military brunt of a more substantial situation, such as trouble with Indonesia about PNG. In Chapter 3 (paragraphs 84 and 85) we gave reasons why the threshold of US military intervention against Indonesia could be quite high. In circumstances such as Australian military intervention against secession by Bougainville, US military help could not be expected. In the case of politico-military harassment, Australia could face difficult defence problems. But its essential security would not be threatened. The US in such circumstances might well confine any support to non-military measures.

322. In summary, there are, therefore, significant areas of defence contingency for Australia, about which at this time we can only conjecture, in which US support, and particularly military support, would appear uncertain. Regarding developments fundamentally affecting Australia’s security or the strategic interests of the US itself, however, the reliability of US support appears not to be in doubt.

Australian Policy in Respect of US Support

323. Policy requirements deriving from the foregoing discussion may be briefly indicated.

324. Australian defence planning should ensure a substantial capability for independence in military operations regarding issues assessed as likely to be of lesser consequence to US interests.

325. Policy for this self-reliance should not be confined, however, to contingencies in which US support is assessed as uncertain. It should take into account also other possible requirements for complementary operations with the US, in which independent Australian capability would be valuable.

326. The development of independent capability should not be an indiscriminate process. It should be guided by Australia’s own national requirements in the first instance, as indicated from time to time by intelligence assessments and study of contingencies. Secondly, policy for self-reliance should pay attention to the support to be expected from the US. The concept is complementarity. Australian defence planning should avoid development of defence capabilities which are not relevant to Australia’s own requirements.

CHAPTER TEN—POLICY IMPLICATIONS FOR AUSTRALIA'S DEFENCE CAPABILITIES

327. This Chapter brings together the principal findings of the earlier Chapters, reviewing the factors affecting Australian security and the requirements for Australian defence effort and military operations. It discusses strategic, environmental and other determinants of defence requirements. It offers broad conclusions regarding defence technology and infrastructure, and comment on some strategic perspectives for Australia.

FACTORS IN AUSTRALIA'S SECURITY

328. The principal external factors on which Australia's security at present and foreseeably depends, may be briefly summarised as follows:

- a. maintenance of the central strategic balance between the Super Powers, and their avoidance of conflict and the risk of global war;
- b. deterrence or containment of strategic expansion by the USSR;
- c. US resolve and capability in both the foregoing respects, and necessary supporting activity, particularly maintenance of US maritime superiority;
- d. maintenance and display of an effective working defence relation between Australia and the US;
- e. Australian activities that enlarge the US interest in support of Australia in a defence emergency;
- f. the maximum limitation possible of nuclear proliferation, and its avoidance in areas of Australia's primary strategic concern;
- g. continued limitation of regional conflicts and restraint on independent strategic development and expansion by any regional power potentially unfriendly to Australia;
- h. moderation of competition in South East Asia between major external powers; and containment of situations that could favour strategic expansion in the region by communist powers, or other developments promoting growth of conventional military confrontation there;
- i. stability in relations between China and the ASEAN countries;
- j. continued friendly relations with Indonesia, and Indonesian avoidance of use of force against Australia and its interests;
- k. PNG's security from external threat and domination, and the limitation of scope for penetration by powers potentially unfriendly to Australia;

- l. avoidance or containment of strategic activity in the South West Pacific and in the Indian Ocean approaches to Australia by external powers potentially unfriendly to Australia;
- m. reduction of scope for international disputes regarding Australia's maritime frontiers and resources zone and its off-shore territories, and settlement by political rather than military means, should disputes arise.

329. Beyond these essentially external factors, certain features of Australia's own situation support its security. It is remote from the principal areas of strategic concern of the Super Powers, and from both the strategic concerns and military strength of the principal powers in other regions. It is not a power that independently, or as partner of some larger power, threatens any other power. At present and foreseeably, Australia itself is not, and it does not command, an important route to any area of strategic significance to any other power, such as might lead that power to apply pressure for Australian co-operation. Australia's relations with those countries with whom it has important dealings are friendly, or at least free from significant animosities. Its relative wealth and richness in resources place it favourably to play a constructive international role, although such wealth could also make Australia a cause of envy. The value of its resources, particularly to the powerful industrial countries of North America, Japan and Western Europe, give them a growing stake in Australia's stability and secure development.

330. A further fundamental factor in Australia's security is its competence in military and defence affairs. It is important that its capability in important areas of defence relative to other local powers in the areas of its immediate strategic interest be maintained and, should strategic circumstances deteriorate, increased.

