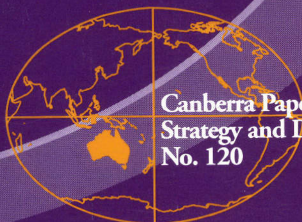
Australian Defence Planning: Five Views from Policy Makers

Edited by
Helen Hookey
and Denny Roy



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Helen Hookey and Denny Roy

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ABSTRACT

The essays in this book were originally presented as speeches to the SDSC/IISS conference on The New Security Agenda in the Asia-Pacific Region, May 1996. They assess Australia's position, interests and available courses of action in the post-Cold War strategic environment. Several interesting themes emerge, including the difficulty of deciding the proper balance between various possible uses of tightly constrained defence funds; the tension between Australia's stated interest in implementing the principle of self-reliance and the country's continued dependence on its security relationship with the United States; the struggle Australia faces maintaining the Australian Defence Force's relative military capabilities in a region filled mostly with countries that are exhibiting rapid economic development and comparatively rapid upgrading of their armed forces; and Australia's interest in a stable region, even if its own capacity to bring about this outcome is limited and several potential crises are already visible on the horizon.

Contributors include Australia's Minister for Defence, Minister for Foreign Affairs, Leader of the Opposition and Shadow Minister for Defence, and a senior Defence public servant. The analyses in their papers provide insights into the assumptions and attitudes within the country's policy-making circles today, perhaps foreshadowing critical decisions that will affect Australian security well into the future of this uncertain era.

CONTENTS

Contributors
Preface

1 Australian Defence Policy after the Year 2000
Ian McLachlan 1

2 New Directions in Australian Defence Planning
Hugh White 13

3 Australia's Security Relations with the Asia-Pacific Region
Arch Bevis 27

4 Security through Cooperation
Alexander Downer 39

5 Australia-United States Relations
Kim C. Beazley 51

Bibliography 65
Strategic and Defence Studies Centre 67

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PREFACE

Denny Roy

The end of the Cold War has sparked strategic reassessments in every region on the globe, not least the Asia-Pacific. Most strategic analysts agree that while the possibility of major war has decreased, the chance of lower level conflicts in the near future has not diminished, and may even have increased. With the constraints of tight bipolar competition removed, smaller countries in the region now have greater freedom of manoeuvre; this may have either positive or negative consequences on regional security. In general, the post-Cold War era is one of uncertainty. The distinction between friendly and adversarial governments is not as clear, and while security threats have perhaps become less intense, their sources and nature seem to have multiplied. Indeed, the field of security studies is turning greater attention to issues such as the security of individuals against their own governments, transnational crime, illegal migration, the impact of international economic upheaval on domestic economies, the potential scarcity of essential resources, and the consequences of environmental pollution and degradation. Each of these issues has the potential to impact upon the national security of Australia.

In the essays that follow, five Australian public officials assess Australia's position, interests and available courses of action within this new strategic environment. Several interesting themes emerge from these papers, including: the difficulty of deciding the proper balance between various possible uses of tightly constrained defence funds (investment vs. deployment, ground vs. land and air forces, how much should be spent on confidence-building exercises with neighboring countries, etc.); the tension between Australia's stated interest in implementing the principle of 'self-reliance' and the country's continued dependence on its security relationship with the Untied States; the struggle Australia faces maintaining the Australian Defence Force's relative military capabilities in a region filled mostly with countries that are exhibiting rapid economic development and comparatively rapid upgrading of their armed forces; and Australia's interest in a stable region, even if its own capacity to bring about this

outcome is limited, and several potential crises are already visible on the horizon.

The analyses in these papers provide insights into the assumptions and attitudes within policy-making circles today, perhaps foreshadowing critical decisions that will affect Australian security well into the future of this uncertain era.

CHAPTER 1

AUSTRALIAN DEFENCE POLICY AFTER THE YEAR 2000

Ian McLachlan

The Coalition's Record on Defence

Before I discuss the directions the Howard government has set for defence, I want to make a few remarks about the past. Governments around the world put a lot of effort into presenting history in ways which suit their own policy goals. Nowhere was this more apparent than in Australian defence. The previous government worked hard to create the impression it had invented defence self-reliance, and that it originated security cooperation with Asia.

The view that Australia had to be the principal defender of its own interests, that it needed to do this in alliances and in close contact with its neighbours, was not the invention of the previous government. In fact, these elements have been woven into the fabric of Australian defence policy since federation. The most striking thing about the history of Australian defence policy is that the themes of developing independent military capabilities, strong alliances and extensive ties with the region constantly recur.

It is not fashionable these days to say anything positive about Sir Robert Menzies, but his period in office had a defining influence on the shape of Australian security policy. I am pleased that historians are re-evaluating his record as Prime Minister between 1939 and 1941 and the effort which his government put into re-arming after decades of defence neglect.

More importantly, though, it was the Menzies government after 1949 which set Australia's postwar strategic framework by negotiating the ANZUS treaty and by committing Australian forces to Korea, the Malayan Emergency and Confrontation. He made it clear that Australian security was intimately bound with the security of Australia's neighbours. It was Menzies who said that Australia

needed to think of Asia as the 'near north' rather than what the British called the 'far east'.

Many elements of the modern Australian Defence Force (ADF)'s force structure were set in the mid-1960s. Menzies was responsible for ordering the F-111 aircraft in 1963 - the aircraft featured on the cover of the Defence White Paper put out by Labor in 1994.[1] Other acquisitions included the Oberon submarines and guided missile destroyers.

The Fraser government's 1976 paper, *Australian Defence*,[2] gave the first detailed statement about the central place of defence self-reliance in national security policy. That 1976 document is rather forgotten now, but it was a seminal review which changed strategic policy after the Vietnam War. Reading it today one is struck by the many familiar phrases it contains about the importance of self-reliance, alliances and security cooperation with Australia's neighbours.

The Coalition's Strategic Tradition

Coalition governments have a history of making defence decisions which enhanced Australia's forces. We originated Australia's key alliance and many regional links. We put in place the foundations for the ADF's present-day force structure and capabilities.

Most importantly, Coalition governments have a tradition of making innovative responses to fundamental strategic change. You shall find things no different under the Coalition government.

The 1994 Defence White Paper adequately described the shape of the early post-Cold War era. But it did not offer a blue-print for defence reform. We do not believe it made judgements that were sharp enough about how to change the ADF to meet the challenges of 2010 or 2015.

The immediate task for defence policy is to map an agenda for practical reform, making sure the forces are developed in the most appropriate and cost-effective way to meet the new strategic

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1 *Defending Australia*, Defence White Paper 1994 (Australian Government Publishing Service, Canberra, 1994).

2 (Australian Government Publishing Service, Canberra, 1976).

environment. In doing that, we are applying the same principles which guide our approach to government. Our preference is for small government; for maximum public accountability; for squeezing the greatest possible value out of public spending; for promoting effective management and individual initiative.

On the international stage, this means developing forces which are respected for being tough, focused and highly efficient. The government's commitment to building up strong forces is on record and demonstrated by its decision not to cut defence spending.

Notwithstanding what I have said about the historical role of past Coalition governments, the Labor government did a number of positive things in the last few years. The previous government made the correct decision to build the ANZAC frigates and Collins-class submarines, and to build them in Australia. I am concerned about some delays in the Collins project but there is no question that both Collins and ANZAC will be highly capable vessels. The introduction of the Commercial Support Programme was a good step, although we will review the scope, content and speed of the programme. We may have to speed it up. Of course, these and other areas received bipartisan support at the time. I hope that situation will continue.

It is clear, however, that a rethink of defence policy is needed. I would like to outline the government's key defence objectives to indicate our directions for the coming years.

Key Defence Objectives

Our key defence policy aim is to develop military forces able to defeat any attack against Australia. No country has the interest or capacity to launch a full-scale invasion against Australia, so our focus is on countering more realistic levels of threat. Our purpose is to deter any potential aggressor and, if deterrence fails, to defeat the enemy in the sea and air approaches and on land.

That objective is, and must be, the core business of the ADF. Additionally, the government will make an effective contribution to regional security. Australia's defence does not begin at its coast-line. On the contrary, Australia cannot be secure if the region is unstable. Defence is making a growing contribution to Australia's wider

regional security aims. One of the issues we need to examine is how far that particular role can and should be taken.

Australia cannot be adequately defended only by guarding its territory and by merely looking on at the changes sweeping through Asia. The stability and prosperity of Australia's neighbours; their willingness to resolve issues peacefully; their own perceptions of threats and dangers - these issues will determine whether Australia remains at peace.

There are many potential flash-points in the Asia-Pacific. China-Taiwan, the Korean peninsula and sovereignty disputes in the South China Sea are the most frequently mentioned areas where there is potential for military conflict. In addition to these, however, there are many disputed border areas, competing claims over patches of land and sea, piracy, internal insurgency conflicts and historical enmities and suspicions often arising out of religious or ethnic differences. All of these remain potential threats to peace and stability.

Our approach to Australia's defence and security, therefore, needs to use a wide definition of national interests. Trade access, freedom of navigation over air and sea routes and the security of Australia's neighbours are all crucial interests.

We also need to continue to strengthen the crucial alliance relationship with the United States. The alliance remains a central pillar of Australian defence policy. Australia's defence relationship with the United States has developed and will continue to develop out of shared security interests and a mutual respect for the capabilities and contribution which our forces can make to regional stability.

Defence Policy at the Turn of the Century

What will Australian defence policy look like at the turn of the century? Well, the first thing to say is that the turn of the century is not very far away. In defence planning terms that is almost tomorrow. Most of the major equipment projects currently under way will, by 2000, still be delivering new equipment. We expect that much of that equipment will still be in service in the year 2020 or 2030. In terms of its overall size and major equipment holdings the ADF of 2000 will be similar to the one we have now.

Let me outline five priority areas where we will implement changes to defence policy.

Increasing Combat Capability

Our first priority is to increase the ADF's combat capabilities. The purpose of military forces is to deliver effective combat-power on the battlefield, wherever that might be.

Granted, the ADF does have other roles to play; for example, in regional engagement and peacekeeping. But the bottom line is that Australia has a military to provide highly capable combat forces to protect its national interests.

We will increase combat elements and combat capability in the ADF through carefully redirecting resources. In my time as Minister I have been impressed by the range of skills maintained by the ADF. But clearly they must increase to maintain Australia's relative military position in the Asia-Pacific at a time when many countries in Asia are modernising their forces.

No country in the region currently presents a threat to Australia. Indeed Australia maintains good security relations with all its neighbours and defence cooperation is an important part of its ties. However, it is a fact that military forces are generally growing in the Asia-Pacific. This is a development Australia cannot ignore. Therefore our aim is that the ADF of 2000 should be able to deliver a greater combat punch across a range of key military capabilities.

As an island country, Australia needs to give special emphasis to sea and air forces. We will work to improve Australia's capacity to locate and respond to potential aggressors in the maritime surrounds.

In terms of land forces, I recognise a need to increase the flexibility and deployability of highly capable army elements. As our pre-election policy announced, we will look at ways to re-establish the capability which was lost when the previous government closed down two regular army battalions in the early 1990s.

As a final point about increasing combat capabilities, I should add that the ADF of the twenty-first century must be a truly joint organisation. We have some distance to go to get to that point. But the

way forward is clear. There will be more joint-service cooperation in non-combat support areas, in command and control and between combat forces. We need to structure our forces in the manner in which we plan for them to fight.

Strategies for Cost-Effectiveness

The government's second goal for the ADF of 2000 is that defence must be more cost-effective. This simply has to be done if we are going to increase combat capabilities. The resources we save from administrative reform will be kept by the Defence Department and redirected to achieve greater combat power.

Achieving cost savings through slimming down administration and by using more efficient work practices is essential. Indeed it is being introduced in all areas of Commonwealth spending.

Defence is the only federal government agency not to take an overall spending reduction. That shows the depth of Coalition government support for defence. But it also places an iron-clad obligation on the Defence Organisation to get the maximum value for money out of its $A10 billion budget. I am not satisfied that is presently the case. There are areas where money is not being efficiently spent. Cost blow-outs on the two tank landing vessels bought from the United States and the duplication of support and administration services are two examples.

We have already directed that savings of $A125 million a year for the next three years in administrative areas be redirected towards combat capability. I know that significant efficiencies have been made as a result of the Commercial Support Programme and other reforms. But defence is at the beginning, rather than the end, of the reform process.

