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DEVELOPMENTS IN SOUTHEAST ASIA AND
THE WESTERN PACIFIC AND THEIR MEANING FOR
AUSTRALIA

A CASE STUDY

BY

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and
Adolph Dubs

May, 1972

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SUMMARY

A series of developments in recent years have stirred the international affairs pot in Southeast Asia and the Western Pacific. These include the Nixon Doctrine, Nixon's China Policy, Japan's economic resurgence, and the expanding Soviet presence. To understand better the impact of these and other forces in the region, and to make more manageable the conduct of the case study, developments in the area were viewed and appraised through Australian eyes. Accordingly, visits were made to, and many people interviewed in Washington, Tokyo, Hong Kong, Kuala Lumpur, Djakarta, Canberra, Melbourne and Sydney.

The region is clearly in a fluid state; the future is cloudy and most nations are uncertain as to their own and others' policy directions. Australia, seeking to define itself internally as well as in foreign affairs, is searching for its appropriate role - an inevitable pre-occupation but one made more urgent by the U.K.'s withdrawal, the Nixon Doctrine, and developments relating to China, Japan and the structural changes in Australia's economy.

Although the precise elements of Australia's future foreign policy cannot be confidently projected, it appears that the major outlines will include continued reliance on Australia's association with the U.S., and a growing independence and leadership role in the region, marked by primary attention to its security and economic interests, and its relationships, within the area, with Indonesia and Japan.

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DEVELOPMENTS IN SOUTHEAST ASIA AND THE WESTERN
PACIFIC AND THEIR MEANING FOR AUSTRALIA



I. IMPRESSIONS OF THE CURRENT REGIONAL ENVIRONMENT

Perceptions of Australian foreign policy are clarified by examining the international environment in which it is conducted. Travel in the area and discussions with some 90 informed individuals in Tokyo, Hong Kong, Kuala Lumpur, Djakarta, Canberra, Melbourne and Sydney produced the following impressions of regional developments, characteristics, attitudes and orientation.

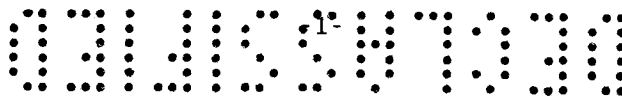
Transition and Uncertainty

Perhaps the most pervasive background element is the fluidity which clearly characterizes the area. All the available options are being considered in the foreign ministries, and those courses of action given most serious scrutiny are ones aimed at reducing uncertainty or rendering the countries less vulnerable to the range of possible policies other nations (especially the major powers) might pursue. In some countries, Japan and Australia in particular, where local political issues (chiefly related to questions of national elections and political succession) are also important, uncertainty is compounded. The region is in transition, with the transfer process unclear and the goals of the next phase undefined.

"Nixinger" Doctrine

Although a variety of factors had contributed to the mood of transition, it was the Nixon Doctrine (referred to as the "Nixinger" Doctrine in some Japanese foreign affairs circles) and the President's China Policy which accelerated the momentum of change and opened up a Pandora's Box of new foreign policy variables for everyone. Reactions to American foreign policy declarations, actions and, above all, to its style, appeared virtually identical in substance in all the countries visited, differing only in the degree of disappointment and criticism.

The Nixon Doctrine has, without question, prodded countries to think more seriously about alternatives to exclusive reliance on the United States for their security. Wholesale re-examinations of security policy and posture are underway in Japan and Australia; for the smaller and weaker countries, notions such as Malaysia's "neutralization" proposal and Indonesia's "national resilience" are being given greater stress. The incentives appear stronger for exploring regional collaboration, either to strengthen existing arrangements (e.g., ASEAN), or to develop new ones (e.g., a Pacific Basin Group which would initially center around the developed countries, including the U.S. and Canada. Other nations in the area could become associated with the Group). In many instances, the thinking about regional associations seems to represent a surrogate for past reliance on security alliances and big power protection which now appear to countries in the region to offer, at most, dubious security.



All countries visited reacted to the Nixon China visit announcement and Shanghai communique (and some countries to the August 15 Nixon Economic Policy pronouncement), with assorted degrees of shock and surprise. In Japan, the shock was profound and is still deeply felt. Everywhere, the questions are asked: "What does the Guam-Nixon-Nixinger Doctrine mean?" "What is the meaning of 'nuclear umbrella'?" "Is the United States reliable?" It is evident that the credibility of American commitments has been significantly shaken.

