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8 April 1966

## UNITED STATES FOREIGN POLICY TOWARD AUSTRALIA IN THE NEXT DECADE

By

MAY 25 1966

U. S. ARMY WAR COLLEGE

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in the Next Decade

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## SUMMARY

From the early eighteenth century, Southeast Asia was essentially composed of colonies of the countries of Western Europe until after World War II. Although rich in natural resources, the United States expressed little interest in the region. The expulsion of the colonial powers and the rise of a powerful and aggressive Communist China has created an entirely new set of conditions. Individual freedom is in jeopardy and the United States has accepted the Communist challenge to the Democratic way of life in this part of the world.

Geography has placed Australia in the thrust of events in Southeast Asia. As a country founded by Anglo-Saxons, she had little in common with her Oriental neighbors to the North. The Japanese attacks in 1941 and 1942 demonstrated the importance of Southeast Asia to Australian security. As a militarily weak nation, Australia has sought, since the war, to insure her security by obtaining alliances with the United States and the United Kingdom. In this she has been successful.

Australia is today a developing nation. All of the economic indicators point to her continued growth. One of the reasons for this growth is that, up until almost the end of 1964, Australians elected to emphasize the future rather than the present. In adopting this philosophy, they poured their wealth into improving their standard of living and gave little more than lip service to defense matters and economic assistance. Since November 1964, Australia has taken a more active part in her own security. While the additional expense is considerable, it is not likely to reduce her rate of growth.

Australia's small population is the most significant limiting factor in her expanded participation in military operation in Southeast Asia. For every Australian there are about 17 Southeast Asians. There is no immediate solution to this problem.

The continued expansion of the United States involvement in Southeast Asia places a special emphasis on her relations with Australia. The objectives of peace and security in the region are shared by both nations. If the United States were able to find a way to increase Australia's military participation in the region it would be to their mutual benefit.

This thesis examines three possible alternatives that the United States could follow to increase Australia's participation in the current conflict. It concludes that the only one that will permit Australia to make sizable increases in its military commitment in the next decade would be for the United States to assume greater responsibility for the security of the Australian Continent so as to permit the deployment of more Australian forces to Southeast Asia.

Research on this paper was completed on 15 December 1965.

## CHAPTER 1

### INTRODUCTION

The only place in the world today where United States foreign policy is being challenged by armed aggression is Southeast Asia. This is an area of two hundred million people, rich in natural resources, and laying astride the important sea lanes between the Pacific and Indian Oceans. Politically and economically it contains the seeds of discontent brought about by frustrated nationalism and militant communism which could very well spawn a future world conflict.

Geography has placed Australia in the mainstream of events in Southeast Asia. Her ability to cope with her neighbors and to influence events in the region is of considerable importance to the United States.

The problem of finding ways to expand Australia's small population in order to increase her power is not explored in this paper for two reasons. First, the Australian government has been adamant in its stand that she cannot expand her population base, at an increased rate, without upsetting her economy. This policy has been expressed over a period of years and, therefore, any recommendation that might be advanced would be unacceptable. The second reason is that significant increases in her military age population, within the next decade, is practically impossible, regardless of the means employed.

This paper is an attempt to highlight the significant external and internal factors which determine Australia's capability to serve as an outpost of the Free World. Based on an evaluation of these

factors, individually and collectively, Australia's present and future national power potential in the region is ascertained. Using this as a basis, possible United States foreign policy alternatives toward Australia are explained to determine which one will best serve the interests of the United States.

## CHAPTER II

### THE AUSTRALIAN NATION

#### Geography and Climate

The country of Australia is located in the Southern Hemisphere just below Southeast Asia and consists of the continent itself, the island of Tasmania, which lays a few miles off the Southern coast, and the Southeast portion of the island of New Guinea, known as Papua. In area, Australia is almost equal in size to the continental United States and contains more than twice the number of square miles of all the countries of Southeast Asia combined.<sup>1</sup> The significant topographical features are a generally smooth coast line, with few natural harbors, a low mountain range which stretches the entire length of the East coast, and a large flat central desert. A map of Southeast Asia and Australia may be found at Annex A.

Australia's climate is the result of its global location and its physical features. The northern third of the continent lies North of the Tropic of Capricorn and, therefore, has a tropical climate with only two seasons; dry and wet. The remainder is in the Temperate Zone and has the four seasons; however, since Australia lies South of the Equator they are reversed from those of North America. The annual rainfall is inadequate to support agriculture in many sections of the country.

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<sup>1</sup>"Australia," Encyclopedia Americana, Vol. 2, p. 565.

## History

Lieutenant James Cook laid claim to the Southeastern portion of the continent of Australia for Great Britain in 1770.<sup>2</sup> By 1829, England had expanded her claim to the whole continent and it remained an English possession until the Commonwealth of Australia came into being in 1901.

When the British lost their foothold in North America, Australia became their new penal colony. January 26th of each year is celebrated by Australians as "Australian Day" or "Foundation Day" in commemoration of that date in 1788 when the first one thousand settlers, including over seven hundred convicts, arrived from England and settled in what is now New South Wales.<sup>3</sup> From the original colony, settlers expanded onto the entire island and by the mid-eighteen hundreds the colonies of New South Wales, Queensland, Victoria, Tasmania, West Australia, and the Northern territory had been founded. After an initial period of governing from London, local self-government was established in each colony under the British Parliament. The Commonwealth of Australia Constitution Act, effective January 1, 1901, united the colonies under a local federal government for the first time and the state of Australia came into being.<sup>4</sup>

Until 1914 most of the interests of Australia were centered on domestic affairs. In 1901, legislation was passed creating the Royal Australian Navy (RAN) and a military system which provided for a citizen

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<sup>2</sup>Russel Ward, Australia, p. 19.

<sup>3</sup>"Australia," op. cit., Vol. 2, p. 564.

<sup>4</sup>Ibid., p. 622g.



army, based on compulsory military training, for the defense of Australia. During World War I, Australians made a significant contribution to the Allied cause. With a population of only five million, she had more men killed than did the United States.<sup>5</sup>

The Second World War, for the first time, posed a serious threat of an enemy invasion of Australian territory. It proved beyond all doubt that she could no longer depend on the British Fleet for her security as she had in the past, and as a result, turned to the United States for assistance. Before the war ended, Australia had one million people under arms and had suffered over 95,500 casualties.<sup>6</sup>

Since 1945 Australia has had a period of unprecedented growth, her population has expanded, new natural resources have been discovered and developed, and she has begun to recognize, as will be subsequently shown, that she would have an important part in future affairs of Southeast Asia.

#### Past Attitude Toward Southeast Asia

Since Australia has a strong Anglo-Saxon heritage, she is foreign to her Southeast Asian neighbors in political, cultural, ethnic, and social background. Until after the Second World War, she either ignored the peoples of Southeast Asia or dealt with them in a manner that was not conducive to warm relations. Until 1914, for example, Australians were so indifferent toward Asia that they had almost no newspaper men anywhere in the area and all of their news of the region

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<sup>5</sup>Sir Garfield Barwick, "Australia's Foreign Relations," Defense and Foreign Policy, p. 8.

<sup>6</sup>"Australia," op. cit., Vol. 2, p. 622i.

came from British sources. Even today, Australian newspapers do not provide coverage of events in Asia to the same extent as those of Europe and North America.<sup>7</sup> Another indication of Australia's current lack of interest in Southeast Asia is the fact that her Department of External Affairs is inadequately staffed with people who speak Asian languages.<sup>8</sup>

The Commonwealth Immigration Act of 1901 has probably done more than any other thing to alienate Southeast Asians from Australia. Australians look at this act, which has come to be known as the "White Australian Policy," not as an indication of racial intolerance, but as an economic measure to keep the Chinese out in order to maintain an acceptable wage level. Even though the law has been liberalized and Australians no longer use the term "White Australia,"<sup>9</sup> it remains on the books and continues to restrict Asian immigration while European immigration is encouraged.

The period since 1945 has witnessed a much more enlightened and realistic Australian attitude toward Southeast Asia. This is certainly an important step if Australia is to be recognized by her neighbors as a champion of their quest for a place in the world.

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<sup>7</sup>Donald Horne, "Australia Goes East," The Spectator, No. 7074, 24 Jan. 1964, p. 100.

<sup>8</sup>Barwick, op. cit., p. 39.

<sup>9</sup>Patrick Shaw, Address by the Australian Ambassador to the United Nations to the US Army War College Class on 14 Oct. 1945, cited with special permission of Ambassador Shaw.

## CHAPTER III

### AUSTRALIA'S TEMPESTUOUS NEIGHBORS

#### Basic Causes For Unrest

Southeast Asia today is a region of frequent and often violent change. The causes for this are manifold, including religion, economics, politics, race, language, external pressures, and nationalism.

World War II saw the expulsion, by Japan, of the colonial powers from Southeast Asia. When it ended in 1945 the British, French, Dutch, and Portuguese returned to reclaim their former colonies. The situation, however, had changed. The Japanese had given the countries they conquered in Southeast Asia some of the appearances of independence, in order to pacify them.<sup>1</sup> This taste of freedom was not to be satisfied until full independence was achieved. The only European power holding any territory in the region today is Portugal. Her possession is insignificant and consists of half of the small island of Timor. One of the few things that Southeast Asians have in common, with the exception of Thailand, is recently acquired freedom. The end of colonialism thrust upon these states all of the problems of independence with few of the basic governmental and economic skills available to help solve them. To make matters worse, they do not have a clear concept of what form of government would best serve their particular requirements. The result has been constant turmoil.