I recognise these changes will not be achieved without some stress within the organisation. However our objective to increase combat capability is clear and supported by the Australian public.

Of course we need to be realistic about prospects for increases in defence spending over the next few years. Frankly, it is hard to imagine any area of government spending increasing unless we fix Australia's national economic problems, encourage private sector

growth and work-place reform and increase national wealth. These things will happen over the life of the Coalition government, but the economic climate does not make it possible to think about defence spending increases in this term.

In the context of making defence more cost-effective, I am considering whether we should have an external review of management and financial processes in defence. Is our project management up to international best practice? Could we manage personnel more efficiently?

I stress that I have not yet made my mind up about this proposal, or whether we should opt for a full-scale White Paper. However, I am not averse to the idea of a thorough-going review of how defence does its business. There are a number of possibilities and I am reviewing these options.[3]

More Satisfying Careers

Our third goal for defence policy at the turn of the century is to offer more satisfying careers for ADF personnel. The loss of key personnel from the services - often with highly specialised skills which take years to acquire - is a loss defence simply cannot afford. Recruitment is difficult and the need for constant training is very costly. Therefore we have been looking at ways of stemming the loss of people with key skills and will continue to do so.

I do not think this is a problem solved by just offering more money, although in some cases, like the recent retention bonus for pilots, money can help slow the exit of personnel. We will implement a long-term strategic plan in accordance with the principles identified

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3 On 15 October 1996, Mr McLachlan announced the establishment of a Defence Efficiency Review (DER), run by a panel of ADF, private and public sector individuals. The DER will report to the Minister on 10 March 1997. The review amounts to a complete reassessment of the way Defence does business. It will remove unnecessary duplication and introduce commercial practices where these are sound and can achieve efficiencies. It will result in a Defence organisation that is better focused on its key roles and performs them more efficiently within existing resources.

in the Glenn Review, recognising that ADF personnel have special needs and are our most important resource.[4]

In other respects our defence policy identified a range of personnel issues, from widening access to the ADF Home Loans Assistance Scheme to changes to child care, health arrangements and education schemes, to help improve the lot of service people.

More generally, though, we believe that the most effective way to retain quality people is to give them a sense of purpose and an understanding about how their contribution fits into the broader defence picture. Having a clearer sense of the purpose of the organisation and an understanding about how defence directly contributes to our national interests will help defence internally and also help to strengthen community support for defence activities.

It is enormously important to ensure that the public understands and supports the key elements of our policy. In recent years public support for, and understanding of, defence appears to have declined somewhat because of a lack of clarity in Australia's key policy aims in the post-Cold War world. That is a potentially dangerous situation. Governments must exercise leadership by explaining defence policy goals in ways that generate public support. I am confident we can do that through the careful examination and explanation of our post-Cold War defence aims.

Alliance Management

Our fourth goal for defence policy at the turn of the century is to have revitalised Australia's alliance relations, ensuring they stay relevant to Australia's strategic circumstances.

The United States continues to play a pivotal security role in the Asia-Pacific. America's security commitment to the region is an essential stabilising factor at a time when power relativities are changing and many countries are acquiring modern defence capabilities.

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4 *Serving Australia: The Australian Defence Force in the Twenty-First Century* (Defence Directorate of Publishing, Canberra, 1995) [Review Team Chair: G. Glenn].

Australia supported the United States in its deployment of warships to the waters around Taiwan in March 1996 during a period of raised tension. We were also very pleased with the restated alliance commitment between Japan and the United States, and the review the two countries are holding into increasing defence cooperation. Both these events have demonstrated America's commitment to Asia-Pacific security.

A healthy alliance with the United States reinforces the good reasons why Washington remains engaged in Asia. We will continue to address whether we should consider new areas for security cooperation with the United States. Where possible, we will try to increase existing types of defence contact.

We also place a high priority on Australia's alliance with New Zealand. We see opportunities in ensuring that, as the two national forces develop capabilities, they keep in mind the enormously close cooperation which exists between Australia and New Zealand. Of course, cooperation is carried forward when both sides derive value from the association. While I was in New Zealand I said that we hoped Wellington would see its way clear to purchase additional ANZAC frigates. But this is not a decision that New Zealand has to take until late 1997.

In a wider context, we hope New Zealand and the United States will resolve their differences over the nuclear ships issue. We cannot hide the fact that this split in the ANZUS alliance is one which imposes practical difficulties on all three parties. There are continuing costs to Australia in terms of it needing to mount two sets of bilateral exercises.

These difficulties aside, Australia derives value from its bilateral security relationship with New Zealand. It is logical that this relationship will continue to develop, with the two military forces arriving at new and more comprehensive forms of cooperation.

Agenda for Regional Cooperation

The final area I want to mention concerns defence cooperation in the region.

My colleague, Alexander Downer, has articulated the agenda for regional security cooperation, the well-established links Australia has with its neighbours, and the cooperative activity - both bilateral and multilateral - growing in the region.[5]

The ADF has long been an important adjunct to Australia's diplomatic efforts in the region. Because of the associations - in some cases going back to the immediate postwar period - which defence has developed with the countries of Southeast Asia, Australia's military has a great depth of understanding about regional neighbours.

We are optimistic that regional engagement will continue to grow. There will be new opportunities for military-to-military contact. In most cases this will be bilateral contact, but the ASEAN Regional Forum (ARF) is creating opportunities for the ADF to engage in multilateral contact as well. Defence contact of this sort contributes very directly to promoting regional peace and security and therefore also to Australia's defence.

I recognise that additional forms of cooperation will create pressures within the Defence Department in setting priorities for spending its operational budget. Competing operational priorities for dollars, personnel and equipment will have to be assessed against some tough defence criteria. However, regional and alliance cooperation activities should not be regarded as 'optional extras'. They are an essential element of Australian defence policy, contributing to the country's immediate security. Also, as regional economies continue to grow, we are moving to increasingly equal cooperative activities, where the direct benefits to the ADF are commensurate with the resource cost.

Combined exercises with regional friends will become more demanding as countries acquire high-technology equipment. Along with training opportunities and personnel exchanges, this will provide a solid basis for high-quality defence relationships to develop.

Over time we will be looking to build on existing relationships. Naturally, defence cooperation with Indonesia has a high priority. We will develop further the defence relationship. The

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5 Speech at the conference, The New Security Agenda in the Asia-Pacific Region, May 1996, reproduced in this volume.

bilateral Agreement on Maintaining Security is a good vehicle for increasing practical cooperation.

We already have very solid defence ties with Malaysia and Singapore, not least under the Five Power Defence Arrangements which this government strongly supports. We will continue these much-valued defence relationships and look to increase opportunities for contact.

A measure of how close such defence relationships can develop is the location in Australia of the Singapore Flying Training School at RAAF Base Pearce in Perth. I was very impressed with the facility and the level of cooperation which existed between the Australian Commanding Officer at Pearce and the Singapore Flying School Commanding Officer.

Finally, on Papua New Guinea, the government has put a substantial effort into bolstering the relationship and will continue to do so. We have not been satisfied that Australia's defence cooperation activities have produced the best results for either country, and have moved to review these activities in cooperation with the PNG government.

Conclusion

Let me conclude by restating some of the key issues the government will address in defence policy.

Our aim is to reorder defence spending priorities so that we can build up combat capabilities in the ADF. Maintaining high levels of combat capability is the prime reason for spending $A10 billion a year on defence. The government puts such a high priority on defence that the budget has not been cut. But we have an obligation to the Australian people to make sure we are getting maximum value for our defence dollar.

Second, an effective defence policy cannot just concern itself with protecting the shore-line. Australia's defence begins with the security of the region. Policy must be structured in such a way that the ADF is able to make a substantial contribution to regional security as a whole.

These two features together define the thrust of the government's defence policy. By the year 2000 I anticipate that we will have a defence force:

- increasingly able to deliver decisive combat power on the battlefield;
- with a smaller administrative 'tail';
- offering more attractive career opportunities;
- with revitalised alliance structures;
- and finally, making a substantial and respected contribution to Asia-Pacific security through increasing defence contact with Australia's neighbours.

CHAPTER 2

NEW DIRECTIONS IN AUSTRALIAN DEFENCE PLANNING

Hugh White

This year is the twentieth anniversary of the 1976 White Paper, *Australian Defence*,[1] which first spelled out an Australian defence policy of self-reliance, and started building coherent approaches to the management of Australia's alliances, regional strategic engagement and capability planning for the defence of Australia. These familiar concepts have been the foundations of Australian defence planning ever since. I believe that they will continue to be the key concepts in Australian defence policy for a long time to come, and that they provide the best framework for understanding the new directions that Australian defence planning will take over the next twenty years or more.

The 1976 White Paper responded to a decade of major change in Australia's strategic circumstances. In Southeast Asia, Indonesia's New Order emerged, political stability and economic development took hold, and ASEAN was formed. The Vietnam War finished, and relations with China began. The British withdrew most of their forces from east of Suez, and America adopted the Guam doctrine.

There are many continuities between those changes and the ones with which we are grappling today. The end of the Cold War has, in the main, accelerated trends which were already evident in 1976. And Australia's responses will, I believe, also be in many respects extensions of those that it has been implementing since the 1970s.

I find this measure of continuity in Australian defence planning reassuring. In 1976 our predecessors - including some who are still our colleagues - set out to build a durable defence policy based on the enduring fundamentals of Australia's strategic circumstances,

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1 (Australian Government Publishing Service, Canberra, 1976).

and I think they succeeded. So I am not surprised to find that Australia's defence policy continues to revolve around a set of concepts which reflect what Lord Palmerston might have called its 'permanent interests'.

But nor am I surprised that the concepts they developed, and which were elaborated and implemented so effectively in the 1980s by Paul Dibb and others, now stand in need of re-examination, refinement and, in some cases, major overhaul. In the comments that follow I will try to look ahead another twenty years to see the directions those processes might take.

Self-Reliance

Of course we start with self-reliance. The concept is quite precise. In the 1994 White Paper it was described this way: Australia will develop forces that can defend its territory without relying on the combat forces of other countries.[2] After twenty years at the heart of Australia's defence policies, self-reliance has become part of the furniture, but it should not be taken for granted. It seems a simple idea, but it is in fact quite complex, with many aspects and gradations.

As launched in the 1976 White Paper, the concept of self-reliance was highly qualified. The crucial paragraph spoke only of 'increased self-reliance'.[3] It was not until the mid-1980s that Australian governments started to talk routinely of self-reliance pure and simple. But even then they only contemplated self-reliance against small-scale attacks of the kind described as low-level contingencies. During the Cold War there was an assumption - reflected for example on page one of the Dibb Report[4] - that Australia could and should rely on the United States in the event of more substantial conventional attack on Australia.

Over the next few years the concept of self-reliance will expand to incorporate a wider range of contingencies. I think the

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2 *Defending Australia*, Defence White Paper 1994 (Australian Government Publishing Service, Canberra, 1994), p.13.

3 *Australian Defence*, ch.3, para.6, p.10.

4 *Review of Australia's Defence Capabilities*, Report to the Minister for Defence by Mr Paul Dibb, March 1986 (Australian Government Publishing Service, Canberra, 1986).

changes in Australia's strategic circumstances since the mid-1980s mean that in future Australians will think of self-reliance in quite unconditional terms. They will aim to develop defence forces which can defend Australia against any plausible conventional attack.

The reason for this is simple. The scale of attacks which could be mounted against Australia will increase as capabilities in its region improve over the next few decades. As that happens, I cannot imagine Australian governments wanting to slip back to depending on allies. So Australia's conception of self-reliance must expand to encompass the ability to defend itself, unaided, in higher level conflicts.

Self-reliance will also become more complete. Australia has gone a long way in building the front-end defence capability to defend its own continent. But many of the elements of independent national military power are still to be developed, particularly at the strategic and operational levels of command, and in Australia's ability to sustain and support forces from the national base. Now some progress is starting to be made in these areas; strategic and operational levels of command are being developed, for example. But there is still a long way to go before we can say that Australia has a complete national system to fight, manage and sustain a war in the defence of Australia. It is necessary to complete this great national task.

To understand what the development of self-reliance means for other elements of Australia's defence policy, it is important to recognise that Australia will not seek more self-reliance because it has less faith in its allies. This is often misunderstood, in part because of too simplistic a view of why self-reliance was adopted in the first place. The move to self-reliance in 1976 is usually seen as a direct response to doubts about Australia's allies after the Guam doctrine and the UK withdrawal from east of Suez. But I think that was only part of the story. Doubts about allies were not new in the years leading up to 1976; they had always been part of Australia's strategic debate - and often, as in the late 1930s, with better reason than in the 1970s. So there must have been other causes.

