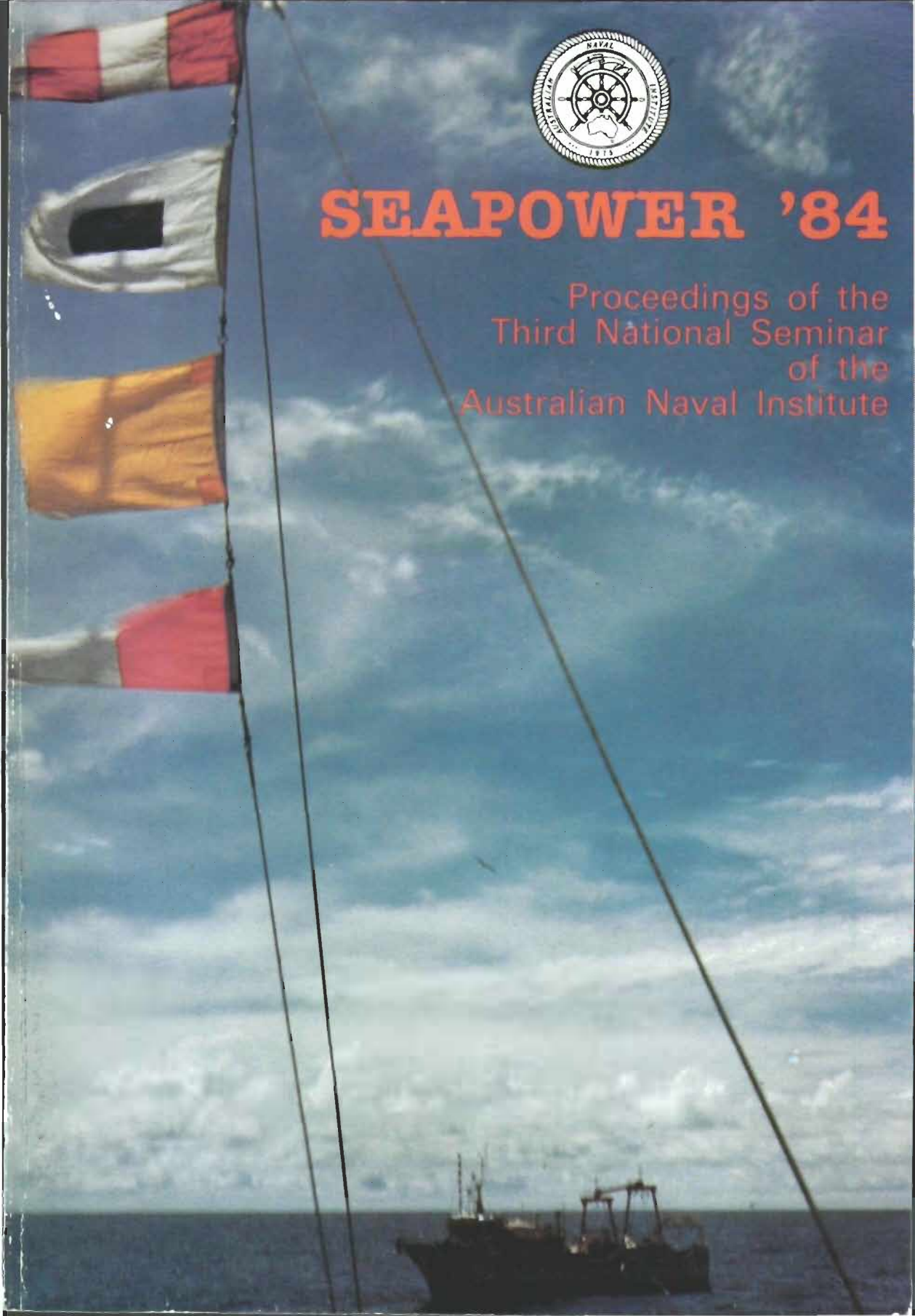




SEAPOWER '84

Proceedings of the
Third National Seminar
of the
Australian Naval Institute



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SEAPOWER '84

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Third National Seminar
of the
Australian Naval Institute

Held at University House and
the H.C. Coombes Lecture Theatre, ANU

Canberra, 27-28 April, 1984

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The Front Cover: 'Stop your ship, I will board you'

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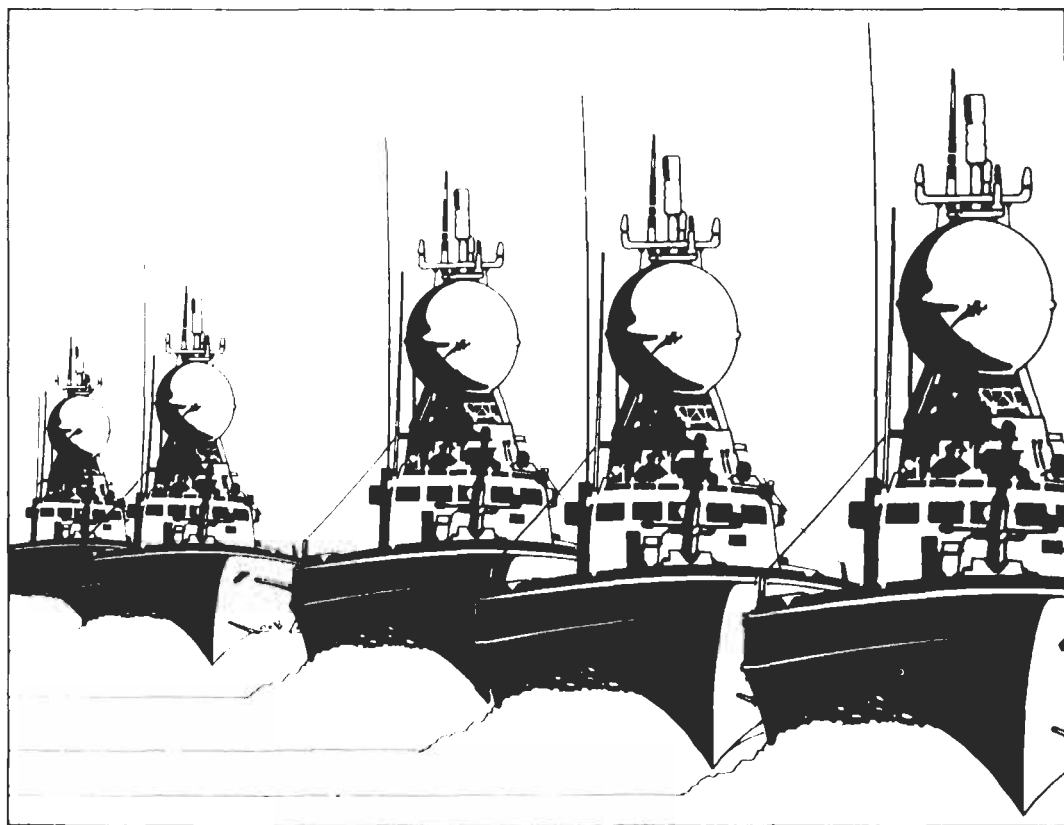
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EDITORIAL

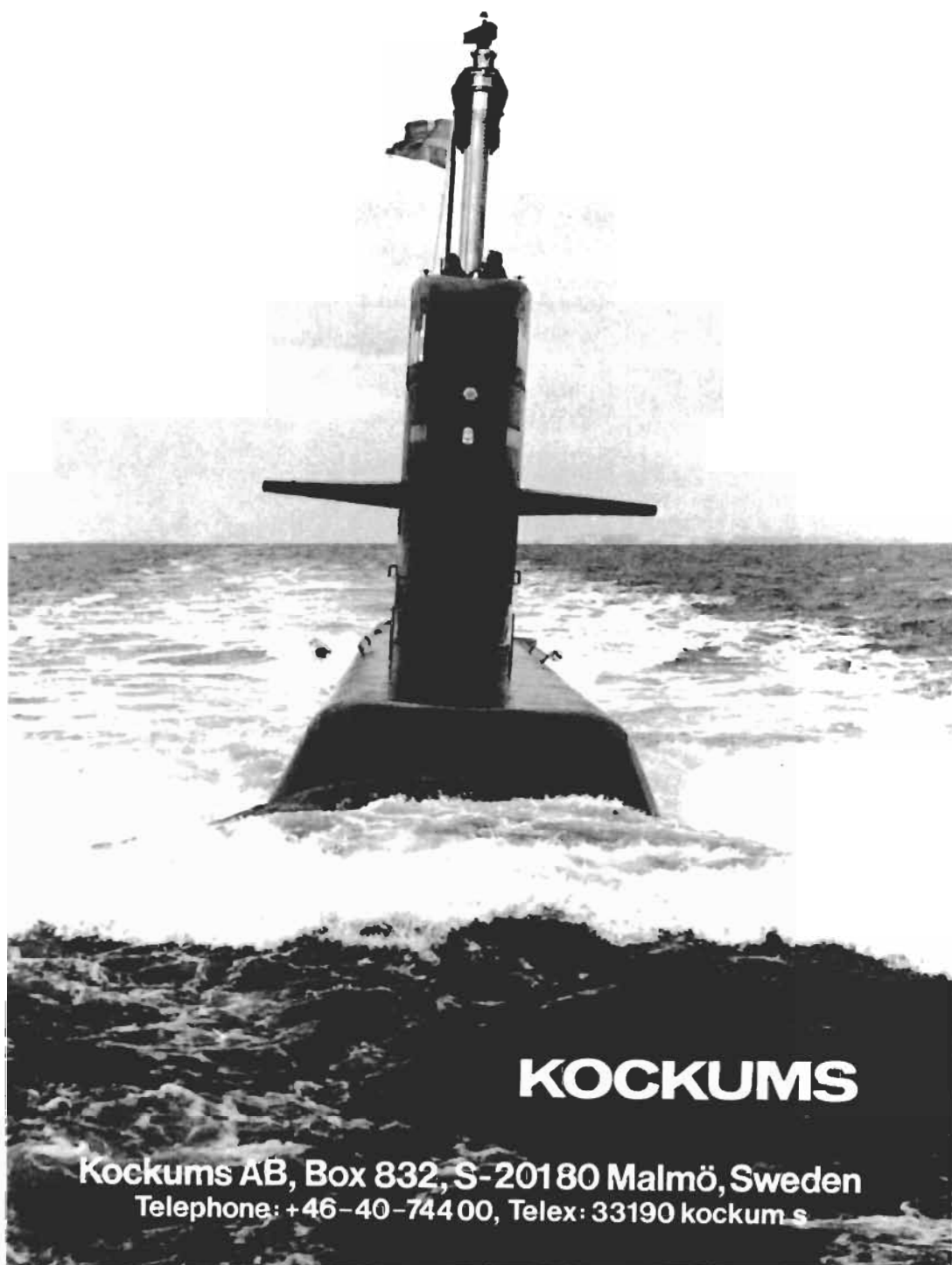
The contents herein consist, in all but one case, of the transcripts of the proceedings of the third national seminar of the Australian Naval Institute. Minor editorial changes only have been made to those transcripts, in some cases by the authors, but otherwise by the editor; I take this opportunity to thank all speakers — either for their generosity in letting me print as I saw fit, or for taking time to look over their transcripts. I would also like to thank Lawscripts of Melbourne for their friendly cooperation and efficient service.

Introductions to some of the speakers, where those introductions were of sufficient length, are included as a biographical aid. With all respect to the speakers concerned, the others were presumably well enough known to the Seminar audience at least — as Commodore Robertson said 'The following speaker needs no introduction from me!' There was not always time for a discussion period at the end of a presentation, but where there was, it has been included (with the exception of the non-transcript).

One of the aims of the Australian Naval Institute is to promote discussion on maritime affairs. Those who attended the Seminar but did not get chance to ask a question, and those to whom these papers are new, are invited to continue the discussion in the pages of the Journal of the Australian Naval Institute. All contributions, whether letter or article, will be welcome.

Finally, readers are reminded that the Australian Naval Institute expresses no views of its own: the views expressed in the papers are solely those of their authors.

G. CUTTS
Hon Editor



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SEAPOWER '84

AUSTRALIA'S MARITIME INTERESTS

PROGRAMME

Friday, 27th April, 1984

- | | |
|---------------------------------------|---|
| Opening Remarks | — Commodore I.B. James, AM, RAN. President, Australian Naval Institute. |
| Patron's Address and Official Opening | — His Excellency The Right Honourable Sir Ninian Stephen, AK, GCMG, GCVO, KBE, KStJ. Governor-General of the Commonwealth of Australia and Commander-in-Chief of the Defence Force. |
| The Strategic Setting | — Dr T.B. Millar, AO. Australian National University. |
| A Legal and Diplomatic View | — Mr R.L. Harry, AC, CBE. Former Diplomat. |
| An Indian Ocean Perspective | — Vice Admiral M.P. Awati, PVSM, VrC, Indian Navy (Ret) Former Flag Officer Commanding-in-Chief Western Naval Command. |
| A Personal View | — Mr W.B. Pritchett AO, Secretary, Department of Defence, 1979-1984. |
| After Dinner Address | — Sir Charles Court, AK, KCMG, OBE. Former Premier of Western Australia. |

Saturday, 28th April, 1984

- | | |
|-------------------------|--|
| Industry's View | — Mr J.F. Kirk, Chairman and Managing Director, Esso Australia Ltd. |
| An Economist's View | — Professor J.W. Freebairn, Chief Economist, Business Council of Australia. |
| The Naval View | — Vice Admiral D.W. Leach, AO, CBE, MVO, RAN. Chief of Naval Staff. |
| A Decision Maker's View | — The Rt Hon I.M. Sinclair, MP. Opposition Spokesman on Defence. |
| Open Forum | — Chairman: Mr P. Mirchandani. |
| Summing Up | — Admiral Sir Anthony Synnot, KBE, AO, RAN (Ret). Former Chief of Defence Force Staff. |
| Closing Remarks | — ANI President. |



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PATRON'S ADDRESS

His Excellency The Right Honourable Sir Ninian Stephen AK GCMG GCVO KBE KStJ
Governor-General of the Commonwealth of Australia
Commander-in-Chief of the Defence Force

Commodore I.B. James: Your Excellencies, distinguished guests, ladies and gentlemen. On behalf of the Council of the Australian Naval Institute, it is my pleasure to welcome you to Seapower '84. Consistent with the aims of the Institute, that is, the advancement of knowledge and promotion of discussion related to naval and maritime affairs, the Council has deliberately chosen a broad theme for this, our third seminar. Consideration of Australia's maritime interests will be against a background of enduring features of Australia's geo-strategic situation and the vital importance of the sea to our national security and prosperity. We are fortunate to have a distinguished panel of speakers to address the theme from widely differing perspectives. We are optimistic that their views will provide the catalyst for informed and vigorous discussion, both at the seminar and beyond. To provide additional opportunity for questions and seminar discussion, you will see from the programme that Saturday afternoon has been set aside for an open forum. The Institute is privileged to have the Governor-General as its Patron, and it is with particular pleasure that I welcome you, your Excellency, to Seapower '84 and invite you to open the proceedings.

* * * * *

The first two national seminars organised by the Australian Naval Institute were opened by my predecessor as Governor-General and I am delighted to be able to continue this rather short-lived tradition by opening this, the third seminar — Seapower '84. This seminar, with its theme 'Australia's Maritime Interests', will hear from speakers having quite differing perspectives concerning the importance of the sea to our national interests. Experts in their respective fields, some of their views may be much at variance with those of others here and I was intrigued

to read in your programme note that — and I quote — 'Discussion will be unconstrained by any consideration other than time and good manners'.

Since Sydney supporters of Rugby League assure me that these are the two considerations that alone dictate the conduct of that game, you are clearly in for two stimulating days of discussion. There will, however, surely be unanimous agreement on one matter; that is, that as an island continent with great oceans on east and west and with to the south, across particularly inhospitable seas, the Antarctic continent of as yet largely unknown potential, the sea around us is and always will be of major importance to Australia. The geography of our continent has so far proved neither, I think, an undiluted blessing nor an unqualified handicap.