Relations with Europe

331. Although the West European powers, including Britain, are no longer in a position to provide significant direct military support to Australia in a defence emergency, they remain a factor in Australia's security circumstances.

332. These powers are important sources of intelligence and assessment, of military doctrine, defence science and technology, and advanced weaponry and equipment. Their diplomatic and other support, short of direct military aid, could be valuable to Australia in a defence emergency. They offer other sources of defence supply, thus enabling Australia to lessen its dependence on the US and spread its supply risks. There is scope for the extension of contact in the general area of defence policy consultation, in support not only of Australia's strategic understanding and assessment but of West European appreciation of Australia's strategic concerns and its competence and status in defence affairs. Contact with them also demonstrates Australia's place in the Western strategic community, and can thus contribute to the inhibition of Soviet or Soviet-supported actions harmful to Australia's security interests.

333. All these considerations support deliberate policy to maintain and cultivate defence relations with the NATO powers.

PROSPECTS

334. Assessment of prospects in the foregoing respects varies as regards the time-frame projected and the degree of certainty attached to findings.

335. The findings are, either clearly or on balance, favourable. In particular, the present assessment identifies no probability of strategic pressure or direct military threat against Australia, its territories, maritime resources zone or lines of communication. Australia's national military strength, and the expectation of others that Australia's US ally remains willing to support it militarily, must be considered to have some part in this satisfactory prospect.

336. However, some trends in strategic development in recent years have not been altogether favourable.

337. The USSR has achieved strategic parity with the US, and it maintains a level of defence development that, if unmatched, could enable it to extract strategic concessions from the US and its allies, or at least incline it to press for concessions. The USSR has developed naval capability for deep water operations that, if still limited in some respects and inferior to that of the US and its allies, allows it to project military power and political influence to areas remote from the theatres of its primary interest. Britain, Australia's main protecting power throughout most of Australia's history, has withdrawn from Asia and is no longer militarily significant in the Indian or Pacific Oceans. The communists have won the long struggle in Indo-China and are in a position to bring pressure against the ASEAN governments. The US, after Indo-China, has substantially modified its commitments in some areas of primary Australian concern. There are uncertainties about its interests and policies in these areas. The East Timor issue has brought about a political disagreement between Indonesia and Australia, and demonstrated the influence in the present Indonesian Government of elements prepared to use military force to achieve policy goals. With the withdrawal of the colonial powers from their territories in the South West Pacific, a regime of mini-states is emerging that would have little capacity to resist any pressures from external powers.

338. Simply to state such factors, and the statement could be expanded, gives an unbalanced and false perspective of Australia's strategic circumstances. The comprehensive assessment of prospects for Australia's continued security is that as of today they are favourable, not unfavourable; but important changes have been noted throughout the earlier Chapters that give rise to significant uncertainties in some respects.

Uncertainties and Risk

339. Defence policy must insure against future uncertainties. How and in what degree it should do this are always difficult matters for judgement.

340. Policy for long term insurance must necessarily rest on fairly generalised statements about uncertainty. Long lead times and protracted in-service life of various weapons systems often extend beyond assessment. Where practicable, however, policy should take account of uncertainties arising from substantial matters that can be specified, i.e., particular threat contingencies rated as to timing and credibility.

341. The methodology for minimising risk has been described in earlier papers in this series, and we confirm it: we need continuing review of strategic assessments, maintenance of a substantial and versatile force-in-being, a core-force so composed and equipped as to be capable of timely expansion,¹ constant watch whether warning time is likely to fall short of lead times for expansion, and continuous study of contingencies of threat or pressure, even if they are not deemed to be probable. Some further comment regarding warning time and contingencies is relevant to judgements regarding uncertainty and risk.

Warning Time

342. The present definition of warning time is related to “Government acceptance of a perceived threat”.² This appears to be too narrowly conceived.

343. The emergence of threat would be a late stage in a series of developments and Governments would need to act well in advance of it. Defence planning and preparations over the preceding years should therefore be responsive to any strategic change perceived as having potential for harming Australia’s interests. Measures would include shaping and expanding the force structure, developing defence facilities and other infrastructure, securing supply lines, and other external support. In such ways, Australia would have to be prepared to move quickly to maximise the defence effort as necessary to deter or counter threat were this finally to mature.