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<sup>1</sup>Richard Butwell, Southeast Asia Today and Tomorrow, p. 20.

The countries of Southeast Asia lack ethnic unity. This is a fundamental cause for instability. The people are a very diverse mixture, e.g., Malaysia is composed of Malays, Indonesians, Chinese, Indians, Pakistanians, and Europeans.<sup>2</sup> The ethnic problem, which has come about over a period of centuries, is not going to be solved for many generations. It, therefore, represents a continuing threat to the peace and security of the entire region.

The factors which have been discussed this far are internal to Southeast Asia. The most important cause for unrest, however, is external--The People's Republic of China, hereafter referred to as China. It is an aggressive regime that is exporting revolution.<sup>3</sup> Southeast Asia is important to China for economic, as well as ideological, reasons. For example, China is short of food and the Mekong River Valley produces more rice than is required to meet the needs of the people who inhabit the region. Economic backwardness is common throughout the region. The Communists point to the significant economic growth of the USSR and China after they embraced communism. Using this as a psychological weapon, they claim that if Southeast Asian countries embrace communism that they can likewise enjoy rapid economic growth. Many of the people of this area are disappointed by the lack of progress achieved since independence. The Communist exploit this feeling of frustration claiming that Marxism-Leninism is the answer and, as a result, get a significant amount of support. China also has historical

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<sup>2</sup>Ibid., p. 33.

<sup>3</sup>Patrick Shaw, Address by Australian Ambassador to the United Nations to the US Army War College Class on 14 Oct. 1945, cited with special permission of Ambassador Shaw.

territorial claims in the region since Burma, Thailand, Cambodia, Laos, Vietnam, and Malaya, have been part of China in the past.

Another important aspect of the threat is from a group known as the "Overseas Chinese." There are some 13 million Chinese living in Southeast Asia. They are a minority group in each country; however, their influence is felt since they have become economically important and their loyalty to their resident nation is questionable.<sup>4</sup>

#### Specific Problem Areas

Having looked at Southeast Asia in general, attention is now focused on some of the specific problems of each of the countries in the region which have a bearing on peace and security.

Burma. In Burma, the British attempted to restore their authority at the end of World War II. When it became apparent that they were no longer wanted, control was relinquished and a parliamentary form of government established. This was replaced by a military coup in 1962, and it has been ruled by a junta ever since. Subversive insurgency started in 1948 and was not overcome until 1960. Terrorists activities continue to be reported from time to time. Current newspaper reports indicate that the country is in serious economic and political trouble.<sup>5</sup> Its military strength consists of an Army of 110,000 men armed with equipment manufactured in several countries; a navy of 5,000 men and

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<sup>4</sup>Ian C. Hamilton, Director of The Australian News and Information Bureau and Press Officer for The Australian Delegation to the UN, Personal Interview, 12 October 1965.

<sup>5</sup>"Burma's Socialism Heads for Snags, Political Tensions," The Washington Post, 10 Nov. 1965, p. K-3.

37 naval vessels, including one frigate; and an air force of 900 men and 90 aircraft.<sup>6</sup>

Cambodia. After World War II, Cambodia became an associated state of France and was finally granted independence in 1953. Officially, it is following a policy of neutrality; however, it appears increasingly to look to China for support. She has renounced American aid and is accepting it from the Soviet Union and China. Prince Sihanouk appears to be making it a Chinese satellite.<sup>7</sup> In recent years there have been numerous border incidents with Thailand and Vietnam and diplomatic relations have been broken. Its military strength consists of an army of 29,000 men, including an armored regiment, two parachute battalions, and 30 infantry battalions; an air force equipped with one hundred aircraft and a compliment of 1,300 men; and a navy of 1,200 men, including two hundred marines and some 63 boats, the largest being torpedo boats.<sup>8</sup>

Indonesia. Formerly the Dutch East Indies, Indonesia gained its independence in 1949. It has over 100 million people and is composed of 2,500 islands stretching over a distance of 3,000 miles. Indonesia has been characterized by government instability, an increasingly larger Peking oriented Communist Party, and potentially large, but as yet mostly undeveloped, economy. The effects of the attempted Communist revolt of 1965 are not yet known, but it does not appear, at this time, to be a cause for rejoicing in the West. The government has engaged in almost constant military action, first against the Dutch in West

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<sup>6</sup>S. H. Steinberg, ed., The Statesman's Year-Book 1965-66, p. 858.

<sup>7</sup>T. B. Millar, Australia's Defense, p. 55.

<sup>8</sup>S. H. Steinberg, op. cit., p. 863.

New Guinea and since 1963 against Malaysia. The seriousness of this latter action was noted in the communique issued at the close of the Council of Ministers of SEATO last June.<sup>9</sup>

The Indonesian army consists of 300,000 men; a navy of 3,550 men, including an air arm, 1 cruiser, 5 destroyers, 6 frigates, 6 submarines, 23 motor torpedo boats, 33 motor gun boats plus over 100 other craft;<sup>10</sup> and an air force of 450 aircraft, including 100 Russian built jets and approximately 27,999 men.<sup>11</sup>

Laos. Laos is one of the three states of former French Indo-China which became independent in 1949. A chaotic political situation has existed for over 10 years with almost constant conflicts among the Communists, the Anti-Communists, and the Neutrals. There have been several cases of armed conflict within the country. The possibility of a complete Communist takeover is real.<sup>12</sup> Laotian territory has been used by the North Vietnamese to send men and material to the Viet Cong in South Vietnam. The Anti-Communist military forces number about 600,000, including personnel assigned to the army, a small river flotilla, and an air force. The Neutralist military force is approximately 9,000 while the Communist military strength is between 20-25,000.<sup>13</sup>

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<sup>9</sup>"SEATO Council Ministers hold 10th Meeting in London," The Department of State Bulletin, Vol. 52, No. 1354, 7 Jun 1965, p. 925.

<sup>10</sup>Raymond V. B. Blackman, ed. Jane's Fighting Ships 1964-1965, pp. 458-459.

<sup>11</sup>S. H. Steinberg, op. cit., p. 1117.

<sup>12</sup>Dean Rusk, "The Situation in the Western Pacific," The Department of State Bulletin, Vol. 50, No. 1298, 11 May 1964, p. 736.

<sup>13</sup>S. H. Steinberg, op. cit., p. 1208.

Malaysia. Malaya became fully independent in 1957. In 1963 she joined with Sarawak, Sabah, and Singapore to form the country of Malaysia. Singapore withdrew its membership and became an independent state in 1965. Between 1948 and 1960, it suppressed a large scale Communist uprising, however, small bands of Communist guerrillas still remain. Since 1963, it has been constantly under attack by small bands from Indonesia. Malaysia has the most impressive economy of any country in Southeast Asia. Its per capita gross national product is \$293. The government is stable. The armed forces include an army and navy whose strength is 19,000 and 2,100 respectively.<sup>14</sup> The army is organized around a small balanced force equipped with modern weapons. The navy has about a dozen vessels. The air force has some support aircraft and a light jet aircraft strike force is being activated.

Philippines. The Philippines gained their independence from the United States in 1946 as the result of a long standing agreement. During the years that they were a United States possession the natives were taught the ways of self-government and as a result have enjoyed a period of reasonable stability. A Communist uprising by the Hukbalahaps was put down several years ago. A small insignificant Communist minority still exists. Within the next year, it is expected that they will send military units to fight in South Vietnam. The Philippine army consists of 15,000 men organized into a division. The navy has 4,000 men and several former American vessels, including 7 patrol ships.<sup>15</sup> The air force has a strength of 9,500 men, is equipped with 200 aircraft, and is being improved.<sup>16</sup>

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<sup>14</sup>The Institute for Strategic Studies, The Military Balance 1964-65, p. 32.

<sup>15</sup>Raymond V. B. Blackman, op. cit., pp. 458-459.

<sup>16</sup>S. H. Steinberg, op. cit., p. 1332.



Singapore. The City of Singapore is a former British colony that joined the Federation of Malaysia on 16 September 1963. It broke from the union on 9 August 1965, established its independence, and was subsequently admitted to the United Nations. Its geographical position, valuable naval facilities, and the fact that over half of its population is Chinese, combine to make Singapore a likely area of unrest.

Thailand. Formerly known as Siam, Thailand joined Japan against the Western Allies in World War II. Since the war the country has been searching for the type of democracy that best suits its traditional way of life. She demonstrated her determination to fight communism when she joined SEATO. There have been increasing signs of Communist activity in Thailand and the American Assistant Secretary of State for Far Eastern Affairs, Leonard Unger, said last May that: "Thailand had already been identified by Communist China as being the next target for a so-called 'Liberation Struggle.'"<sup>17</sup> It is important to note that Thailand is one of the two Southeast Asian members of SEATO and that China's increased activity may be aimed as a test of that alliance. Thailand's armed forces consist of an army of 50,000 organized into three infantry divisions; a navy of 18,000 men, 5 frigates, 2 armored gun boats, and several other craft; and an air force of 13,000 men and 250 aircraft, including approximately 100 jets.<sup>18</sup>

Vietnam. Originally part of French Indo-China, the French granted Vietnam its freedom as a result of military defeat. The country

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<sup>17</sup>Leonard Unger, "Present Objectives and Future Possibilities in Southeast Asia," The State Department Bulletin, Vol. 52, No. 1350, 10 May 1965, p. 713.