One was a growing confidence in Australia's ability to defend itself. A famous *Argus* editorial of the 1920s summed up a durable element in Australian thinking when it said that self-reliance was militarily impossible, and it would be 'madness to make the attempt'.

That view was still widely held fifty years later, but it was growing weaker. I think one reason for that was the way in which Australia's defence capabilities had developed in the 1960s and early 1970s.

Australia started to develop military forces to defend itself in regional conflicts in the early 1960s. Archive releases over the past few years have shown just how focused that effort was. The capabilities that were acquired then have stood Australia in good stead ever since; they form a large part of the Australian Defence Force (ADF) today. So the foundations of a self-reliant defence capability were laid in the early 1960s. And Australia did not adopt self-reliance as a policy in the mid-1970s before it had gone some way to showing that it could make the policy work.

Moreover, by the mid-1970s it was clear that technological developments could make self-reliance easier in future. Wide-area surveillance and long-range precision munitions already promised to make Australia's air and maritime approaches more transparent and deniable.

Second, self-reliance became possible in the mid-1970s because Australia's relationships with regional neighbours had changed. In the decade from the mid-1960s to the mid-1970s, the region became less threatening. Indonesia was no longer a worry, as it had been in the early 1960s under Sukarno; communism was contained in Indochina, relations with China were established; and Southeast Asia was becoming prosperous, cooperative, stable and secure.

These developments did not just remove potential or perceived threats to Australia. They opened the way to levels of defence engagement with neighbours which had been unthinkable in earlier years. The Five Power Defence Arrangements (FPDA) are the most striking example. In the early 1970s, through the FPDA, Australia started to work cooperatively with its neighbours to serve shared strategic interests. For the first time, its neighbours became strategic assets rather than strategic liabilities. The FPDA were thus not the last relic of forward defence, but the first fruit of regional engagement. They were the first of those regional associations which are part of the framework of self-reliance, and helped to make self-reliance possible.

These historical points about the origins of self-reliance help us to understand where self-reliance is going in the future. Each of the factors I have mentioned as bearing on the choices Australian planners made in the 1970s will bear on the choices they will make in future.

But most importantly, this survey reminds us that we should not see a policy of self-reliance simply as a response to failing alliances. If we think that, we will not understand where defence policy is going: while Australian self-reliance develops, so too should its alliances.

Alliances

Many people assume that, with the end of the Cold War, Australian's alliance with the United States will slowly fade away. Almost everyone agrees that would be a shame, both for the region and for Australia. But they do not spend much time thinking about how to stop it happening. To a policy maker that seems unsatisfactory. I agree that the alliance will be changed by the end of the Cold War. But I do not think it will fade away, and I know we should not let it do so.

This presupposes that the alliance remains a major strategic asset to Australia. I do not need to rehearse here the many benefits it provides, but it may be worth saying that, from my observation, the practical opportunities for cooperation and the practical benefits to Australia's defence forces have expanded significantly in recent years. Australia is doing more with the United States than ever before, and benefiting more from it. The country's defence posture depends on that alliance, and will keep depending on it for many years to come.

Why is there pessimism about the future of the US-Australian alliance despite this healthy trend? Largely because of gloomy judgements about the future of US strategic engagement in the Western Pacific as a whole. The end of the Cold War is of course very significant for the role and presence of the United States in this region, but saying exactly what it means is not easy. On the one hand, the United States will remain the biggest military power in the world, capable of applying decisive military power in Asia, and evidently willing to continue to use that power to support its interests here. On the other, the United States will in the future have less strategic

preponderance relative to Asian powers than during the Cold War, and will define its interests in less straightforward ways.

What does that mean for the alliance in the future? There are two points to bear in mind. First, the shape of US engagement in the region was not static during the Cold War. In the 1970s, following the Guam doctrine, many predicted US withdrawal from the region just as they do today. Indeed relatively declining US preponderance can be seen as part of a trend which, since early this century, has seen a steady, though not uniform, decline in the relative strategic weight of outside powers in Asia *vis-à-vis* the Asian powers themselves.

That implies, of course, that the present changes do not just flow from the end of the Cold War. In fact their underlying causes can be found in the economic growth and political evolution of the countries of the region into modern, effective nation-states. So we are facing the latest stage of the same issue that Alfred Deakin recognised when Japan defeated Russia in 1905. As Deakin found, these problems can be managed, and we may have something to learn from him and other predecessors about how it is done.

Second, the shape of US engagement in the region will change, and it is sensible to expect that it will look very different in twenty years' time. The end of the Cold War does mean the end of US engagement as it was during the Cold War. But a durable new style of engagement can evolve to replace it. Managing that will take more imagination than we have so far shown.

This is not the place to try to fill that gap, but I do want to make one obvious point. If the key long-term trend is the decline of US strategic preponderance in Asia relative to the Asian powers themselves, then the key to durable US engagement in the region is new ways of cooperation between the United States and its partners on this side of the Pacific; more equal and consultative partnerships, and more acknowledgement of the interests of both sides.

That will make new demands on the United States, but it will also make new demands on countries in the region. I want to look briefly at what that means specifically for Australia's defence relationship with America.

Australia's defence planning can expect that the United States will remain a major player in the region, and a willing and generous bilateral defence partner. But only if we in Australia do what is necessary to make it happen.

Australians tend to think that the future of America's engagement, both in the region as a whole and with Australia in particular, will be determined far away in Washington, and in the minds of American voters. But a key influence will be the policies Australians themselves adopt. Australia needs to make it an active policy objective to keep the United States engaged. And that does not apply only to the bilateral relationship. Australia has the capacity to be an important influence on maintaining and shaping wider US engagement in the Western Pacific.

That will raise some tough questions. As Sir Arthur Tange said in 1976:

> If we value the association, it would be prudent to ask ourselves whether Australia is, consistent with other major national interests and objectives, sustaining American strategic interest in Australia.[5]

Those are not questions Australians have asked themselves much recently. For many years they have tended to leave the United States to take the initiative in defining the scale of alliance activities and obligations. Australia has done what it has been asked to do. Partly, that is because it has tended to see the United States as a bigger beneficiary of the alliance than it is. I am not sure that was true during the Cold War; it is certainly not true today. Australians tend to forget how little they pay for the alliance in return for what it delivers. They make much of having been involved in so many wars with the United States over the past century, and like to think that puts America under permanent and limitless obligation to Australia. But that is not the view I would take if I were a US official. I would be asking what is Australia doing for the United States today, and what will it be doing tomorrow?

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5 Sir Arthur Tange, 'Defence Policy Making in Australia' in John Birman (ed.), *Australian Defence* (Extension Service, University of Western Australia, Perth, 1976).

This is difficult territory in any relationship between different-sized partners. Mutual sharing of costs and benefits can look like exploitation of the smaller by the larger. But in the post-Cold War world, if Australia wants to retain the US relationship, it will need to take a more mature approach and build a relationship which delivers tangible if not equal benefits to both sides. Australia will not do it for the sake of the United States; it will do it for itself, to preserve and enhance the benefits it gets from the relationship.

Policy makers will need to look at many aspects of Australia's defence policy for opportunities to build more strength into the relationship. That will require some tough choices. But it will not require fundamental changes in orientation. In particular, it will not require Australia to compromise its policy on regional engagement: anyone who thinks there is a zero-sum choice to be made between the US alliance and the region has not been paying attention to what is happening in Asia these days.

Regional Engagement

A good place to start thinking about the future of regional engagement is to consider the alternative. There is an alternative, of course: Australia could adopt a policy of strategic isolation. It could abandon all defence linkages with countries in its region, declare that it would in no circumstances become involved in regional conflicts, and focus its defence efforts on building the capabilities to defend its own territory. It is a respectable strategy - Switzerland and Sweden have adopted something like it for many years. And the British have debated it for several centuries. We in Australia might want to adopt it, if we thought it would make Australia more secure from armed attack than our present policy does.

I do not suppose many would disagree that the likelihood and scale of any armed attack on Australia depends on the strategic circumstances in its region. So the question about the value of regional engagement is not whether the region matters to Australia's security, but whether Australia can make much difference to the region. An argument in favour of the Swedish option would need to show that Australia's engagement in the region is not contributing effectively to preventing armed attack. That depends on Australia's capacity to

influence regional strategic affairs at a reasonable cost. The more powerful a country is, the more likely it is to be able to do that. If Australia is big enough to make a difference, its interests are best served by getting involved. If not, then, like the Swedes, Australians might decide that they would be better off staying at home and spending their money on defence.

I think regional engagement is worth doing for Australia because Australia is big enough to make a difference to the regional environment. For a reasonable proportion of its overall defence effort, Australia can materially affect the strategic environment and reduce the risks of conflict. One estimate is that regional engagement costs Australia around $A250 million per year. That is a pretty rough estimate, but it is a useful guide.

$A250 million is a lot of money. But it is only about 2.5 per cent of the defence budget, and Australia gets a lot for it. On one crude measure, for example, it deploys more ships, aircraft and people into Southeast Asia each year than any other country outside that region except the United States. And it has a set of bilateral defence relationships with the countries of Southeast Asia which is stronger than anyone else's.

But I would agree that Australia needs to be very careful, both with regard to the amounts it spends and the activities in which it engages, not to divert too many resources and assets from the development of its own defence capabilities into regional engagement. I have no doubt which has the ultimate priority.

That means that Australia cannot let spending on regional engagement grow indefinitely. But it does not mean that the relationships cannot continue to grow. As the relationships develop, those aspects which cost a lot of money (such as significant materiel projects funded to a large extent by Australia) will tend to become less significant. That is indeed already happening. So Australia can have more regional engagement without spending more money.

Of course, spending money and generating activity is not the same as achieving objectives. Defining precise objectives for regional engagement is harder than in other areas of defence policy. But we can have a reasonably clear idea of our broad goals.

The most comprehensive of our goals is to help shape the security structures which are emerging in the region since the end of the Cold War. It is not clear what structures will emerge, or whether or how they will fit the old categories of balance of power, collective security, concert or whatever. Defence policy must address each possibility.

Whatever their shape, those structures need to have two elements. First, the countries of the region should share a clear presumption against the use of force in international affairs, based on a shared set of interests and expectations. Second, that presumption must be backed up by a balance of military capability which means that no power is likely to expect that it can benefit from the use of armed force, because it must expect that others of equal or greater power would resist it.

The relationship between these two elements is critical. The first without the second would be precarious, and the second without the first would be dangerous. So both elements must be promoted simultaneously. That will pose dilemmas, as it has recently in considering policy towards China.

More broadly, policy makers want to develop regional security relationships and institutions, bilateral and multilateral, which can promote both elements simultaneously. Australia wants to be able to cooperate with its neighbours in building habits of good international conduct. But it also wants to be able to work and, if necessary, perhaps even to fight alongside one another to fix the problems if all else fails.

These will of course be different types of relationship than many Australia has had with its regional neighbours before. They will be more focused, and more important to Australia's security and that of the region. Planning ways to build those relationships and institutions is not a precise art. It is a long-term evolutionary process. There are many different ways it can be attempted, and we need to choose approaches which are acceptable to our partners, and which build on our present assets. I think we need to keep an open mind about the best way to develop them further in the future.

Capabilities

I said earlier that in coming years the concept of self-reliance will extend to cover the defence of Australia in higher levels of conflict than have been envisaged so far. Capabilities in the Asia-Pacific region are growing, and I think Australia must plan on the basis that this trend will continue. That means, simply, that planners will be aiming to increase the capability of the ADF so that Australia can continue to defend itself, with its own forces, against any plausible attack which can be made against it.

I believe that is achievable, and within a reasonable cost. It is a huge task, but time and technology are on Australia's side. Properly used, technology can turn the country's huge maritime approaches and land space into that great strategic asset, depth. But I think Australia's approach to force planning will need to change significantly to do it. It will be necessary to focus on different kinds of capabilities for those higher levels of conflict, and to approach the planning and development of the ADF in a much more disciplined and selective manner if the capabilities of the ADF are to be increased without increasing defence spending.