Desire for U.S. Involvement

Nevertheless, in each of the countries visited, the wish (often for different reasons) for continued and even for stronger U.S. presence and involvement is apparent. The smaller countries have many concerns which they believe would be ameliorated by a U.S. military, political and economic role: for example, the threat of Communist China, via support of local insurgencies, would be less worrisome; the prospect of Japanese re-militarization would be diluted. For Australia, a strong U.S. presence would relieve some of its doubts concerning ANZUS, would make the Russian naval presence less perturbing, and would reduce Japan's motivations to seek significant ties to China and/or Russia. For Japan, disturbing issues concerning defense, especially nuclear matters, would become more manageable. For all countries, a continued U.S. presence and participation would be a safeguard, they believe, against excessive Japanese economic domination. It is interesting, also, that the Japanese are aware of the deeply and widely felt fears of a new "Co-Prosperity Sphere" and, on that account alone, would welcome the offsetting presence of the U.S. Thus, in one way or another, each of the countries would like to persuade the U.S. that it has an important stake in the region if not in the specific country itself.

Shared Conceptions

Throughout the region, the following conceptions appear to be widely held:

Major Power Stand-off. For the present, countries in the area believe that no one major power dominates the region. Although much of the Indo-Pacific is regarded as a potentially vulnerable battleground for big power conflict, the current view is that an opportunity exists for the less powerful nations to assume new political initiatives to develop patterns and multilateral relationships and associations which would increase the chances of political and economic stability, thereby reducing small and weak power vulnerability to internal and external pressures.

Short and Medium Term Threat: Instability. Through the next few years, no nation believes that it or other countries in the region would be threatened by military aggression (although some doubts began to crop up as the North Vietnamese invasion intensified). Japan and Australia are strongly interested in the achievement and consolidation of political and economic stability throughout the region; Malaysia and Indonesia, recalling past insurgencies and near Communist coups (and a current terrorist movement threatening Malaysia), have similar concerns.

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Long Term Threat: China. Deep down, there remains a fear of China which is regarded as the most likely nation, in the long run, to dominate Asia. (In Australia, although the "Yellow Peril" argument is no longer a dominant article of conventional wisdom, maps are still drawn with red arrows pointing to that island continent.) Each of the nations expects that where local turmoil presents political and propaganda opportunities, China will likely seek to exploit them, even in the short run. (This feeling is most acute in countries with significant "overseas Chinese" minorities, such as Malaysia and Indonesia.) They expect Russia to do the same as well as to continue to flex its new, superpower muscles. Although it is not certain whether or not China's or Russia's underlying intentions are aggressively expansionist, they do anticipate moves by each, of a defensive or preclusive nature, against the other. Thus, how the Soviet-Sino split is played out is regarded as crucial to the interests of each of the countries and as, perhaps, the primary determinant of the regional environment over the next several years.

Expanded Development and Assistance. Consistent with their shared views as to the danger of internal instability and the resulting vulnerability to big power indirect intervention and pressure, all the countries are giving greater attention to economic and social development. The developed nations (Japan, Australia, New Zealand) are planning to increase their economic and technical assistance in the region, and, in Japan's case, to soften the terms of an already expanding aid program. Pressures in Australia are growing to increase its help to nations other than Papua-New Guinea (where most of its development assistance has been going) -- for example, to the Philippines, which to-date has been virtually neglected in the Australian aid program. Although Australia is not likely to increase overseas assistance substantially, some increase is probable, and some shift from its trustee, Papua-New Guinea, is foreseen.

Expanded Intra-Regional Economic Activity. Supplementing anticipated increases in intra-regional assistance flows, there is the hoped-for expansion in regional trade and investment (as well as cultural interchange). If achieved, it is believed that national self-help efforts to strengthen domestic societies and reduce vulnerability to subversion, will be bolstered. To some extent, the interest in amplifying intra-regional economic and cultural activity is also related to such notions as creating a stronger economic bargaining position against other areas or blocs (e.g. the Common Market), and to the concept of building a commonly shared regional identity which could provide useful political, even military, opportunities for regional collaboration in the longer term.

Regional Maturity. In the search for formulas to reduce uncertainty and to enhance their security, all of the countries appear to be demonstrating a growing independence and maturity. They are seeking solutions to existing and possible problems which would enable them to have a larger say in their future than relying on big power protection and commitments would permit. They appear to be more pragmatic about potential threats and more realistic about methods for dealing with them. There seems to be a shared perception that ideological conflicts and motivations will be less decisive in determining national foreign affairs behavior, and that trade, investment, commercial and developmental needs, as well as safeguards against internal subversion, will define their national interests and motivate their external and domestic policy. These appear to be important and favorable trends which will make more likely the realization of a stable and peaceful region.