<sup>18</sup>S. H. Steinberg, op. cit., p. 1208.

was partitioned into North and South along the 17th parallel by the Geneva Conference of 1954.<sup>19</sup> North Vietnam became a Communist state and South Vietnam ostensibly a Democracy. It was in fact, however, an Autocracy. Almost immediately after its creation, North Vietnam, supported by the Chinese Communists, initiated action to take over South Vietnam.<sup>20</sup> This has gradually expanded to the point where it is now a full scale war with major United States participation. South Koreans and Australians have also contributed combat forces. It is today the most unsettled area in Southeast Asia. If the Communists are successful, the United States will have suffered a serious defeat and the security of Australia and the rest of Southeast Asia will be seriously threatened.

#### Summary

It is doubtful that there is any other part of the earth where there is so much divergence of purpose, where the two major Communist nations are competing with each other so intently for influence, and where there are so many potential trouble spots. All of this means that the Free World is going to have a difficult time trying to preserve peace and individual freedom in the area. In this region, the East and West are on a collision course and the vital interests of Australia and the United States are at stake in the outcome.

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<sup>19</sup>For text of the Agreements, see: U.S. Dept of State, American Foreign Policy 1950-1955, Vol. 1, Pts. 1-9, 1957, pp. 750-785.

<sup>20</sup>Walter S. Robertson, "Progress in Free Vietnam," The State Department Bulletin, Vol. 34, No. 885, 11 Jun 1956, p. 973.

The next chapter will analyze Australia's ability to cope with these problems which threaten the peace and security of Southeast Asia in the near future.

## CHAPTER IV

### CORNERSTONES OF AUSTRALIA'S POWER FOR THE NEXT DECADE

#### General

A nation's power is the algebraic sum of the many factors of which its power is composed. This chapter deals with the four most significant elements of Australia's power, namely: economic, political-social, military, and foreign policy. For each, the strengths and weaknesses are noted and an indication of the situation that is likely to exist ten years hence is stated. The determination of Australia's power is a prerequisite to formulating the United States foreign policy toward her.

#### Economic Structure

An adequate economic base is the foundation of power in any nation. It provides its people with the necessities of life, the government with the income with which to conduct its domestic and foreign affairs, and plays a paramount role in determining the capability of its armed forces. In fact, it establishes the parameters within which the nation must operate.

Australia's economic progress in the last ten years has been significant, as evidenced by the 90 percent increase in her gross national product.<sup>1</sup> This growth has been sparked by the fact that Australia is a developing nation and, therefore, needs more industry, energy, housing, services, and just about everything.

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<sup>1</sup>"Consider Australia," The Economist, 30 May 1964, p. 967.

The availability of national resources is a limiting factor in the economic growth of any country. Australia has its share; however, she has a serious deficiency in two areas. The first, and most important from the national security point of view, is the shortage of petroleum. In fact, she produces only about two percent of her total requirement.<sup>2</sup> Currently there are only small scale drilling operations in progress and unless some extensive oil fields are discovered and developed, the situation will become worse since the annual requirement for oil is rapidly increasing. Water is the second most serious shortage. Not only is the supply inadequate, but the annual rainfall is poorly distributed throughout the year and across the country. It is estimated that, in over ninety percent of Australia, evaporation exceeds the rainfall. Expressed another way, the combined flow of all of the rivers in Australia equals only about one half that of the Mississippi. On the other hand, Australia has extensive deposits of bauxite, uranium, coal, iron ore, copper, lead, and zinc.<sup>3</sup>

The industrialization of Australia has been impressive in the past two decades and gives every evidence of continuing to increase. Due to the climate and geographical factors much of this growth has been in rural industries. The largest of these is wool production. She provides 30 percent of the world's requirement. For many years wool has been her single highest value export.<sup>4</sup> Wheat production has been a primary money crop for several years. Sugar cane, grain crops, meat, and tobacco production round out her major primary products.

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<sup>2</sup>Australian News & Information Bureau, Australia, Official Handbook, 1965 edition, p. 152.

<sup>3</sup>Ibid., pp. 175-180.

<sup>4</sup>Ibid., p. 160.

Australia's most important secondary industry is steel production, and it is expanding. At the present time, the government is developing, in Western Australia, newly discovered ore deposits which are of sufficient commercial value to justify the building of five new towns, three deep water ports and almost five hundred miles of railroad track.<sup>5</sup> Automobile production is increasing and occupies a dominant place in the economy. During the one year period ending 30 June 1964, Australia produced 400,000 motor vehicles which was an increase of 35,000 over the previous year. The industry employs about 12 percent of the nation's factory workers. In spite of the fact that Australia produces little crude oil, it has a large petroleum refining industry. In the past fifteen years this refining capacity has increased 17 fold. Many of the refineries are owned by American companies. The value of the output of industrial and heavy chemicals has increased more than ten times since 1946. The industries mentioned here are by no means complete but may be considered as a representative sampling. It is apparent that, industrially, Australia has made a quantum jump in recent years.

The basic public utilities are government owned. The expansion of these facilities has been an outstanding development in Australia in the past two decades. As previously noted, the shortage of water is one of Australia's major problems. In the past ten years her reservoir capacity has tripled. The Snowy Mountain scheme, which is currently under construction and scheduled for completion in 1975, is one of the largest power and irrigation projects in the world.

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<sup>5</sup>Department of The Interior, Australian News and Information Bureau, Australia in Facts and Figures, No. 84, 31 Dec. 1964, p. 46.

It involves the changing of the direction of the flow of the Snowy River from East to West, in order to provide water for the fertile inland plains which have insufficient rainfall. Almost three-fourths of Australia's electrical power is provided by thermal equipment using coal for fuel, the remainder is provided by water. The total kilowatt output has increased 150% since 1954. The Australian railroads have improved considerably; however, they leave much to be desired. For example, goods being shipped across the continent have to be trans-shipped three times due to the lack of a standard track.<sup>6</sup> This has an unfavorable impact on the nation's internal defense capability. Another shortcoming is its highway system. There are 553,000 miles of roads in Australia; of this, 92,000 miles are paved, 112,000 miles are unsealed, and the remaining 349,000 miles have nothing but a natural surface.<sup>7</sup> Her highways are clearly not keeping up with the peacetime requirements, but more importantly, they are inadequate for effective defense. Part of the shortcoming in railroad and highway capability is made up by aviation. On a population basis, Australia's use of the airplane is second only to the United States.

Australia is one of the world's leading trading nations; however, her pattern has changed continuously. Prior to World War II, at least half of it was with the United Kingdom; but it declined steadily to only about 18% by 1964. Much of this loss was transferred to the United States. Exports to Asian countries have more than doubled since the end of World War II and currently amount to approximately 34% of

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<sup>6</sup>Russel Ward, Australia, p. 11.

<sup>7</sup>Australian News and Information Bureau, Australia, Official Handbook, 1965 Edition, p. 231.

the total. Japan has become its biggest customer. An example of her Asian entrepreneurship was demonstrated in 1964 when 100 Australian businessmen held a floating trade fair aboard the merchant ship Centaur, which called at Far Eastern Ports, and conducted over "one million dollars worth of business on the deck."<sup>8</sup> Overall, Australia's exports have increased 300% since 1959. Since such a large portion of her economy is based on trade, balance of payments is always of particular importance. Although she has not had any serious problems to date, it appears that this will assume greater significance as a result of the larger purchases of arms and equipment abroad for the current expansion of her Armed Forces.

Every facet of Australia's economy indicates that it is strong and growing. It may suffer some setbacks as it did in 1961; however, there is nothing apparent, at this time, to indicate that it will not continue to grow during the next decade.

The primary weak point in Australia's economy appears to be her dependence on trade. This has two significant elements. First, she is at the mercy of other nations for a large part of her income and secondly, in time of war, this trade would be disrupted. In view of her almost total lack of indigenous crude oil this would appear to be a disaster.

#### Political-Social System

The environment in which the processes of government operate and the temperament of its people have a profound effect on the strength

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<sup>8</sup>"Australia, The Hustlers," Time, Vol. 84, 10 Jul 1964, p. 94.



of a nation. If a government is stable and has the support of the majority of the population, a climate for national growth exists. If such is not the case, significant national growth is improbable.

The Australian government was formed under the provisions of a Constitution that became effective 1 January 1901.<sup>9</sup> It is like the American Constitution in that all powers not specifically authorized the federal government are exercised by the state. The national government is composed of a federal parliament and a federal judiciary. All adult citizens are required to vote.

There are five recognized political parties in Australia. The Liberal Party, the Labor Party, and the Country Party are well organized and effective organizations. The other two parties, which are the Democratic Labor Party and the Communist Party, are of little consequence. The Communist Party reached its peak in the Second World War and has declined ever since. It is doubtful if there are over five to six hundred card carrying members at present, and their allegiance is divided between Peking and Moscow.<sup>10</sup>

The current government of Australia, under Prime Minister Robert Menzies, is a coalition of the Liberal and Country Parties. It has the support of the people and has been returned to office in each federal election since 1949. Unless there is a major war or a serious economic upheaval, it is not likely to be defeated in the next decade.<sup>11</sup> The primary issue in the last election, held in November 1963, was the proposed expansion of the armed forces.