This rather equivocal character which our isolation possesses has meant that the extraordinary advances in transport and in communications which have this century so much altered the general picture, seem to me nevertheless to have brought in their train consequences which are neither universally adverse nor wholly favourable. We have gained very much in terms of ready access to the rest of the world and its happenings, but at the same time we have lost something of the security which our extreme isolation gave us. Of course, at the time of first settlement, our isolation from the European world and in particular from the United Kingdom was regarded as very much of an asset, if not by those here at least those at home. The difficulties of transporting convicts across the oceans were great indeed, but that at least ensured that the return of prodigal sons was most unlikely.

The story of Australia's defence problems as seen through 19th century eyes is well enough known — the fear of attack from the French in the early days of settlement and persisting long afterwards, and from the 1850s, the fear of attack by the Russians.

Civilian Australia sometimes forgets how in the second half of the 19th century the Australian colonies were encouraged to and did provide a measure of their own naval defence, always of course in conjunction with the continued protection of the Royal Navy. I believe that Her Majesty's Victorian Ship *CERBERUS* was reputed to be in her time the most powerful ship in our hemisphere. This familiar story of defence measures of the last century serves perhaps as a reminder that the protection of our roughly 20,000 kilometres of coastline has always been an enormously difficult problem, just as threats to our ocean trading routes and to safe access by vessels to our ports remain weighty matters in any defence scenario for Australia.

The vast bulk of our imports and exports are still carried by sea; I am told by value roughly 90 per cent. Any serious threat to our trade routes and to our ports would very quickly bring home to all of us how important the sea is to our lives. The initial European settlement of this continent being entirely by sea, it is also not too many decades ago that all immigrants to Australia came by sea. There was a great consciousness of Australia as a maritime nation, of how much the sea and ships meant to Australian colonists of the last century. All of them having reached the shores after months' long voyages were, once here, still very largely dependent on the sea — wholly dependent for news of home, for the arrival of friends and relatives, for much of their supplies and for all their literature — upon the ships and the sea. Even travel within Australia was wherever possible undertaken coastwise by ship for want of good, or indeed any, roads and because of the inhospitable hinterland which so often had to be traversed.

So consciousness of the sea and its ships was a strong feature of 19th century Australian life, and the holiday dreams of Australians of even forty years ago always began with a trip to Europe by sea in a great white liner with perhaps a love affair or lounging leisure, depending on taste or perhaps on capabilities, as an expected incident of the voyage. And now all this has changed. Nearly all who enter or who leave Australia do so by air, and this enormously lessens any instinctive national perception of our maritime interests. We have lost, I believe, in large measure, our consciousness that we are a maritime nation, dependent like all other islands upon the seas around us for our major means of transportation; and we have to a degree also perhaps lost our consciousness that as an island we also pay the price,

familiar to all maritime nations, of the seas around us being more than just a means of conducting our trade with others, but as equally capable of being a medium of transport or of concealment for any foreign power that might wish to do us ill. If seminars such as this can do anything to make good these losses, they will have done Australia a signal service.

Nineteenth century Australia was acutely aware not only of the sea as a means of contact with the world beyond, but also of it as creating the risk of naval attack by vessels of hostile powers, and we owe some, indeed a great deal, of our most attractive historic architecture to this fear. Without it we would have neither Pinchgut in Sydney Harbour, nor Fort Queenscliff in Victoria; and Newcastle, Fremantle and many another sea port would be historically and architecturally the poorer.

There is, of course, additionally and quite suddenly, a new dimension which has emerged in the context of the ocean about us. The sea bed on our Continental Shelf has become of vital economic importance to us, the first manifestations of this being the immense significance of off-shore oil. We proclaimed our sovereign rights over millions of square kilometres of our Continental Shelf, almost as if to compensate for those millions of square kilometres on land which are rendered more or less useless to man by lack of water. Very welcome indeed our indigenous off-shore oil has been, but at least to a layman such as myself in matters of defence, its vulnerability to attack would seem to have created another possible target of great economic importance. The presence of these oil platforms, vulnerable man-made off-shore islands, is, if anything, a more dramatic and hence, to the layman, a more convincing demonstration of the need for effective defensive counter-measures than any number of ports prone to immobilisation by the laying of hostile mine fields.

It is the development in Australia of a consciousness of all this to which a seminar like *Seapower '84* can so usefully contribute. It provides the forum for Servicemen, academics and others with an abiding interest in maritime issues to discuss questions of vital importance to this nation, and to open up those questions for consideration by the public at large. In this confident expectation that this conference, despite the complexity of some of the issues and the need for expert contribution to inform the opinions of those of use who are less knowledgeable, will make a significant contribution, I have great pleasure in officially opening *Seapower '84*.



Their Excellencies meet VADM Awati, ADML Synnot, VADM Leach and Sir Charles Court

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FRANCE

THE STRATEGIC SETTING

by Dr T.B. Millar AO
Australian National University

Commodore J.A. Robertson: Your Excellencies, distinguished guests, ladies and gentlemen. I am sure most of us have been quietly amused at seminars like this by people who say 'The next distinguished speaker needs no introduction from me' and they then go on to speak doggedly and interminably, it seems. Well, Dr Millar needs no introduction from me, but you are going to suffer, anyway. I first came across Dr Millar through his groundbreaking book *Australia's Defence* in 1964, when my fairly rabid Australian nationalism was being fanned to a brighter blaze on an exchange posting in Singapore. I do not know how many of you have recently read or re-read that landmark in Australian strategic and defence writing, but if you have not, I urge you to get it out and read it again. Apart from the inevitable changes in the Australian Forces over the intervening twenty years, it remains remarkably fresh and pertinent to this day.

Dr Millar's call for Australia to be more self-reliant in defence matters preceded the Guam doctrine by five years. Even today, Australia's Defence Establishment and the Australian public, in my opinion, have yet to catch up to Dr Millar. Since then, he has continued to produce other works of enduring quality, notable for their intellectual rigour and moderate scholarly tone, while remaining eminently readable. That latter phrase reminds me of, I think it was Quiller Couch's saying, 'Hard writing makes easy reading'. When I finally had the pleasure of meeting Dr Millar here at the ANU in 1977 he was no disappointment. Of course he was different — the Millars are if nothing else individuals — but he shared his late brother's keen perceptions and a characteristic way of puncturing pretentiousness with gentle humour.

I can only hope, sir, that the rest of us can catch up to you one day. Ladies and gentlemen, Dr Tom Millar.

* * * * *

Mr Chairman, Your Excellencies, distinguished guests, ladies and gentlemen. After that introduction I just cannot wait to hear what I am going to say. In fact, I did try to join the Navy and I got as far as Adelaide from Perth when an unsympathetic Naval doctor threw me out on the grounds that I had just broken my arm, which seemed to me irrelevant to joining the Navy, but he did not think so. So I joined the Army instead. It is just over twenty years since, as our chairman said, I first gave a public lecture and then produced a book on Australia's strategic situation and defence needs, and I do not know how many lectures and articles and books ever since, but certainly far too many — I have no doubt about that.

I once determined to write a different book, one about foreign policy generally, and my old friend, Professor Macmahon Ball of Melbourne, reviewed it and he started off by saying 'Dr Millar has written another book about Defence and called it "Australia's Foreign Policy"'. This was not particularly fair, but it did at least bring home the point that you cannot write about Australia's relations with the outside world without considering strategic and defence aspects. As the saying is, the general or the admiral sits at the ambassador's elbow.

Any changes to our strategic situation are almost invariably marginal, it seems, at the time — shifts of emphasis, the evolutionary rather than revolutionary. Similarly, despite the drama of political announcements, and governments generally tend to announce each change three or four times to get the best value out of them, defence capacity tends to change gradually with replacements or existing kinds of equipment according to the continuing conventional wisdom and to the systems phased in or phased out over a period of years, so it is often difficult to tell exactly what we have and what we do not have.

Only rarely is there a qualitative shift such as the decision over the aircraft carrier.

For the most part, the public is only fuzzily aware of our Defence strength or requirements. The annual report of the Minister for Defence, if I may say with respect, could to our mutual profit be a great deal more explicit than it is. I commend the Minister, whom I thought was going to be here, to the annual Japanese and West German Ministerial Defence Reports, among others, as better models for public information and education. This highly professional audience does not need me to explain the general basis of our defence strategic position. The Governor-General in fact has very ably and succinctly done it, mentioning the size of the continent; the roughly equal size of our exclusive economic zone; the long coastline; the location of centres of population and resources — we are an archipelago of settlements connected by land; the strength, size, political attitudes and nearness of our neighbours; the strength of our alliances and other international defence arrangements.

The fact is that we depend on these long sea routes for the exports so essential to our daily earnings, to purchase and import the consumer goods and durables, the advanced technology and the materials for the high living to which most Australians are or would like to become accustomed. Instead of going over once again the generally accepted wisdom on these aspects, I would like to try successfully or not to take a fresh look at some parts of it. All of us are conditioned by our experience and find it easier to predict the past than to predict the future, but if one were a visitor from Mars, say, or from Ruritania, or simply an uncommitted objective Australian academic, looking at Australia's strategic situation for the rest of this century, what are the most important factors and what are their implications?

The East-West Balance

At the risk of being a bit controversial or of making misjudgments, which will undoubtedly be held against me, although not I am sure by our chairman, I want to chance my arm on some of the main factors. The predominant factor in the strategic situation of Australia, as of everybody else in this world today, is the condition of the East-West balance, and I want to talk briefly about that — the state of tension between the two super powers and their alliance partners. I have just come back from two quite interesting conferences, one at Oxford and one in Moscow, at which the condition of the Western Alliance was subjected to critical review.

The one at Oxford was reviewed by ministers, officials, opposition parliamenta-

rians, academics and the media from within the alliance partners, with one lone Australian looking on. As we all know from the press, there is considerable disquiet within NATO. The massive anti-nuclear demonstrations around Europe are in good measure directed against the stationing of American intermediate range nuclear weapons on European soil, even though they are there because the West European governments some years ago asked for them, pressed for them, to be put there by the United States and thus redress what they saw as an unfavourable conventional and nuclear superiority by the Soviet Union.

Since that time, fear that a war in Europe could begin and that any tactical nuclear conflict will strike them first has alarmed West Europeans, including the British. In the German Federal Republic, according to one report, nearly half of all school leavers are opting for conscientious objection to military service. The Social Democratic Party of the Federal Republic, which until recently was the Government, is now advertising a retreat from the hardline policies it had in office and is considering the possibility of a much-reduced tactical nuclear programme on its soil and a conventional weapons programme bearing the label 'Defensive defence'; that is, the use of weapon systems that are able to operate in a defensive and not an offensive role, for example, anti-tank guns rather than tanks.

While this is both tactically and strategically totally absurd, it does have an ideological appeal. The will of the West German people is thus less determined than it was a few years ago. The West Europeans find it almost impossible to sink their nationalisation within a rationalised defence equipment production programme. They would much rather produce it themselves at far greater cost than produce it together at far less cost. There is much complaint about the failure of the United States to consult with its allies on major questions. 'Consultation' one of the Europeans said at this conference 'means bringing us into line afterwards'.

The United States itself is troubled by the differences that have appeared between the European allies, by what they see as a design to free-ride on the United States. Some Europeans have found Mr Reagan's strongly asserted positions not all that less alarming than those of his Soviet counterparts, Mr Brezhnev, Mr Andropov and Mr Chernenko. De Gaulle's cry nearly twenty years ago is being repeated — the United States will not commit suicide for Europe. The Soviet Gov-

ernment has threatened fire and brimstone on Western Europe while at the same time there is considerable relaxation of tension between East and West Germany.

Greece and Turkey remain at odds. The British Labour Party platform is to eject United States' bases from Britain. The Scandinavians, especially Denmark, have a semi-neutralist policy. This is a combination of circumstances that has aroused fear throughout the Western Alliance that it is beginning to disintegrate, a process which, of course, Soviet foreign policy is designed to encourage. Simultaneously, most Europeans seem to fear that the Soviet Union might at any time use its regional superiority and its rough strategic intercontinental parity to launch a new military offensive, either in Europe or elsewhere — perhaps the Gulf or the Middle East.

As a sideline, I was interested to discover at the conference that apart from one or two of the Americans, no-one was at all concerned at the possibility that the Soviet Union might take targets of opportunity in Africa, the Indian Ocean, South, South-East, or East Asia, or indeed the Pacific. There was even some derision of the notion that the Soviet Union might seek to dominate the straits between the Indian and the Pacific Oceans. It seemed irrelevant to the problems of European NATO, so near and narrow has their vision become.

A western defensive alliance will, of course, only be needed so long as the West feels that there is a threat to be defended against. All the evidence indicates that the USSR will continue for the unforeseeable future to expand its military capacities and their global deployment, will remain an unsatisfied political power, will continue to dominate Eastern Europe by force, will prevent by every means at its disposal the unification of the two Germanys, except on terms unacceptable to the West — that is, Soviet domination of West Germany — and that it will take targets of opportunity wherever it can. In these circumstances, I believe that the Western Alliance will retain for some years a firm core of mutual interests which, while not producing the most effective unity of action and policy, will nevertheless keep it together.

The Soviet bloc itself must remain an enigma for us and indeed for the Soviet Union. The Warsaw Pact is an alliance held together by a whip and that is a very uncertain basis for solidarity. No Soviet Government could count with complete assurance on the support of the armed forces and civil

populations of Poland, Hungary or Romania. Nor even perhaps on Czechoslovakia, Bulgaria and the German Democratic Republic. In any case, there is surely no territorial, economic or strategic gain which could conceivably warrant the Soviet launching of a war of any kind in Europe; a war for which there must be a high expectation, not least on grounds of NATO strategy, that it would escalate into a nuclear Armageddon.

Nuclear war between the super powers, while the most feared of wars, seems to me the least likely of wars. Yet, as we have seen, beneath the umbrella of that Damoclean contingency, how pervasive is the resort to force in many places. How often also have we assumed from our blinkered concentration on the present that it will continue pretty much unchanged, and how clearly has the world these past twenty years or so taught us that, somewhere, the unpredictable is more likely than the predictable, the revolutionary more likely than the evolutionary.

I still find nuclear war anywhere extremely unlikely, but I consider it entirely possible that the shifting relations between the members of both alliances will lead to different relations between the alliances and that we will see a rearrangement over the next twenty years or so of the pattern of power. Some day, and I said this to a Polish audience in 1979, some day the Russians will go home from Eastern Europe and the Americans will go home from Western Europe. The Solidarity movement in Poland was unique at the time, but it was a manifestation of the forces at work, not only within that communist state; in several others, there are changes to the economic system and to the degree of deference to Soviet power.

The Soviet bloc will one day break up. Now, if and when it does so, it could be a time of great danger, but it need not be cataclysmic. It could evolve, perhaps it could *only* evolve, in parallel with the shifting of priorities within the West. One day or another, I believe this will happen and while I suspect it will be early in the next century, it could be before the end of this one, and that is only seventeen years away. When it occurs, it will change the whole global pattern of power. I would like to think we have begun in this country to think of that. In the meantime, we cannot ignore the Soviet presence in the Indian Ocean and the Pacific, and the possible scenarios for tension or conflict there.

The Indian Ocean

We have a very distinguished Indian admiral here with us today, Admiral Awati, and in articles written for the Bombay Daily

last September, extracts of which were re-printed in the February 1984 issue of the Journal of this Institute, Admiral Awati wrote these words: 'The Soviet Union looks upon the Indian Ocean as its soft underbelly, to be watched carefully for any hostile moves by the opposing camp'. [I attempted to put in a pun there about 'navel' intelligence watching the soft underbelly, but I decided against it.] 'The Soviet Union knows that the ballistic-missile-firing nuclear submarines of the United States lurk in the depths of the Indian Ocean. It would indeed be hard for the USSR to hunt them down. The USSR's counter-strategy, therefore, centres upon interdiction of Western oil routes and in establishing political influence in the region, through the use of its naval, air and land forces and by a persuasive diplomacy suitably bolstered by a low interest economic and military aid programme'.