344. Preparatory planning and practical measures of this nature, based on a capable and broadly based force-in-being, would substantially reduce the time necessary to organise an effective defence response.

345. It is to be noted, too, that even with large-scale assistance, Indonesia, for example – which is best placed for attack on Australia geographically and in relation to Super-Power restraint³ – would have considerable difficulty in achieving the necessary military capability, in the improbable event that it acquired the motivation to launch significant attack upon Australia. The problems of expansion are relative.

Contingencies

346. As well as on-going assessments, defence planning should undertake, and keep under review and development, study of a representative range of contingencies – i.e., possible situations that are not considered likely or probable but that are of sufficient credibility or importance to warrant policy attention. This process should provide for systematic consideration of future uncertainties and the testing and, as judged necessary from time to time, the development of defence preparedness.

¹ See Strategic Basis of Australian Defence Policy, 1975, Paras 255-260

² See *Strategic Basis of Australian Defence Policy*, 1973, VII Para 26. *Strategic Basis of Australian Defence Policy*, 1975, para 256

³ See Chapter Three paragraph 84

347. It is considered that the methodology indicated in the discussion above (paragraph 341), if carefully and systematically applied, provides a sound basis for prudent defence insurance against future uncertainty. It offers criteria for responsible judgements regarding the retention, development or acquisition of defence capabilities – but it assumes governmental and parliamentary willingness to respond to changes from time to time in the indicators for determination of defence development. Within the framework of total resources nationally provided, it thus provides a basis also for the necessary control of defence expenditure, and for the allocation of scarce resources among various areas of defence development in accordance with realistic priorities.

REQUIREMENTS FOR DEFENCE CAPABILITY

348. The circumstances that at present shape Australia's strategic prospects, while of fundamental defence importance, are, in many cases, generally not immediately susceptible to influence by Australian military action. Insofar as Australia can directly influence developments, this will often be rather by the political arm of policy than the military. Australia's military capability, however, is directly relevant in certain circumstances, and can in others provide important support for political policy.

349. The earlier Chapters contain both positive and negative findings regarding requirements for defence capability. These are summarised below.

In Relation to the Super Powers

350. A primary requirement regarding defence capability arises in respect of Australia's alignment with the industrial democracies.

351. Western strategic resolve and capacity can be important sources of influence, not only in the primary situations, but in areas and issues beyond them. A robust western posture can also help to restrain Soviet strategic expansion. Australia has obligations in these respects. Australia's national effort should be such as to contribute to the demonstration of western strategic resolve and capacity.

352. Apart from US facilities in Australia, Australia has no military role in respect of the nuclear balance or the principal theatres of confrontation in Europe and North East Asia. A requirement for an Australian military contribution in these areas is at present improbable, and the possibility of a contribution at some future time should not be a specific factor in the shaping of the force structure.

In Relation to Possible Super-Power Conflict

353. A question for policy is the extent to which uncertainty about prospects for avoidance of conflict between the Super Powers should determine Australia's defence development.

354. This paper concludes, on the basis of the NIC's analysis and other consistent assessments over the years, that Australian preparation for defence emergencies consequent upon conflict between the Super Powers is not warranted beyond the present limited level of civil defence preparations, and of training of the Defence Force for operations in environments of nuclear, biological and chemical warfare. The situation should be kept under close assessment, and the adequacy of present measures should be regularly reviewed.

In Relation to the US

355. No requirement is foreseen for the contribution of Australian military forces to US strategic deployments.

356. The US makes limited use of Australian ports and air fields. US access, e.g. for visits by nuclear-powered warships, should be maintained and facilitated. No requirement is foreseen for facilities to support deployment of US forces to Australia.

357. Current discussions with the US could lead to a requirement for an Australian contribution to maritime surveillance in the Indian Ocean.

358. Australia should take into account possible requirements for operations complementary to those of the US. Where practicable and relevant, Australian military exercising with the US should be encouraged and interoperability with US forces developed. Interoperability implies significant commonality in doctrine, procedures and logistic support; but it is not dependent on having equipment of US origin.

359. The US perception of Australian military professionalism and inherent capacity to act as a small but reliable ally is important. The large US transfer to Australia of weapons technology, research information, tactical doctrine and intelligence could not be expected by a country that failed to maintain high standards in the professional employment of forces using modern technology, or to evidence determination to contribute in a meaningful way to the development of defence technology, research and intelligence.