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<sup>9</sup>A complete text of this Constitution may be found in Amos J. Pleaslee, Constitutions of Nations, 2d ed., Vol. 1, pp. 79-101.

<sup>10</sup>Ian G. Hamilton, Personal Interview, 12 Oct. 1965.

<sup>11</sup>Ibid.

Prime Minister Menzies was born in 1894 and it is unlikely that he will continue in office for an extended period of time. When he steps down there is always the possibility that his government could be replaced by the opposition Labor Party. The Labor Party's foreign policies have not been noted for their clarity; however, it was in power during World War II. For the most part they were critical of Australia's inadequate defense policies. Mr. Arthur Calwell, leader of the Labor Party said, in 1964, after the government enacted the military expansion program that, "its taken the government 14 years to discover that Australia is defenseless."<sup>12</sup> Taken as a whole, the political situation in Australia is stable and should remain that way.

Australia's primary population problem has been a lack of people. This is somewhat remarkable when it is recognized that her Asian neighbors are some of the most densely populated countries in the world. Australians are, almost exclusively, people of Anglo-Saxon or European extraction. As of 31 December 1964, her population was 11,251,000.<sup>13</sup> This does not equal the annual population increase of China! The population density is 3.7 people per square mile as compared with 560 in the United Kingdom. This figure does not give a true picture of the population distribution since it must be noted that over half of the people live within 100 miles of Sydney and Melbourne.

There is every indication that the current governmental and political system will continue to be viable in the next decade. If her

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<sup>12</sup>"Australia, Belated Shape Up," Time, Vol. 83, 20 Nov. 1964, p. 37.

<sup>13</sup>Department of The Interior, Australian News and Information Bureau, Australia in Facts and Figures, No. 85, 31 Mar. 1965, p. 17.

population continues to grow at the current rate, it may reach as high as 14½ million by 1976.

Australia's political system has few weak areas and none of these could be considered as serious. The man often said to be the one most likely to succeed Mr. Menzies is Mr. Harrold Holt, the current Treasurer. He is a member of the Liberal Party and is known to share many of the current Prime Minister's views on national and international affairs.

Australia's greatest deficiency is her shortage of people. In her attempts to control population, in order to maintain a high standard of living, she has set limits on her capacity to expand beyond the predetermined goals. At present, Australia has full employment and with the expansion of her armed forces the coming decade will find her hard pressed to find enough people to meet all of her requirements.

### Military Strength

The military strength of a nation is probably the most universally accepted symbol of its power. A country with a large, effective, and modern armed force is looked up to by its friends and allies and is respected by its enemies. On the other hand, a nation with limited military power cannot effectively influence friend or foe.

The second World War awakened Australians to their vulnerability from Asia. During the 1950's Australia provided modest support to the United Nations effort in Korea and to the Commonwealth Reserve in Malaya. These forces, while demonstrating a desire to participate

in the security of the Far East, could hardly be termed significant. As an indication of her defense effort, it may be noted that in the period 1957-1960, according to Professor Downing, Australia spent only 3% of her Gross National Product on defense as compared with almost 10% for the United States and 7% for the United Kingdom.<sup>14</sup> Up through October 1964, it is apparent that Australia had elected to spend its national wealth on future needs rather than on the present ones and to rely on others to carry the major burden of her security. In November 1964, the Australian government evaluated the increasing threat from Indonesia and China as sufficiently serious to require Australia to take a more important role in her own defense. How big a break this is with her past defense concepts remains to be seen, but it is clearly a move that is in line with the United States desire to get its allies to help themselves.

The Honorable Shane Paltridge, the Minister of Defense, has recently stated that Australia's defense objectives are:

1. To establish the security of Australia and its island territories;
2. To pursue close friendship and cooperation with Non-Communist Asian countries;
3. To seek the support of at least the United States and the United Kingdom for promoting cooperative arrangements with Southeast Asian countries for collective security purposes in this area and for the defense and security of Australia;
4. To counter Communist aggression in Southeast Asia;
5. To support the development of the United Nations as an effective instrument of collective security.<sup>15</sup>

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<sup>14</sup>R. I. Downing, "The High Cost of Defense," in Australia's Defense and Foreign Policy, ed. by John Wilkes, p. 101.

<sup>15</sup>Shane Paltridge, "Australia and the Defense of Southeast Asia," Foreign Affairs, Vol. 44, Oct. 1965, p. 27.

When the new security policy was announced on 10 November 1964, the Australian people supported it. The plan called for significant increases in Army, Navy, and Air Force over a three year period, the reintroduction of a draft, and an increase in the defense budget by \$905 million.

The fact that Australia came very close to being invaded by the Japanese in 1942 is still clearly impressed upon the minds of Australians. A basic element of her defense concept is that she must be defended in the area to the North of the Continent, and this explains why she now has part of her armed forces in Malaysia, Thailand, Vietnam, and New Guinea. (See Annex B)

Before looking at the armed forces in some detail, it is worthwhile to briefly mention Australia's governmental organization for defense. Defense policy is determined by a Cabinet Committee, The Defense Department, a Defense Committee, and the Chiefs of Staff Committee. The composition and functions of these elements are as shown in Annex C. It is similar in some aspects to the system in the United States. The ultimate control of the armed forces is firmly in the hands of civilians.

Army. The Australian Army is undergoing the greatest peacetime change in its history. Since October 1964, the authorized strength has been increased from 22,750 men to 37,500, the Pentropic Division Organizational structure has been dropped, National Selective Service has been introduced, one infantry battalion has entered combat in Vietnam, and additional equipment has been acquired.

The stated mission of the Australian Army is to be prepared to respond to a wide spectrum of conflicts in limited war conditions and in situations short of general war.<sup>16</sup> The Pentropic organization was discarded because it was considered to be inefficient to perform the mission assigned to the Army. The new division structure is based around nine infantry maneuver battalions, an artillery group, an aviation regiment composed of both fixed and rotary wing aircraft, and an armored cavalry regiment. The total strength of a division is 14,977 officers and men. Australia expects to have its one and only division fully organized and up to strength, utilizing both regular army personnel and draftees, by the fall of 1966.<sup>17</sup> Australia's ability to field a larger force is very limited. It would take at least twelve months to raise a second division. In addition, the Australian Army does not have experience in corps size operations, so the time required to field such an organization would be considerable.

The draft, which was announced on 10 November 1964, resulted in the first group of men being inducted into the Army on 1 July 1965. The men will serve on active duty for two years and then remain in the reserve, as part of the Citizens Military Forces (CMF), for an additional three years. No significant problems with the call up have occurred.<sup>18</sup> One of the benefits that Australia has accrued from the draft is the mobilization experience which would certainly be beneficial in time of a major conflict.

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<sup>16</sup>Commonwealth of Australia, Ministry of Defense, Defense Report 1965, p. 27.

<sup>17</sup>Brig. Norman A. M. Nicholls, Australian Military Attache to the United States, Personal Interview, 17 Nov. 1965.

<sup>18</sup>Ibid.

The CMF is similar to the National Guard in the United States. One of the important features of the 1964 legislation was the provision that the draftee could be called upon to serve outside of Australia. This means that, beginning in the summer of 1967, as citizen soldiers complete their two years of active duty and enter the CMF, the units will acquire progressively more personnel who can serve outside Australia in times of peace. The current operational readiness of the CMF is not good. They are under strength, their equipment is not on a par with that of the active army and their training is limited to company size tasks. It is estimated that it would take from three to six months to prepare a CMF unit to participate efficiently as part of a division.<sup>19</sup>

In addition to its one division, Australia has a Pacific Island Regiment stationed in New Guinea. Its officers and approximately one-half of the NCO's are Australians. The enlisted men and the remaining NCO's are natives of the Pacific Islands that are under the control of Australia. The regiment lacks artillery support; however, it is considered to be very effective in counter guerrilla operations.

The Army is working to improve its equipment. It is acquiring the American "Redeye" surface-to-air guided missile, the M-79 grenade launcher, and 81mm mortars. Since 1963 Australia has strived to make its equipment compatible with that of the United States, Britain, and Canada.<sup>20</sup> A serious wartime problem could arise from the fact that very little of her equipment comes from domestic production.

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<sup>19</sup>Ibid.

<sup>20</sup>Commonwealth of Australia, Ministry of Defense, op. cit., p. 3.

In conclusion, it may be said that the Australian Army will, by the fall of 1966, be an organization worthy of the name and that as the CMF increases it will have a respectable, but still small, reserve.

Navy. The authorized personnel strength of the Royal Australian Navy (RAN) will be 14,900 by June 1966 and 16,700 by June 1968, as compared with 12,900 in November 1964. This increase is scheduled to be made by volunteers and will not include any draftees. There is serious doubt as to whether these personnel goals can be reached without reliance on the Selective Service.<sup>21</sup>

The RAN has a reserve force strength of 5,400. Personnel assigned to the Reserve carry out weekly training and undergo a 13 day continuous training period annually.

The combat potential of any Navy is determined, to a high degree, by its fighting ships. A chart showing all of the ships of the RAN is shown at Annex D.