Whether or not this assessment is correct, it has some logic to it. One assumes that those elements of the Soviet, American, French, British occasionally, and Australian fleets in the Indian Ocean, with all but the Australian primarily concerned with the north-west corner, are there because of Western including Japanese dependence on oil from the Gulf States. If earlier forecasts of North Sea oil prove correct, Britain also will be taking once again oil from the Gulf, progressively from about the early 1990s. For this and other reasons, I foresee a resurgence of Western demand for Arab oil in the next few years and thus an increasing need to protect it so far as is possible in terms of its undisputed extraction and export. The Soviet presence in Afghanistan, of course, is a new factor in this. I think that such protection, protection of both extraction and export, will require far better co-ordinated efforts by the Western countries concerned, including Japan and Australia.

Recently, a European scholar asked me if Australia was troubled by India's naval expansion. I said I was unaware of any concern expressed in official or other informed circles here; that since the 1920s, Indian-Australian relations have been on a sound and friendly footing, and I did not believe India had any expansionist ambitions. It did seem to want to be the dominant nation in its own area and that is understandable. It did not want to be too close to the Soviet Union or to be an agent of Soviet policies. I suppose one must still ask the question to which Admiral Awati might like to offer some comment later, as to where India would stand in the event of tension between the Soviet Union and West-

ern powers over the free flow of oil to the West; that is, if the Soviet Union were to seek to interdict such flow by political or military means. Even so, I do not see India as being in any way a hostile factor to our Western environment. The fact that India has exploded a nuclear device means that it can make nuclear weapons. As we know, Pakistan has come close to doing the same. If Pakistan were to proceed to an explosion, which would be deeply regrettable, we would then have competitive nuclear escalation on the sub-continent which would benefit nobody, injure both countries, and could lead to a catastrophe. Such an escalation might not directly affect Australia, but it would have incalculable indirect effects on the security and stability of our Western region at the very least.

South East Asia

But what of South-East and East Asia and the Western Pacific generally? In South-East Asia, as distinct from the South-West Pacific, we seem at present to have about as stable a situation as we could expect in view of the various forces bearing upon it. Both China and Vietnam would like to be the hegemonial power in South-East Asia. Vietnam occupies Kampuchea and dominates Laos. China by its pressure in the north and its support of the Khmer Rouge constrains Vietnamese ambitions: the USSR with over fifty divisions spread around China's northern borders constrains *it* (China).

The strength of the Khmer Rouge gives Vietnam a rationale for staying in Kampuchea. Vietnam is able to control Indo-China because of the military and economic assistance it receives from the Soviet Union. China stiffens Thailand against Vietnam and restrains the activities of the Thai Communist Party. The other ASEAN states sympathise with Thailand's plight, even though there are different views as to whether China or Vietnam is the most likely threat to the long-term peace of the region. In good measure, because of Vietnam's activities, ASEAN has been a remarkably successful regional organisation, sublimating its internal political problems in favour of a largely unified external front.

In the economic terms on which it was founded, ASEAN has not been particularly effective; but the world beats a path to its door because of its political cohesion, and it is a strong force for regional stability. Can we expect that this rough regional balance, which has given us in Australia during recent years a sense that the world is a quite comfortable place after all in which to live —



Dr Millar delivers his address

Courtesy: Defence PR

can we expect that rough regional balance to continue indefinitely? Although that might seem desirable, I believe it is too optimistic, for the simple reason that there are too many factors with their own kinetic energy, like a series of footballers of different sizes all kicking away at the same ball from different directions. For a time the correlation of resolution of these forces may keep the ball stationary, but eventually one or more of the players may kick harder or in a slightly different direction and the ball shifts its position or flies off out of control.

I am not trying and certainly would not wish to predict the break-up of ASEAN or the outbreak of some new conflict in the region between China and Australia, but I am merely trying to suggest that the present stability must by its nature be assumed to be more fragile than it appears. This does not presuppose necessarily any change must be for the worse, but there are many more disadvantageous than advantageous possibilities.

The only really troublesome aspect of the present balance in South-East Asia, of course, is the relationship between Vietnam and the Soviet Union. Vietnam has long inclined to the USSR as a protection against the vast and restless presence of its Chinese neighbour. In 1978, it joined Comecon and signed a Treaty of Friendship and indeed alliance with the USSR, but it seems to have been the Chinese invasion of February 1979, which the United States apparently and (if so) unwisely encouraged, that sealed Vietnam's agreement to the

Soviet use of former US naval and air bases in the south, and the erection of Soviet communications and interception facilities. This has changed the strategic balance in this region more than anything since the fall of Dien Bien Phu exactly thirty years ago. It has given the Soviet Union the capacity for surveillance from India to the Philippines and Northern Australia, an area including the Malaysian and Indonesian straits, the American bases of Clark Field and Subic Bay, and the air bases in Northern Australia, including North-West Cape.

Soviet aircraft could carry out interdiction operations through much of this area, and conventionally powered naval forces operating from Cam Ranh Bay would also have much greater mobility than when based previously on Vladivostok or Nahodka. What this means is that the United States and the Soviet Union are now direct and roughly equal power competitors in an area which hitherto had been significantly dominated by the United States; an area that includes, of course, the vital junction between the Indian and Pacific Oceans. The recent deployment of a second Soviet carrier into the Pacific has further improved Soviet naval capacity in that ocean. The Soviet naval ship-building programme indicates a continuing increase in its outreach in all three major oceans, although not notably in the Indian Ocean. Its missile deployments in the eastern region give it a capacity to annihilate US bases in Japan and the Philippines, as well as bases in China.

Now all this does not mean that the Soviet Union will be able to dominate the Western Pacific in peace or war. Of all the states in this region, only North Korea and Vietnam are politically sympathetic to the USSR. The rest are either opposed to the extension of Soviet power or wary of it. It has a poor diplomatic record, concentrating on the mailed fist and tending to its own disadvantage to forget about the velvet glove. Looking out on its Pacific neighbourhood, it cannot feel comfortable with the United States, Japan, South Korea, Australia and New Zealand actively opposed to it, and most of the other states passively opposed to it.

Nevertheless, by its accumulated military power — naval, army, air and missiles — and by the establishment of a new command in the Far East, for the first time in Russian or Soviet history it is in a position, if necessary, to fight a war on two fronts, east and west. That has been historically the enormous problem of Russia. This is a marked change in the global strategic situation and balance of power. There are still vast problems of communication between the Soviet east and west. Even so it operates at both extremities on interior lines and thus has a freedom or flexibility of movement at both.

That, as we know, is not the case with the United States in its relations with Asia and Europe, where it operates on exterior lines and must send major reinforcements or forces of men and supplies by long and vulnerable sea routes through submarine infested waters. The matter, of course, is a great deal more complex than that, but those facts nevertheless remain.

Role of the US

May I take up one further major item, and that is the role and capacity of the United States in Australia's strategic situation. I am not going to talk about Australia's own defence capacities; there are several good books on the subject!

It is quite clear that all the non-Communist states in East and South-East Asia and the South-West Pacific, except perhaps Burma and Bangladesh, look to the United States as their guarantor against Soviet and perhaps even Chinese pressures or threats. Since 1941, here in Australia, we have seen our survival as a nation as being dependent on American protection. That was true for the last four years of the war. It has not been true since that time, for the simple reason that no nation has threatened us.

Might Australia without ANZUS have been threatened? Well, we cannot tell.

Although no country except the United States has had the capacity to invade and occupy Australia, certainly, because of ANZUS, our security has had a firmer physical and psychological base during this whole period. Signed in 1951, ANZUS has had many advantages for Australia and given substantial reassurance to most Australians. Let us be clear that, for 33 years, ANZUS has been a luxury, a bonus, not a necessity; not something we should have had as of right. It has added to our sense of dependence and affected our flexibility towards foreign powers both positively and negatively.

I believe that American power in the Pacific, derived from two major fleets, one in the west and one in the east, and the bases in Japan, the Philippines, Guam, and Tinian, as well as Honolulu — I believe that that power is necessary today as a counterweight to Soviet power, but the situation is not static. Soviet policies of intimidation towards Japan, presumably designed to frighten that country into neutrality, have had the reverse effect of driving it and keeping it firmly within the American alliance. A more accommodating Soviet attitude and shifts within the Japanese polity could produce a different relationship with the United States.

The United States bases in the Philippines are subject to an increasingly fragile domestic situation. As we all know, the United States has been looking at alternative possibilities for the location of those bases. Their replacement elsewhere at the existing size and level of sophistication would be enormously expensive and geographically difficult, and I suspect it would not occur. Probably, the United States would have to improve Tinian, but it is much further from whatever action might be expected and without the necessary population and infrastructure. Australia could not, and I suspect on electoral grounds would not, offer comparable accommodations. The United States Pacific defence force anchored to Honolulu, Guam and Tinian would be far less effective in countering Soviet power in this region.

Can we assume in those or indeed in existing circumstances that the Australian-American security relationship will remain as it is forever? Obviously we cannot so assume and we should not expect it to do so. America's interests will change, its need of facilities in Australia will change. Probably by early in the next century, that is within twenty or so years, it will cease to need Pine Gap, Nurrungar, and North-West Cape. We must prepare well in advance for that eventuality. Australians also need to continually reassess

in terms of their own national interest and sovereignty the nature of their relationship with the United States, as we must do with other powers.

A sizeable group of New Zealanders want to opt out of ANZUS and a Labour government there just might do so. One cannot tell the effect such a decision would have on the Australia-United States situation.

Questions to be Answered

Now there are many aspects of our strategic setting that I have not had time to address, which you may like to raise in question time or tomorrow afternoon, including the growing pressure of population on resources across our region: some 2,000 people were added to the population of our area since I began to speak; or the attraction to outside powers of the maritime and seabed resources within the EEZ of the Pacific mini-states, who are, of course, so economically and politically vulnerable; or the question of resources in Antarctic waters, as well as the possible competition for the resources of Antarctica itself, to which the Governor-General referred, once the technology of extraction becomes more economical. Will we see, may we not see, irrespective of the United Nations Law of the Sea Convention, which unfortunately the United States has not yet signed — may we not see a bloody scramble for these resources?

I have not talked about threats. A Parliamentary Committee has written a sensible although obviously speculative report on that subject. I see no *immediate* threats to Australia's physical security, but we are not talking about the immediate, which is in the process of disappearing even as we talk here. Will we find in some future time of tension, when the United States may have other preoccupations, that the elimination of naval fixed wing combat aircraft, or the tiny size of our merchant fleet, has given us a serious, perhaps a decisive, disadvantage?

Will Australians have the will and the foresight and the economic and technological strength to act in time to meet a less comfortable strategic context? Dare we assume that within the next 43 years, that is in a time equal to that which has elapsed since Pearl Harbour, that the world including our region will not have altered as much as it did during that earlier period? We are in the process of becoming a different country in a different setting. As with a child, we do not always see the changes going on under our noses. Perhaps conferences like this will raise the level of awareness among the Australian

electorate and its parliamentary representatives so that they may do something to meet those changes which will undoubtedly come.

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DISCUSSION

Capt P.W. Coombs: I was wondering, Dr Millar, at your conferences abroad whether the enormous American deficit which looks as though it may still be increasing was considered to influence their application of foreign policy in Europe?

Dr Millar: That particular point was not made. There was rather concern about US economic imperialism in terms of, for example, selling of large quantities of wheat to the Soviet Union while trying to do its best to prevent the Europeans from selling pipelines to the Soviet Union — that kind of thing. There was a general concern on economic questions but it did not relate only to the United States. After all, the European states have undertaken to expand their conventional defence by 3 per cent a year and there was some reference to the fact that I do not think any one of them has managed to do that. The economic questions were not in fact the major questions of the conference, which were political questions, questions of will and capacity, of co-operation.

Commodore Robertson: If there is no other question at the moment I would like to ask one, sir. An American friend of mine, seeing what is going on in Europe, said 'If we can live with a Communist China, maybe we can live with a Communist Europe'. Would you regard the growth of these activities in Europe as perhaps forcing greater isolation, or the growth of isolation, in the United States?

Dr Millar: There is no doubt that there is a good deal of concern in the United States about the level of will in Western Europe, the notion that Western Europe is being 'Finlandised', as they say; that is, made into countries whose foreign policies are largely compatible with those of the Soviet Union. I think this is a misconception of the situation, both for West Germany and for the other states, and there is a very strong anti-communist feeling, a very strong sense of independence in each of these states.

Within Western Germany there is a longing, a nostalgia, for a united Germany, but the people I have talked to in government there particularly, and in institutes, in the Federal Republic, do not really see any likelihood of this coming about. They cannot see the

Soviet Union as agreeing to Eastern Germany becoming once again a unit with Western Germany. The enormous fear of German revanchism, as they call it in the Soviet Union, is such that I am sure it would prevent any real rapprochement between East and West except in the context of a far wider rearrangement within the whole of Europe.

But the Americans do have this sense that they are being traded on, they are being taken too lightly, that the Europeans are not spending what they should, and so on. The Europeans have different kinds of concerns. But it is, after all, the Europeans over whose soil and against whose homes and families and cities any war is going to be fought. It is understandable that they should have a greater sense of caution about taking actions which might lead to such a catastrophe.

Commander C.J. Skinner: Chris Skinner, Navy. Dr Millar, in view of the very large part of the Antarctic continent that Australia lays claim to, and in view of the apparently reasonable probability of finding extensive mineral and other resources in that area, what do you see as the way ahead for Australia both in the enforcement of any claims we may have to the land mass and secondly in our influence on the trade routes that would come into being carrying those resource materials from Antarctica to other parts of the world?

Dr Millar: Australia has agreed under the 1959 Antarctic Treaty to freeze, if I can use the word, all claims to Antarctic Territory, and I am quite sure that there is no real consideration in the Department of Defence or Foreign Affairs that we have the slightest likelihood ever of obtaining acknowledged sovereignty over those parts of Antarctica to which we have laid claim, some of it fairly dubious claim; so that I think we go along with most of the states concerned who see this as being an area to be held in trust, as it were, for the common purpose of mankind, even though there will be some kind of scramble for access to those resources.

There is a great deal of international legal working out; a lot has gone on, more will go on. The treaty is being reconsidered, as it has to be, within the 30 years. So that I am quite sure we will be part of the process of managing the extraction of those resources. We will not be in any way re-asserting our title to any of that territory or to the resources within that territory, although I understand there are officers within Treasury who would like to see us do so.

To do so would require such an enormous expenditure on Defence that even

Treasury would find it difficult. I think that in terms of influence we can only influence through the general bodies which are being set up such as the one under the United Nations Convention on Law of the Sea, and other bodies specifically related to Antarctica. There are probably people here who know more about this than I do but there is the question, of course, that unless such arrangements are worked out in advance and the policing of such arrangements is managed (and we would want, I am sure, to be part of that) then there could be, as there could be in the South-West Pacific, as I mentioned, a bloody scramble for those resources in which the superpowers and other major powers, such as Japan, would want to have a very considerable say.

Radm J.D. Stevens: Stevens, RAN, retired. The nub of the nuclear warfare problem, as I understand it, lies in the inability of the NATO powers to dispose of the USSR tank forces and I think you said, Dr Millar, that any way of doing this without a nuclear bomb was very difficult. In fact it was discarded by NATO, and I am a bit surprised to hear that, in view of the developments which have been going on with PGMs and so on. I would have thought that science could come up with something which was not so devastating as a tactical nuclear weapon but perhaps enough to deter tank warfare on the scale that is envisaged in Europe. In your travels have you heard that point of view or heard it discussed?