In Relation to the USSR

360. No specific requirement arises for defence capability vis a vis the USSR. However, Australia should always have the capabilities for adequate response to any low-level Soviet maritime harassment. This would be unlikely to be on a large scale, frequent, or carried to the point of actual combat.

361. Significant Soviet expansion in the Indian Ocean to near Australia is assessed as improbable, but defence facilities relevant to possible future US and Australian maritime operations vis a vis the USSR, closer to Australia, should continue to be developed.

362. There is a requirement for Australian maritime display in relevant areas of Australia's strategic concern, including by naval cruises, aircraft and ship visits and exercising with friendly forces.

363. In time of international tension, Australia could need to take selective action for security in its immediate approaches and focal areas. If these were assessed as free from threat, Australia may wish to contribute to allied counter-measures against possible Soviet intimidation of high-seas traffic.

In Relation to Distant Regions

364. No requirements specifically affecting the determination of the force structure arise in areas beyond those of Australia's primary strategic concern. Conflicts in distant regions are not seen as necessarily calling for Australia's heightened preparedness and other defence measures.

In Relation to Possible Attack on Australia by Regional Powers

365. The possibility of deployment by powers in other regions of the major military capabilities necessary for substantial attack on Australia is not a credible contingency for defence planning. Major assault against Australia by distant regional powers is at present the least conceivable and most remote of contingencies.

In Relation to South East Asia

366. Australia should continue significant programs for defence co-operation with Malaysia, Singapore and Indonesia, by way of project aid, technical advice, training and military exercising. Consideration should be given to the adequacy of assistance to Thailand and the Philippines. Australia's defence co-operation programs are important to its strategic interests in South East Asia, and are also valued by the US. The defence resources necessary to effective activity should be made available at a corresponding level of priority.

367. The RAN should continue to operate ships from Singapore and maintain a program of regional display, visits and exercising with friendly forces as opportunity offers.

368. Where operationally practicable and worthwhile, and politically acceptable, the RAAF should institute maritime surveillance operations in co-operation with the US and the sub-regional governments.

369. No requirement for more substantial and direct Australian defence involvement than at present is likely to arise in the current and prospective situation in Malaysia and Singapore. Governmental consideration regarding the RAAF deployment of Mirages to these two countries is recommended, and submission will be made before the consultations due at the end of the year.

370. In the event of a serious deterioration in Malaysia's internal security, there might be a request for Australian military help. This would raise very important issues. If the Australian Government agreed to help, the best course from the military and general policy point of view would be to avoid substantial involvement, particularly by ground forces, and to offer capabilities that would supplement those in which local regional forces were deficient. Relevant capabilities could be naval and air surveillance, naval patrol, air transport and certain logistic and technical services. Such capabilities are required for Australia's own national tasks and, subject to other priority commitments, limited provision would therefore be available from the Australian force-in-being. No requirement arises that would specifically affect determination of the Australian force structure, provided a policy of avoidance of substantial involvement is agreed.

In Relation to Indonesia

371. Military attack or harassment on Australia by Indonesia is assessed as unlikely. Indonesia would in any case be incapable of substantial attack until at least well into the 1980's. However, it is already capable of low-level politico-military harassment of Australia. Australia already has superiority in many capabilities relevant to defence against a larger Indonesian attack. Present planned defence development and acquisition can be expected to preserve this relativity.

372. No practical defence measures by way of new or added specific deterrence are at present called for beyond those at present planned for development of the Defence Force. Defence policy should insure against uncertainties by maintenance in the force-in-being of relevant capabilities for quick and effective response to any threat of low-level politico-military harassment by Indonesia. As assessments from time to time may indicate appropriate, planning of the core-force and defence infrastructure should provide for relevant capabilities for response to more substantial attack. Australia's military capabilities and competence should be such as to command Indonesian respect, without unnecessarily disturbing Indonesia's confidence in Australia's friendly strategic attitude.

In Relation to PNG

373. Australia should maintain and display a substantial working defence relationship with PNG. Requirements include attachment of Service officers to the PNGDF, project aid, training, supply support, exercising and operational support as approved from time to time.

374. Should there be requests from PNG for Australian help to deal with internal disorders, from the point of view of military and general policy Australia should avoid becoming directly involved in their suppression. But it could provide indirect support, as relevant, in respect of logistics, transport, communications, reconnaissance and sea-patrol. Capability would be available from the force-in-being. Threats on any substantial scale to Australian citizens, and the inability or unwillingness of PNG's security forces to protect them, would face the Australian Government with a difficult choice between leaving them to their fate or trying to protect and evacuate them. This latter could involve direct operations against the local population.