My own view is that in future Australia's capability planning will shift away from the sorts of low-intensity conflicts, involving capabilities currently available in the region, on which we have been focusing. It is not that low-intensity conflict is no longer possible or that defence planning should ignore current capabilities. Rather, it is that as the pace of capability development continues in the region, especially over a 15 to 20-year planning time frame, the development of Australia's force structure needs to take into account the possibility of higher levels and different kinds of conflict.

Planning for a wider range of possible conflicts, at a higher level of intensity, will not be easy. Defence planners will be trying to make more selective decisions about Australia's force needs, while at the same time having to be less precise about the kind of war they are planning to fight. My instinct is that they will try to address this problem by focusing less than we do now on defining the kinds of capabilities and operations which might be brought to bear against Australia by an adversary in a conflict. Instead, they will focus on the

sorts of operations that might need to be undertaken in response to the application of military force against Australia.

What might this mean in practice? Let me give three examples. First, I believe planners will need to think more carefully than they have in the past about the balance of priority between maritime and land defence operations at all levels of conflict. Governments have for years been saying that Australia should give priority to maritime defences. But the focus on low-level contingencies, with the possibility of very small, self-sustaining forces being inserted covertly, has meant that much of Australia's planning over recent years has focused on land forces. I suspect that as planners start thinking more about higher levels of conflict, the cost-effectiveness of maritime forces will become more evident; they allow Australia to take advantage of its geography and its comparative advantage in technology-intensive as opposed to labour-intensive capabilities.

Second, I expect that Australians will start to think more carefully about the balance of reactive and proactive strategic options in defending Australia. As circumstances become more demanding, it may be necessary to place less emphasis on the highly reactive strategies which have been a feature, for example, of successive Kangaroo exercises in recent years. Instead, it may be necessary to focus more on options which would allow Australia to seize the initiative early in a conflict, and to use its assets more efficiently, both to dictate the development of the conflict and to increase an opponent's costs.

Third, in all capability decisions planners will need to look even harder than they have before at the most cost-effective ways of doing particular jobs. That will require tough choices. Platforms and systems are not the outputs of defence planning; they are only inputs: if Australia is to maintain self-reliance in more demanding circumstances it will not be able to afford platforms and systems which do not perform the ultimate task as cost-effectively as possible.

Careful choices between current and future capabilities will also have to be made. I said earlier that time is on our side. Australia is starting from a strong base of capable forces, and there is plenty of scope to make them better. But only if time and money are used

carefully. Australia needs to maintain forces able to deal with the conflicts that might arise in the short term. But in deciding how big those forces need to be, it should be remembered that future uncertainties are much larger than current ones. It therefore makes sense to put as much money as possible into future capabilities.

We are already doing pretty well. Over recent years, 25-30 per cent of the defence budget has gone to investment. Spending much more on investment would be hard to sustain, and would undercut Australia's ability to maintain both current and future capability. Current capability is itself a vital ingredient of future capability, especially as regards the skills and experience of today's force which must be passed on to tomorrow's. And lower current spending could leave the country short of current capability for short-term tasks. So I think the balance at present is about right. But I would be very careful of reducing long-term investment in our today's strategic circumstances.

Finally, it is necessary to think carefully about the most central element of Australian strategic guidance - the focus on a narrowly defined concept of the defence of Australia as the determinant of its capability needs. I think this has been a huge advantage to Australian defence planning, giving it rigour, clarity, and international and domestic acceptance, all based on a clear foundation in Australia's most basic strategic interest.

But we should not assume that it is immutable. It has always been argued that the capabilities developed for the defence of Australia provide the country with options to do other tasks further afield, and that has been proved repeatedly. But in a more demanding strategic environment, planners will need to make sure that the capabilities developed for the defence of Australia really are adequate for the other tasks that government might ask them to do.

Australia's policy clearly recognises that it has important strategic interests in the region beyond its own shores. I do not think we can rule out the possibility that Australian forces might at some time be deployed in the region to help protect those interests.

My own view is that, for all the reasons I have described, Australia will probably continue to focus its capability development on the defence of Australia. But in future planners will pay more

attention than they have in the past to ensuring that the forces chosen for the defence of Australia are those which provide the government with the widest possible range of options to contribute forces to operations elsewhere in the region. In practice, when choosing between different options for the defence of Australia, planners are likely to favour those which give Australia the greatest capacity to undertake substantial tasks in its region.

I think the main effect of that will be to further increase the emphasis placed over coming years on maintaining highly capable long-range maritime forces, able to operate in demanding regional threat environments.

Conclusion

By way of conclusion, I will simply say that the amount of work to be done in setting these new directions seems pretty formidable. I have stressed the continuity in Australian defence planning, but I hope I have also shown that there are some big issues out there. Australia needs to redefine self-reliance, overhaul its approach to alliance management, expand its concept of regional engagement, and fundamentally examine its approach to force planning. It can continue to build on the foundations laid in the 1970s and 1980s by people like Sir Arthur Tange and Paul Dibb, because they did their work so well. I hope future planners can do as well.

CHAPTER 3

AUSTRALIA'S SECURITY RELATIONS WITH THE ASIA-PACIFIC REGION

Arch Bevis

There can be no doubt that since the end of the Cold War the removal of constraints imposed by the two opposed power blocs has permitted previously local and regional pressures to come to the fore. Differences in the outlook of nations have become more apparent, and have produced strains in relationships which had previously appeared well adjusted. An example is the increased tensions between the United States and Japan over trade.

Impediments to growing international economic relations have been reduced, with trade increasingly identifying national interests. Examples include the eastern European countries' attempts to become enmeshed with the economic development of the European Union and the heavy investment from Taiwan in the People's Republic of China. It is argued by some that trade liberalisation provides growing prosperity, increasing mutual interdependence and peaceful cooperation as the futures of nations become increasingly more commercially intertwined.

The extension of this argument holds that war was perhaps an appropriate national response when the fixed factors of production, particularly land, were the dominant elements of economic production. As Robert Reich, in his book *The Work of Nations,*[1] so clearly argues, the factors of production that are now significant in modern economies are capital, skilled labour and information. These tend to be mobile and, by their nature, not easy to dominate by military means. Indeed, investment capital tends to 'flee' at the rumour of conflict.

Were this analysis of the world of the twenty-first century correct one would argue, or at least hope, that the Asia-Pacific

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1 Robert B. Reich, *The Work of Nations: Preparing Ourselves for 21st-Century Capitalism* (A.A. Knopf, New York, 1991).

Economic Cooperation (APEC) forum alone, through the promotion of mutual prosperity, could be the model way to peaceful co-existence in eastern Asia. APEC is an enormously significant strategic as well as economic development in the region, holding great promise for the years ahead. But to expect APEC alone to deliver security is a big ask.

Notwithstanding Reich's analysis of future wealth creation, land and ocean territories remain crucial factors of production and prerequisites for wealth. Territorial control remains the dominant factor for many resistance, liberation and secessionist movements, and for nations.

The Asian region is no different in these matters to any other part of the world. Indeed, the survey of major conflicts produced by the Stockholm International Peace Research Institute (SIPRI)[2] shows that slightly more conflicts have occurred in Asia over the period 1989 to 1994 than in any other region. As in most other areas, conflicts in the Asian region have declined slightly since 1992 and are internecine, involving action by armed elements of a society against its government. Most are about territory, usually the claims of minorities to secession or autonomy, rather than conflict between states.

Significant territorial disputes with the potential for violence exist in the region, however. Chinese claims to sovereignty over Taiwan have recently demonstrated one of the most fundamental of these. The situation on the Korean peninsula has become even more unstable following the change in leadership in North Korea and that country's poor economic performance. Military posturing has occurred over possession of various parts of the Spratly Islands, which are claimed in total or in part by six nations. And the Diaoyu Islands in the East China Sea are contested by China/Hong Kong, Japan, and Taiwan; the death by drowning of a Hong Kong national occurred recently during a protest there.

Against this background there are some specific bilateral and multilateral strategic relations between Australia and countries in the region. Few recent events are of equal or greater potential significance for Australia and the region than the Australian-Indonesian security agreement. In the past, Australia's security arrangements have focused

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2 *SIPRI Yearbook 1995: Armaments, Disarmament and International Security* (Oxford University Press for SIPRI, Oxford, 1995).

on the mutual security pact between Australia, New Zealand and the United States (ANZUS), the South East Asian Treaty Organisation (SEATO) and the Five Power Defence Arrangements (FPDA). These have generally served Australia and the region well. But not one of these agreements includes Indonesia. Indeed, to the contrary, they could be seen at different times to be against Indonesia.

The signing of the Australian-Indonesian agreement formalises a significant change in Australia's outlook on this region. In many respects it acknowledges changes in the relationship which have occurred in recent years. The close contact between Australian and Indonesian forces, the personal friendships between respective senior defence staff and the close personal links at a political level all contributed to its creation and will be strengthened by it.

Equally for Indonesia it marks a new approach. It is the first security agreement Indonesia has concluded with another nation. It holds significance for the two nations and for the region. It is clearly an acknowledgment that the strategic interests of one party may well influence those of the other and, importantly, the region. Article 1 of the agreement makes this latter point directly by encouraging 'co-operation as would benefit their own security and that of the region'.[3]

The clear implications of the agreement were also drawn out by the then Prime Minister of Australia, Paul Keating, when he said 'it is not simply about external threats, it is about the whole environment of the region'.[4]

An interesting recent development is the desire of the United Kingdom to play an increased role in regional security matters. During his visit to Australia, UK Defence Minister, Michael Portillo, expressed a desire for closer and greater links with the region's security forums. He also announced UK plans to contribute one of its largest naval contingents for many years to an upcoming FPDA exercise.[5] The extent to which this signals a fresh foreign policy or strategic outlook

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3 The test of the agreement is printed as an appendix in Bob Lowry, *Australia-Indonesia Security Cooperation: For Better or Worse?*, Working Paper No.299 (Strategic and Defence Studies Centre, Australian National University, Canberra, 1996).

4 Transcript of the Prime Minister, the Hon. P.J. Keating MP, interview with Kerry O'Brien, ABC TV '7.30 Report', 14 December 1995, p.1.

5 As reported by Ian McPhedran, *Canberra Times*, 10 September 1996.

by the United Kingdom, as distinct from an industry-driven marketing drive, will no doubt be the subject of scrutiny in the region.

Australia's longest standing and closest regional partner is of course New Zealand. There are few if any other two neighbouring countries whose histories, cultures, societies, military traditions and strategic imperatives so closely match. This closeness both compels us together and keeps us apart. The nature of this 'bitter-sweet' relationship is epitomised on the sports field. The only thing more arousing to Australian sports fans than a Wallabies/All Blacks game is a Queensland/New South Wales State of Origin match. This is not just a 'macho male thing' either. The most watched game of netball ever was the World Championship final match between Australia and New Zealand a couple of years ago. It is this sort of long-term rivalry that only close and genuine friends can have.

It is therefore little wonder that the Closer Defence Relations (CDR) agreement between the two countries has developed. CDR has formalised many of the developments which have evolved between the two defence forces. It has facilitated a structure for agreed cost-sharing arrangements for joint activities. It is also fostering the development of a complementary force structure. However there is much more that can be done.

Earlier this year, when addressing the New Zealand Strategic Environment Conference, the New Zealand Secretary of Defence, Gerald Hensley, said: 'If France and Germany can begin to contemplate joint forces ... then Australia and New Zealand must ask themselves whether the same pressures will come to bear here'.[6] The question that struck me is not only whether the same pressures will come to bear here, but rather, why have we not already moved further in that direction?

There should be scope to extend beyond complementarity to joint operations, to integrated units. As the New Zealand Secretary of Defence stated:

> We may be very conscious of our differences in outlook and accents, but the rest of the world finds it almost impossible to

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6 'CDR: The Way Ahead', speech by the Secretary of Defence, Gerald Hensley, to the New Zealand Strategic Environment Conference, Trentham, 15 April 1996.

> distinguish between us ... The fact that we will have a stronger voice in promoting our security if we work together than if we stand apart will more than anything else enforce increasing co-operation over time.[7]

Together with New Zealand, Australia should continue to press the boundaries of closer and effective defence relations. It is wholly appropriate that New Zealand seeks to play a more significant role in the region's defence. I would encourage it to do so.

Over the last decade, the Australian government has developed closer bilateral defence relations in the region, to both mutual and regional benefit. Within the region Australia is uniquely able to provide a range of world-class training facilities, certainly for air and land operations. The arrangement for the Singapore Air Force and Army to use specific training areas may well present a model which would be appropriate for other regional partners.