Dr Millar: Yes, there are groups who work within NATO looking at the whole question of the updating, modernising, of conventional forces, including precision guided missiles for use against the very considerable Soviet tank superiority, as you say, and indeed in other aspects of conventional warfare. I do not think that they have arrived at a position where they feel they have a satisfactory answer to that problem. They are at the moment discussing not being able to *defeat* the Soviet tank forces, but to be able to hold them up a bit longer while negotiations, discussion and so on can go on before the resort to either battlefield or intermediate range nuclear forces. Such a delay would lift the threshold of nuclear war, and that is the sort of thing which is currently being discussed, I understand, within NATO at various levels and within the armaments industries of NATO. But I did not hear anything which suggested that they had yet arrived at the answer.

Mr K. Forsey: Keith Forsey, Department of Transport. Dr Millar, almost as a throw-away

remark at the end of your talk you suggested that the small size of the Australian Merchant fleet may be a significant factor in some future conflict. I just wondered — you did mention earlier in your talk the importance of Australian trade — I just wanted to know exactly what you were thinking about in those terms. Was it in support of the Navy, or was it in fact in support of the continuance of trading, or did you have some other context?

Dr Millar: I raised it because it is in people's minds. I have seen articles about it in learned naval journals and I have looked at the question a bit in terms of world Merchant Naval fleets including tanker fleets. Now, there is no doubt that in times of peace, any nation will send its merchant shipping wherever it can get a cargo and they are not one bit worried about ideology. Nevertheless one has to consider the situation in the event of war and which merchant or tanker units might be available to a country and I simply raised the question, not because I have a definite answer, but because I know it is a question in people's minds, and I think it ought to be, where the very small size of Australian registered merchant shipping could come to be, in a country so dependent on overseas resources, a strategic disadvantage. Similarly, I raised the question — and I have not given a definitive answer because I do not know it — about the question of fighter naval combat aircraft out at sea beyond the range of ground based planes.

My point really is that the world is changing around us and we are not quick enough to notice what those changes are and how they might affect us. We look at the world and we think it is going to stay as it is and the one thing we do know is that it is not going to stay as it is. It is going to change, and some of the changes are going to be unfriendly to us and I think we have got to look at these much more carefully. I am quite sure chaps up in Russell are doing all that, but a lot more people need to be thinking about it besides them and to be talking to the politicians who take the decisions, after all, about these matters.

Commander A.H.R. Brecht: Commander Alan Brecht, member of the Institute. Dr Millar, you spoke a little about the possible consequences for the region if America were to withdraw from her bases in Australia. I wonder if you would just give us your opinion of what might happen if the reverse occurred and it increased them. What I have in mind is that there has been speculation for quite some time, and particularly fuelled by the American presence in the Indian Ocean, that it may be worthwhile for America to make

use of the Cockburn Sound facility in Australia owned by the Navy, and certainly that view has received a certain amount of support in various circles.

I wonder would you address what the implications might be for people and countries in the region were that to be an option considered by the Australian Government and, perhaps more pertinently, what you think the implications might be for the Australian people?

Dr Millar: I do not think I used the phrase 'American bases in Australia'. I have been schooled by my relatives and friends in the Armed Forces too long to use that word. A facility is not a base, it is something quite different, and these are not bases in the proper use of that term. The point is, of course, that we have offered more use to the Americans of Australian facilities and they refused, as I understand it. They have taken up some aspects, Darwin and so on, but not particularly Cockburn Sound although they make some use of Cockburn Sound now.

They have not wanted to home port in Cockburn Sound because it is so far south. It is too far away from where the action is likely to be. I do not understand that there is any other real base in Australia of which the Americans might wish to make use. If they are going to suffer from a reduction of their base facilities throughout the Western Pacific (and I suggest that that is entirely possible and would completely revolutionise their position in the Western Pacific) then I do not think they are going to come to Australia to replace them.

As I said to you, I think it would be an electoral problem for whatever Australian government was in power if the question of a base as distinct from a facility became something which the United States wanted us to offer. In the event that there were further American facilities in this country or even American bases in this country or the use of our bases by Americans, that would undoubtedly have some effect across our region, but for most countries I do not believe it would have an unfriendly effect, a disadvantageous effect.

The Indonesians, for example, would see this as being a strengthening of the Western position, a strengthening of the final fallback position for them if necessary. I have talked in all the non-communist capitals of South-East Asia to officials and people in government. They do not object to our being a member of the American Alliance. They can see advantage in it. They do not want to be members of an American Alliance but they want the

American Seventh Fleet just over the horizon, just in case.

Capt J.G. Longden: Dr Millar, during your discussion and earlier comments you contrasted the relationship of the Soviet Union with the countries of Western Europe and with Japan where the Soviet Union adopts a much more intimidating posture and aggressive posture which has caused the Japanese to move towards rearmament. You also noted that a change of diplomacy by the Soviet Union could reverse this. Do you see any likelihood of the Soviet Union seeing the errors in its diplomatic ways as far as Japan is concerned and what is the likelihood of Japan being receptive to such overture?

Dr Millar: I do not think I used the word 'reverse' but I did suggest it could be quite different, if the Russians changed their attitude and if there were, as I said, a change within the Japanese polity, within the Japanese political system. There are no doubt neutralist tendencies within Japan as well as national chauvinistic tendencies. Quite a lot of Japanese do not like being the client of the United States. They quite like the wealth which the United States/Japan trade relationship has brought to most Japanese but they do not always like the political dependence.

I was in Moscow about five years ago and talking to an official on the Far Eastern desk of the Soviet Foreign Ministry on that very question and I asked him why they took

the position they did; for example, about the northern islands, the island which Japan had owned in the Kurils. I said to them 'Would it not pay you, in fact, to make some concession to Japan on these islands' and the official I spoke to said 'Every rock we have, we hold'; and that, of course, is their whole philosophy.

I was there only last week, and talking to people on the same point, and they all said virtually the same thing: 'That is our territory and we are going to hang on to it'. Whether it produces the best political arrangement is irrelevant. They act out of a form of intimidation as they do against Sweden, for example, continuous intimidation.

In the case of Japan, of course, it is much more obvious intimidation. Every day, Soviet fighters fly at the Japanese coastline and turn off just before the three-mile limit and Soviet intelligence ships sit just outside the twelve-mile limit monitoring everything, and they fly planes round and round and round Japan all the time, in a process of intimidation. Now, you know, it is the case of the wind rather than the sun trying to get the coat off.

What the Japanese reaction would be to a different Soviet policy is hard to tell in advance, but I am quite sure it would have an effect and I think also Japan would very much like to engage in some of the joint venture enterprises in Siberia which the Soviet Union has proposed but which do seem to be, on security terms, perhaps not in the interests of Japan or the West.



A LEGAL AND DIPLOMATIC VIEW

By Mr R.L. Harry AC CBE
Former Diplomat

Commander D.J. Campbell: Your Excellencies, distinguished guests, ladies and gentlemen. When we were casting about for a speaker to address the legal and diplomatic view in the context of Australia's maritime interests, our choice very naturally fell upon Mr Ralph Harry because there can be nobody better qualified. Mr Harry retired a few years ago, following a most distinguished career of more than three decades in Australia's Diplomatic Service. He has served variously as Consul-General, High Commissioner and Ambassador, including a term as Australia's Ambassador and Permanent Representative to the United Nations in New York.

He has been a delegate to many international bodies, one of which was the third United Nations Conference on the Law of the Sea. He has negotiated on Australia's behalf on Antarctica, and with Indonesia on seabed matters. From his Rhodes Scholarship in 1938, to his appointment as a Companion of the Order of Australia in 1980 and indeed beyond — he has since been a director of the Australian Institute of International Affairs — he has achieved singular distinction in his field and that is why we wanted him; and yet when we approached him, he was initially hesitant, if not reluctant.

He said that since his retirement he had developed a very strong personal conviction that Australia's principal interest is what he called 'positive internationalism', and by that he meant the promotion of a more organised community of nations as the basis for international law. He wondered at first how this might find application to our seminar, but upon reflection he felt that it could add a most important element to our debate, particularly in an analysis of handling disputes or preventing disputes and conflicts.

The Council, of course, was delighted to have Mr Harry on those or any other terms

and we welcome you, sir, to Seapower '84 and it is my privilege to invite you to address the seminar.

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Your Excellencies, Mr Chairman, Mr President, ladies and gentlemen. I wish I had had General Millar at my elbow when I was an ambassador! He has given us a comprehensive view of the strategic situation and that is a very comprehensive thing. It seems to cover every aspect of international relations and the diplomatic situation and it has eased my task. I feel rather like General MacArthur in the fable. The story went, during the Second World War, that General MacArthur had been shipwrecked along with Admiral Nimitz and as the rescue boat was coming to pick them up Nimitz said to MacArthur 'Douglas, just one thing. Don't tell the boys in the Navy that I can't swim', and MacArthur said 'All right, Chester, as long as you don't tell the Army I can't walk on the water'. Please do not tell the boys in Foreign Affairs that I have forgotten how to tread on eggshells.

Strategic analysis deals with power and capacity and assumes an intention to use it, however unlikely that may be. Law seeks to sublimate conflict, and diplomacy seeks to avoid it. In a world with a superabundance of nuclear weapons and a state of precariously balanced power and deterrence, as described by Dr Millar, Australia's major maritime interest is the establishment and maintenance of a better organised international community. Such a community requires a comprehensive and equitable international law of the sea, defined boundaries, rules not only for navigation and overflight but also for the protection of the marine environment, and for the exploitation of the resources of the water column and the seabed. Such a com-

munity also requires an infrastructure of common ethics and machinery for communication and co-operation.

When I speak of a world community I do not, of course, advocate a utopian world state even if that might permit a universal navy or no navy at all, but equally I do not believe that international peace and security can be permanently achieved through limited co-operation between the very disparate, though theoretically equal, sovereign states which constitute the existing United Nations. Our national survival and welfare, indeed the survival and welfare of mankind, depend less on the number of our fighting ships than on the achievement of a much more structured organisation for the preservation of global security and stability.

Without ditching sovereignty and the nation state, we must aim at the real solidarity and prompt community action to reduce the tensions of inequality and overcrowding and to prevent breaches of world peace and to maintain international order. During the long years of negotiation in the UN Law of the Sea Conference, we learned that countries poor in resources do not readily accept claims of others for the unfettered sovereignty or the free-for-all of the seas.

A colleague of mine once described the old law of the sea as the nautical equivalent of the law of the jungle. Stability in the oceans requires agreement if we are to have a world community, not only on rates and duties but also on concepts like reasonable access, equitable sharing of revenues, due care in exercising rights and considerate restraint in the use of the living and non-living resources of the sea. It is my personal belief, and of course all of this is personal because I have no brief for the Government or anyone else, my personal belief is that a world community in which the seas will be used only for peaceful purposes requires much more efficiency and equality of communication between nations and individuals across the geographical and ideological frontiers.

I think it is great that Dr Millar can go to Ditchley and go to Moscow and talk to his opposite numbers and I am glad he has done so. I only wish there were more of that. For the United Nations Convention on the Law of the Sea, the Arabic, Chinese, English, French, Russian and Spanish texts are all supposed to be equally authentic, and yet half the delegates still had the disadvantage of negotiating on their vital maritime interests in a language not their own. I personally have been conducting a pilot project on the use of

the international language in discourse relating to the law of the sea — but I must return now to my main theme.

Diplomatically, historically — and we must consider here reversing Admiral Mahan: the influence of history on sea power — Australia has sought the protection of its maritime interests through multilateral or bilateral associations. At first, this was through the British Empire and the Royal Navy, then in an association with the allied powers of the First World War when the Japanese Navy, as I recall, escorted the AIF from Albany in Western Australia. Next came the League of Nations, promoter of naval treaties; then the United Nations, allies in World War 2 and post-war organisation; and now we fall back to the defensive alliances of the Western world.

The United Nations

Let us consider first the latest effort at international organisation, the United Nations. The United Nations charter did not produce a united world any more than our constitution transformed the Australian colonies into a united nation overnight or since, but it has facilitated economic and social co-operation and it should not be underestimated even in the area of security. Under the United Nations charter, the Security Council can, is entitled to, call upon the members of the organisation to give effect to its decisions by applying measures, including interruption of sea communication. The Council may take action by air, sea or land forces, including demonstrations, blockade and other operations, and all members have undertaken to make available armed forces and are required, we sometimes forget, to hold available, national Air Force contingents.

Unfortunately, the implementing agreements required to put this system of collective security into force have never been concluded or have remained dead letters. Action to restrain the smaller powers from armed conflict has been inhibited by the use of the veto by the great power permanent members on behalf of their clients, so apart from the non-typical case of UN operations in Korea, there has been only relatively minor peacekeeping action. Few naval forces have been placed under UN command though some have been used to transport troops and equipment for UN operations. It is almost always preferable that interposing forces should be under UN rather than national auspices.

As ambassador to the United Nations, I recommended that Australia, which had

made a useful contribution of observers in the Middle East and police in Cyprus, should send helicopters for use with the UN Force in Sinai. I also suggested that we should give a lead by assuming our practice of earmarking forces for UN use. Such forces enable combatants to cool off and give time for negotiation and I see no reason why forces in readiness should not include naval units. Traditionalists may argue that we have no ships to spare from Australian and neighbouring waters. I recall that when Indonesia became independent, Australia was invited to supply a military mission. The Army said it had no officers to spare and the Indonesians turned to the USSR for training and equipment.

Attachment of Australian naval units to the UN peacekeeping force, apart from its contribution to world peace, could be a valuable experience for the RAN in the arts of fully international naval co-operation and in the conduct of the kind of operations which may be increasingly required as the world becomes more and more economically and socially interdependent; UN actions to do effectively what the American, French, Italian and other action tried to achieve in the Lebanon, and UN forces in Sinai, rather than American forces.

The Commonwealth

Australia has also through the years participated in co-operative security action in the British Commonwealth. The decision to keep an Australian Company in Butterworth and to rotate fighter aircraft through Malaysia is a reminder of this history. Commonwealth co-operation is facilitated by a common language, traditions and, though I understand this is diminishing, by compatible equipment and doctrine. Commonwealth leaders wear the old college tie of the IDC. Meetings of Commonwealth Heads of Government are made more productive by the ability of the Prime Ministers to go into weekend retreat without their Sir Humphrey at their elbow to manipulate them, because they all speak mutually comprehensive brands of English.

In contrast, each Minister of the European Community has, and often exercises the right to speak in his or her own language. I do not know how Margaret Thatcher's German is, but when I knew him Helmut Kohl had very little English. But in any event, the modern Commonwealth of Nations is not an alliance. The navies of the countries of the Commonwealth serve the maritime interests of their independent governments. This was underlined during the Falklands war when Australia

took a significantly different view, as I understand it, from New Zealand, of the position of its naval officers serving on secondment with the British Royal Navy.

Then came that visit of *INVINCIBLE* to Sydney and the complicated diplomatic negotiations which resulted on the issue of notification of nuclear weapons, but already it was clear 43 years ago that Australia could no longer rely on Commonwealth naval co-operation for its security and that it must look to America 'free of any pangs as to our traditional links with the United Kingdom', and now we have prenatally excised from our national anthem the lines 'With all her faults we love her still, Britannia rules the waves', though the ABC is not allowed to call them Poms.

ANZUS

It was not until nearly 10 years after John Curtin's declaration of independence that the ANZUS Alliance was formalised in the Security Treaty between Australia, New Zealand and the United States on 1 September 1951. Tom Millar has mentioned that and I am sure most of you are familiar with the broad thrust of the instrument, but let me remind you of the precise wordings of Article 4 and Article 5 which are directly relevant to our naval commitment and the reciprocal commitment of the United States and New Zealand.

Article 4 reads:

'Each party recognises that an armed attack in the Pacific area on any of the parties would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes.'

Article 5 follows:

'For the purpose of Article 4, an armed attack on any of the parties is deemed to include an armed attack on its armed forces, public vessels or aircraft in the Pacific.'