375. Appropriate quick reaction forces should be available to assist with emergency evacuation from PNG.

376. Indirect support could also be provided from the force-in-being if the Government agreed to help PNG in respect of minor border incursions by Indonesia. Specific deterrent measures by Australia against the possibility of larger military action by Indonesia are not called for. This contingency is assessed as improbable.

377. Low-level PNG harassment in the Torres Strait areas is improbable, but, given the necessary political conditions, warning time could be short.

378. Australian military intervention in Bougainville is at present unlikely to be requested by PNG. Any request would face the Australian Government with a difficult decision, for there would be disadvantages whether it did or did not meet the request, and the efficacy of Australian intervention would be uncertain. It would be unwise to develop the force structure specifically for this contingency. Present and planned capabilities would allow the Government a range of options for limited military intervention.

In Relation to the South West Pacific and Antarctica

379. No specific requirements for determination of the force structure arise in respect of the South West Pacific and Antarctica.

380. However, Australia should possess capability for military display and exercising in the South West Pacific, for defence aid and co-operation programs, for a contribution to western maritime surveillance and for expansion of these activities if required. It is not expected that such a requirement would be large; but the institution of any Soviet military activity in the South West Pacific would require a clear response by Australia, e.g. by increased surveillance, military display and combined exercising with ANZUS partners, to demonstrate primary strategic interests and status.

In Relation to Law of the Sea

381. Whether or not a new Law of the Sea be internationally agreed, extension of Australia's national maritime jurisdiction is likely to increase requirements for surveillance and control of Australian waters and maritime resources zones, and for demonstration of sovereignty in conjunction with civil agencies. An increase in capabilities seems likely to be necessary, and some provision has already been made in the FYDP.

In Relation to Nuclear Weapons

382. No requirement is seen for Australia now to acquire nuclear weapons. However, the possible requirement to keep the lead time for Australia matched with contingent developments in other relevant countries, calls for keeping up-to-date in developments and for a review periodically of Australia's potential for development of nuclear weapons, against the possibility that the country might be forced to consider turning to them for protection at some indeterminate time in the future.

In Relation to International Terrorism

383. Australia is vulnerable to international terrorist attack at any time. Responsibility for preventing and coping with such attack rests with the civil authorities. Nevertheless, the Defence Force, subject to executive approval, may be called upon to assist, and should be trained and equipped to do so, which it is not at present.

In Relation to Contingencies

384. Earlier paragraphs in this section have discussed defence policy issues in relation to possible Australian military involvement regarding certain contingencies in Malaysia, in PNG and in Bougainville. Direct operational support for Australia, by way of combat or logistics, could not be expected from the US or Australia's other Western associates, although Indonesian forces could well be engaged in support of Malaysia.

385. From the force-in-being and now planned, Australia could provide limited assistance to the local forces, by way of transport, air support, logistics and technical services, surveillance, reconnaissance and maritime patrol capabilities.

386. But, by way of illustration of the implications of committing ground combat assistance, it might be assumed that at least a three battalion task force would be needed. This would require considerable expansion of all arms of the present Defence Force, particularly the Army, to enable the deployment, operation, logistic support, and relief of the task force. Lead times would be substantial and National Service would be involved.

387. These conclusions emerge from the Military Supplement to this paper.

GUIDANCE FOR THE CURRENT FIVE YEAR DEFENCE PROGRAM

388. Judgement of the capabilities required for the display or use of military force to deter or to counter possible military pressure or threat in the short or longer term, depends primarily on assessment at any time of the nature and timing of the circumstances in which such action might be necessary. The analysis in this paper of Australia's strategic circumstances and prospects suggests the following guidance for the shaping of the force structure in the current FYDP:

- a. the force-in-being should demonstrate that Australia is serious and competent in defence matters, and capable of responding effectively to low-level pressures or military attacks, and of timely expansion for response to more substantial threat;