The aircraft carrier Melbourne, which was built in 1955, is the flagship of the Navy. A decision was made in November 1959, not to replace her when she became obsolete and to simultaneously eliminate the Fleet Air Arm.<sup>22</sup> In view of Australia's isolated position, this decision has a profound effect on her ability to maintain access to the sea beyond the range of land based aircraft. The decision remains firm; however, both the ship and her aircraft have been given a temporary reprieve as the result of a two million dollar refit on the hull,

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<sup>21</sup>Brig. Norman A. M. Nicholls, op. cit., p.

<sup>22</sup>T. B. Millar, op. cit., p. 117 and Brig. Norman A. M. Nicholls, op. cit.



which is scheduled to begin shortly, and the addition of helicopters and U.S. Navy "Tracker Type" aircraft. It should be noted that the aircraft are for an antisubmarine warfare role which gives the Melbourne very limited capability to support landing operations. The one existing ray of hope that the ship will again have an attack capability is that the RAN has just announced the purchase of ten U.S. Navy Sky Hawks for delivery by the end of 1967.<sup>23</sup> These aircraft will replace ten Sea Venoms which were originally scheduled to be junked in 1963.

The largest gun vessel in the Australian Navy is the destroyer. The newest ones are the guided missile destroyers Perth and Hobart, which joined the fleet in 1965. A third guided missile destroyer, Brisbane, will be delivered in September 1967. It is significant that these ships were built in the United States. The RAN, to a much greater extent than the other two services, has been influenced by its British heritage. The decision to buy United States vessels was based on two factors. First, the British could not be depended upon to deliver the vessels on time,<sup>24</sup> and second, the U.S. built ships were compatible with the Tarter Guided Missile which the Australians wanted to use.<sup>25</sup>

All three of the submarines in the fleet are on loan from the British Navy. The RAN has four of its own on order with the first one scheduled for delivery in 1967 and the last one in late 1969 or '70. The submarine capability is insignificant when compared to USSR which is believed to have about a hundred submarines in the Pacific.

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<sup>23</sup>Brig. Norman A. M. Nicholls, op. cit.

<sup>24</sup>Ibid.

<sup>25</sup>Ibid.

Overall, the Navy is considered as an efficient, if small, organization. It has participated in several SEATO Commonwealth Strategic Reserve exercises.

Air Force. Like the Navy, the increased strength of the Royal Australian Air Force (RAAF) is to be met by volunteers. Between November 1964 and June 1968 its strength will increase by 4,400 to a total of 21,000 men. Its Citizen Force Reserve strength is only about 900 men.

One of the primary manpower problems in the RAAF is a lack of trained technicians. In the interest of economy, much of the maintenance of Australian military aircraft is performed under civilian contract. This shortage limits the RAAF's overseas deployment flexibility.

The Canberra is the only bomber type aircraft currently in the RAAF. It is subsonic, has limited range, and is very vulnerable to the MIG 21. It will be replaced with 24 F-111As in 1968.<sup>26</sup> Until receipt and integration of the F-111A, Australia will have only a marginally effective fighter bomber force.

The backbone of the RAAF fighter force is one hundred F-86 aircraft. They are currently being replaced by a like number of the French Mirage III supersonic fighter-interceptors. Two of the aircraft were built in France and the remainder are to be built in Australia from both locally produced and imported sub-assemblies. As of the end of August 1965, nineteen Mirages had been delivered.<sup>27</sup> The remainder will be in service by the end of 1967. The flexibility of the Mirage is limited

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<sup>26</sup>Department of The Interior, Australian News and Information Bureau, Australia in Facts and Figures, No. 82, 30 June 1964, p. 83.

<sup>27</sup>Commonwealth of Australia, Ministry of Defense, op. cit., p. 39.

by the fact that it requires sophisticated ground equipment to put the aircraft on target. Such equipment will be permanently installed at only three airfields. Two portable sets of equipment will also be acquired but this still means that the Mirage will be able to operate from only five locations.

Australia has a four thousand pound weight limitation on the size of Army aircraft. This has the effect of limiting the Army to observation type fixed-wing and helicopters. For this reason, the RAAF flies the close in logistical support aircraft for ground operations. The Canadian built Caribou is used for this purpose. The first six were delivered in December 1964, and were immediately deployed to Vietnam. Seven more were received in August 1965.

Another mission of the RAAF is Maritime Reconnaissance and Anti-Submarine warfare. To accomplish this task, which involves the protection of 12,200 miles of coastline, she has only two Neptune Squadrons. This fact, tied with the limited Navy capability would indicate that Australia cannot adequately protect its shipping from enemy submarines close to Australia, much less a thousand miles away.

The strategic air transport for the Army is provided by C130A aircraft. These aircraft are to be replaced by C130E Hercules beginning in August 1966. An indication of the inadequacy of this lift is apparent; however, when it is recognized that, even with the new aircraft, the RAAF will be unable to lift even one infantry battalion with its equipment and supplies.<sup>28</sup>

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<sup>28</sup>T. B. Millar, op. cit., p. 112.

The overall training of the RAAF is good. It has recently participated in SEATO logistical exercises in Thailand, in joint Army-Air Force exercises in Western Australia, and in exercises in New Guinea.

In summary, the Royal Australian Air Force has a limited, but growing, capability to defend Australia. It has been a victim of economies, as have the other services, and only time will determine the wisdom of the past policy.

Australia's policy on nuclear weapons has a bearing on her ability to defend herself. The Chinese and Indonesian nuclear ambitions are giving Australians second thoughts on acquiring nuclear weapons. The debate that is going on in Australia today has relatively few voices in opposition to acquiring such weapons.<sup>29</sup> A big milestone was passed in Australian Nuclear Policy when it permitted the United States to build a radio station on the Northwest cape for the purpose of controlling Polaris submarines in the Indian Ocean. In so doing, she gave a potential enemy the excuse to use nuclear weapons against her in time of war. If the situation in Southeast Asia deteriorates to the point where her mainland is threatened, there appears to be little doubt that Australia will seek nuclear defenses.

Taking an overall view of Australia's military posture, it is abundantly clear that, as the year 1965 comes to a close, she has only a limited capability to defend her homeland and an even smaller one to operate independently in Southeast Asia. The Australian government has recognized its military impotence and has made plans for a moderate increase in personnel strengths and an updating of material by June 1968.

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<sup>29</sup>Denis Warner, "Australia Grids for Defense," The Reporter, Vol. 32, 11 Mar. 1965, p. 22.

When the increases are fully effective, Australia will still not be able militarily to command respect in Southeast Asia. On the plus side, it should be remembered that Australians have won plaudits for their fighting ability in the past. There is every reason to believe that, if the situation demands future sacrifice, Australians will be one of the first to join the fight. The big question is, will she have the military power to provide a worthy contribution?

### Foreign Policy

Basic Objectives. The ultimate objective of Australia's foreign policy, like that of all nations, is the security of her own territory. The methods employed to achieve this goal are constantly changing and depend on many internal, as well as external, factors.

Prior to World War II, Australia conducted, what can best be described as, a passive foreign policy. Her dependence upon the United Kingdom resulted in her having little desire to influence the region in which she lived. At the end of 1945 Australia found herself alone with neighbors, who were determined to win independence, politically unstable, and economically weak. In addition, she soon looked upon a resurgent Japan, and later China, as threats to the peace of the entire region. Recognizing that she could not win against Japan or China, Australia took two steps to improve her security. First, she actively sought defensive alliances with the United States and the United Kingdom and second, for the first time, she developed an active policy toward Asia.

Policy toward the United States. There have never been any serious differences between the United States and Australia in the area of

foreign policy. The countries have worked in harmony to solve common problems. This was expressed in June 1964 by Prime Minister Menzies speaking before the Australian-American Association as follows:

The truth is that our relations with you not only are wonderful from our point of view, but they are reciprocal, they impart obligations on our part, obligations which we will at all times honorably discharge. . . . I know of no circumstances that could conceivably arise in the world that would make us enemies.<sup>30</sup>

The feelings expressed by Prime Minister Menzies were reciprocated by the President of the United States in June 1965, at a White House dinner honoring the Prime Minister, when Mr. Johnson said: "We in the United States are honored--that your flag and our flag fly together, side by side, in the efforts these times require to preserve the peace of the world."<sup>31</sup>

At the heart of Australian-American relations is the defense treaty between the two and New Zealand known as ANZUS, which became effective in April 1952, and remains in force indefinitely. The treaty was signed pursuant to Articles 51 and 62 of the United Nations Charter. It provides that an armed attack on the territory, aircraft, or ships of any of the three in the Pacific would result in actions to meet the common danger in accordance with each state's constitutional processes.<sup>32</sup>

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<sup>30</sup>Robert Menzies, Address by The Prime Minister of Australia to The Australian-American Association on 29 June 1964. Current Notes on International Affairs, Canberra, Vol. 25, No. 6, June 1964, p. 47.

<sup>31</sup>Lyndon B. Johnson, "The Purpose that Binds America and Australia," The Department of State Bulletin, Vol. 52, No. 1357, 28 June 1965, p. 1051.

<sup>32</sup>A complete text of the ANZUS Treaty may be found in: U.S. Dept of State, United States Treaties and other International Agreements. Vol. 3, Pt. 3, pp. 3421-3425.