But this is, of course, only the formal basis of Australia's relationship with the United States in the Pacific area. Again, our co-operation is facilitated by similar languages and lifestyles, though this similarity can sometimes be deceptive.

The relationship is partly a business partnership in which there is no such thing as a free lunch, but it is not a mere insurance policy on which we pay periodic premiums, still less a policy on which the US collects at maturity. Our expectation that in the event of an attack on Australia in the Pacific or on island territories under our jurisdiction there,

that the US administration would act effectively, securing the necessary approval of Congress, derives not only from the legal obligation but also from a realistic appraisal of our common ethical concepts and world outlook as well as our common strategic interest.

It is these same common interests in outlook which give a reasonable assurance of American support and co-operation for the benefit of Australia's maritime interests in waters north of Australia, though these could perhaps be interpreted as part of the Pacific area and even in the Indian Ocean with which this seminar is particularly concerned. Dr Millar has, I think, dealt with the question of what may happen if the Americans no longer need their facilities in Australia and perhaps if they seek greater facilities.

There remains the question of occasions or periods when an American administration develops attitudes and objectives which the Australian people do not share. The US Navy could become the instrument of what we would regard as unethical, unwise or even unlawful policies. Then we have to weigh our short term desire to distance Australia from US action, to say in an area outside the Pacific like the Caribbean Sea, with our interest in maintaining in the long term an intimate and confident relationship with the United States. Without going too far in contingency speculation, I would observe that it is clearly easier for Australia to resist proposals for diplomatic support to the United States in the Atlantic Ocean or the Mediterranean Sea than in the Indian Ocean, and in the Pacific we are most likely to share US concerns, as we did in Vietnam, though we may occasionally need to counsel restraint.

In the last resort, however, Australia must ready itself to protect its own marine interests, to declare and secure recognition of its maritime boundaries, to assert its rights under international law and to have them recognised and to deal, if necessary by naval action, with attempts by other countries to infringe or diminish those rights.

Maritime Law

Let us now turn to the major legal framework for our maritime interests as it is emerging. The Law of the Sea Convention of 1982, unlike two earlier UN Conventions, sets out precise limits to the breadth of the territorial sea, 12 nautical miles, and codifies rules governing the baselines from which the territorial sea is measured. It creates a contiguous zone, maximum 24 miles, an exclusive economic zone, maximum 200 miles,

together with rules for delimitation of zones where these are shared between two states.

At this point I should like to underline the importance of reaching agreement with its neighbours on common maritime boundaries. We need, for example, to pursue negotiations with Indonesia to fill the gap in our important seabed boundary in the Timor Sea. Again, the administrative arrangements preliminary to the entry into force of the Torres Strait Treaty need to be finalised in consultation with the Queensland Government, and as soon as Australia has ratified the Law of the Sea Convention we shall also need to define, draft and clear with the Commission on the limits of the Continental Shelf and lodge with the UN our claims to sectors of Continental Shelf beyond 200 nautical miles at the outer edge of the Continental Margin.

Only when all Australia's marine boundaries have been firmly established will final arrangements be possible for the policing and protection of those boundaries and for the assignment of detailed administrative responsibilities. Apart from the special circumstances of the island populations of Papua New Guinea in the Torres Strait area and their fishing needs and the needs of environmental protection, there would seem no legal, political or diplomatic reason why Australia should not claim the full 12 nautical mile territorial sea and the full 200 nautical mile economic zone. There was a suggestion early in the negotiations that, in some places, a 100 mile zone would cover Australia's fishing requirements, but there is no need for such self-denial. The fact that Australia will have obligations of scientific research into the fish populations, will be required to determine the optimum catch and will need to police and enforce Australian or State regulations does not outweigh the desirability of extending to the maximum permitted limit the area of Australian sovereignty over the resources of the Continental Shelf and jurisdiction over the exploitation of resources in the water.

The Australian Government signed the Law of the Sea Convention. It considered that, on balance, the text had incorporated provisions satisfactory for us, not only on marine boundaries but also on issues like navigation on the high seas or in the territorial sea and passage through archipelagos and straits. On some questions, the Australian delegation, brilliantly led in the later stages by my colleague Keith Brennan, had been pursuing alliance interests; that is, to ensure that the ships of our major ally could

operate effectively for the maintenance of the nuclear deterrent. I believe we carried out our duty in that respect.

In pursuing Australia's national interests we sometimes had to accept compromises. That is inevitable when you are negotiating with 160 sovereign states. I was once accused by the late Rex Connor of wanting to give away Australia's Continental Shelf. His motto, encouraged by Sir Lennox Hewitt, was like that official in Moscow, 'Every rock we have we hold'. All I had reported was that we would have to make some concession by way of revenue sharing if we wanted an internationally recognised title to the Continental Shelf beyond 200 nautical miles from the coast. In the event, we accepted Article 82, which provides that after a five-year moratorium there will be payments of 1 per cent, rising to 7 per cent in the twelfth year, based on value or volume of production. I do not think it was a bad deal for the title we got. The United States, as you know, has not signed the Convention, nor has the United Kingdom or Federal Republic of Germany, though China, France, Japan and the USSR all have.

The US difficulties relate primarily to the regime established by the Convention for the exploitation of the metallic nodules on the deep seabed in the area beyond the economic zone and beyond the outer Continental Shelf. President Reagan's negotiators were not prepared to accept the constitution and the provisions for financing an International Seabed Authority and mining enterprise. They held out for less hampered operations by their mining companies. The developing countries, for their part, unfortunately were not prepared to continue the process of amending the text to meet US apprehensions. United States non-participation is, of course, a blow for the development of international law and it is to be hoped that the United States and its conservative industrialised friends will not, as they have sometimes hinted that they might, set up a syndicate to mine without regard to the Convention, but I do not think there is any likelihood of a bloody scramble for resources in that area.

What we hope, is that in the present stage of negotiations, which has already opened in the Preparatory Commission of the Convention, that the US need for reassurance, that the wide powers of the International Seabed Authority will be sensibly exercised and, hopefully, if this can be achieved through the regulations being drafted by the Preparatory Commission, the Americans can find it possible to sign the Convention, and

along with them the United Kingdom and the Federal Republic.

The Law of the Sea Convention contains important provisions on the protection of the marine environment. It requires states to avoid pollution of the sea, whether from land based sources like rivers and outflow of effluent, or from ships in and aircraft over the sea. The International Maritime Organisation had, of course, already covered much through its Marine Environment Protection Committee and Marine Safety Committee.

The safety of large tankers is an important environmental interest. So is the prevention of dumping, particularly of radioactive waste. Now special provisions to protect the environment in our region are being drafted by the Pacific Regional Environmental Programme known as PREP. It is in Australia's interests to support all these international efforts. We must not only preserve our fisheries and our reef and other of our assets in our own economic zone; we must also give technical and other assistance to our neighbours in the Pacific, and this is perhaps another task for our Navy.

In connection with the Pacific I should recall without elaboration that several of the island countries, including Papua New Guinea and other good friends of Australia, are promoting the idea of a nuclear free zone and Australia has given qualified support in the Pacific forum to this general objective but subject always to our treaty obligations. This is not a purely symbolic campaign like the resolution to make the ACT a nuclear free zone.

The islands are most concerned about the fish which are so important to their economies. It may be possible, I think, at some stage, when the area is no longer required for the movement of ships constituting part of the nuclear deterrent, and that day should come, to conclude some such agreement.

The Indian Ocean

I come now to the Indian Ocean. Australia has for many years been a member of the United Nations Ad Hoc Committee on the Indian Ocean. This was set up in 1972 with 15 members, to follow up a General Assembly declaration on the Indian Ocean as a zone of peace. Sitting on the Committee between 1975 and 1978, I found it useful as a reminder to the US and USSR of the need for restraint in their Indian Ocean rivalry and we were able to use reassurances which we got from our American and Russian colleagues to dissuade the more enthusiastic littoral and

hinterland countries around the Indian Ocean from pressing for immediately unrealistic and provocative UN action. In recent years, the Committee has been enlarged to include, inter alia, the permanent members of the Security Council and major maritime users. It is now trying to harmonise views and prepare the agenda for a conference on the Indian Ocean, tentatively scheduled for the first part of 1985. Of course, it was tentatively scheduled, I think, for 1979, 1980, 1981, so it may not come off, but it is a possibility.

Australia's general foreign policy on the Indian Ocean was stated by the Minister for Foreign Affairs on 17 January. Mr Hayden said, as you recall, that together with the Pacific Ocean and the region to Australia's north, the Indian Ocean was an area of strategic significance to Australia; in particular, the Government had an enduring responsibility to protect Australia's western coastline and our offshore resources interests and deep interest in the territories of Christmas Island and the Cocos Islands. Since then the Cocos Islanders have chosen to be an integral part of Australia. Mr Hayden added that Australia also had an interest, shared with our allies, in ensuring secure lines of communications for its trade with, and civil aviation traffic through, the region and in promoting regional concern for peace and stability.

Under the guidelines approved by the Government, Australia would, he said, recognise the importance of Australia's status as an independent but aligned Indian Ocean littoral state, both for the pursuance of our own interests and those of our allies. Second, continue to play an active role in the United Nations Ad Hoc Committee on the Indian Ocean, maintain the goal of the resumption of United States-Soviet talks on arms limitation in the region and support other arms limitation initiatives where these accord with Australia's assessment of its own interests and those of the region as a whole. It is a fairly diplomatic statement. Third, seek to give greater attention to the development of relations with Indian Ocean island states and, to a lesser extent, East African states, by broadening our links with these countries through, for example, cultural exchange and visits by the establishment of a regular pattern of naval visits; *that is something concrete.*

The Antarctic

Let us turn now to the Antarctic which was mentioned at question time and the question of the future of the Australian

Antarctic Territory. I say the Australian Antarctic Territory because it *is* so by Act of the Australian Parliament and every Australian ambassador naturally obeys the law and we refer to it not as a claim but as our Territory. I may say that under the Antarctic Treaty that claim was in a sense frozen but it was in no way withdrawn. What was frozen was any action by any other power in our Territory which might affect our claim of title.

Equally, of course, we undertook not to press any additional claims during the duration of the treaty. Now, the question of the extent to which the Antarctic Territory extends, and our obligations to it extend into the sea areas adjacent to the Antarctic continent, is bound up with the future of that treaty. In our view — I think this is the Government view though I cannot speak for them — extensions of maritime boundaries permitted by the Law of the Sea Convention would not be new claims but merely the application of current international law to areas of sea adjacent to our territory.

So much for the legal position. However, I agree with Dr Millar that the best way in which we can protect Australian real interests in the Southern Ocean may well be through positive international co-operation in the framework of the Antarctic Treaty. That method has already been used in the agreement for the protection and management of the marine living resources and the parties are edging towards agreement on a regime for the exploitation of non-renewable resources, including the hydrocarbons believed to be in the Continental Shelf. In this connection it might be feasible and advisable, and I think this should certainly be considered, for the Antarctic consultative parties, the countries with experience in the Antarctic, a group which now includes India and with China about to take over a base from New Zealand and conduct a scientific programme also joining the club, this group might seek a trusteeship or a mandate from the United Nations. This would be somewhat different from the post-World War II trusteeships in that there is no indigenous human population requiring care and preparation for independence. The basis would be responsibility for the protection of that unique environment including the marine environment in the 200-mile economic zone and Continental Shelf pertinent to the Trust Territory. I think that would be a positive action that we could take.

These possibilities underline yet once again the need for naval co-operation and facilitating and supporting Australian scien-

tific work in the Southern Ocean and Antarctica, including fishery studies, oceanographic surveying, climatological and other research into resources. That need will continue even if the Department of Science and Technology secures the necessary funds to build equipment and maintain a specialised Antarctic ship for the Australian expedition and bases.

Fishing

I have mentioned briefly Australian fisheries rights under international law. The rights conferred on Australia, which may, under our Constitution in some case, be exercised or administered by State Governments, will be precise and extensive, and I hope we shall be able to ratify the Convention well before it comes into force, in other words to be one of the states whose ratification has some effect on bringing it into force. That will be 12 months after the deposit of the 60th ratification.

If Australian fishermen cannot themselves take the optimum catch in toto we shall have an obligation to allow fishermen of other countries to participate under fair conditions. Subject to the special needs of our neighbours, it seems to me that it would facilitate control if we could fill our obligation through joint ventures which would bring responsible fishing enterprises to our zone, rather than throwing the zone open to fishing by a large number of small, sundry fishing vessels difficult to police. Nations which depend on fish for most of their protein, like Japan, have an interest in orderly management and usually have the necessary expertise.

Infringements of Maritime Law

Mr Chairman, I suggested earlier that it was more important that international law should be certain and that it should be observed, than that its contents should be ideal in terms of particular Australian interests. That is true not only of boundaries and resources but of maritime law in general. Australia has been active in seeking improvement of the UN legislative process, that is procedures for the negotiation of general conventions likely to develop international law.

One such area covers international agreements to prevent the hijacking of aircraft and ships. A meeting recently in Canberra urged the Government to co-operate with other countries in efforts to suppress piracy in the South China Sea where boat people from Vietnam had been under attack. The Law of the Sea Convention

has reaffirmed the longstanding international duty of states to co-operate in the repression of piracy on the high seas outside national jurisdiction. There is also a duty to give mutual assistance in fighting the traffic in drugs contained in the Convention. I am sure that the Australian Navy could make a useful contribution to the deterrence in detection and indeed dealing with international crimes in South-East Asia as well as in our own zone.

We have a strong interest, finally, in effective dispute settlement and in upholding the prestige and effectiveness of the International Court of Justice and other international tribunals. The development of the international community through law, and the consolidation of the law of the sea in particular, would be set back if the rights of states were deliberately infringed or duties neglected, particularly in the marine context. Here I tread on eggshells.

Seaborne interventions and even the mining of harbours may in some extreme circumstances be justified in support of genuine struggles for freedom or independence, but such actions should preferably be taken not unilaterally or clandestinely but with the authority of the competent organ of the world community, the Security Council of the United Nations. If, because of the veto, an emergency is judged to require anticipation of UN approval, the power concerned should surely welcome scrutiny of its action by world opinion and by the International Court rather than avoiding debate and looking for devices to evade jurisdiction. Erosion of respect for international law must be of concern to anyone who believes, as I do, in positive internationalism and extension of the rule of law.

Mr Chairman, I hope I have been able to transmit something of my conviction that, at least for diplomats and lawyers, it is through the evolution of world community law that the ultimate assurance of our maritime interests must be sought. But the world as it stands is a fairly unruly place. Even states with traditions of observance of international law, lose patience with the slow processes of diplomacy. Other states, for whom the revolution is the supreme law, flout the rules of international conduct by interfering in the affairs of other states, using their diplomatic premises as bases for terror and force. Clearly, countries like Australia must retain an adequate capacity for self-defence, including the defence of sea approaches. A navy to police adjacent waters is no violation of the admonition of the Convention that the high seas shall be reserved for peaceful purposes.

We were reminded last night that the Australian national anthem includes the line 'Our home is girt by sea'. The same verse speaks of freedom and of work. For the

protection of our maritime interests, our sea-girt country needs the Navy and if we give it the ships and the men I am sure it will carry on with the job.



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AN INDIAN OCEAN PERSPECTIVE

by Vice Admiral M.P. Awati PVSM Vrc
Indian Navy (Retd)

RADM R.C. Swan: Mr President, distinguished guests, ladies and gentlemen. It is an honour and indeed a great pleasure for me to introduce Vice-Admiral Awati to you this afternoon. I have known him for a considerable time. Our first acquaintance went back to 1953, and I did spend three months sharing the same cabin with another admiral in the Indian Navy who was his immediate boss — or has been over many years, so I have some association with Vice-Admiral Awati. He has just concluded a very distinguished career in the Indian Navy which of course started off as the Royal Indian Navy.