- b. capabilities should be adequate for current and foreseeable tasks, and for shorter-term contingencies of sufficient credibility. These tasks and contingencies include maintenance and training of the expansion base; sea control in the areas of Australia's maritime jurisdiction; quick response to low-level maritime and coastal harassment, possibly protracted and geographically dispersed, and to minor incursions into Australia's air space; joint and combined exercising with allies and regional defence associates; assertion of right of passage through archipelagic straits; naval display in the South West Pacific, South East Asian waters, the lines of communication to Japan and East Indian Ocean lines of communication and ports; support for defence aid programs; selected specialised support to Malaysia, Singapore and PNG; emergency evacuation from PNG, the South West Pacific and South East Asia; maritime surveillance in the South West Pacific, South East Asia and East Indian Ocean, as may be decided from time to time; peacekeeping;
- c. a capability for expansion, as indicated appropriate by assessments from time to time, should receive attention in the planning and development of the core-force;
- d. equipments and skills, particularly with long lead-times, and relevant to Australia's general deterrent posture against more substantial operations and to demonstration of military competence, should be considered for retention, development or acquisition – for example, capability for maritime strike and interdiction in Australia's neighbouring approaches;
- e. capability related to major assault against Australia, the least conceivable contingency, should command a low priority in the force structure, subject to the requirements regarding expansion in a., c. and d. above;
- f. self-reliance should be developed for national tasks in which US support is likely to be uncertain;
- g. complementarity and interoperability with the US should be sought according to guidance in Chapter Nine;
- h. continuing long-term development of facilities and other infrastructure should be undertaken, particularly those relevant to possible military operations in the north and north-west of Australia.

389. The foregoing has covered the strategic considerations to be taken into account in the development of the level and structure of the Defence Force. Determination of specific force characteristics includes environmental factors, technological considerations and support requirements. These are dealt with below.

ENVIRONMENTAL FACTORS

390. Factors such as geography, population size and distribution, infrastructure, industrial capacity and resources distribution combine to create enduring features in our physical environment. Such enduring features, which have particular implications for determining the characteristics of force development are:

- a. Australia is a large island land mass with extensive maritime resource areas, overseas trade and no land frontiers.
- b. Vital areas (natural resources, industrial centres, population centres) are widely dispersed.
- c. The population is small, relative to both the land area and to other regional populations, and is urban, coastal and concentrated in the south-east.
- d. The archipelagic region to the north offers location for operating bases that would be an important factor in any offensive military strategy against the Australian continent. Except in the Torres Strait area, any approach to the continent involves a transit of the open ocean.
- e. Australia has a relatively sophisticated industrial, scientific and technological base compared with countries in the neighbouring region, but is dependent on the importation of oil, complex weapons systems and high technology material.

391. Conventional forces could attack Australia only by using sea and air approaches. Australia would require adequate naval and air power for interdiction, including forward operations, and those ground and other forces capable of dealing quickly with lodgements.

392. As a historical consequence of the uneven population distribution, defence infrastructure and civilian infrastructure of defence importance are still limited in the north and west. Furthermore, trends there suggest that the infrastructure required for defence purposes is likely to develop only slowly as a result of natural population growth or resource development.

Environmental Influences on Force Structure

393. The ocean gap and the long coastline suggest that any confrontation or conflict situations would be, initially at least, maritime in character. In time of tension or conflict, the vulnerability of long sea lines of communication contain potential for attempts to interfere with or disrupt our maritime trade. Also Australia's large and probably increasing offshore resources zone is a potential area for conflict.

394. Likely limitations on the size of the Australian forces available emphasise a need for firepower, mobility and flexibility in the force structure. To offset the limited infrastructure, the forces would need to be capable of operating at long range from their bases, and in areas remote from their sources of logistic support.

395. The inability in peacetime to raise and support more than modest regular forces implies a requirement for timely expansion as a threat develops. Fundamental to achievement of such expansion would be the level of training of regular forces and the number of reserves maintained in peacetime.

396. The requirement for warning time in which to expand the Defence Force to meet an emerging situation indicates a need for intelligence-gathering, including surveillance, and assessment.

397. Taken together, these considerations suggest a force structure possessing the following characteristics:

- a. good intelligence capability;
- b. a capacity for surveillance and patrol of Australia's ocean approaches and maritime resource areas on a regular basis;
- c. naval and air strike components capable of deterrence and effective action against maritime forces at sea and neighbouring operational bases;
- d. readily transportable and mobile land forces, with adequate reconnaissance capability, to meet hostile incursions at remote localities;
- e. mobile air defence elements with the ability to be quickly redeployed;
- f. elements for the protection of shipping from attack or other interference in Australia's focal areas and port approaches;
- g. a capability for sustained operations remote from sources of logistic support;
- h. the exploitation of suitable high technology in Australian weapon systems, equipment, training and support; and
- i. an adequate level of trained reserves.