Similarly, whilst the inter-operability of Australian and New Zealand forces is most often applied within the region, the potential for closer integration with other regional forces is greatly assisted by the various joint exercises and staff training programmes which are increasingly undertaken. Possible acquisitions in the future, such as a common offshore patrol vessel by Australia and Malaysia, invite closer cooperation in both defence and economic activities. These types of engagement provide close links between Australia and many of its neighbours at organisational and personal levels. They contribute directly to the security of recipients through high-quality training and the provision of equipment.

Without doubt, the most significant force for stability in the Asia-Pacific region remains the United States' presence. Concerns held by many that the end of the Cold War might see the United States effectively withdraw from Southeast Asia would now seem to be allayed. Certainly, repeated statements by the Clinton administration have reinforced the view that the America is here to stay.

President Clinton's recent willingness to commit two naval aircraft groups dramatically to Chinese/Taiwanese waters sent a clear and welcome signal of America's continuing interest in this part of the

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7 ibid.

world. That he would do this in an election year demonstrates the importance which his administration attaches to the region, and possibly his assessment that the American people are not as isolationist as some of their right-wing activists would have us believe. Similarly, the recent reaffirmation of the American-Japanese security agreement portends a continued US role in Asia's strategic future.

As was clearly spelt out in *Strategic Review 1993*[8] and *Defending Australia,* Defence White Paper 1994,[9] Australia's treaty relationship with the United States remains a key element of its policy and will continue to be so in the foreseeable future. It is difficult to imagine Australia's defence and strategic relationships with the United States being any stronger. Within the region Australia has developed a very close relationship with the US Pacific Command Headquarters. This has included developing the capability to augment each other's headquarters for combined operations.

Whilst Australia's bilateral strategic arrangements are fundamental to the nation's future and the region's stability, fresh multilateral approaches to the more complex post-Cold War world are necessary. The increasing prosperity of the region is quite understandably producing a rise in defence spending. The most recent survey of defence spending by the International Institute for Strategic Studies (IISS) found that spending on military equipment in East and Southeast Asia is still increasing, although there are indications that the rate of growth has begun to slow in 1996.[10] A surplus of sophisticated weapons systems in the northern hemisphere is at the same time providing a source of cheap high-technology acquisitions.

For all of the reasons advanced by Paul Dibb in his Adelphi Paper, *Towards a New Balance of Power in Asia,*[11] we are facing in the next 15 to 20 years the likely prospect of a multipolar power balance in this region with the United States, Japan, China, Russia and India the major powers. This will be new territory for all countries - not least the United States, which has for much of this century enjoyed a position as one of the two great powers and arguably the pre-eminent world power of the post-First World War years. In some respects,

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8 (Department of Defence, Canberra, 1993).

9 (Australian Government Publishing Service, Canberra, 1994).

10 *The Military Balance 1996/97* (Oxford University Press for IISS, Oxford, 1996).

middle-ranking powers will be better placed to cope with a multipolar power grouping, having often been forced by a lack of military 'muscle' to negotiate, persuade and cajole across a wide range of interests.

There are vehicles today which could contribute to the goal of multilateral economic and strategic security. APEC's regional commitment to free trade by 2020 will promote closer links and interdependence amongst nations in the region. APEC also has a wider application. This point was made by then Prime Minister Paul Keating to the Committee for the Economic Development of Australia (CEDA) in September 1995, when he said that:

> ... a view of APEC which only pays attention to its economic dimensions is incomplete. Because although it is an economic and trade body, and in my view should remain so, it also has very significant political and strategic consequences for Australia and our region.[12]

The ASEAN Regional Forum (ARF) provides a unique opportunity for discussion of common security interests. It is unique in the diversity of its membership. This is both a benefit and a limitation.

All of these initiatives can fairly be claimed as achievements of previous Labor governments. In no small measure they are the result of the drive and vision of the former Prime Minister, Paul Keating, former Minister for Foreign Affairs, Gareth Evans, and former Defence Ministers, Robert Ray and Kim Beazley.

The development of these processes will be evolutionary. And there is nothing wrong with that. In fact, it is precisely what is required. The careful maturation of these forums facilitates the trust-building measures necessary to produce sustainable and genuine partnerships. The Evans/Dibb approach to trust building is still very much a part of Labor's outlook on regional security networks.

Although less advanced than APEC and the ARF, the former government's proposals on an Indian Ocean regional cooperation

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11 Adelphi Paper No.295 (Oxford University Press for IISS, Oxford, 1995).

12 Speech by the Hon. Paul Keating MP, Prime Minister of Australia, 'APEC - The Outlook for Osaka', to the CEDA Conference on APEC and Australian Business, Sydney, 26 September 1995.

forum provide similar long-term opportunities in a part of Australia's region likely to increase in importance. One thing is clear though, the creativity, energy, dialogue and engagement with the region, which Labor so keenly pursued, needs to be maintained if Australia is to play a constructive role as a middle-ranking power with concern for its neighbours and its own long-term interests.

Since its election to office, the Howard government has not only failed to build on these strong foundations, it has muddied the defence and diplomatic waters. Regional neighbours and others with whom Australia has defence arrangements have been closely watching the new government's pronouncements. The signals being sent have produced a good deal of confusion, at home and abroad.

Reactions to the July 1996 Australian/American Ministerial Meetings (AUSMIN) illustrates the point. The problem is not so much with what was agreed to at the AUSMIN talks, because the joint military exercises which were announced are in keeping with the arrangements which have been in place for many years. Rather, the domestic and foreign concerns stem from the absence of an articulated government defence policy which outlines the need for such exercises. Without a clearly enunciated policy, understood at home and abroad, these initiatives run the risk of raising more questions than they answer. This is particularly so given that they follow on from careless and ill-defined government statements hinting at forward deployment of forces.

Comments by the Defence Minister, Ian McLachlan, that 'Australia's defence does not begin at its coast-line'[13] are interpreted, not surprisingly, as the *Canberra Times* reported, as 'a shift in defence policy away from simply defending Australia's shores to a more aggressive projection of power in the region'.[14] The AUSMIN communiqué's statement that 'Both sides agree to explore ways to enhance ... deployments in the Asia Pacific ...'[15] reinforces this view. It also begs the question, to which Asia-Pacific nation does the government anticipate making a joint deployment?

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13 Speech to the conference on The New Security Agenda in the Asia-Pacific Region, 3 May 1996, reproduced in this volume.

14 Ian McPhedran, *Canberra Times*, 4 May 1996.

15 Australia-United States Ministerial Consultations: Joint Communiqué, 27 July 1996.

Put simply, is Australia replacing the notion of defence self-reliance and engagement with its region with a policy where it seeks to project force far from Australia's shores? Is it returning to a defence strategy which is based upon an increased reliance on the United States and is more insulated from the country's neighbours?

At the same time, the unfortunate blundering of Foreign Minister Downer on the soft loans scheme, DIFF, has fuelled questions in the region about the Howard government's real commitment to nations in the region.

All of these worries are now being fanned by the damaging debate on Asian immigration. Whilst Australia's defence relations with its neighbours remain basically healthy, it would be naive to believe that anti-Asian views being expressed in the national press and raised in Parliament do not have an affect on a wide range of activities conducted between Australia and regional countries.

Although it would be unthinkable that foreign and defence policy could leap 'back to the future' of the 1960s and 1970s, this does seem to have some appeal to Foreign Minister Downer. In January 1996 he told a Young Liberal conference that:

> It was through our close links with the US, UK and France that we were able to exercise more influence over the destiny of South East Asia between 30 and 40 years ago than we do today.[16]

Even in Australia's most important relationship, that with the United States, ad hoc statements by senior ministers have introduced confusion. The sequence of events leading up to the July 1996 AUSMIN talks illustrates the point.

During Alexander Downer's first visit to Washington as Foreign Minister on 8 June 1996 he publicly announced that Liberal policy in support of US prepositioning of military equipment was an issue he would raise with US officials. Indeed, three days later he announced that prepositioning had been discussed in his meetings with senior US officials. The fact that this announcement was both

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16 As quoted in Gareth Evans' speech, 'Labor's Foreign Policy', Rotary International World Understanding Month Dinner, Noble Park, 15 February 1996.

premature and wrong became evident to all when Defence Minister McLachlan arrived in Washington only two weeks later.

Prior to his meeting with McLachlan, US Defense Secretary Perry was asked by the media about prepositioning of equipment in Australia. He made it clear this was not even on the agenda: 'We're not planning to discuss that. It's not a matter of pressing consideration' he said at the time.[17]

Even the joint major military exercise, Tandem Thrust, agreed to at the July 1996 AUSMIN talks, has been promoted in a policy vacuum. What, for example, is the likely theatre of operation in which we anticipate fighting with a force of 22,000 troops? That is not to say that there are not mutual benefits arising from Tandem Thrust. However, in its haste, the present government has ignored Australia's strategic and operational defence requirements.

Yet another example of premature pronouncements came when Defence Minister McLachlan raised the idea of a US naval base in the Northern Territory.[18] Whilst nothing has come of that, it surely promotes more questions than it answers.

Over the last decade, Australia has developed historically close and productive relationships with its regional neighbours. At the same time, its ties with America, particularly in defence, have strengthened. The former US Joint Chief of Staff, General Colin Powell, has commented that: 'We had to find reasons just to get together. I mean the relationship has been so strong ...'.[19]

The Australian-US alliance is the cornerstone of Australia's defence policy. The Labor government accorded it top priority and it is appropriate that the new government does also. However, it needs to be set in a policy framework. For the last decade, this framework was provided by former Foreign Minister Evans and former Defence Ministers Beazley and Ray. Australia's defence self-reliance in the

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17 Transcript of ABC Radio AM programme, 26 June 1996, 'Proposal to Pre-position United States Military Equipment in Australia', reporters Ellen Fanning and Peter Cave, speakers William Perry, US Secretary of Defense and the Hon. Ian McLachlan MP, Minister for Defence.

18 'Sunday' programme, Channel 9 TV, 9 June 1996.

19 Reported by the Hon. G.F. Punch MP, *Hansard* (House of Representatives), 17 October 1995, p.2207.

context of its treaties with the region and the United States was understood at home and abroad. Sadly, the clarity of direction provided by Evans, Beazley and Ray has been lost. Both at home and abroad questions are now asked about the Howard government's intentions.

The fact is, in the absence of a clearly enunciated and understood defence policy, no one quite knows the new government's intentions at the moment. We have defence decisions without an articulated strategic assessment. That is hardly the recipe for a successful foreign and defence policy.

The government has effectively torn up two Defence White Papers and replaced them with defence policy by press release. A clear policy framework is required. As a matter of priority, the Howard government needs either to publicly endorse the former government's Defence White Paper or to produce a new one.

The bilateral and multilateral arrangements the previous government set in place provide a strong foundation for future government policy. Australia's standing with its traditional allies is high. Its place in the region and the respect in which it is held give Australia the opportunity to play a constructive role in regional security and prosperity. As we approach the new millennium, Australia is well placed to minimise the threats it faces and to turn the challenges into opportunities for both itself and the region.

CHAPTER 4

SECURITY THROUGH COOPERATION

Alexander Downer

Introduction

The Asia-Pacific region is Australia's place. It is the area where we make and establish many of our international friendships. And it is where we must build the secure, safe environment which is a prerequisite for the prosperity and quality of life we seek for all Australians.

When the Australian government says that closer engagement with Asia is its highest foreign policy priority, it means that this country is unequivocally committed to the region and is committed to finding its prosperity and security here, 'right where we belong'.

Australia finds and builds its future prosperity by developing its export markets and so creating jobs for Australians and long-term economic security for their children.

Australia strives to guarantee security in the Asia-Pacific region by cementing its friendships with other nations and works to create a stable and secure environment where this country and each country of the region can similarly flourish and be at peace. Principally Australia does so by contributing to the security of the region through cooperation. This is clearly critical to Australia's long-term national security.

Australia will not be fully secure - it will not be free from the threat of military conflict, nor from other non-military threats to its physical security - if the region experiences turmoil or conflict.

Australia, therefore, needs to take a long-term view of security and maintaining stability in the Asia-Pacific. The country must be hard-headed about its security environment and about the influence Australia can bring to bear on regional developments, and realistic about the role Australia should play in the region.

I want to outline briefly the key elements of Australia's foreign policy approach to regional security. First, with reference to current developments in the Asia-Pacific region and second, by outlining the new Australian government's plans to enhance regional security cooperation.