He had numerous commands, important commands, and when he reached the rank of commodore in 1972 he was the Naval Officer in Charge of Goa. He was a student at the Royal College of Defence Studies on the same course as myself in 1975 when we got to know each other quite well. He was appointed commandant of the National Defence Academy. He was the Flag Officer Commanding the Western Fleet in 1977/78 and I had the privilege to be in command of *MELBOURNE* when we returned from the Spit Head Review and I spent a very challenging and interesting professional four or five days with the Indian Fleet on that occasion.

He then went off to be Chief of Naval Personnel and then returned to Bombay as the Commander-in-Chief, Western Command. He has many interests outside the Navy, some of which include being the chairman of the Maritime History Society and he was the founder of the Maritime Museum in Bombay. He has a great interest in sport, in trekking, in anything which has a challenge. He is a great yachtsman. Anyway, through the professional relationships which he has cultivated over many years with now senior officers in the Navies and indeed the Defence Forces of both the western and eastern countries and through his own endeavours and interests, he has a very interesting insight into maritime and defence affairs. We

look forward to hearing from him now, speaking to us on the subject of an Indian Ocean perspective. Vice-Admiral Awati.

* * * * *

Let me say at once that I consider it a great honour to be invited to speak on an Indian Ocean perspective before such a distinguished gathering. What I am going to say is a personal view and may not be construed even remotely as the view of my Government, nor indeed the view of the sea Service to which I belonged until recently. I have made great efforts to be objective, but total objectivity on a subject like this one, a subject which concerns a developing situation in one's own back yard, is obviously quite impossible. Some subjectivity is bound to creep in.

This is my very first visit and exposure to your island continent. Its vastness and its emptiness, its climatic variety and its contrasts are staggering to the Indian mind, vast and varied as India is. I have known a few Australians in my days, most of them with salt in their veins and a few who have been concerned with diplomacy and government. They have all been very open, expansive people, happy, outgoing and full of *joie de vivre*, reflections of their great and good environment, mirror images of space and energy of the lucky country to which they belong. The achievements of Australian sporting energies are a legend around the world. These energies have now helped to install the America's Cup at the Royal Perth. I wish I could have gone and seen it, but unfortunately time will not permit.

One is also struck by the forthright, even unconventional, approach of Australians to living and doing, and also to imbibing. In which other country would one witness the spectacle of a beer belly competition promoted by the provincial premier! Your singular credentials therefore encourage me to table

my views with full and I hope useful candour. You are going to have some controversial remarks from this desk this afternoon and I am sure the object is clear to you.

The Indian Ocean World

Australia is both a Pacific and an Indian Ocean nation, albeit it has taken you a little time to become aware of your Indian Ocean identity — naturally perhaps as the majority if not all of the Indian Ocean littoral countries have nothing else in common with Australia and also because the majority of Australians live along the Pacific littoral. The vast spaces of Australia, the limitless natural resources, coupled with a thinly spread population, European in origin, a climate of continental proportions, have moulded your attitudes, your economic perceptions and your strategic thinking. There could be little doubt of the political stability and the economic health of Australia and one could confidently predict a tremendous burst of energy and wealth from you during the next 100 years. Australia has been amply endowed by nature and by geography.

As an Indian Ocean power, Australia is one of only two nations which do not belong to the developing world of the ocean or of the south. The other is South Africa. Geographically it is far removed to the southern rim of this ocean which allows it to avoid the turbulence in which the poverty ridden world of the Indian Ocean finds itself. This turbulence is a result of the vagaries of the economics of resources, the problems of development after a period of retardation, population explosion, the internal unrest and the internecine distrust and warfare among these countries fuelled by the machinations of the extra-regional northern powers for their own ends. The great powers collect the produce and the commodities of the littoral states of the Indian Ocean to sustain their standards of living.

This is the basic *raison d'être* of the north/south conflict, the struggle for produce and the resultant influence which would flow from access to the resources of the south. Diego Garcia, Afghanistan, the leasing by the great powers of bases on the littoral and real estate in the hinterland to situate communication, satellite guidance and intelligence gathering stations and other defence support facilities, flow from this basic appetite and competition for raw materials; but more about bases and leases later.

Just over a year ago, in March 1983, the Seventh Conference of Heads of State or Government of the Non-Aligned Countries

convened in New Delhi. One hundred countries attended and a number sent observers. Forty of these one hundred are littoral or hinterland states of the Indian Ocean. Between them they account for thirty per cent of the world population. The oil wealth of this region is enormous. Fifty six and a half per cent of the world's proven reserves amounting to 640 billion barrels are to be found in the north west quadrant of the Indian Ocean. Besides this, the region is rich in the gold, chrome, copper, iron ore, bauxite, vanadium and platinum group of metals which are critical to the advanced technologies of the developed world. Looking only at oil, eighty to eighty five per cent of the oil imported by the west and by Japan flows from the Gulf.

Historically, therefore, I believe there may be more than a mere superficial similarity between 1498 and 1984. In that earlier century, the extra-regional incursion into this area was to oust the Muslim middlemen from the lucrative but also essential trade — essential to the otherwise bland European cuisine — in Indian Ocean spices, especially in black pepper. This was the black gold so much prized by the Portuguese. Now the battle is for black oil, the latter day black gold. Portuguese caravelles with high poops have given way to American carriers with high profiles. The Russians are here too, ostensibly to keep an eye on the Americans. The balance of power or the sphere of influence game of the powerful is once again the central theme, mostly at the cost of the weak. But now the weak are not willing to sit back and do nothing. They are aware and they understand the power game. They are not content to let the events take a course which is patently detrimental to their national interests.

In his recent book Ashok Kapur, who is an observer of the Indian Ocean scene, has this to say about the newfound awareness of the Indian Ocean world — and I quote if I may:

'The Indian Ocean world was, for over 300 years, a plaything of the Europeans and then of the super powers. For the northern states, interventions of all kinds were within the rules of the game, indeed it was necessary to export northern rivalries to the south so that northern peace could be preserved. The balance of power principle was applied in defence of European intervention in the south. Thus the south was essential for northern international system maintenance. The south was peripheral in the sense that the organisation and distribution of inter-

national power was essentially located in and managed by northern states. But the south, although peripheral as an international actor, was not peripheral as a source of resources, land, manpower and as a playground for northern powers'.

He goes on to state that the Indian Ocean world wished to avoid being a plaything in the post-1945 international system. Until recently, however, the wish exceeded the power to enforce the wish. The answer may now have come in the form of southern managed resources diplomacy, militarisation and possibly nuclearisation. Through these means, they hope to interfere in super power planning.

As I sat and wrote my notes for this address in Canberra in April, it was March in Bombay and both the ambient temperature and the strategic one in the northern part of this, the third largest segment of the world ocean, was rising. It is still rising. The Iran/Iraq war now in its fourth year has entered its most dangerous phase. The Iraqis are threatening to blast Iranian oil terminals. The Iranians threaten to retaliate by blocking the Straits of Hormuz with their Navy, thereby stopping the flow of oil to the west and to Japan. The fleets of the west have massed in the Straits of Hormuz to prevent this. They declare that they will intervene if the freedom of passage of the straits were to be curtailed or denied to them and to others. The USSR will not stand by idly. It will use its position in Afghanistan to advantage, to counter any western move to intervene in the straits. Commentators trace the present situation to the Russian occupation of Afghanistan in December 1979. That is a plausible view, or one view anyway, but perhaps the beginnings could be traced to the immediate post war era or years when in 1946 Russia had to withdraw from the Iranian Azerbaijan reportedly under a nuclear threat from President Harry Truman. Perhaps!

The Geography of the Indian Ocean

If one is really to comprehend the complex strategic situation in the North Indian Ocean, one must first understand the peculiar geography of this body of water and its littoral, for geography is really the hand-maiden of strategy, at least here. I must apologise to those of you who have read my article (*Journal of the ANI*, Vol 10 No 1, February 1984), because some of what I am going to say is possibly a repetition, including the soft underbelly which we will try and cover up if we can.

The geography of central and upper Asia,

the contiguity of the Indian Ocean to it and the closed character of that ocean, integrates the whole system of the North Indian Ocean in a dangerously compact manner, dangerous to those who will not understand its significance. When considered in relation to the tremendous advances made in mechanised and missile warfare, in satellite reconnaissance, in electromagnetic surveillance and other related arts and crafts in recent years, this geography has decisive implications for the central balance of power between the USA and the USSR. The modern missile, interncontinental in range, has access to all parts of the Asiatic Soviet Republics, and beyond, from the northern part of the Indian Ocean.

The United States can use this fact to advantage for strategic weapon deployment against the vast European land mass. It cannot be similarly used against the United States which is in a different hemisphere altogether. This geography of the North Indian Ocean has led to some interesting and historic consequences in the encounter between Europe and Asia, starting with the Portuguese experience. It is worth noting one such consequence which seems to have had an abiding influence on history. The Portuguese of the 14th and the 15th centuries were a special breed of people. They were gripped by a crusading zeal and a religion which taught them to distinguish good from evil, black from white and the straight from the devious. They had an idea, and that idea took them to the Indian Ocean and to India around the Cape.

Whilst the Indian Ocean peoples, the Arabs and the Indians principally, had had a long and successful oceanic tradition, they had never stumbled upon the concept of control of the seas to the exclusion of all others. This essentially European and zealous Christian doctrine came with the Portuguese. In enforcing this concept, they were to use the Theory of the Straits. Where they got hold of this theory in enforcing their doctrine of exclusivity is still a matter of considerable argument among historians. Perhaps their long association with the Arab navigators had made them aware of this strategic fact. It is also possible that great cartographers as the Portuguese were, they had appreciated the closed character of the northern part of the Indian Ocean, the entry to which could be controlled by guarding the entry point through the few straits leading into it.

Combining the correct identification of the geographical nexuses in Asia with the idea of their capture and subsequent enforce-

ment of Portuguese monopoly in the Indian Ocean, was certainly a remarkable insight on the part of King Manuel and his advisors. The scale of the scheme was breathtaking for, as Winius tells us 'as few as were the Portuguese, as numerous as were the Asians and the Arabs and the Muslims, and as vast as were the areas involved, it seems preposterous that Manuel and his advisors would have had the nerve to entertain the idea, let alone put it into effect'. Put it into effect they did, and those littoral peoples who believed in live and let live knew soon enough that they were vassals to a European state and monarch. They were to remain thus subjected to the Dutch, the French and finally the English in succession.

Someone said the other day that there is always a danger in imagining the past and remembering the future, but the littoral states of the Indian Ocean do imagine the past today and with good reason. The contest for the control of the nodal points of the Indian Ocean is once again the central theme in 1984, as I mentioned a little while ago. The fleets of the US and the USSR in this ocean are the two main contestants. The winner, if there is one, will once again control the destinies of the littoral states. There can be little doubt about that. Historical evidence, indeed experience, weighs in favour of the littoral point of view that, as in the past, the western and northern hemisphere nations want to corner the commodity markets of the Indian Ocean littoral for themselves to sustain their technologies and their standard of living. The chief among these commodities, as I mentioned, is oil. There are others like rare metals and chrome which are important to missile and space technologies.

Division Between India and Pakistan

To this end the old economic order must be sustained through the exploitation of the religious and cultural schisms which have always been present in the ancient societies of the Indian Ocean littoral and hinterland. Division between, as for example, India and Pakistan have been fuelled by the doctrines so well practised in the past and now taken over almost lock, stock and barrel by the super powers. Olaf Caroe was the high priest of this thinking and practice. His 'Wells of Power' thesis would like to see Pakistan as a gendarme of the Middle East. The unwillingness of Pakistan to discuss Afghanistan as an issue with the Afghans and with the Russians is actively supported in the west. The massive arms aid to Pakistan by the USA is certain to further the policy of continuing the destabi-

lisation in South Asia. That the huge arms pile in Pakistan would eventually be directed against India is a reasonable assumption and one which the USA must have drawn from past experience.

Maybe I am wrong in assessing this, but perhaps keeping India from reaching a power status commensurate with its geographic location, size and development is a sensible aim for the super powers, particularly a super power which is interested in the status quo. There is nothing Machiavellian about it. Indian progress towards a major power status cannot suit the objectives of these powers for this area for the very simple reason that the emergence of another major power on this scene adds to the complications of accommodating it and dealing with it. It is problematic enough to have to deal with China. To add India to it would be most inconvenient. That eventuality must be prevented, or must at least be delayed. The arming of Pakistan by the US makes sense if looked at from these assumptions. The explanation given by a leading US diplomat that if the United States were to deal only with the democracies it would be lonesome is quite a plausible explanation.

However, there is in Pakistan today an influential body of opinion which opposes confrontation with the USSR. Exacerbating relations between Pakistan and Afghanistan has merely added to the refugee population of Afghans in Pakistan. Historically there is not much love lost between the Afghans and the Muslims of the sub-continent. Pakistan is the inheritor of that legacy and knows this very well. A distinguished Pakistani diplomat has this to say of this historical experience of the sub-continent and once again I quote:

'A cool dispassionate historic look at Pak-Afghan relations would show what exactly we owe the Afghans who, in the last 3,000 years, have either freely allowed invaders to enter our land or have joined these influxes to the extent that some Afghan tribes such as the Dakkzais and the Suris have vanished from Afghanistan and have settled in the sub-continent. There is no record of any Afghan ever going back. While many Indian Muslims fought for the Afghans against the British during the first Afghan war — 1838-1842 — this favour was never returned. Instead, during the Great Mutiny of 1857, those of our revolutionary ancestors who fled to Afghanistan were sold back by the Afghans to the British for the price of Rupees 50 if they had a rifle, or Rupees 30 if they had none,



HMAS MELBOURNE 4 Oct 77 (p 42 refers)

Courtesy: J. Mortimer

to be suitably dealt with in regimental squares. During the Khilafat Movement, over 20,000 Muslims from the sub-continent, mostly from the Punjab and the Sind, went on Hijrat to Afghanistan. They were pushed out, some to the USSR where a few small Punjabi speaking communities still exist, or back, literally without shirts on their backs.'

Since 1947, the Afghans have continued their irredentist claims to Pakistan territory and have pursued an active policy of inciting destabilisation and subversion in Pakistan.

Pakistan knows that Afghan policies vis-a-vis herself have little relation to who rules in Kabul. The short point is that it may be convenient for Pakistan to flourish a Soviet threat to it, to attract United States military aid or on the other side to make a convenience of that argument, but thinking Pakistanis know that they would eventually have to establish a dialogue with the Soviet Union and Afghanistan to negotiate Soviet withdrawal from that country and Afghan recognition of the Durand Line as the international border. Pakistan should then have to live with the regime which the Soviets leave behind in Afghanistan. In the view of many Pakistanis, better a Finlandised Afghanistan than a Polandised Pakistan! The attitudes of the super powers, the United States and the Soviet Union, are in many important respects indistinguishable. Indeed, they run parallel — only they are wrapped in their respective ideologies.

Clash of the Giants

While the United States claims that its presence in the Indian Ocean is really for the benefit of the free societies who want to remain free, free usually from the imposition of the will of the people upon the ruling military elites, the Soviet Union denies that it has any design on West Asian oil, maintains that its presence in Afghanistan is at the instance of the Afghans themselves, those Afghans at any rate who have the reins of power in their hands. It claims like the USA that it will continue to ply all the oceans of the world which are nobody's private property. In this clash of the giants who play *real politik* to carve out their respective spheres of influence, the littoral countries have become pawns. It is the appreciation of the great powers that the Indian Ocean is going to be of momentous consequence to the world community in the 21st century. This stretch of the world ocean has in its inner space and its hinterland vast riches of raw materials which will be of decisive consequence in helping the

super powers maintain their technological superiority and therefore their hegemony over the lesser powers and lesser peoples. They view their exclusive pax over the Indian Ocean as essential to their strategy of world primacy.