II. TRADITIONAL AUSTRALIAN FOREIGN POLICY CONCEPTS

Major Power Protection

From the very moment of its independence, Australian foreign policy found its anchor, direction, and operational guidance in the concept that the nation's security was best assured by a close, substantive alignment with a major power. A corollary to this guiding precept was that Australia should avoid any major foreign military involvement in the absence of participation by a major and powerful ally. Australian decision-makers were further guided by their belief that security guarantees from any first-rank power were bolstered through the presence and involvement of that power in Southeast Asian affairs.

Given the nature of its origin as a state and the strong British overseas presence in the Far East prior to World War II, it was inevitable that Australia should initially align itself with Great Britain. The changing world power structure arising from World War II and its aftermath subsequently dictated that Australia shift its reliance for protection against a major external threat from dependence on the U.K. to dependence on the U.S. In accordance with its desire to have its major ally involved in Southeast Asian affairs, Australia, therefore, welcomed U.S. initiatives connected with the ANZUS Treaty in 1952, the formation of SEATO in 1954, and America's growing interest in Indochina in the 50's and 60's.

Alignment with the U.K. and the U.S. brought in its train, seemingly without question, Australian courses of action in international affairs which paralleled and supported the initiatives and responses of its two major allies. To cite just a few examples, Australia quickly sided with the U.K. at the outbreak of both World Wars. In later years, it committed armed forces to assist the U.K. to counter Communist insurgency in Malaysia. Australian troops, in concert with those of one or both of its major allies, also took part in the Korean War, the confrontation between Indonesia and Malaysia, and the war in Vietnam.

Although Australia's actions and commitments may often have appeared automatic, they were compatible with Australia's own view of the world and consistent with its perceptions of the principal threats to the nation's security. It is true that some actions were seen as premium payments on an insurance policy that guaranteed the assistance of a major ally at a time when Australian territorial integrity itself might be endangered. At the same time, however, these actions were seen by Australians as efforts to contain the "Yellow Peril" from the north or the spread of Communist influence and power in a direction which would be inimical to Australia's national interests. In addition, alignment with the U.K. and the U.S. constantly served as a counterweight to an actual or potential economic, political or military threat from a resurgent Japan.

Identification With the West

Attachment to a major Western nation was also consonant with the views which Australians held of themselves and their perception of the nation's economic interests. Australians in the past, and now, consider themselves Europeans by culture and tradition and a people

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which has by historical circumstances been artificially placed on the Southeast rim of the Asian continent. Although geographically a part of Asia, Australians are intent upon maintaining a homogeneous society: Western in cultural orientation and basically white in composition. Alliance arrangements with Western nations coupled with a selective immigration policy seemed courses that would best ensure the maintenance of a European society in a distant and racially different part of the globe. The pre-war trade patterns were predominantly oriented toward the Western Atlantic Community and these economic links reinforced Australia's desire to maintain a strong element of cultural and racial distinctness from its geographical neighbors to the north.

Cooperation in Southeast Asia

This outlook did not, however, preclude efforts to promote friendly and productive relationships with the countries of Southeast Asia, especially in the post-World War II period. Events in the late 30's and early 40's demonstrated that the domination of Southeast Asia by a hostile power would inevitably have harmful consequences for Australia. Thus, Australia developed, with the urging and support of the U.K. or the U.S., the concept of a "forward defense" posture. This concept held that the security and independence of friendly states to the north was the best way to ensure Australia's own security. Its operational aspects were manifested in Australia's commitment of forces to defend Malaysia and Singapore and South Vietnam and was complimented by economic assistance to countries in the area.

In sum, Australia's basic foreign policy course of close alignment with a major Western power has been consistent with its national security interests and its desire to maintain its identity as a European people.

III. THE BASES FOR FOREIGN POLICY REASSESSMENT

The assurance and confidence with which Australians conducted their foreign policy have been disrupted by a series of developments which occurred over the past five years.