The Asia-Pacific Security Landscape

The first point to be made about the present security environment in the Asia-Pacific is perhaps the most obvious: the Asia-Pacific region is in the process of profound transformation. This is in part the result of the end of the Cold War. It is also a by-product of the dramatic increase in regional economic interaction over the past ten to fifteen years, and the sustained high rates of economic growth recorded by so many regional countries.

These rapid economic changes are worth dwelling on. Asian countries have compressed into 50 years the Industrial Revolution which the West took 200 years to complete. On average, Asian economies grew 6 per cent last year, compared to 2.8 per cent in Western Europe and 2.7 per cent in the United States.

By the year 2020, if growth continues near its recent pace, China will have the world's largest economy with Japan, India, Indonesia, South Korea and Thailand in the top ten. This has led to vast changes within these societies, and will continue to do so, which heralds even further economic and social development. The World Bank estimates that per capita incomes in East Asia nearly quadrupled over the last 25 years despite growing populations.

Together, these vast changes in the region have profound implications for its security.

Implications of the End of the Cold War

The cessation of the Cold War marked the end of the post-Second World War security architecture, which was characterised by overarching and global competition between the United States and the Soviet Union. Its passing has, inevitably, generated a range of new security challenges.

First, there are now more major players in the region. Japan, China, Korea, Indonesia, and increasingly India, are all growing powers and a major consequence of this is that all countries in the region must now work very carefully through the implications of more complex security relationships. US involvement in the region remains the single most important factor in regional strategic planning and, of course, is crucial to the region's stability. The US-Japanese relationship is clearly the most important single bilateral linkage in the region, but other relationships are now rightly receiving increased analytical attention.

Second, within the region there are a number of unresolved issues which have the potential to develop into disputes affecting national and/or subregional security. These quarrels are to be found both within states and between states. The primary issues of concern are well known: ongoing antagonism between the Republic of Korea and the Democratic People's Republic of Korea; competition in the South China Sea; uneasiness between China and Taiwan; and continued instability in Cambodia. They require us to be both vigilant and proactive in contributing to their resolution.

Third, a range of non-military challenges to Australia's physical security have also come to prominence in recent years: threats to the environment, the international narcotics trade, transnational epidemics and unregulated population movements are examples of the sorts of issues that require global and regional cooperative solutions.

Economic Dynamism and Security Relations

The region's economic transformation has also had a significant impact on regional security relations. The relationships between economic growth, economic interdependence and security are extremely complex and, in the case of the Asia-Pacific, the full implications of economic development and economic interaction for regional stability have yet to unfold.

Over the past two decades, intra-regional trade has grown dramatically. Countries in the Asia-Pacific are now much more economically interdependent and consequently familiar with each other. This increase in trade has brought people together from a wide

range of regional countries and increased the extent to which regional governments perceive common goals. I believe increased economic interaction has significantly helped to reduce the potential for conflict in the Asia-Pacific.

Yet growth and interaction bring other challenges. Over the longer term, economic development will lead to shifts in relative power and is likely to have an impact on the pattern of regional security relations. Economic development is already giving Asia-Pacific governments the means to acquire greater defensive capacities than in the past. These factors have the potential, if appropriate steps are not taken, to destabilise existing security patterns, heighten tensions and reduce security throughout the region.

A key challenge raised by economic growth and interaction is the possibility of a scarcity of resources. The region's rapid economic growth, coupled with the relatively low resource bases of some regional countries, gives rise to the possibility that over time countries will foresee difficulties in obtaining sufficient resources to support continued high rates of growth. Ongoing access by the East Asian growth economies to energy and other resources will therefore be central to the maintenance of regional stability.

The solution is straightforward. It is the continued development of free and open trading and investment arrangements at both global and regional levels, together with creative, cooperative measures for the joint development of resources.

A final point that should be made here is that regional stability is essential to the maintenance of the region's economic growth.

While the region's security landscape is undergoing major change and facing new challenges, there is also a range of forces helping to enhance regional security cooperation. These promising developments include the global trend towards regionalism as a force for stability, the positive impact of technological advances, especially in communications, and the emerging sense of shared interest in the region's future that is increasingly evident throughout the Asia-Pacific.

These factors lend support to and make more promising the prospects for regional cooperation in this period of transformation. They are tools that Australia must utilise in contributing to the

resolution of outstanding issues and to the development of cooperative regional security arrangements.

Australian Objectives

In the *short to medium term*, the primary objective of Australia's regional security policy will be to discourage the emergence of strategic confrontation in the Asia-Pacific region.

To this end, the Australian government will be working to help bring regional countries closer to each other, by contributing to the building of constructive security arrangements in the region. Strengthening the web of Australia's bilateral security links will make a positive contribution to discouraging regional strategic competition.

In the *longer term*, Australia must aim to build a regional environment which is characterised by both resource security and the development of a culture of trust and consultation.

The question, of course, is how to do this. I have already suggested that the prospects for ensuring the region's long-term resource security will best be enhanced by continued liberalisation of trade and investment and other forms of regional cooperation. Australia must be an active and positive contributor to these efforts.

With this in mind, Australia will approach building up regional security in three distinct ways.

Country-to-Country Security Links

In the first instance, the government will be looking to strengthen the web of ties that Australia has within its immediate region.

Australia's regional defence links are already strong. Australia is a party to ANZUS. It is party to the Five Power Defence Arrangements with Malaysia and Singapore, the United Kingdom and New Zealand.

Defence relations with New Zealand are long-standing and of ongoing importance and the government will develop the full potential of the Closer Defence Relations (CDR) agreement.

The Joint Declaration of Principles with Papua New Guinea enshrines basic principles for the maintenance and strengthening of our defence relations with that country. I want to reaffirm the government's commitment to the Joint Declaration of Principles and to make particular reference to Australia's shared history and friendship with the government and people of Papua New Guinea.

And, of course, the Agreement on Maintaining Security which was signed late last year has enhanced significantly Australia's security ties with Indonesia.

These arrangements together provide a solid foundation for security links between Australia and Southeast Asia and the Australian government will be working further to build on that foundation.

In connection with the Australian-Indonesian security relationship, I should note in passing that during my first official visit to Jakarta in April 1996, I reaffirmed the Australian government's support for the new security agreement. The signing of that agreement was a logical development of the closer cooperation that has been built with Indonesia in the security field over a number of years. I indicated to the Indonesian government that the new Australian government wanted to develop the security relationship not just in terms of defence cooperation but in terms of a dialogue about regional security issues more broadly. I might also note that, in our talks, President Soeharto spoke in very clear terms about Indonesia and Australia sharing a destiny in the region.

We must also maintain and strengthen close links with Singapore, Malaysia, Thailand, the Philippines and Brunei. Constructive interaction between the Australian Defence Force and the defence forces of key countries in Australia's immediate strategic environment will represent an important contribution to confidence building in the region. Strengthened bilateral security dialogue with North Asian countries will also be a priority for the new government.

Beyond their own intrinsic value, a key aim of developing the web of security links I have described here is to strengthen regional security cooperation in a way that does not open up regional divisions or invite strategic competition.

The United States' Involvement in Regional Security

A second strand of the government's approach to regional security will be to ensure a continued, strong US presence within the East Asian region. It is critical that Australia pays proper heed to the role of the United States in the maintenance of regional security.

Australia must, in particular, give due weight to the importance of the US-Japanese security alliance. This alliance locks the United States firmly into the region. It is fundamental to the security and prosperity of the Asia-Pacific region.

May I say, on this point, that the Australian government welcomes wholeheartedly the recent reaffirmation by President Clinton and Prime Minister Hashimoto of the strong security relationship between the United States and Japan. Their Joint Declaration on Security demonstrates the vitality of the alliance as a continuing force for regional stability and was welcomed by the Australian Prime Minister, John Howard, who has written to both President Clinton and Prime Minister Hashimoto expressing these views.

I should also add in passing that the Australian government welcomes the positive signals emanating from high-level meetings such as that between Prime Minister Hashimoto and President Yeltsin in Moscow prior to the recent Nuclear Safety Summit.

The central role that is played by the United States in Asia-Pacific security is also demonstrated by the responsibility it has taken in maintaining security on the Korean peninsula. The United States' presence in the Republic of Korea has been absolutely crucial to the latter's peaceful development over the past forty years.

In respect of recent developments on the Korean peninsula, the Australian government fully supports the United States' call for four-party talks between the United States, the Republic of Korea, China and the Democratic People's Republic of Korea. It is a welcome and realistic option that is worth pursuing if a lasting peace for the two Koreas is to be found.

Of course, the United States also has security treaties with Thailand, the Philippines and Australia, which heightens the United States' role in the Asia-Pacific as the region's anchor of stability.

Regional Security Dialogue

The third strand of the government's approach to regional security cooperation is regional dialogue and the role of regional institutions.

The ASEAN Regional Forum (ARF) is, at present, proving to be the most comprehensive framework for regional security dialogue. The government strongly supports the strengthening of the ARF in practical ways. It assists regional countries to get into the habit of dialogue and cooperation on defence and security issues. The ARF helps to build trust, a sense of shared interests and a sense of shared responsibility, and the government believes these are essential for shaping the region's long-term security future.

Although the ARF is still in its infancy, it is beginning to produce concrete results. The annual ARF meeting is at present primarily a dialogue process in which Foreign Ministers exchange views on strategic and security issues of importance to the region. But consensus is now beginning to develop amongst member-states that the ARF should move to implement a number of agreed cooperative measures, so that the body can start making a practical contribution to the region's peace and stability.

We should not forget, however, that the East Asia/Pacific region has no prior history of cooperative security groupings. The region has its own peculiar history and dynamics, and we should be wary of transposing the structures and the experience of security cooperation utilised to understand and develop security groupings in other parts of the world. The ARF is, in short, a unique and fledgling body that will develop in its own way and in its own time.

It is not the Australian government's intention that the ARF become a collective defence arrangement such as NATO. Indeed there is little inclination among any of the ARF's member-states for this to happen. The ARF will, however, be increasingly valuable if it continues to instil greater confidence and transparency in the security thinking of all member-states.

Specifically, the ARF should continue to develop regional dialogue on issues such as defence planning and acquisition, and should take forward the agenda for developing preventive diplomacy

in the region. This, in time, may lead to it becoming a body which can negotiate the resolution of disputes through agreed mechanisms.

Cooperative Mechanisms in the Region

I referred earlier to the economic path of trade liberalisation and greater interdependence as the key way in which the potential problem of scarcity could be dealt with. In this context, economic regional institutions have their role to play in dealing with the issue of resource scarcity and so effectively building greater security in the region.

The Australian government is, of course, deeply committed to the development of the Asia-Pacific Economic Cooperation (APEC) forum as the region's pre-eminent institution for economic cooperation. Australia will also continue to pursue as a matter of priority the implementation of the system of international trading rules developed by the World Trade Organisation.

In addition, the government will be proactive in seeking to contribute to creative endeavours to develop jointly scarce resources. Australia has, for example, over a number of years been involved in the work of the Mekong River Commission and its predecessor, the interim Mekong Committee, which is seeking to ensure sustainable and equitable development of the Mekong Basin's resources for all of the countries in the region. This sort of cooperative effort is an example of the ways in which the region can best tackle issues pertaining to ongoing resource security over the long term.

The other component of the government's longer term objectives, developing mutual trust and respect throughout the region, will be best realised if countries in the region consult regularly and are able to speak frankly about their security concerns. Achieving this objective also requires the Australian government to work towards the development of closer bilateral ties in the region in addition to contributing actively to region-wide security and economic dialogues.

Regional dialogue will also be increasingly important as a means of working through other non-military threats to regional security. A key concern, for example, is ensuring environmental security throughout the region. Other issues, such as human rights,

transnational health issues and international crime are also the subject of region-wide discussions. These issues require attention and joint action by regional countries.

Global Security Challenges

Although this paper is concerned with the enhancement of regional security, this region is as vulnerable to global security challenges as any other.

Nuclear proliferation and the attainment of nuclear weapons by rogue states or political movements may in time constitute the greatest threat to Australian and global security. The Australian government is completely opposed to continued nuclear testing, and remains fundamentally committed to the terms of the Nuclear Non-Proliferation Treaty. Australia will continue to lead the way in driving forward negotiations for completion of the Comprehensive Test Ban Treaty, and the Government will promote an Australian text for that treaty. I remain confident that there will be genuine progress towards a successful conclusion of the treaty and a permanent ban on all nuclear testing in the near future.