THE TECHNOLOGY LEVEL

398. As a broad guide the level of military technology should:

- a. be sufficient to permit peacetime tasks and responses to contingencies to be undertaken in a way which keeps down recurrent manpower and/or life-cycle costs;
- b. at the same time maintain for the Defence Force through the standard of its weapons, a favourable comparative position in Australia's neighbouring region;

- c. ensure that Australia can develop the technical level of the Force in a timely fashion, if and when more complex and developed weapons systems are called for; and
- d. be compatible with, but not necessarily equal in technical advancement with, the relevant weapons systems of larger allies.

399. Because Australia has close affiliations with the United States and Western Europe, and sufficiently developed technology to make use of those links, a wide choice is available to apply the concepts described above.

400. The notions involved in attaining a basis for the timely defence expansion are also applicable to the technological levels of weapons and equipment possessed by the Services. The technological level of the forces can be increased greatly over a period of five to ten years. The period will tend to be shorter if sufficient modern weapons systems are already held in inventory, and if Australia has a sound scientific and technological base. Australia should aim to be in a position to increase selectively the technological level of its forces in order to maintain a favourable position relative to countries in its neighbouring region and the weapons they might acquire, and to preserve interoperability with allies where relevant to likely future commitments, as assessed.

401. To acquire high-level technology in weapons and equipment throughout the core force now may give Australia advantages in effectiveness, but it would be very expensive. Advanced technology should be favoured where it offers measurable compensating advantages – e.g. in simplicity of operation and support, or sufficient savings in additional equipment, manpower and life-cycle costs, or is otherwise peculiarly suitable to Australia's assessed strategic situation. High technology in an initial buy can be important in avoiding early obsolescence of equipments and weapons systems which have a long life; but the justification for their acquisition must be on the grounds stated in this paragraph and the paragraphs above, and have relevance to neighbouring regional, but not global military capabilities.

THE ROLE OF THE DEFENCE INFRASTRUCTURE

402. In present and prospective strategic circumstances, increased attention should be paid to defence infrastructure and to influencing developments in civil infrastructure that may be relevant. This comprehends roads, railways, ports, airfields, communications, water acquisition and storage, and power sources. There is needed a more organised system of bringing defence interests to the notice of the relevant authorities, with the objective of bringing location of facilities of this kind more closely into line with the strategic requirements for the defence of Australia. There have been in some cases limitations placed on the use of facilities by the Defence Force because of industrial action or other circumstances. There is, for this reason, a need for the Force to maintain some independent capacity to carry out some tasks which otherwise might have been performed by civil agencies or authorities.

403. Training areas should provide representative environments for all types of operation that the Defence Force may have to conduct. Some training areas might well serve as suitable forward bases should the Force need to be deployed.

- 404.** The assessment in this paper points particularly to:
- a. the continuing importance of the development of the naval support facility at Cockburn Sound;
 - b. the central importance of the Darwin area to our defence posture in North Australia and northern waters;
 - c. the requirement to expedite provision of facilities needed in Australia for the basing of the Tactical Fighter Force;
 - d. the requirement for improved facilities for the movement and logistic support of forces operating in the north and north-west areas of Australia or the approaches to those areas;
 - e. the significance in the future of improved facilities for intelligence-gathering.
- 405.** We regard the development of Australian infrastructure as an important part of Australian defence capability.

THE REQUIREMENT FOR INDUSTRY

406. Greater independence and self-reliance for the Australian Defence Force makes demands on, but does not require exclusive dependence on, the Australian industrial, technological and scientific base. Consideration is required of the longer-term factors which shape this base to ensure that development of technologies and capacities which are likely to be applicable to defence requirements is consistent with force expansion concepts.

407. The development of relevant industrial capabilities should be related to the likelihood of their use in contingent situations. In view of the strategic outlook, the first priority must be towards ensuring, as far as is practicable, the availability of those capabilities of repair, overhaul, modification and production of a kind that are likely to be required in low-level contingencies; and that there is flexibility in these capabilities to facilitate intensification and diversification of industrial activities should this be necessary.

408. The development of industrial capacity by specific investment for the production (as distinct from repair, overhaul and modification) of sophisticated equipment likely to be needed to be produced in Australia rather than overseas solely in high-level contingencies, would not be warranted in present circumstances.