Diminishing U.S. and U.K. Involvement

The major shocks which have led Australians to reassess many aspects of their foreign policy, not surprisingly, relate first of all to the degree to which the U.K. and - more importantly - the U.S. will remain involved and committed in Southeast Asia. The U.K.'s withdrawal East of Suez placed Australia's forward defense posture in Malaysia and Singapore in a new and more questionable perspective. There is a growing reluctance to contemplate a unilateral presence which could haphazardly involve Australia in local civil strife or in clashes between neighboring countries which have conflicts of interest. More disturbing for Australia, however, were indications that the U.S. was disengaging from its deep involvement in Southeast Asia. The signals were evident to Canberra in the drawdown of U.S. troop levels in South Vietnam, growing disillusionment within the American body politic of U.S. over-engagement in Indochina, and the promulgation of the Guam Doctrine. It also became clear that one organizational pillar of Australian foreign policy tying the U.S. to Southeast Asia, i.e., SEATO, had only a limited life expectancy. While the viability of the ANZUS Treaty is taken for granted, uncertainty has begun to emerge in some Australian

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political circles with respect to America's nuclear umbrella and the circumstances under which it might be brought into play. Doubts are also beginning to surface as to whether a U.S. President could bring America's nuclear power to bear in a situation which the U.S. public did not believe involved the immediate security of the U.S.

Changing Sino-U.S. Relationship

The situation for Australia, especially the ruling Liberal-Country Party coalition government, became even more complicated with President Nixon's move toward normalizing relations with Peking. This move, undertaken without prior consultation between Canberra and Washington, called into question one of the most basic operational guidelines of Australian foreign policy, i.e., the containment of Chinese Communist expansionism. To the Australians, President Nixon's move communicated an abrupt change in Washington's perception of the major threat in the Far East and Southeast Asia or, alternatively, the belief in Washington that Mainland China's outlook toward the outside world might best be changed through efforts directed at cooperation rather than containment. The adjustment to a changing relationship with China will remain a high priority item for whichever party wins the forthcoming election.

Resurgent Japan

The foregoing developments took place at a time when a resurgent Japan took on the status of an economic super-power with extensive economic and commercial interests in Southeast Asia, especially Australia, where the minerals boom offered Japan a vast source of primary products. Would a diminished U.S. presence and interest in Southeast Asia tempt Japan to protect its economic interests through political pressures and even remilitarization at some future point in time? Although Japan is not perceived as a present threat, its past aggressiveness has not been forgotten by Australians and others in the area who only recently suffered under Japanese occupation or tutelage. Australian ambivalence toward Japan appears heightened by a concern that the U.S. counterbalance to a Japanese presence in the area may no longer be as effective as in the past. Canberra remains interested in strengthened economic ties with Tokyo, especially since Japan has now become Australia's major export market and since the U.K.'s entry into the Common Market seemingly placed limitations on Australia's trade opportunities in Europe. At the same time, doubts stemming from historical experience dictate that Japan be treated with caution and circumspection.

Increased Soviet Activity in Area

An additional cause of concern - which has been heightened by evidence of a diminishing U.S. presence - is the growing Soviet naval presence in the Indian Ocean accompanied by increased Soviet political and diplomatic activity in Southeast Asia. While most of the latter activities appear related to Moscow's objective of containing China, it is obvious to Canberra that the manner in which Peking and Moscow pursue their respective objectives in Southeast Asia will be of vital interest to Australia for some time to come. Adjusting to Soviet and Chinese activities in the area is a task which could become increasingly burdensome, particularly if the U.S. disengagement is precipitous and extensive in nature.

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Foreign Policy Parameters

Australia's history and values, its nature and attitudes, how it is perceived by others and how it regards itself, all together help to define the possibilities and limits of its international role and the style with which this role will be acted out. Some of these parameters of foreign affairs behavior were alluded to in Section II and also were referred to in the preceding paragraph. Others, useful in setting forth foreign policy alternatives and in assessing Australia's likely future choices, are now briefly described.

Small Power Status. A nation of thirteen million people, no matter how well off or technologically advanced, will neither determine the fate of the region it inhabits nor be able to control completely its own destiny. Only recently emerging from near provincial status, with Britain its figurative and conceptual neighbor, Australia is very much aware that it is not a real power, that it can moderate and seek to influence, but rarely can it determine or forcefully shape world or regional affairs. In fact, Australia's self-image is probably excessively disparaging in terms of potential influence; perhaps too long a satellite, Australia underweighs its leverage and force when compared with how it is regarded by other nations in the area. In any case, Australia's position as a small power means it cannot "do it alone", and that much of its policy will be defensive, responsive and accommodating. One interesting aspect of the 1970's and beyond, is the extent to which, largely independent of its historic patrons and big power allies, Australia will explore its potential for initiative and leadership in the region.

A Western Island in an Asian Sea. By way of underscoring Australia's uniqueness in the Asian geographical context, it has been pointed out that it will continue to speak English, that it will not become Hindu, Muslim or Buddhist, that it will not change its color or culture. In short, Australia does not have and probably cannot achieve an identity of character with Asia.