The forced French withdrawal from Indo-China dictated a need for a regional security pact in Southeast Asia. The Southeast Asia Collective Defense Treaty (SEATO) was created to fill this need on 19 February 1955.<sup>33</sup> SEATO was more than just a military alliance since Article III of the treaty provides that the signers also cooperate with each other to promote economic progress and social well-being. The SEATO treaty supplemented ANZUS, but it did not replace it. The treaty also helped meet a goal that Australia had wanted to achieve for several years, namely, to get the United Kingdom and the United States both committed to the defense of Southeast Asia. Although SEATO is not as binding as the NATO Treaty it has served a useful purpose in that it has made possible several joint military exercises in the Southeast Asian area.

Policy toward the United Kingdom. Due to the Commonwealth relationship, Australia's policy toward the United Kingdom has been strong and friendly; however, her importance in the daily life of Australia has been on a gradual decline since the end of World War II.<sup>34</sup> This is the result of the general reduction of British influence worldwide, the declining trade between them, and closer military alignment with the United States through ANZUS. Australia remains, however, very closely aligned with the United Kingdom in Southeast Asia since she provides an infantry battalion, aircraft, and combat ships to the Commonwealth Strategic Reserve which has been stationed in Malaysia since 1955. (See Annex B) The ties between the two countries were strained considerably when it appeared that the United Kingdom would try to enter the

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<sup>33</sup>A complete text of the SEATO Treaty may be found in: US Dept of State, United States Treaties and other International Agreements, Vol. 6, Pt. 1, pp. 81-89.

<sup>34</sup>Norman Harper, "Australia and The United States," in Australia in World Affairs, ed. by Gordon Greenwood and Norman Harper, p. 195.

European Common Market in 1963 at the price of abandoning Commonwealth preference in foreign trade. Current trends appear to indicate that the influence of the British on Australian foreign policy is likely to continue to decline in the foreseeable future.

Policies toward Southeast Asia. The realities of international affairs has forced Australia in the past two decades to focus its interest politically, economically and militarily toward Southeast Asia. It is significant to note that the desire to have good relationships with Asia, and Southeast Asia in particular, is supported by all of the major political parties in Australia.<sup>35</sup> The Honorable Paul Hasluck, the current Minister of External Affairs, has stated that:

The two constant strands in Australian policy toward Asia are: (1) the search for means of maintaining security, both by alliances and by arrangements for regional cooperation. (2) a constant willingness to assist in raising standards of living to help Asian countries help themselves. . . . Australia believes that aggression must be resisted and the established conventions of international conduct observed.<sup>36</sup>

In the economic and cultural areas, Australia is an active participant in the Colombo Plan and in the United Nations Economic Commission for Asia and the Far East (ECAFE). The Colombo Plan, established in 1950 for five years and subsequently extended, is a means of providing the countries of South and Southeast Asia with technical assistance for the purpose of strengthening the economies of the undeveloped members.<sup>37</sup> This is accomplished by providing educational opportunities, in countries

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<sup>35</sup>Sir Alan Watt, Australian Defense Policy 1951-1963, p. 21.

<sup>36</sup>Paul Hasluck, "Australia and Southeast Asia," Foreign Affairs, Vol. 43, Oct. 1964, p. 55.

<sup>37</sup>A complete text of The Colombo Plan may be found in: Report by The Commonwealth Consultative Committee, The Colombo Plan, Appendix 7, pp. 99-101.



such as Australia, and by capital grants. It is clear, that while the plan is economic in character, it has the effect of resisting the spread of communism. Under the Colombo Plan over fifteen thousand Asian students have studied in Australia and the overall impact of this certainly helps create a favorable impression of Australia in the eyes of Asians. Through June 1964, Australia has spent approximately 138 million dollars on the program. Australia's joining ECAFE in 1963 is another example of her increasing interest in Asia. Sir James Plimsoll, the leader of the Australian Delegation to the twentieth meeting of the United Nations General Assembly said in his opening statement that:

Australia . . . is playing a full part in /ECAFE/. . . a most significant move in the past twelve months has been towards the establishment of an Asian Development Bank. . . . Australia is co-operating in an active and positive way in the planning and other steps to set up the bank. . . . Australia looks forward to being a member of and contributor to the bank.<sup>38</sup>

This positive statement clearly indicates that Australia plans to take a bigger part in the economic affairs of Asia. This is encouraging since Australia's total contribution to foreign aid is less than one third of one percent of her gross national product.

There are two types of active military aggression which Australia's foreign policy must face. The first is that from China, and the second is the confrontation policies of Indonesia toward Malaysia. China will not be a threat to the Australian mainland in the next decade since she will lack the military power. Her real threat to the region will be

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<sup>38</sup>Sir James Plimsoll, Statement by the leader of the Australian Delegation to the Twentieth General Assembly of The United Nations, 29 Sep. 1965.

aggression by "seepage."<sup>39</sup> The current conflict in Vietnam started in this manner. Local hostile attitudes of the population of Southeast Asia will be exploited by the Chinese Communists. Australian policy toward this form of affair must be firm. The fact that this is recognized may be drawn from her dispatch of advisors to South Vietnam two years ago and the sending of a reinforced infantry battalion in 1965. Sir Garfield Barwick said in 1964 that communism was the main threat to Australia and that:

. . . we shall continue to contribute Australian expertise, negotiating skill and whatever contribution is relevant, including Australian forces . . . and plan to make our main military and economic effort in South and Southeast Asian region. . . .<sup>40</sup>

The problem of Indonesia's confrontation with Malaysia is the most immediate for Australia. Due to Commonwealth ties, Australia has a closer relationship with Malaysia than with any other state in the region. In addition, Malaysia plays an important part in Australia's forward defense policy. Her contribution to Malaysia's defense, for the most part, has been by participation in the Commonwealth Reserve. The continued presence of British forces in the Far East, for an extended period of time, is certainly open to question. This is borne out by the fact that, since World War II, British forces have gradually been withdrawn to areas closer to the British Isles. It can be anticipated that further British reductions would bring the full burden of Malaysian defense to the Australian doorstep.

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<sup>39</sup>Radhakrishna Ramani, Address by Malaysian Ambassador to The United Nations to The US Army War College Class on 13 Oct. 1965, cited with special permission of Ambassador Ramani.

<sup>40</sup>Sir Garfield Barwick, "Australia's Foreign Relations," in Australia's Defense and Foreign Policy, ed. by John Wilkes, p. 15.

New Guinea is an additional area in Southeast Asia that will become increasingly important in Australian foreign affairs. The Southeast portion, known as Papua, is a possession of Australia. The Northeast portion is administered by Australia under United Nations supervision while the entire Western portion has been part of Indonesia since 1962. The problem of New Guinea is in two parts. First, the border line between East and West New Guinea is almost impossible to defend. The terrain lends itself to guerrilla activities. It is a logical place for the Indonesians to extend their confrontation. The second facet of the problem is that Papua is a colony in an age when colonialism is passed. It is particularly important considering that Australia's Southeast Asian neighbors are strongly anti-colonial. This hurts the image of Australia in the region. She has taken an enlightened policy toward Papua and it is inevitable that she will eventually be set free. The loss of this territory will create problems—— for the defense of Australia since she is using the island as part of her "forward concept."

The primary strength of Australian foreign policy is that it has at last awakened to the realities of the region in which it must operate. Its major shortcomings are that it lacks the military force to support its policies and it has yet to get Southeast Asians to accept Australia as one of them.

Australian foreign policy has come a long way in a relatively short time toward facing problems of Southeast Asia. To date, her policies have not been put to a severe test; however, it is doubtful that this situation will continue far into the future.

### Summary

Australia's position as a power in Southeast Asia is growing and there is every indication that it will continue. She can exercise leadership by her daily demonstration of Democracy in action and by her dynamic economic growth. Her military power, however, compared to that of her neighbors, is not impressive by any standards. This places Australia in the position of being unable to unilaterally enforce order anywhere in the region. As her military power improves, her relative position will grow, but there is nothing to indicate, at this time, that her power will become a force to be reckoned with in Southeast Asia within the next decade unless she receives some external assistance.

Having examined Australia's national power and her ability to influence events in Southeast Asia, attention is next focused on United States policy toward her with the idea of determining what changes may be in order for the mutual benefit of both parties.

## CHAPTER V

### UNITED STATES POLICY TOWARD AUSTRALIA

#### General

Australia is still a developing nation; therefore, the psychological gap between herself and her neighbors is not as great as that between them and the United States. This, together with the fact that she has clearly opted to emphasize maximum security ties with us, places Australia in a unique position to enhance United States foreign policy in her region of the world. If the United States adopts a policy toward Australia that utilizes her strength while simultaneously reducing, and/or eliminating her weaknesses, she can act as an effective arm of American policy in Southeast Asia.

#### Assumptions

Before looking into the future there are three assumptions that should be made concerning events in the next decade. The first is that World War III will not occur; secondly, that China will continue to attempt, by all means possible, to extend its influence in Southeast Asia through subversion and "Wars of National Liberation"; and thirdly, that nothing will occur which would seriously disrupt the present harmonious relationship between Australia and the United States.