The government will also take all possible steps to prevent the transfer of nuclear weapons technology and the means of their delivery. Australia will also strongly oppose any action by existing nuclear weapons states which undermines the Non-Proliferation Treaty and which would therefore weaken incentives for threshold countries to remain non-nuclear. In this context, I was pleased to announce the $A2 million commitment which the new Australian government has already made to the Korea Energy Development Organisation (KEDO).

As evidence of its commitment, the Australian government has already sponsored the second meeting of the Canberra Commission and looks forward to receiving the Commission's report.

The Australian government will also work to achieve a ban on the production of fissile materials in addition to maintaining its support for the elimination of nuclear weapons, a position established when the government of John Gorton signed the Non-Proliferation Treaty in 1970.

The Australian government also recognises the problem posed by the development and proliferation of chemical and biological weapons and remains committed to international attempts to prohibit the manufacture and use of such weapons.

The government also recognises that anti-personnel land-mines continue to have a devastating and indiscriminate impact on people throughout the world. The Australian government recently made the historic announcement that Australia will support a global ban on the production, stockpiling, use and transfer of anti-personnel land-mines; and impose a unilateral suspension on the operational use of anti-personnel land-mines by the Australian Defence Force. It is interesting that it took the new government less than six weeks to achieve this breakthrough, whereas the previous government had been unable to produce such an outcome within thirteen years in office.

All of these developments are of concern to regional security for two reasons. First, issues such as nuclear proliferation within North Korea and the land-mines tragedy of Indochina are problems which disturb Australia's own neighbourhood. Second, the resolution of certain global tensions inevitably helps to create a less fractious and more cooperative international security environment and, with it, a more harmonious regional security environment. That is why in addressing global problems, we are also helping to make Australia's region secure.

Conclusion

All of the above elements of our approach to developing regional security cooperation are mutually reinforcing and the government will work on them simultaneously.

This multifaceted approach, in which strong bilateral relations underpin effective multilateral regional dialogue, grows out of the government's pragmatic approach to enhancing Australia's national interests.

As the great British historian E.H. Carr noted in *The Twenty Years' Crisis*:

> ... mature thought in international relations combines purpose with observation and analysis. Sound political thought and

> sound political life is found where both reality and utopia have their place.[1]

Australia and its neighbours must make the most of the present relatively benign security environment to set in place stable and enduring security arrangements. Only then will be established the best possible conditions for all the countries of the region to pursue their other fundamental national interest - enhancing national prosperity.

In short, regional security, as with the building up of any relationship between friends, comes through interaction, through trust and through a long-term belief in the security of those resources which are vital to continued development. With it, Australia's own security is assured. This outcome of a secure region and, with it, a secure Australia will come about through the measures aimed at building up cooperation in the region which I have outlined.

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1 E.H. Carr, *The Twenty Years' Crisis, 1919-1939: An Introduction to the Study of International Relations* (Macmillan, London, 2nd edn 1946), p.10.

CHAPTER 5

AUSTRALIA-UNITED STATES RELATIONS

Kim C. Beazley

When I first became Defence Minister in late 1984 I was pitchforked into one of those glitches in alliance relationships which occur from time to time, then labelled the 'MX crisis'. It was a useful baptism of fire which at the end of the day confirmed several important things for the government and Australia. One was that George Schultz and Bob Hawke really were close friends. More importantly, Australia's significance to the United States in strategic terms was enough to get us 'off the hook' even at a time when the United States was striving to bolster the Western alliance for continued psychological, if not physical, confrontation with the 'Evil Empire'.

What a difference a decade makes. Of course, what had not occurred by early 1985 was the collapse of the Soviet Union and that plethora of local and international issues and crises ranging from the coup in Fiji, the settlement of Cambodia, the Gulf War, the more or less peaceful revolution in South Africa and the emergence of major threats of nuclear proliferation - all of which have involved Australia to a greater or lesser extent.

And what was barely foreseen was the comprehensive shift in the global economic centre of gravity to the Asia-Pacific region, and in particular the spectacular economic performance of Asian economies so important to both Australia and the United States, including Japan, China, South Korea, Taiwan and Indonesia.

Perhaps at the centre of these individual changes lies the reality of an era of almost continuous change. The static Cold War stand-off has been replaced by highly fluid international strategic circumstances in which all players, but especially the United States, must have a clear sense of purpose and propriety.

Such fundamental shifts in the global distribution and application of power call for continued refurbishment of that

extraordinary 50-year alliance which has been so central to Australia's national security concerns in that time.

Security issues have achieved such a low profile in contemporary relations between the United States and ourselves, we have to make deliberate efforts to get them drawn into the spotlight. I was staggered therefore to look at some of the objective measures of cooperative activity and find that they have increased dramatically since the end of the Cold War. For example, the number of visits by two-star and above officials in 1995 was six times that of the last year of the Fraser government in 1982 - 48 against 8. The number of exercises conducted with the United States and the number of service personnel and aircraft involved has increased by about one-third. Australian/US exercise planning in recent years indicates that the standard of exercising has been raised from the previously tactical operational level to include a greater strategic focus.

Two further developments enhance the ability of Australia and the US military forces to exercise together. One is the move from a three- to a four-exercise planning cycle better to align with the US Commander-in-Chief, Pacific Area (CINCPAC)'s cycle and the other is the redrafting of the 1978 ANZUS Planning Manual (APU). The new APU derives from existing strategic guidance to detailed concepts of operations for use in exercise and contingency planning. There are some 250 legal arrangements and agreements in place with the United States which are specifically defence-related. The reasons for this increase and the consequences are worth a little analysis later.

In order to comprehend exactly what has changed, let us see where we were prior to the collapse of the old central balance. United States policy reflected the existence of a clearly defined, quantifiable military threat. That provided an overwhelming focus for both defence planning and alliance building. Anti-Soviet countries shared core values capable of overriding differences within the alliance and among more broadly defined friends.

It also provided a prism through which all relationships could be viewed - sometimes to the distortion of the real significance of those relationships. Nowhere was this more evident than in the northern Pacific region. The United States engaged China in dialogue and it made allies out of Korea and Japan largely to assist in counterweighing

its adversary, the Soviet Union. Of course this structure was producing other outcomes of less interest to the United States, but of great interest to the participants. Through this process, China was engaged in the international community economically and politically, to the relief of the entirety of the Pacific region. Further, complex issues of nuclearisation and forward military capabilities were kept off the Japanese agenda. South Korea was secured and became an important participant in burgeoning Pacific prosperity.

These outcomes, both global and regional, served Australia's interests magnificently. The United States' internationalist philosophy suited us in many other ways as well. For example, it kept off our agenda potentially difficult and expensive issues such as weapons of mass destruction, costly surveillance systems, large war stock requirements and a great deal of hardening and duplication issues associated with armed neutralism in other countries.

Large benefits flowed on the positive side in intelligence, access to sophisticated weaponry sustaining a technological edge and enhancement of Australia's own defence capabilities through regular contact, via exercising and exchange, with the most effective military force in the world. There was the deterrent value of a partner who no potential enemy of our country could assume would not come to our aid. In addition we had the diplomatic value of being associated with a power with whom the more non-aligned nations of our region might from time to time wish to use Australia as an interlocutor.

All this should not be idealised. Alliance relationships inevitably produce disagreement as well as agreement. This is particularly so between unequal players, with one highly globally focused, and the other regionally. Shared opposition to Soviet communism was not always so powerful as to completely override differences, however minor, in values and approaches.

In the 1980s there were a number of incidents and debates that saw Australia in disagreement with its US ally, but there was only one core issue of dispute. Australia rightly asserted a need for defence self-reliance at a time when, psychologically, the United States was trying to stiffen its military allies. It was to our credit that we asserted the benefits of self-reliance to the Americans, and to their credit that they accepted our arguments. They did so because they accepted our

fundamental and unambiguous support for the Western alliance and our readiness to take tough, and sometimes politically unpopular, decisions to support that commitment.

This was the outcome. Getting there was not plain sailing. 1986 was a seminal year in Australian/US relations. In part this was a product of the ship visits dispute with New Zealand. By 1986 the US administration had largely given up hope that the issue could be worked through; ANZUS relationships would have to be redrafted. Unusually, therefore, Australia came into focus. The US mood was to brace its allies in a way that had largely ceased in the 1970s.

Something of that mood was captured in an article written by the US Defense Secretary, Caspar Weinberger. He opened:

> The Reagan Administration took office in 1981 committed to rebuilding American military power. We are encouraged by the results of the past four years. The Reagan defence programme is having its intended effect on the Soviet Union. The sequence of annual Soviet aggression against new targets that began in the mid-1970s in Angola and culminated in the invasion of Afghanistan in late 1979 has ceased.[1]

Central to this was the US administration's view that it was Soviet perceptions of US capabilities and intentions that deterred war. The objective condition of mutual assured destruction (MAD) was not of itself enough. An appearance of willingness on the part of the United States to defend itself was an important influence on Soviet perceptions. Hence nuclear modernisation, the strategic defence initiative (SDI) and the capacity for sustained conventional warfare were critical. United States leadership was assured, but the allies were expected in an 'all flags' exercise.

From the proud tower Australia's response appeared puzzling. A 1985 invitation to participate in SDI was politely turned aside. Assistance with nuclear modernisation in the form of MX testing was also declined, having first been proffered by the Fraser government

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1 Caspar Weinberger, 'US Defense Strategy', *Foreign Affairs*, Vol.64, No.4, Spring 1986, p.675.

then modified by the Hawke government. Then the Dibb Report,[2] based on contemporary longstanding Australian strategic guidance, appeared to suggest that mutual assured destruction made global warfare unlikely, and maintained that conventional struggle and limited conflict was also unlikely, and that Australia had its own fish to fry in its own region.

What the report reflected was the culmination of more than a decade's consideration by Australia of Nixon's Guam doctrine on allied self-help; three decades of realisation inside the Australian bureaucracy that Australia's regional concerns were largely extraneous to the central balance; and a decade only since the end of the Vietnam War. So 'off-the-map' had Australia become that little of the existence of this Australian train of thought and concern had been picked up inside the American bureaucracy at senior levels.

Overlaying this was, inside the Australian Labor Party (ALP), the development of a strong defensive line on ANZUS, the joint facilities, and the ship visits which portrayed the relationship as contributing to a stable central balance based on MAD and prospects for arms control, and conventionally asserting Australia's capacity for self-reliance in the region. The ALP position was further reflected in strong support for a South Pacific Nuclear-Free Zone (SPNFZ) and for a comprehensive nuclear test ban.

For CINCPAC, a first port of call for all policy development on the region in the Pentagon, a central rationale for the alliance's existence appeared challenged. If New Zealand's position was a political worry, the Australian position might actually assume a military concern. CINCPAC's concerns were echoed elsewhere in the Pentagon and a vigorous exchange ensued. The 1986 meeting of ministers in San Francisco, which effectively restructured ANZUS without the New Zealand leg, saw detailed exchanges on the questions of Australian strategy and force structure. Gradually the view was got across that the Dibb Report was a force structure document and not a strategic document. The force structure would include elements that would serve purposes beyond the defence of Australia's approaches.

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2 *Review of Australia's Defence Capabilities*, Report to the Minister for Defence by Mr Paul Dibb, March 1986 (Australian Government Publishing Service, Canberra, 1986).

The totality of Australia's relationship with the United States would lend support to a commitment in the White Paper to broad Western security interests.

These concerns and the nuclear issues did not dominate the Australian/US relationship for good reasons.

First, they were not fundamental to the central balance either because they were distant from the centre or because Australia was not so prominent a player that important American objectives were disrupted. On issues such as the Soviet presence at Cam Ranh Bay or the continued American presence at Subic Bay, which were to some degree connected to core American concerns, we tended to be at one.

Second, Australia's reservations on some nuclear issues were accepted within the context of its overall commitment to the alliance.

Third, there was an extraordinary coincidence of senior American decision makers with a detailed knowledge of military strategic issues in Australia's region and affection for Australia and who had some Australians who were personal friends. Schultz, Bush and Weinberger were very much in this category. They were confident in 'second guessing' departmental advisers. They were also quick students of all the elements of our material cooperation. The real significance of the joint facilities percolated around in the bowels of the US bureaucracy. They had not featured in detailed discussions in regular senior exchanges. This ended in the 1980s as the Australian government itself became fascinated with the detailed operation of the stations and their possible value to Australia.