Nevertheless, Australia is unique among the rich countries of the world and among all the countries of the region in the important sense that its regional neighbors wholly welcome rather than fear it, look to it for help, anticipate no grounds for conflict with it, and expect it to serve as a two-way communications link with the major Western powers. Thus, Australia's foreign policy options can be broadened by the identity of interests it shares with its Asian neighbors and by the opportunities its unique status provides.

Rich and Developed. An aspect of its "Western-ness", of course, is the fact that Australia's per capita income is the fifth highest in the world and that the modernization gap which distinguishes it from most of the other Indo-Pacific nations is likely to be sustained if not widened in the next several years. Given its image in the area, however, this fact need not generate estrangement but makes more possible, with sensitive management, the role of friend and helper by way of aid and investment. While future cooperation with its neighbors can be abetted rather than impeded, the fact of its standard of living and modern institutions means that Australia will also continue strongly to relate to and identify with the West (U.S., Canada, Western Europe) and to an increasing extent with Japan.

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Foreign Policy Options

National Security Considerations. On the security side, Britain's virtual departure from the region and the diminution of America's military, especially ground presence in Southeast Asia, make it necessary for Australia to consider and ultimately to choose among a wider variety of policy approaches than was required when it allied itself to, and complimented the policies of its "great and friendly allies." In making its choices, Australia's perceptions of the direct or indirect threat to its security as well as its estimates of its resource capabilities will be decisive in its foreign policy planning. Within this framework, actual security measures will depend, essentially, on what other nations, principally the big powers, do. In the most prosaic sense, Australia's foreign policy choices in the security area will largely depend on what happens. Thus, whether or not it bases its policy exclusively on the U.S. "nuclear umbrella," whether or not it selects a form of "forward defense," whether or not it opts for "Fortress Australia" or seeks regional security arrangements with one or more of the nations of the region and/or strives to encourage and support Asian security combinations, whether or not it goes after a nuclear weapons capability or stresses the strengthening and modernizing of its conventional forces -- or what variation and blend of these alternatives it pursues, will largely depend upon how the U.S.-China rapprochement unfolds, the course of Japanese-Chinese and Japanese-Russian relations, the evolution of the Sino-Soviet split, the stability and continuity of current Indonesian policy, the outcome in Indo-China and its aftermath, and, in general, the political and economic stability of the region. Although this inventory of security options and determining variables may not seem helpful, it serves to underscore three points: first, and as emphasized elsewhere, uncertainty characterizes the next several years, the situation is fluid, and there is no consensus on what is likely to happen; second, no one of the security options mentioned has been categorically rejected -- they are all, in one form or another, under continuing consideration, whatever are current preferences or official pronouncements; and, third, in the face of uncertainty, as illustrated by the fact that a number of major initiatives are underway or possibly to be undertaken by the big powers with the results yet to unfold, Australia's foreign policy in the security field is, at this time, especially in the absence of an agreed-upon clear-cut threat, quite consciously fuzzy. And it is not likely to be greatly clarified before the national elections, expected in November of this year.

Economic Imperatives. The foreign policy measures which would aim to further Australia's economic objectives, to the extent that they are separable from political-military issues, are easier to grasp and project. Although the sounds of economic nationalism are currently louder in the land than in recent years (some opposition to foreign private investment, and concerns over unaccustomed troublesome unemployment levels, for example), Australia's standard of living, balance of payments and growth imperatives will generate foreign policy choices generally directed toward liberalizing trade and optimizing the import and export of capital to meet its internal investment requirements and abet the development and widening of its export markets. Depending upon internal political developments as well as overseas trends (most importantly, perhaps, Japan's continued economic growth), Australia's foreign economic policy options will amount to sensitive choices and balances among: the need to expand markets and to avoid over-dependence upon Japan; the requirements for capital to accelerate its industrial development -- moving from the infant industry phase to more sophisticated processing and fabricating industries; the need to manage possibly temporary employment problems caused by Japanese and other

competition in certain labor-intensive as well as high technology, manufacturing fields; the need to assure continued high levels of trade with the U.S. and the Common Market; and the need to position itself to exploit profitable trade and investment opportunities with China and its more certainly friendly neighbors in the region.

Overseas Assistance and Regional Cooperation. In the areas of assistance and regional cooperation, the options are primarily those of level and degree rather than of whether or not. Virtually all the security alternatives or regional political scenarios would call for Australia to continue its development assistance programs, bilateral and multilateral. Further, some forms of military assistance -- at least those which would not involve Australia in intra-regional squabbles or big power conflicts -- such as training, are likely to continue as foreign policy tools.