409. Initiatives for defence industry should seek to develop selectively capacity where at present it may not be adequate for defence purposes, or to maintain important capacities which would otherwise disappear. Where national industrial policy is involved, it will be necessary to ensure that the defence desiderata are properly taken into account in deliberations of the relevant authorities.

410. The minimum requirement for Australia's defence industry is that it should have, after making a judgement of the continuing availability of overseas sources, the capabilities to support the relevant Service capabilities in independent combat operations of limited intensity, possibly involving protracted operational deployments. This necessitates the availability of industrial support for such repair, overhaul and modification as might need to be undertaken locally of Service equipment likely to be needed, together with a suitable technological base that can be expanded to meet increased development and production requirements envisaged in those circumstances. Stockholding policy needs to be developed according to criteria consistent with the above.

411. Derivative papers from this strategic guidance are to be prepared on industry and stockholding policy.

OTHER DEFENCE TASKS

412. Peacetime national tasks need to be performed including special air transport, oceanographic, hydrographic and land survey, civil emergency and relief assistance, and other calls on particular expertise or capability. National tasks in support of relevant governmental agencies seem increasingly likely to make calls on force availabilities for coastal and resource zone surveillance and patrol.

SOME STRATEGIC PERSPECTIVES

413. Australia nowadays is faced with different strategic perspectives from those of a few years ago, and radically different from those of earlier decades. Britain has withdrawn to Europe, for example, and the US from the South East Asian mainland. The Guam Doctrine and the assertion of Congressional checks on US policy substantially limit prospects for any US re-engagement, particularly with its ground forces. SEATO is being disbanded. The communists rule in Indo-China. The ASEAN states by and large have progressed in nation-building, and are no longer so vulnerable as in earlier years to insurgent challenge and external pressures. Earlier assessments of threat from China have been drastically modified. This process of change is still going on. The following comments seek to indicate some basic perspectives for Australian strategic thinking in the context of these changes.

414. Certain features of its own situation support Australia's security. Its remoteness from the main centres of global and regional confrontation, while disadvantageous regarding separation from strategic associates in Western Europe, substantially supports Australia's security vis a vis the principal powers in other regions. Australia is surrounded by water – vast expanses of ocean to the east, west and south – and it is without a land frontier. It has no powerful neighbours. However, the policies and arrangements previously adopted to buttress these natural advantages are in many fundamental respects no longer relevant, or no longer wise, or no longer possible.

415. The European powers on whose colonial rule at first, and later continuing extensive military involvement, Australia largely rested its security, have gone. Australia's only effective allies now are New Zealand, a country of limited military capacity, and the United States. The US is still the world's most powerful country; but it has many obligations, diverse interests and distractions. Earlier discussion in the paper (Chapter Nine) concluded that US support was not in doubt in case of threat to Australia's fundamental security. It also concluded that there were "significant areas of defence contingency for Australia ... in which US support, and particularly military support, would appear uncertain".

416. In the light of these circumstances, this paper has stressed the requirement for a substantial measure of self-reliance in Australia's defence capability. Such self-reliance can also be held desirable as supporting national independence in the conduct of Australia's relations with foreign powers.

417. Australia can still play a useful, albeit nowadays more limited role in support of its strategic interests in South East Asia. It cannot, however, take Britain's place. Nor can it yet expect to be a powerful enough country to conduct substantial military operations concurrently in separate distant theatres. The effect on capability for defence of the national territory should, therefore, always be a primary consideration should the question of involvement in distant theatres arise.

418. An Australian defence posture based on these considerations accords not only with Australia's primary national obligations to handle certain contingencies on its own, but also with the requirement for complementarity of effort with Australia's ally, the US. By the pursuit of policies that support stability in Australia's own immediate neighbourhood, and reduce scope for Soviet and other external penetration, Australia can make a significant contribution to the alliance relationship and to the US global effort. The US looks to Australia to carry this responsibility.

419. As a neighbourhood power, and a substantial one, Australia will have its own important role to play in developments. Its own security could be affected significantly from time to time, although in what ways it is not possible now to foretell. If major hostilities appear improbable, lesser situations, were they to occur, could still produce challenging defence problems. It will always be important, therefore, both for the support of political policy or for the direct defence of national interest, that Australia possess defence forces and associated capabilities able to operate with substantial independence and shaped to do so in its own environment.