#### United States Objectives in Southeast Asia

The United States objectives in Southeast Asia are aimed at solving the two major categories of problems that exist in the region, namely,

crisis and development.<sup>1</sup> The problems of crisis are related to Communist aggression, either overt or covert, while the problems of development are manifested by the quest for nationalism, rapid economic growth, and increased stability. The objectives of the United States, directed at a solution to these problems were stated by the Assistant Secretary of State for Far Eastern Affairs on 10 May 1965, as follows:

First, that the nations of Southeast Asia, as will all other Asian states, should develop as free and independent countries according to their own views and toward increasingly Democratic structure.

Second, that the nations of the area should not threaten each other or outside nations.

Third, that no single Asian nation should either control other nations or exercise domination either for the whole area or for any major part of it.

Fourth, that the nations of the Far East should maintain and increase their ties with the West in trade and culture, as a major means of knitting together a peaceful and stable world.<sup>2</sup>

A comparison of these objectives with those of Australia, which were outlined in the previous chapter, reveals that they are in complete agreement. The task for the United States then is not to get Australia to concur in the American position but rather to determine what policy should be followed toward her that would most likely permit Australia to make a greater contribution toward solutions of the problems of crisis and development in Southeast Asia. What are the policy

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<sup>1</sup>Roger Hilsman, "Australia's Strategic Position," The Department of State Bulletin, Vol. L., No. 1286, 17 Feb. 1964, p. 247.

<sup>2</sup>Leonard Unger, "Present Objectives and Future Possibilities in Southeast Asia," The State Department Bulletin, Vol. 52, No. 1350, 10 May 1965, p. 712.

alternatives for the United States to accomplish this task? In the next few paragraphs these alternatives are posed and examined.

#### First Alternative (Status Quo)

This course of action envisions maintaining the current relations with Australia while taking advantage of each opportunity to press her to increase her contribution toward the elimination of crises and increased development in Southeast Asia. Diplomatically she would continue to strive to improve her relations with her neighbors. In the military area, Australian forces would proceed toward attaining the established 1968 goals of personnel and equipment and their overseas forces would remain at approximately their present strength. Economic aid would be gradually increased under the provisions of the Colombo Plan, SEATO, and ECAFE as the Australian gross national product improves.

There are several advantages to this course of action, some of which are as follows:

- a. The relationship between the United States and Australia would not be strained.
- b. Australia's current economic growth pattern could be maintained without undue stress.
- c. Australia's potential leadership position in Southeast Asia would not be undermined by making her appear to be a satellite of the United States.
- d. Her armed forces could be increased and modernized at an optimum rate.

The two important disadvantages are:

a. Time. The acceleration of events in Southeast Asia in the past few years is such that, if Australia continues to move at its current rate, Southeast Asia may have fallen to the Communists before Australia could bring significant influence to bear in the region.

b. Cost to the United States. In order to meet the thrust into Southeast Asia the United States is going to be called upon to invest more of its wealth and manpower in the region that would be necessary if Australia were able to share part of the load.

#### Second Alternative (Military Build-Up)

This alternative would continue the United States relations with Australia, as outlined in the first alternative, in all areas except those pertaining to military strength. In the military area, the United States would engage in a program to modernize and build up the Australian armed forces as fast as possible for the purpose of making Australia a significant military power in Southeast Asia and hopefully reducing the requirement for United States forces.

In order to carry out this policy the United States would provide military hardware and technical assistance. For example, over the next three to five years the following should be provided: for the Navy, a second aircraft carrier with all weather interceptor type aircraft, at least one nuclear powered submarine, and vessels to provide it with the capability of assault landing of one brigade; for the Army, equipment for a second division, organic light cargo aircraft, and missile equipment; for the Air Force, modern combat aircraft for its reserve forces,



adequate lift to move a brigade in a single flight and improved radar equipment. In the area of technical assistance, increased quotas would be provided in United States service schools such as those at the Special Warfare Center and Fort Leavenworth. These schools would train officers for low intensity warfare as well as corps and army size operations.

The advantages of this alternative are:

a. The Australian Armed Forces would be built up much more quickly than is presently planned.

b. Australia's power position in Southeast Asia would be considerably improved; therefore, she could exercise more authority in the region.

c. The requirement for United States forces in Southeast Asia could be reduced.

The most important disadvantage to this alternative is that it has limited application due to the lack of people to effectively employ the equipment without seriously disrupting the economy.

### Third Alternative (Military Base)

This course of action would continue United States relations with Australia as outlined in the first alternative. In addition, the US would guarantee the security of Australia in return for her greater military participation in Southeast Asia. Under this concept one US Army Division and its supporting forces would be stationed in Northern Australia and at least two US Air Force Bases would be established either separately or in conjunction with RAAF Bases. The US forces would remain until Australia was capable of providing for her own

security in addition to expanded forces in Southeast Asia. United States Naval Forces would not require bases in Australia since they could be supported from existing Philippine installations.

The advantages of this course of action are:

- a. Additional Australian forces could be made available to Southeast Asia within a short time.
- b. The United States would be accepting very little additional responsibility since she is committed to the defense of Australia under ANZUS and SEATO.
- c. The United States would gain a secure base in the Southeast Asian region.
- d. Australia would gain in stature in the eyes of her neighbors as their champion vs China.
- e. Australian manpower and economy would not be overtaxed.

The disadvantages to adopting this alternative are:

- a. The United States does not have a division available to position in Australia at this time. When the 9th division becomes effective late in 1966 this disadvantage will not be as important as it is in early 1966.
- b. It would tend to further fragment American military power.
- c. There are likely to be several political objections in Australia; however, the positioning of the division away from the major population centers reduces the probability that this would create serious repercussions. Another mitigating factor is that American troops were well received in Australia during World War II.

### Comparison of Alternatives

The American public would accept the first alternative (status quo) without any discussion; however, the second (military build-up) and particularly the third (military base) would likely result in wide Congressional and private debate. The second and third alternatives take positive steps to improve the security of the region. They permit Australia to increase its military participation in Southeast Asia in a relatively shorter time; however, each run the risk of straining American-Australian relations since both would very likely result in United States involvement in the internal affairs of Australia to some degree. In terms of increased cost to the United States, the first alternative would be negligible; the second would be small since Australia could be expected to pay for the additional equipment over a period of time; and the third would be by far the most expensive and have an adverse impact on the balance of payment problem. Since Australia is in a period of full employment, the third alternative is the only one which attacks her problem of having to expand her industry and armed forces simultaneously with only limited personnel resources.

## CHAPTER VI

### CONCLUSIONS AND RECOMMENDATIONS

#### Conclusions

The major conclusions of this paper are that:

1. Australia is located in a region where there are powerful ideological, economic, and political factors at work to disturb the peace and tranquility. These forces must be met with strength and determination by the free world if peace and individual freedom are to survive in Southeast Asia.

2. Economically, Australia is sound and her continued economic growth is important to the United States. The shortage of water is a limiting factor on her expansion, however, aggressive action is being taken to take maximum advantage of what is available. Her lack of petroleum reserves is not of significant importance in peacetime since she can import crude oil in sufficient quantity to meet all of her requirements. In times of crisis her lack of petroleum could be a critical factor.

3. Politically, Australia is stable and when the incumbent Prime Minister retires no great turbulence in local political relationships is anticipated. The Communists have very little political influence. Their power has declined steadily since the second World War and no member of the Communist party holds an elective office in the national or any of the state governments.

4. Militarily, Australia is very weak and upon completion of her current expansion she will still lack sufficient military strength to support a strong foreign policy in Southeast Asia. During most of her existence she has relied on others to provide her with a protective shield from her potential enemies. At the end of 1964, Australia awakened to the military threat to her security and has, since that time, embarked on a modest expansion and modernization of her armed forces. This expansion is inadequate to cope with the threat to her security.

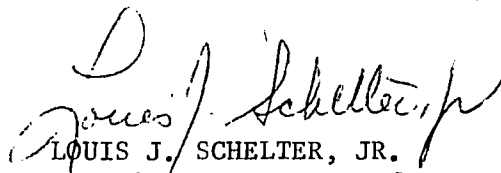
5. In the area of foreign policy, Australia's objectives in Southeast Asia and those of the United States are essentially the same and there is nothing to indicate a basic change on the part of either state in the next decade. The ANZUS and SEATO Treaties unite the military aims of both along common lines. Australia has participated in the defense of Malaysia since that state came into existence in 1963. In 1964 she increased her participation in the Vietnam conflict by sending a reinforced infantry battalion. Australia's "White Australia" policy, although it is denied by Australians, appears to be one of the obstacles to Australia establishing closer relations with Southeast Asia.

6. Australia's small population base is the most important shortcoming that will have to be corrected before she can assume the position of a great power. Her policies on controlled population growth have insured a high standard of living but at the same time they have placed a definite limit on how rapidly she can expand to keep pace with the world about her.

### Recommendation

No matter what policy the United States adopts toward Australia certain disadvantages will accrue to both nations. The best policy then will be the one with the least significant disadvantages.

After giving careful consideration to each of the alternatives it appears that the third (military base) will, on a balance, best serve the interests of the United States. It is recognized that an infantry division is not available now, however, the 9th Division could be in a position to be sent to Australia by the end of 1966. By that time Australia should have its own division fully organized and be capable of deploying additional units in Southeast Asia.