Similarly, Australia's options with respect to regional cooperation are likely to involve affirmative qualitative and directional choices: for example, to what extent should Australia help and identify with ASEAN and in what areas of ASEAN's agenda (economic, social, political)? how overtly and forcefully should it support the Malaysian neutralization proposal? should it actively promote collaborative economic arrangements with Japan, New Zealand, Indonesia and others? how should it best secure Japan's increased development assistance to the LDC's of the region, through multilateral and regional organizations, as well as bilaterally?

Thus, the most difficult choices are to be found in the security field. How these and the other foreign policy options are likely to be approached is addressed in the following section.

V. FOREIGN POLICY DIRECTIONS

General Characteristics

In the years ahead, Australian foreign policy, both in style and substance, will be marked by an increased note of independence, self-reliance and pragmatism. Automatic and favorable responses to the foreign policy initiatives and moves of its major allies will give way to an operating framework which stresses its own interests and self-defined policies to achieve them.

In the absence of a direct military threat, which is not foreseen in the years immediately ahead, ideological considerations are likely to recede in importance in the formulation and execution of policy. Increased attention, instead, will be devoted to issues and options which enhance Australia's economic development, social and cultural cohesion, and trade and investment opportunities abroad. This shift in emphasis in foreign policy formulation, which is likely to be accelerated with a Labor Party victory in November, is not only the result of a changing perception of the potential threats to Australian national security. It also has its roots in the shifting politics of the major powers in the area, in public disillusionment with over-involvement in South Vietnam, in doubts about America's future role in Southeast Asia, and in the internal ferment and restiveness over national priorities -- so characteristic of other advanced Western nations. The search for a more independent approach to foreign policy issues is, in addition, closely associated with the pervasive, although subdued, quest for a clearer definition of identity and purpose in the world at large. This drive is not unrelated to the growing recognition of Australia's position as one of the world's major trading nations.

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While Australia's policies will have a more independent thrust, it is most unlikely to differ markedly from that of the principal Western powers, especially the U.S., with whom Australia will remain closely identified. In sum, there will be a finer tuning of Australian policy arising from a more precise definition of Australian national interests and of its relations with its major allies and its neighbors to the north.

Security

The U.S.-Australian security arrangement will remain the cornerstone of Australian external policy. This will continue to be the case regardless of the party or coalition in power following the 1972 elections. No one with whom the authors of this report spoke in Australia could envisage a substitute guarantor of Australia's security under an acute threat from a hostile power or combination of powers. This attitude was reflected in the following quote from a letter-to-the-editor, which appeared in the May 4 issue of the "Sydney Morning Herald," from Malcolm MacKay, Minister for the Navy:

"The clear inference of our position, in terms of ultimate defence, is that for the foreseeable future we are inescapably dependent on the United States nuclear umbrella. Some people may not like it, but it is a fact of life."

In efforts to promote the common defense, the Australians will continue to attach some importance to agreements with the U.S. providing for the operation of U.S. scientific, military and defense-related facilities on Australian territory. To many Australians, these facilities are evidence of a continuing U.S. interest in Australia and, by extension, in Australia's defense. Such agreements, however, will be more carefully scrutinized in the future than in the past. This will especially be the case should the Labor Party prove victorious in the forthcoming elections. A Labor government may seek to renegotiate arrangements which appear unrelated to Australia's defense or which may seem inconsistent with the Labor Party's view of adequate protection of Australian sovereignty.

The approach to U.S.-Australian security arrangements can thus be expected to take on an increased "businesslike" tone in the future. Expectations will also remain high that Australia will be appropriately and closely consulted on security and related political matters of direct concern to Australia. At the same time, there is a growing appreciation in Australia that the U.S. interest in Southeast Asia cannot be taken for granted and that Australians must be more attuned to the U.S. perception of Washington's interests and requirements in the area.

While U.S.-Australian security arrangements will remain intact, Canberra will become increasingly apprehensive regarding local security arrangements, such as the current Five Power Defense Arrangement aimed at the maintenance of security and stability in Malaysia and Singapore. In the absence of firm signs from either the U.K. or the U.S. to come to the support of these countries, Australia will be less and less inclined to pursue a go-it-alone policy. The prospect of a continuing security commitment to Malaysia and Singapore would become even more precarious with the abolition of conscription, a real possibility in the event of an electoral victory by Labor. In a similar vein, Canberra will likely refrain from entering any new regional security arrangements in the absence of suitable guarantees from the U.S. Wide economic and

military disparities among states in Southeast Asia as well as a desire to avoid involvement in possible conflicts of a local nature also dictate that Canberra abjure engagement in regional security arrangements.