Senior officials became increasingly attuned to Australian sensitivities as the government appeared to be prepared to 'hold the ring' in debate on alliance issues in Australia. The Americans were prepared to go out of their way to give assurances where a degree of public ambiguity might have been useful in other US allied relationships. The preparedness to deny joint facility involvement in SDI was one such example. It had the value of accuracy but it also in a minor way exposed the US hand on the joint facilities where less clarity might have helped.

Fourth, Australia's position was different from that of most close American allies. Most were the beneficiaries of one of the most

unselfish gestures in world history. The United States, which might itself otherwise remain secure in isolation, took upon itself a willingness to be devasted in a nuclear exchange in order to deter attack on its friends. They consumed US security. Australia did not. There was not therefore the same haste among American officials to see ingratitude in Australia's case.

Fifth, Australia did not seek to interfere outside its own patch. It was not generally the source of irritating advice on the bombing of Libya, tactics on international terrorism, Latin America, contemporary problems in Europe, and so on.

Finally, the United States could see, when its gaze was drawn down to it, that Australia had legitimate local interests; it was not trying to wreck international security obligations but in its own way was taking on commitments in the region. The Five Power Defence Arrangements were just one example.

Nevertheless the United States did test Australia its White Paper assertions that it was prepared to be, and capable of being, involved beyond its area of immediate strategic concern. The US administration in the 1980s never failed to identify Australia as an Indian Ocean state on the way to the Persian Gulf. The Gulf has been one area where the United States since the 1970s has identified a vital strategic interest at least partially, and now wholly, distinct from central balance issues.

The incident on which Australia was tested might have achieved more prominence among analysis of Australian/US relations than it has thus far had it not been for its subsequent dwarfing by the war with Iraq over Kuwait. That conflict in many ways reflected the post-Cold War concern of the United States to obtain genuine burden sharing from its allies. The incident I am referring to represented more the Reagan administration's preparedness to do the lion's share of the activity with others contributing political gestures.

In late 1987 Australia agreed to commit a mine countermeasures team with the Royal Navy component of an allied effort to escort shipping in the Gulf in the latter stages of the Iran/Iraq War. We volunteered in advance of a request, given that Australian ships were among the beneficiaries. Nevertheless it was made evident that non-participation would be seen as a pretty decisive turn away

from shared interests, encouraging among some in the administration a 'worst case' interpretation of Australia's White Paper.

This resolution of arguments and cooperative activity meant privileged access to much information and important technologies and to more joint scientific projects. It meant an increasing management role in the joint defence facilities as well as a more open discussion of their tasks.

With the 1986 rearrangements of ANZUS, the second most seminal event of the 1980s was the renegotiation of the arrangements regarding Pine Gap and Nurrungar. The agreement rendered jointness a product not so much of Australia's ability to monitor concurrence with its requirement for full knowledge and consent of and to operations as a product of full integration in an operational sense. Knowledge of the facilities' operations henceforward was a product of integration rather than of the seeking of information. The change reflected our own perception that the facilities were beginning to support direct Australian defence needs.

Through time this has induced a subtle change in the Australian/US relationship. In the early 1980s it was Australia donating part of its security to a wider Western and American interest. Those concerns at Australia taking upon itself nuclear target status have now disappeared. Though still important to the United States, the balance of the direct value of the facilities has shifted more heavily to Australia.

What else has changed? Much has not changed, of course. All the cooperative elements are firmly in place. However the changing psychological, political and economic environment amends their content. I used to pride myself on insulating Australian defence policy from global shifts by basing it on self-reliance, focusing on the defence of Australia and the security of its region. Nevertheless, the assumption was that 'out there in the ether' was a Western alliance tuned by the pressures of a major military threat.

The picture is now infinitely more complex. The United States has genuine difficulties in redefining the significance and character of the security component of its international posture. Its budgetary, and to a lesser extent economic, difficulties make all the more gruesome the task of redefining a strategic rationale for its defence forces. The

administration's determination, against domestic pressure, not to be isolationist runs up against the apparent unfairness of demands that, in fact, it should use its superpower dominance to play a policeman's role.

For Australia's region, a number of issues emerge. A central issue as I see it is for the United States to accept and adapt to the changing regional environment to ensure the continued maintenance of the strategic balance. The United States has had a tendency in the past to see issues in the Asian region in terms of isolated problems, rather than developing an appropriate strategic perspective on its interests and objectives within the Asia-Pacific as a whole.

More specifically:

First, the United States faces new challenges in managing its role and relationships in North Asia. The United States has to recognise that it has vital strategic interests in this region. The global balance/Western alliance considerations which drew the United States into the North Asian region are no longer central to its presence there. But longstanding questions of the local distribution of power have emerged to take their place.

These issues call for new dimensions to the relationships between the United States and its allies in North Asia, in particular to that with Japan. They require strong, mutual confidence and effective cooperation. The Labor government worked hard to encourage the greatest possible sense of an 'Asia-Pacific community', with Asia Pacific Economic Cooperation (APEC) the economic centrepiece of that movement. It will be vitally important to Australia's interests, and to the interests of the United States and Asian countries, that the United States remains switched on to and engaged confidently in, and with, this region. In government we took as a key priority the importance of encouraging American élites to take up this challenge.

A second issue for the United States is the management of differences in cultural and political values in the post-Cold War era. In the current environment the United States still has to recognise the continuing primacy of maintaining a strategic balance in Asia.

For example, in responding to Cold War imperatives the United States' readiness to suspend judgement about value differences

was an important factor in policies which integrated China into the international community in a manner which was acceptable to other regional players.

Today the United States is dealing with prospering, more confident and assertive Asian interlocutors: some call this phenomenon the Asianisation of Asia. But, perhaps paradoxically, those same Asian economies, underpinned by free trade and economic growth, are also moving in directions increasingly more compatible with Australian, and American, values. In recent times we have seen the United States grappling anew with the management of these kinds of questions.

More generally, it seems to me, the United States now has a tendency to define international policy in terms of concepts rather than geo-strategic interests. These include the international pursuit of human rights and democratic values; multilateralism in peacekeeping and burden sharing as a value in itself as opposed to simply a political tactic and a container of costs; non-proliferation of nuclear weapons and weapons of mass destruction. On all of these issues, Australia and the United States have much in common, although we have tended to pursue slightly divergent paths to attain our shared goals.

I have found it very pleasing if somewhat ironic that the very areas where Australia was once seen to be stepping outside the mainstream of its Western alliance commitments - such as non-proliferation and peace keeping - were the ones President Clinton chose to praise when Mr Keating as Prime Minister first met with him in Washington.

On human rights, Australia has adopted a fairly low-key but very activist and consistent approach which has achieved modest progress. While the United States, as a superpower not a middle power, will of necessity approach these issues in a different way, Australia has demonstrated that it is possible to use low-key, practical but nevertheless principled approaches to get results.

In terms of the bilateral relationship between the United States and Australia, much has remained constant, although it is good to note that the irritants which dogged my agenda have now been driven away by the global changes; SDI research, MX testing, concerns about the joint facilities making Australia a nuclear target - these no longer

apply. The joint facilities themselves were demonstrated during the Gulf War to be highly valuable in a regional context.

At least in one critical area of the alliance the new emphasis on concepts has probably meant no change. Consistent with the desirability of nuclear non-proliferation, guarantees to non-nuclear powers must remain as strong. The new emphasis in the United States on forward access as opposed to forward basing, provided the underpinning capability is there, is also much attuned to Australia's own strategies in the Asian region. It may in fact offer new exercising opportunities both within Australia and in the region.

It is a measure, however, of how much these questions have 'gone off the boil' publicly that the security content of probably the most important of the redefining joint meetings in the context of the then new Clinton administration in 1994 obtained virtually no press attention. Some attention was devoted to the interesting economic issues, but ignored was a most impressive effort to get to grips with some of the problems I have been discussing here.

There was on the United States' part an affirmation of its commitment to strategic engagement and this was detailed. ANZUS was firmly embedded within that security environment. A new generation of American leaders signed up to the proposition that :

> As a close ally of long standing and a major buyer of United States defence equipment, Australia would continue to receive preferential access to United States intelligence and military science and technology so as to assist Australia in maintaining defence force readiness and capability at the level of sophistication envisaged in Australia's defence policy.[3]

Australia made an offer of further access for the United States to military training ranges and facilities and to industry support. I note that my colleague Robert Ray was blessed by a palpable lack of public interest in the issue - in stark contrast to my day, when extensive agitation might have been expected after such an offer.

Even more surprisingly overlooked was a paragraph from the communiqué which said that parties expressed their:

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3 Australia-United States Ministerial Talks: Communiqué, Canberra, 8-9 March 1994.

> Willingness to continue to explore and if possible to develop, areas in which Australia might cooperate with those elements of the United States ballistic missile defence program that enhanced their common objectives of preventing such proliferation and affording protection from missile attack.[4]

The Gulf War and the abandonment of SDI has also defused this once controversial issue.

And I should also note that the United States explicitly recognised the importance of the US-Japanese security relationship and reaffirmed its determination to work with Japan to maintain that relationship as a 'Pillar of Regional Security'.[5]

What the meeting demonstrated was a continued US willingness to engage Australia in detailed security dialogue. It provided an opportunity to cement the security components of the relationship in a new era. Above all, it balanced the day-to-day concerns with the relationship, which are now largely economic, with a readiness to address the complex new strategic challenges which we face.

In conclusion, I think early 1996 may have witnessed a clarification within the Clinton administration of its own definition of continuing American strategic interests in Australia's region.

In mid-March 1996, the United States deployed carriers to the waters around Taiwan. They were responding to the tensions arising from Taiwan's election and the Chinese military exercises. The swift action demonstrated that the United States retains the will to deploy forces in Australia's part of the world when it appears necessary.

Then a couple of weeks later President Clinton and Prime Minister Hashimoto signed a joint declaration on the US-Japanese alliance which reaffirmed its significance and durability as a foundation of US strategic engagement in the region and foreshadowed a widening in US-Japanese cooperation to support the region's security. It is significant that, contrary to fears that US public support for the US-Japanese alliance would erode, a US President has been able to reaffirm that alliance in an election year.

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4 ibid.
5 ibid.

One thing is clear from all this: the concerns that the United States would return to isolation post-Cold War are unfounded.

What it does mean for the future of Australian-American security relations is that major increase in joint activity I referred to earlier. I think the intensification of middle-ranking activity reflects the Americans' search for post-Cold War security relations and structures.

The central struggle with the Soviets massively preoccupied all levels of the American national security bureaucracy in ways we in Australia find difficult to comprehend. I remember showing the 1987 White Paper to a Canadian friend with NATO experience. I thought the alliance component portrayed a vast and intense cooperation. He read it and suggested the relationship seemed rather thin. We are attractive now because our defence planning and our contingency planning is structured and philosophically coherent. For people used to rigour there is something to engage.

Australia also has a strong regional orientation. Its defence links are now very broadly based in the region. Activity with Australia provides an entrée into another dimension of regional defence planning.

More broadly, it has to be said that the reverberations of the Gulf War continue. A clear-cut US strategic interest emerged that was a lifebelt to a somewhat disoriented military. From a Pacific route, while we are not directly on the way, the United States is used to thinking about us in the context of Southeast Asian choke points.

Much of that will keep Australian-American security relationships on course while the shape of future US engagement, despite recent events, is still a little unclear.

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The essays in this book were originally presented as speeches to the SDSC/IISS conference on The New Security Agenda in the Asia-Pacific Region, May 1996. They assess Australia's position, interests and available courses of action in the post-Cold War strategic environment. Several interesting themes emerge, including the difficulty of deciding the proper balance between various possible uses of tightly constrained defence funds; the tension between Australia's stated interest in implementing the principle of self-reliance and the country's continued dependence on its security relationship with the United States; the struggle Australia faces maintaining the Australian Defence Force's relative military capabilities in a region filled mostly with countries that are exhibiting rapid economic development and comparatively rapid upgrading of their armed forces; and Australia's interest in a stable region, even if its own capacity to bring about this outcome is limited and several potential crises are already visible on the horizon.

Contributors include Australia's Minister for Defence, Minister for Foreign Affairs, Leader of the Opposition and Shadow Minister for Defence, and a senior Defence public servant. The analyses in their papers provide insights into the assumptions and attitudes within the country's policy-making circles today, perhaps foreshadowing critical decisions that will affect Australian security well into the future of this uncertain era.