  
LOUIS J. SCHELTER, JR.  
Lt Col                      Inf

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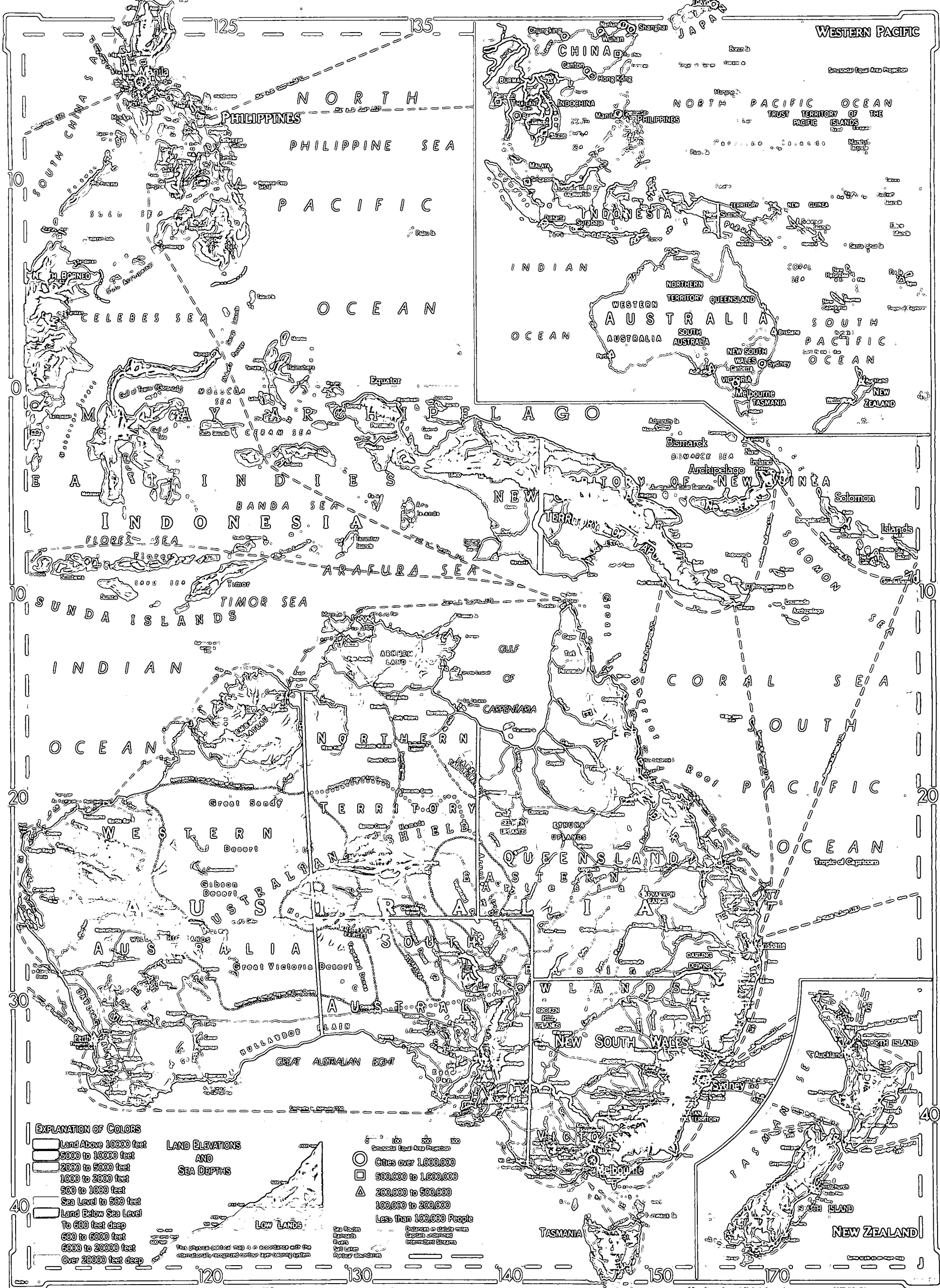
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AUSTRALIA AND THE PHILIPPINES



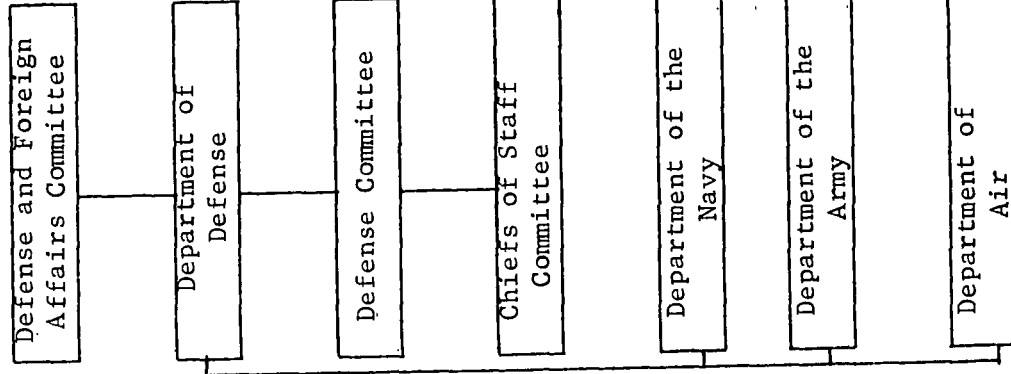
AUSTRALIAN MILITARY FORCES IN SOUTHEAST ASIA\*

LOCATION	ARMY	AIR FORCE	NAVY
South Vietnam	One Infantry Battalion Group of approximately 1250 men.  A training team of 100 military advisors.	Six Caribou transport aircraft.	None
Malaysia	One Infantry Battalion group of approximately 1250 men (Composed of an Inf Bn, one Arty Btry, 1 Co. Engrs, plus support elements).  One Engineer Field Squadron.  One light Anti-aircraft Btry.	Two squadrons F-86s.  One squadron Canberra Bombers.  One squadron helicopters.  Miscellaneous support aircraft.	One destroyer.  One frigate.  Four minesweepers.  Annual visit of the aircraft carrier <u>Melbourne</u> .
Thailand	None	One squadron F-86.	None

\*Based on information provided by Brig. Norman A. M. Nicholls during personal interview on 17 Nov. 1965.  
They are correct as of that date.

# GOVERNMENT DEFENSE ORGANIZATION

## ORGANIZATION



## COMPOSITION

Prime Minister, Chairman.  
Deputy Prime Minister & the Treasurer.  
Ministers of External Affairs, Defense,  
& National Service.

Minister of Defense.

Secretary of the Dept of Defense.  
C/S of Navy & Air and General Staff.  
Secretary of Treasury Dept, Dept of  
External Affairs & Prime Minister's Dept.

Chairman, Chief of Staff Committee.\*  
C/S of Navy & Air and General Staff.

Minister for the Navy.  
Chief of Naval Staff plus three Officers.  
Secretary of the Dept of the Navy.

Minister for the Army.  
Chief of General Staff plus selected  
Officers.  
Secretary of the Dept of the Army.

Chief of Air Staff.  
Three Additional Air Officers.  
Secretary of the Dept of Air.

## FUNCTION

Coordinate defense and diplomatic policies.

Formulate & apply unified defense policy.  
Execute approved defense plans.  
Prevent overlapping among services.

Make recommendations to the Minister of Defense.

Preparation of military plans.  
Control of joint operations.  
Development of joint warfare doctrine and operations requirements.

Control and administration of all matters relative to Naval Forces.

Control and administration of all matters relative to Army Forces.

Control and administration of all matters relative to Air Forces.

NOTE: Underline indicates Military Officers, all others are civilians.

\*Chairman, Chief of Staff Committee has direct access to Minister of Defense.

MAJOR SHIPS AND AIR ARM ROYAL  
AUSTRALIAN NAVY

THE FLEET

- 1 Aircraft Carrier (Flagship).
- 1 Charles F. Adams Class  
destroyer (second scheduled  
for Dec '65).
- 3 Daring Class  
destroyers.
- 4 Type 12 escorts.
- 1 Battle Class  
destroyer.
- 6 Ton Class  
minesweepers.
- 3 Submarines (on loan from  
British Navy)

IN RESERVE

- 1 Battle Class  
destroyer.
- 1 Tribal Class  
destroyer.
- 3 "Q" Class frigates.

SUPPORT SHIPS

- 1 Fast transport.
- 1 Fleet replenishment  
tanker.
- 2 Survey vessels.
- 2 Survey and oceanographic  
vessels.
- 2 General Purpose  
vessels.
- 1 Boom vessel.

THE FLEET AIR ARM

- 723 Squadron: Helicopter pilot  
training and search  
and rescue duties.
- 724 Squadron: Various aircraft  
involved in fixed-wing  
pilot training, com-  
munications and Fleet  
requirement duties.
- 725 Squadron: Wessex anti-submarine  
helicopter operational  
training and Fleet re-  
quirement duties.
- 816 Squadron: "Front-Line" Squadron  
of Gannet and Sea Venom  
Fighters.
- 817 Squadron: "Front-Line" Squadron  
of Wessex anti-submarine  
helicopters.

IN RESERVE

- 1 Frigate.
- 1 Survey vessel.

NOTE: Information on the chart taken from: Commonwealth of Australia, Ministry of Defense, Defense Report 1965, pp. 18-19.