The diminution of the U.S. presence in Southeast Asia combined with doubts about the viability of a forward defense posture have naturally led strategists to review more closely than heretofore the question of Australia's continental defense. To enhance its own security, it seems likely that Canberra will place emphasis on the modernization of its conventional forces, especially its naval and air arms. The development of a modest but adequate naval force is seen as necessary to protect vital sea lanes and as a possible deterrent to powers with any hostile intentions toward the area.

Modernization does not at this time include the development of nuclear propulsion systems for naval vessels. Indeed, nuclear power appears unlikely to be pushed in the short run because it is costly to move into the large-scale investment required and uneconomic because of available lower cost fossil fuels. Moreover, many Australians believe it inadvisable to get involved at this stage with technology which could be outmoded in five years.

Neither does Australian planning at present contemplate the production or possession of nuclear weapons. Nevertheless, it seems logical to assume that Australia will undertake some efforts to keep abreast of nuclear weapons technology via limited research programs. Thus, the option to move ahead on nuclear matters with some rapidity will remain open to Australia if this is considered necessary in the future.

Regional Associations and Cooperation

Australia, while cautious and circumspect regarding regional defense arrangements, will be attentive to requests for military assistance, specialized training, and, perhaps, exchanges on intelligence matters from neighbors such as Indonesia, Malaysia, Singapore and the Philippines. Assistance in these categories as well as economic and developmental aid (discussed below) will be viewed by Australians as concrete indications of Canberra's interest in promoting the security and economic and social well-being of its Asian neighbors. In addition, Australia will give diplomatic and political support to organizations such as ASEAN which seek to promote stability in the Southeast Asian region through cooperative efforts. The "benevolent assistance" provided to existing regional organizations and institutions may be seen as Australian efforts to bring about a closer identification of common interests in the region.

There will in the years ahead be some receptivity to exploring regional collaboration among a broader grouping of states, which might begin with a nucleus composed of Australia, Indonesia, Japan and New Zealand and later include Canada and the U.S. A realization exists that such a grouping of Pacific Basin powers may be premature at the moment but a possibility for the future, depending upon developments within the region and without, as for example, in the Common Market.

Economic and Developmental Focus

Overseas Assistance. Through some of its regional associations and in bilateral arrangements, Australia will expand its already substantial aid programs. In the past, this policy was seen primarily as an adjunct of Australia's central foreign policy guideline -- big

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power alliance -- undertaken as a good and friendly world and regional neighbor, for humanitarian reasons.. Canberra was alert to possible security, political and economic benefits, but these were secondary. There would have been an aid program, albeit more modest, even if such benefits were not expected.

The aid program is now and will increasingly be an important component of the more diversified, more independent foreign policy alluded to above. Past motivations are still valid. But Australia is now approaching its assistance programming with the explicit view that security and stability in the region's less developed countries go hand in hand with economic improvement and development. Thus, through its aid policy, Australia seeks to strengthen small and weak country independence (supplement "national resilience"), promote political stability in a potentially explosive region, and, in this fashion, assume more of a leadership role, no less for humanitarian reasons, but now and in the future, more consciously to advance its own national interests and objectives.

Economic Policy. As elsewhere suggested, Australia's economy had undergone significant structural and other changes in recent years. This rapid evolution has introduced powerful new considerations into the foreign policy-making process and would be critical to its external operations whatever alliance or other routes to security which Australia may choose. Trade, investment and other economic concerns now have, for Australia, a decisive life of their own in determining that country's foreign policy and foreign policy measures.

Australia is industrializing. All political parties are dedicated to a full employment policy. In overly simple terms, this process and this unanimous socio-political commitment generate infant-industry protectionism as well as stimulating off-setting trade liberalizing impulses. Supplementing the protective tariff syndrome is the need to maintain a defense production capability in certain areas which might not be sustainable without a tariff shield in the face of overseas, particularly Japanese competition. Supplementing the free trade thrust is the need, because of its small size combined with its growth requirements, to export. Australia is now one of the world's major trading countries. Exports are indispensable, both for economic expansion and full employment. Australia is now in the familiar Western industrial phase, experienced by the UK and the U.S., of seeing its basic economic interests served by continuing and expanding levels of trade.