The fact that, fired by such misguided hubris, they are helping to upset the balance of power and thereby destabilise the equations between them occurs to them not at all. The urgings of the less powerful to them to yoke their energies to revitalise and restructure world economy therefore fall on deaf ears.

I believe it is necessary for us to understand how this contest between the US and the USSR has developed. In the immediate post war years, the United States established and maintained a small naval force in the Persian Gulf. It consisted of, as it does today, a tender and two destroyer escorts based at the then British Protectorate of Bahrain. The Indian Ocean was then a peaceful backwater and no one except an occasional Alan Villiers bothered about it. It remained the romantic domain of the gentle trade winds and the life giving monsoons. Europe was then busy with its sixes and sevens. NATO, which concerned itself with holding the red tide in Europe, had drawn an arbitrary line along the latitude of Cape Bojador, the western extremity of Africa, to demarcate its responsibilities. South of that line was of no consequence to NATO. The Indian Ocean was therefore isolated from politics and posturing between the NATO and the Warsaw Pact.

There was, besides, no great power resident on the shores of this ocean, as indeed there is none today. It was the origin, as it is today, of most of the oil and much of the commodity traffic to Europe and the West. Japan was picking up as a nett importer of the Indian Ocean's wealth of raw materials. Oil flowed west and east at thirty cents a barrel. The Arabs and the Iranians had no choice in a buyer's market. When Mossadegh protested by nationalising the Anglo-Iranian Oil Company, he was quickly suppressed by his fellow Iranian, the Shah-en-Shah with the help of his allies from outside Iran. The American writ, if it did not actually run where once the British had only a few years earlier, did at least predominate.

The Russian Navy was not important, even to the Russians themselves. Krushchev had once derided his admirals as fit only to decorate their respective flag bridges. There is an apocryphal story that I would like to tell you of this period about some top Russian admirals who had boarded an Aeroflot flight

from Moscow for Leningrad. The next morning at the Leningrad Naval Base, two sailors were agast to read that this Aeroflot flight with its valuable cargo had crashed. 'Was anyone saved?' asked one anxious sailor. 'Yes' replied the other 'the Soviet Navy'. Sergei Gorshkov was an exception to the general run of Russian Navy men of this period. He was busy studying the history of the Russian Navy, analysing the causes of its many debacles. He was especially interested in a gentleman called Zinovy Rodzeshchevsky and his defeat at Tsushima in 1905. He was to write his magnum opus, that is Gorshkov, 'The Sea Power of the State', soon after that.

Then in 1962 came Cuba. It was a great watershed for the Soviet Navy. It sent Khrushchev packing with his arid continental outlook, and forced the USSR to look at the oceans around it which made Eurasia the great world island. Gorshkov was now set to put his theories to the test. He was determined to make the Soviet Navy's presence felt in all the oceans of the world and register its influence. Detente, however, was still in fashion after Cuba. If the importance of the Indian Ocean in the politics of detente was at all realised it was only as an area to be scrupulously shielded from great power rivalries. The United States had all along aspired to inheriting the British imperial mantle east of Suez and wished to secure for itself suitable bases. It had identified Diego Garcia as early as 1959 as an ideal location for a central base. It was seen as the Malta of the Indian Ocean.

From 1959 to 1966, however, Diego Garcia remained in the collective subconscious of the United States Naval Staff in the absence of Congressional support. When finally the United Kingdom Government decided to withdraw from east of Suez it made a far-sighted arrangement for an allied presence in the Indian Ocean after Britain's departure. It is apparent now that these arrangements were mainly to help the United States Government acquire a lease of the island of Diego Garcia for the purpose of constructing a base. Initially, there was considerable opposition from the Congress of the United States to the construction of base facilities on Diego Garcia. The administration therefore had to pare down its plans and programmes for Diego Garcia to a communication facility. The whole project almost collapsed on the question of whether or not the island was inhabited. The Pentagon, the Department of the Navy and the administration resorted to much dissimulation, if you like, on this question. It is now well known that the island was in fact the

home of about a thousand fisherfolk and coconut pickers who had been there for several generations.

These people were made to move out of the island between 1968 and 1971 through a number of measures. Licences to pick coconuts and to fish were not renewed by the Chagos Agalega Company, the initial lease holders. Finally, the remnants were told they would either move out or remain and starve. Most of them now eke out a miserable living in a miserable existence in a place in Mauritius, the suburb of Port Louis called Roche Bois. Mauritius was given some money by the British government to detach the island of Diego Garcia from Mauritius' jurisdiction when the British Indian Ocean Territory was formed in 1965 by an Order in Council. The British Government received a considerable sum of money in a financial trade off — I believe it was about \$14 million — from the United States when it purchased the Polaris missiles for its FBM submarine programme to compensate Britain for the cost of moving out the inhabitants of the island and to pay off the government of Mauritius. This was part of a secret deal between the two governments when the fifty year lease was signed in 1966.

In 1972, after a prolonged and acrimonious debate, the Congress finally sanctioned the construction of a base on Diego Garcia in phases. The first phase was completed in the first quarter of 1982 to make this island a first class aero-naval base. The capabilities of this base I do not have to tell a professional audience like this one. Of course, Diego Garcia has now the great advantage of no indigenous population which can cause political or social problems for the United States in the future. For all practical purposes, therefore, this base is in a category by itself, free from the pressures to which other bases are subject. The United States has fortified its presence here with agreements of a number of littoral states for use of their ports and harbours for refuelling and repairs, for R&R and for other facilities. These facilities are spread evenly all along the periphery of the North Indian Ocean.

The USSR on the other hand, since 1967 has relied principally on strengthening its political and economic relations with the littoral hinterland and island countries of the ocean to achieve its aims which, in many respects, as I mentioned, are identical to those of its rival. Most of its bases are concentrated in the north west quadrant of the ocean, which is a distinct disadvantage to it, in and around the Red Sea and the Horn of Africa. Through its failure to appreciate the

intensity of Somali feeling over the Ogaden and then by openly supporting the new Mengistu regime in Ethiopia, the USSR in 1977 lost the use of Berbera to the United States. Earlier, this same Berbera had helped to promote the United States administration's case for Diego Garcia before the United States Senate. A delegation of senators led by a Senator Bartlett had visited Berbera to the chagrin of the Soviets, whilst the Soviets were still in occupation by the way, and gone away convinced that the strength of the Soviet position there required countervailing action by the United States Government somewhere in the Indian Ocean.

Besides its facilities in Ethiopia and the country called PDRY — Peoples Democratic Republic of Yemen — and its very considerable force now in Afghanistan since early 1980, the USSR maintained a series of deep sea buoy moorings off the islands of Socotra, Seychelles, Mauritius and even off Diego Garcia. The facilities the USSR Navy enjoys at Cam Ranh Bay, as was mentioned to us just now by Dr Millar, in Vietnam, although strictly not in the Indian Ocean, do have a considerable influence in sustaining the USSR force levels in that ocean.

Super Power Force Levels

The force levels of the rival navies vary considerably over a calendar year. Soviet and American ships deployed in the Indian Ocean are drawn almost entirely from their respective Pacific Fleets. The United States Navy now has on permanent station one aircraft carrier with its attendant screening and support ships cruising the ocean. When deployed here this force is based on Diego Garcia. Its deployment would take it into the sensitive northern part where the force would remain for a considerable part of the year on patrol or on exercise. The powerful relay station, as you know for yourselves, in North West Cape lends credence to the belief that the United States Navy is probably in a position to operate its large 18,000 ton Ohio Class FBM submarines in this ocean. It is assumed that the multiple warheads of the Trident missiles are targeted on Soviet military and other targets in European and Asiatic Soviet states. Recently, and with the formation of the United States Central Command with its headquarters in Florida, the US forces in the Indian Ocean have a guiding hand behind them. The Rapid Deployment Force can now co-ordinate its moves with the naval forces and be used as an on-call fire brigade anywhere in this area. This Force now consists of the United States 101st and 82nd

Airborne Divisions, 24th Mechanised Infantry Brigade, a total of about 50,000 troops.

These soldiers will be spearheaded by three United States Marine Corps Amphibious Brigades comprising another 50,000 men supported by their aviation and logistic support elements. A dozen ships of the military sealift command with prepositioned stores and equipment have moved into the Indian Ocean. The Central Command has its eyes and ears well located all about the periphery. Two very sophisticated installations to which Dr Millar referred are in Australia operated by the National Security Agency of the United States, the idea being to provide the United States very accurate information on Soviet missile locations and test firings of missiles. These stations provide the national and technical means of verification to the National Security Agency in terms of the unratified SALT 2 agreement. Satellite reconnaissance and information on adversary movements and deployment are constantly checked out by the Long Range Maritime Patrol aircraft operating from various bases in the ocean.

I believe that the sophistication in command control and communication line up of the United States forces in the Indian Ocean is indeed a formidable one. To the best of my knowledge the Soviets have not matched it with their organisation. However, a little while ago Dr Millar did mention to us — and I did not know about it I must say — that the Soviets have now established similar facilities on the territory of Vietnam. That somewhat changes the equation. But I believe that in ships, too, the Soviets are behind the United States Navy in both quality and ship days. Relying as they have to on their Pacific Fleet for their Indian Ocean deployments, they have not been able to match the US Navy in materials. This is because the Soviet Pacific Fleet has a lower priority for newer vessels than the Black Sea or the Mediterranean Fleets of the Soviet Union. Once in a while the modern aircraft carriers, *KIEV* and *MINSK* (and possibly now the *NOVOROS-SISK*) have made long sallies into the ocean on flag showing or display cruises, if you like to put it that way.

We also know that, in 1981, their support vessel, the *IVAN ROGOV*, the modern amphibious support ship, was also deployed here, but by and large the permanent presence of the Soviet Navy here is represented by older ships of the *KYNDA* and the *KASHIN* classes and submarines of the *FOXTROT* class. There have been unconfirmed reports that at least one FBM submarine of the new

TYPHOON class will be deployed in the Indian Ocean. This submarine is reported to be of 30,000 tons displacement, it can dive deeper and move faster underwater than any that the US currently has in its inventory. However, my own assessment is that the USSR would probably not waste its limited *TYPHOON* force in the Indian Ocean. They would obtain far richer dividends in the Atlantic, the North Sea and the Pacific. Here, in the Indian Ocean, the USSR would deploy its ASW submarines to dog the large American FBM boats.

The main problem confronting the Soviet Union in the Indian Ocean is of course bases. The quality of ships, as I have mentioned, is also well below the USSR's priority fleet, that is, the Black Sea and the Mediterranean Fleets. The United States is far better placed both with respect to bases and quality of its vessels. I believe that with the allied European navies present in the Indian Ocean, the gap between the West and the USSR which is already fairly wide becomes wider. This is what a US commentator has to say on this subject, and once again I quote:

'The Soviet Union's naval deployments in the Indian Ocean reflect the fact that its naval resources are finite. The bases available to the USSR in the area generally lack infrastructure. The USSR has no facility like Diego Garcia, nor could it rely on its allies to provide the sort of facilities that American forces would and do enjoy in the Philippines, Australia and conceivably South Africa. Besides, the USA's general advantage is that it has access to ports over the four quadrants of the Indian Ocean. The USSR's access to ports and bases tends to be restricted to the north west quadrant. Thus the US's advantage and the USSR's weakness in the Indian Ocean area at present is essentially a matter of bases. It is also important to realise historically how much importance the United States has placed on its Pacific Fleet and the relatively low priority that the Soviet Pacific Fleet in the Far East has had. As it is from both super powers' Pacific forces that Indian Ocean deployments are made, this historical difference has great implications for the relative balance of naval power in the Indian Ocean.'

This is a United States naval observer talking. As of today, therefore, the balance of naval power in the Indian Ocean lies firmly with the United States. The US Navy is very much the 'cock of the walk.'

Australian Influences

Coming now, gentlemen and ladies, to your own, your very own, part of the world, the United States has invoked the ANZUS Pact, so in Australia you have allowed it to situate some key bases and facilities on Australian territory. My information on these facilities is based almost entirely on Dr Desmond Ball's book and his articles in various journals, and therefore I could do no better than to quote from his little book. He says:

'Although it is not apparent from official descriptions of the American installations in Australia, these installations have enormous strategic significance. The official position is that none of the installations is part of weapon systems and that none of them is of any military significance. This position can only be honestly held by recourse to the most idiosyncratic strategic language. That profound strategic implications derive from the American installations in Australia is in fact incontrovertible and to that extent they could be targets in any strategic nuclear exchange.'

The Australian contribution to the order of battle of the West in the Indian Ocean is significant. Australia is an outpost of the developed north in the deep south, with a small population of 15 million in a sub-continent of immense proportions. As experienced by the Japanese in World War II, she has quite naturally remained true to her European culture and inclinations. Australia, therefore, has had to depend first on Britain and now on the United States as a guarantor of her existence as a state which prizes its European heritage.

Throughout World War II and since then there has been active British, United States and Australian get together in certain defence support operations. As the US need to gather strategic intelligence of a potential adversary has increased, the possibility of the US National Security Agency coming to Australia became a certainty. By the mid-1960s, the North West Cape installation was in service followed by the Rhyolite and KH 11 programmes at Pine Gap and Nurrungar. These last two installations could not have been placed anywhere but in Australia if the United States were to gain the full benefit from their respective missions. As Dr Desmond Ball says, and I quote once again:

'This geographic factor has two important consequences. One is simply the great number and variety of US defence scientific and intelligence facilities in Australia. The other consequence derives

from the fact that facilities in Australia are essential to some American defence scientific and intelligence operations.

These installations, many of them of considerable value to Australia also, may have put constraints on Australia's defence and foreign policies. To that extent, Australia's freedom to participate in regional co-operation has been circumscribed, in some respects severely so. Australian room for manoeuvre as part and parcel of an Indian Ocean community is therefore limited. It is unlikely that as an active participant in the Western Alliance for defence and strategic collaboration, she would be accepted as a part of that community by the dominant grouping of the non-aligned countries which dot the littoral of the Indian Ocean. This preference for being a part of extra-regional interests must of course depend on Australia's own perception of her security environment. None can deny to Australia the choice of her allies.

The maritime interests of Australia stem from her geography first and foremost; from her growing overseas trade with several Indian and Pacific Ocean littoral states especially Japan, China and the United States; Australia's desire to exploit the seabed resources under the new Law of the Sea convention; the defence of the farflung island territories in the Southern Indian Ocean; and finally the oil which she has to import from the Gulf to sustain her industries — hopefully not for long though. Her strategic nexus with the United Kingdom and now with the United States is important to her, as I mentioned, as an outpost of European Culture in the alien milieu of the Indian Ocean communities which are racially, culturally and in the vast majority of cases politically also so utterly different from her.

In protecting her sea lines of communication, Australia cannot be wholly self reliant despite her affluence and technological progress. With a population of 15 million, this theme seems to come up over and over again. In a continent of almost 8 million square kilometres and an extensive coastline of over 19,000 kilometres, she has to rely on a powerful ally to help her defend herself. It is in the nature of underpopulated, technologically advanced, affluent societies to be politically either neutral or be part of a powerful alliance to survive as national entities. Australia cannot be neutral, although recently I read a book on armed neutrality for Australia — I do not think it is a feasible proposition. She has therefore to opt for a powerful ally. It was natural that the United States should

have succeeded the United Kingdom as Australia's ally in the post 1960 era. This alliance is independent of which party rules in Canberra and it is clearly a constant in Australia's foreign and defence policies. However, I do believe that within the limits of this constant, Australia could and should exercise a certain flexibility which would allow her elbow room to manoeuvre, to make friends and strike other alliances if possible and establish areas of mutual trust between her and other Indian Ocean powers, which need not disturb the basic assumptions of her policies. Perhaps the zone of peace and the nuclear free zone in the Indian Ocean are two such areas.