Its economic evolution creates opportunities and heightens the need for foreign capital. Thus, although there will be closer scrutiny of foreign private investments at home, Australia's own growth and development imperatives will call for a favorable investment climate, characterized by a certain selectivity, aimed at maximizing industrial diversification, strengthening its competitive position, expanding exports and stimulating employment. Take-overs by foreign concerns of healthy, on-going domestically-owned enterprises, will be resisted.

Australia's growing positive role in the region will provide governmental impetus to the encouragement of Australian private investment, especially in the LDC's, in the area. Private investment will seek opportunities for enlarging its markets and supply sources. The government, sensitive to political requirements, will support the private sector in joint projects abroad, sometimes with local capital (especially in Indonesia), sometimes in concert with other capital

sources, notably Japan. These considerations, plus broader political ones, will move Australia closer to Indonesia and Japan on the economic front. Partnership is not quite an apt description of the near term prospect; rather, close economic collaboration appears to suit the realities.

In short, the over-all expansionist, more open direction seems clear. The fact that economic and political considerations are not always nicely consistent means that this economic policy direction will be managed with care and selectivity.

Immigration

Immigration policy is one of Australia's most troublesome issues. At home, "white racism," "chocolate-coloured Australians," "Western homogeneity" and similar phrases and notions provide welcome opportunities to some actively engaged in political campaigns. More fundamentally, recent large scale immigration of Europeans and non-Europeans have created adjustment difficulties and have exacerbated housing, education and welfare problems. Abroad, the countries of Southeast Asia and the Western Pacific look to nuances in Australia's immigration policy as a test of its true attitudes and intentions in the area.

It seems most likely, for the foreseeable future, that Australia will consciously seek to maintain an essentially cohesive society, which allows for diverse ethnic backgrounds, but which attempts to avoid the establishment of "self-perpetuating enclaves and undigested minorities." The concept of a unified, Australian community will be stressed. Immigration of non-Europeans, which is the real issue, will be selective and its ceiling will be determined at levels deemed not to threaten cohesiveness or cause unwanted social divisions within the country.

To achieve its domestic socio-cultural goals and to invest its regional identification objective with credibility in the eyes of its neighbors, will require careful management. Measures which Australia can be expected to continue and to expand are those programs which already provide useful, subsidized training opportunities in Australia to thousands of foreign students and officials of the less developed countries in the region. These countries welcome such opportunities. Together with technical and economic assistance, joint private investment projects, and cultural exchange programs, they provide a realistic opportunity for ameliorating such unfavorable consequences as local rhetoric and other pressures could bring to Australia's image in the region.

Major Power Relationships

Although activities with its immediate neighbors will increase, Australia will remain interested in promoting productive relations with its major trading partners -- Japan, the U.S. and the Common Market. It sees, in this general configuration of states, the best chance for both economic and political well-being in the future.

Australia's relations with the U.S. were touched upon in the section on "Security" above.

A certain degree of ambivalence is apt to characterize its relations with Japan. Canberra wishes to strengthen economic ties with Japan and recognizes that Japan's economic future may be critical to Australia's own growth and development. At the same time, Canberra

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will not wish to become overwhelmed by Japan's economic might nor to be excessively identified with Japan in the eyes of its other neighbors. Australia will consequently be sensitive to possibilities of overdependence on the Japanese market and will seek to ensure that Japan's influence in the area is counterbalanced in such a way as to help maintain Japan on its present course rather than one of remilitarization and nuclearization.

An underlying uneasiness with respect to China will not easily be removed from the Australian mind. Even if diplomatic relations are established with Peking, which will likely take place quite rapidly if the Labor Party assumes power, an underlying assumption will remain that China will not hesitate to use subversion as an instrument of its foreign policy in areas such as Papua-New Guinea, should appropriate opportunities present themselves. Australia will, nevertheless, seek opportunities to expand trade with Peking and hope that China's more active participation in world affairs will eventually moderate its attitudes and approaches to the outside world.

Similarly, Australia will remain apprehensive regarding an increased Soviet naval presence in the Indian Ocean and heightened political involvement in Southeast Asia. Relations in the next five to ten years are apt to be correct rather than cordial and will remain so until a better and more reliable reading of Soviet intentions in the area is available.

In short, Australia is likely to take a more flexible approach to its relationships with the great powers and rely less on an exclusive relationship with one or two as in the past. Canberra is aware that the future of the region of which it is a part will depend in large measure on the balance or equilibrium that is maintained amongst them.

Professor Miller of the National University of Australia summed up the Australian attitude rather well in a recent article in which he said:

"Ultimately, the balance between the super-powers (including China) will decide the fate of the area. Australian influence may be expected to affect that balance in minor respects, but cannot hope to decide its form or final effect."

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