In deciding the kind of maritime forces Australia should possess, the deciding factor would clearly be the situation Australia perceives she would have to face by herself in defending her sea lines of communications. As Lieutenant Commander Willis tells us in his article in the most recent issue of the *Journal of the Australian Naval Institute* (Feb 84):

'Australia is one of the world's largest trading nations and is heavily dependent on merchant shipping for conduct of this trade. Some fifty ports are involved in overseas trading, handling some 12,000 ships per year, over 95 per cent of which are foreign owned. The capacity to effectively protect our shipping as well as that of our trading partners must be the first priority in our maritime strategy. This capacity should be visible to our trading partners and owners of shipping carrying our trade or there could be a loss of interest on the part of merchantmen to continue to come here.'

The principle alliance is to be looked upon, personally as I see it, as a fallback position if Australia is unable to manage a developing defence situation on her own. There could be of course covert assistance in reconnaissance and intelligence information from the United States, the kind Britain received or obtained during the Falklands campaign. Australian policy makers undoubtedly realise that a premature involvement of the United States in the defence of Australia, and in this I include the defence of island territories, would only vitiate the strategic situation by inviting inevitable Soviet intervention on the side of the adversary. One could think of quite a few such situations where Washington might be alarmed at the premature invoking of ANZUS. The US would probably want to be assured that Australia were doing everything within her own power and that the endurance in conventional capability had

been reached before it was called upon to assist by raising the stakes. Once again I quote from Lieutenant Commander Willis:

'Political self reliance stems from the recognition that the ANZUS Treaty no longer represents the same security blanket that it did when it was first signed in 1951. The Guam doctrine of 1969 espoused by President Nixon and the United States' withdrawal of forces from Vietnam in 1971 caused doubts to be expressed about the relevance of the ANZUS Treaty. The message from the US was that it would protect the allies against nuclear threats but it expects its allies to bear a greater share of their own defence burdens.'

I must thank Lieutenant Commander Willis for giving me some talking points.

In this context should I venture to say that Australia's ORBAT¹ of maritime forces may appear to be a trifle inadequate or lopsided for the task or for the tripwire test to an independent but an interested observer like myself. I would not go along with those who hold that if the Navy is to fight outside Air Force air defence cover they had best do so under the air umbrella of a United States Navy battle group and its associated Air Force. I am not sure this is a tenable view if Australia is to have a credible self reliant defence posture. There is one other point I would like to make with regard to credibility. I advert to the United States defence support installations on Australian territory. These undoubtedly exercise important influence on Australian thinking on matters defence, maritime or otherwise. There are two aspects of this matter which bear consideration; first, that these installations commit the United States automatically to the defence of Australia and second, that such US commitment is necessary for Australia's defence.

Personally, I do not think or believe that today in 1984 either of these assumptions hold good in the formulation of Australian foreign and therefore defence policies. I may, of course, be totally wrong. I see Australia as a nascent Indian Ocean power, increasingly aware of her neighbours in the Indian Ocean. She is convinced that her future is linked with the future Indian Ocean community in many important respects. The old ties with Britain and Europe, and to some extent with the United States, are weakening and with them the old Anglo-Saxon or North European norms and mores. Australia is developing her own distinct personality, a mixture of old and new European culture leavened by the new immigrants from Catholic and Orthodox

Christian communities from Greece and Yugoslavia, Poland and Italy and people from older non-Christian societies of China and South East Asia.

This new thinking had its political manifestation in the election of a Labor government in the 1970s which implemented a new go-ahead policy for Australia with regard to its relations with its Asian neighbours, its involvement in military alliances and its internal policies with regard to the weaker sections of the Australian society. The constants, of course, in Australian perceptions must obviously hold fast. No Australian Government can ignore them, but without doubt political attitudes are changing. Australian national identity is finally emerging, as I see it, as this penultimate decade of our century comes to its climax, and the future remains an exciting prospect.

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DISCUSSION

CDRE J.A. Robertson: Robertson, Australian Navy Retired. In making a comparison of the US and the USSR forces in the Indian Ocean, sir, might we not look at it rather than comparing ship by ship and unit by unit and base by base, should we not look at it from the point of view that their missions are different. As I understand it, the Soviet Union's strategic mission is sea denial. The United States mission is sea assertion, and so you need vastly different forces, and to make a comparison ship by ship is to fall into the old mistakes that were made in the 20s and 30s of assuming that the fleets were going to meet in great battles. Would you like to comment on that?

VADM M.P. Awati: Yes, I can comment on that very simply: that you are right and what I said was deliberately weighted to create a certain amount of controversy and raise questions. But there is a limit to what you say. Sea supremacy also includes sea denial, and a force which is supreme at sea, as proposed by the Assistant Under-Secretary for Defence Preparedness — the one who is responsible for the entire concept of the US Navy's deployment in the Indian Ocean from 1966 onwards — it is quite clear that the United States Navy today is not only supreme in the Indian Ocean but it has forces to deny the use of this ocean to the Russians at the appropriate moment. So I believe the sea supremacy mission inevitably includes a good deal of sea denial capability. Am I right or would you object to that?

CDRE J.A. Robertson: No, I would not say so,

¹ Order of Battle

sir, because I believe that if you are trying to move traffic around the world that is a different problem from trying to *prevent* it moving. After all, the weapons of choice for sea denial, I would suggest, are our maritime strike aircraft, submarines and mines.

VADM M.P. Awati: I meant sea denial from the point of view of combat forces, that is, of picking the Soviet ships out of the Indian Ocean and deny them the use of their sea denial mission, or the employment of their sea denial mission. I believe this would be obviously the way that the 7th Fleet commander, or the future 5th Fleet commander, would look at his deployment.

CMR C.J. Skinner: Skinner, sir, Navy. You did not say a great deal about the north east Indian Ocean and particularly the building of naval and other bases in the island groups there, particularly Port Blair. I wonder if you would comment on the role of that expansion of capability in that area?

VADM M.P. Awati: The north east Indian Ocean is just as much in the fray, or in the frying pan or whatever it is, as the north and the north west, and our development of a base at Port Blair is to be viewed from that angle. We have been trying to develop this for some years, but money and finances and bureaucracy stops us from doing it. At the moment we have a small facility there of repairs, of alongside berths and what have you. If you have not visited Port Blair you must go and see for yourself. It is a very lovely harbour, very good for sailing or yachting. The entire Japanese fleet apparently, Kirit's fleet after its sweep of the Indian Ocean, of the Bay of Bengal, sat in Port Blair — the Navy Bay as it was called — for a whole fortnight repairing and recuperating in 1942, in early 1942. There is nothing very secret about what is there in Port Blair and I hope the Royal Australian Navy will send a squadron around there to visit us.

CDRE J.S. Dickson: Could I just follow that one up, sir, by asking what would you like to see Australia's maritime contribution to the Indian Ocean region be and would you assess that a more continuous presence there would be welcomed or resented by the countries around the Indian Ocean littoral?

VADM M.P. Awati: It would be welcomed, but only as Australian Navy — not as part of a US taskforce. It would be most welcome, as indeed Admiral Swan will tell you — when he and I got together some years ago and tried to prove that we are compatible; we operated our aircraft from each other's carriers, the *VIKRANT* and the *MELBOURNE*. So I think the presence of a Royal Australian Naval Fleet

in the Indian Ocean would be most welcome to Indian Ocean littoral states, countries, provided it is operating as a totally self contained independent group, taskforce — task group — and not in any way dependent on either the United States Navy or the Soviet Navy for supply and support.

CMR G.F. McLennan: Sir, the approach you took in your speech today gave me the impression that the Indian Ocean is the last frontier of the East West confrontation and you gave as the main reason for that the black gold which is no longer pepper but now the oil of the Middle East. When that black gold goes, what would you foresee as the situation in the Indian Ocean? Do you believe that we will ever return to the days of calm and peace or will we continue to have a major confrontation in that area? Furthermore, could you tell us what you would see as India's role should the major powers withdraw from that area?

VADM M.P. Awati: A very interesting question indeed. Here we must once again imagine the past. This liquid black gold is not going to exhaust itself, certainly in the days of your grandchildren or my great grandchildren — maybe another 150 years, maybe 100 years plus — so one must really look into the 22nd century for that sort of thing to happen. What the Indian Ocean then will supply by way of commodities will really depend on what one finds on the seabed. The great argument until very recently was the manganese nodules in the Indian Ocean, supposed to be very rich, but already that has been overtaken by the sulphide deposits on the Chilean coast and in the United States Gulf and to that extent I think what we were told a little while ago about the conflict concerning the enterprise may have already been upstaged. But coming back to the Indian Ocean, I think once the oil runs out or we find alternative sources of energy — maybe hydrogen from the sea or whatever or sun's energy — obviously the importance of the Indian Ocean as a commodity supplier will run down to that extent. But the Indian Ocean is also a provider of some important metals to the advanced technologies, the missile technologies of the world, and that will continue. Maybe by then a number of the Indian Ocean states and powers themselves will be requiring these metals for their own missile forces — God forbid it should happen, but the trends are that we are moving in that direction of advancement, either through transfer of technology or indigenous development of these technologies which will require these raw materials from the oceans.

A PERSONAL VIEW

by Mr W.B. Pritchett AO
Former Secretary, Department of Defence

I feel that I might stand here this evening rather on false pretences, because the organisers of the Symposium first asked me to speak to "The Defence View" respecting Sea-Power, not appreciating, I think, that by the time the Symposium took place I should have no official view, but should be speaking as a private citizen and free man. However, they courteously persisted in their invitation and suggested that I might give a "Personal View".

On that score, too, I feel somewhat embarrassed because my rather disjointed comments and queries will be all too familiar to those of you with whom I have worked in recent years. Nevertheless, even the process of questioning, or rubbishing, what I have to say could stimulate more substantial and comprehensive statements on the significance of Sea Power for Australia into the Twenty-First Century. I do not purport to make such a statement myself, and it would be presumptuous of me to try to do so. As far as I know, such a statement does not exist today. In my experience, we are usually too readily satisfied with sweeping generalisations that could do for the naval force of almost any nation; or we content ourselves with factitious argumentation worked up to support some particular force structure or resources bid. We have yet to produce an original naval thinker, our Australian Gorskov, and doctrine indigenous to our own national circumstances. A good deal of what we hear seems still to be strongly influenced by the perceptions and preoccupations of our 'great and powerful friends'. A disproportionate amount of attention is given to narrower and shorter term naval interests at the expense of more fundamental and abiding issues of our maritime strategy.

We are indeed badly in need of professional, *military* input to the further development of the strategic guidance. We can all welcome, therefore, the prospect of greater achievement with the recent strengthening of the office of the Chief of the Defence Force (as I am glad he is to be titled in future).

If we are going to progress with the development of a national maritime strategy, and to derive our force structure from it, it is desirable that we shed all assumptions, preconceptions, received wisdom and hallowed doctrine. It is not enough to sweep an expansive arm across the watery map and proclaim 'Obviously we must do this and possess that out to so many 100s or 1000s of miles', or to invoke the importance of our maritime trade. We can hold no truths to be self-evident, but all must be thought through and tested in our own national discussions. I suggest that we can find it helpful always to start with the question, 'Why do we need a navy at all?'.

This is not the question that we heard put with lugubrious irony after the carrier decision. It is a serious and proper question. If the taxpayers are to be asked to part with large sums of money to fund our maritime defence effort, and if they are to be confident that that money will be responsibly administered by competent professionals, we must be ready at all times to give convincing answers to this question. The disturbing ignorance and incomprehension of Australian defence interests and problems evident in recent journalistic and other comment on the so-called Strategic Basis Paper leak suggest, among other things, that we might not have been doing too well in this respect — even allowing for the Sisyphean nature of the task.

Our problem is compounded by factors beyond our national situation. The large technological developments of recent decades have made great inroads into traditional concepts about sea-power. Over all hangs the imponderable nuclear factor.

(Time precluded the delivery of this paper in full)

Admiral Gorshkov says that "the main, most universal and effective kinds of forces of the fleet have become submarines and aircraft". It seems common ground between Soviet and U.S. maritime authorities that, despite the ever increasingly complex and expensive defensive systems with which they are fitted, the role of the vulnerable surface combatant, once conflict has started, is going to be at best extremely limited. Yet the Soviet taxpayer has funded some remarkable surface ships, the rationale for which is widely seen as obscure.

No doubt the lack of significant maritime conflict since World War 2 has much to do with the confused state of maritime doctrine today and with uncertainties about force-structure rationale. It seems generally accepted, however, that concepts of sea supremacy and sea control now can have validity only in a most limited sense, amounting in fact to "sea denial".

If we start with consideration of our own national circumstances, we are, we can agree, surrounded by water. Certain essential tasks flow from this. Let me mention, for example:

- hydrography, an essential activity if we are to have the mastery of our geography necessary to its policing, protection and exploitation, especially military exploitation.
- support of national legislation and international law, convention or treaty governing sea areas variously under our sovereign jurisdiction, e.g. respecting fishing, health, customs and pollution.
- protection of offshore assets and policing of sovereignty.
- civil-support tasks such as Search and Rescue, and the display of a protective presence to the remoter, isolated settlements on our long coastline.
- research into our maritime environment and the systems and operating procedures required for military operations there.

Not all these tasks are given to the maritime elements of our Defence Force, But Defence, and specifically naval involvement is likely to continue essential.

Moreover, without a navy certain basic conventions governing relations between states could come to be flouted, e.g. the requirement to seek permission for entry by a foreign warship into our territorial waters or the requirement not to implant devices on our sea bed or reefs without our permission.

The possession of a naval force-in-being is part of the relationship between nations in

an even wider sense. It is a mark of sovereignty and of intent to protect sovereignty. Even if we were to entrust our security to a Zone of Peace, as I heard on TV a speaker advocating a few nights ago, presumably that zone would have to be policed. How else would we discourage the Serpent from intrusion or deal with him should he enter uninvited?

Beyond these essentially, but not entirely peacetime tasks, the strategic guidance says that we should provide against low-level contingencies, and a basis for the expansion of our Defence Force should there be indications of adverse change in our security prospects. We may think of low-level contingencies as situations usually involving the use of military force, but to a very limited degree and with the object of exerting political pressure rather than inflicting military damage.

The question of contingencies, whether low-level or more serious, presents problems for the defence planner, for we are blessed with friendly neighbours at the present time and foreseeably. None wishes us harm or, anyway, gives the slightest sign of ever thinking of using military pressure against us — leaving aside all questions of capability. These circumstances must have significance for the political and defence policies and programs that government adopts, i.e. what we actually do and fund in our defence effort. However improbability and remoteness are not reasons for us to avoid hypotheses about possible changes for the worse in some future, at present simply imaginary period, and to use these hypotheses to study military problems and requirements and to develop doctrine to cope with them. One thing is constant in our strategic situation — geography. Our defence planning must be founded on study of that and its potential. Capability is not an end in itself, but should be driven by strategic principles.

The sea is a medium peculiarly suited to low-level acts of aggression. Simply an ambiguous alien presence could be an attack upon sovereignty, requiring response; and there is a range of more or less violent harassment that need not involve the extreme sensitivities of incursion onto our land territory or the large escalation involved in air response from (relatively expensive) display or shadowing or feint to actual attack by gunfire, missile or bomb.

What we are talking about are such acts as harassment of:

- our fishermen
- off-shore installations

- sea traffic, civil or military, in areas of our jurisdiction e.g. by close shadowing or manoeuvring
- unauthorised incursions and acts of intimidation
- sovereignty violations or challenge
- feints of one sort or another.

Such acts do not constitute acts of war and justify sinking ships or bombing ports. Given capability, a risk of escalation would be inherent; but we could reasonably expect that these situations would not be allowed to escalate to war. We can be sure, however, that there would be a call for a robust response, along with a requirement to keep it limited and controlled. We should know what we would do, how we would handle these situations, what military choices would be advised to government. Moreover, if we clearly are competent to deal with these types of incidents, then that is a significant discouragement to their ever happening at all.

The point about limitation and control is an important one. In the circumstances that we are postulating, military combat and military victory in the conventional sense are not dominant considerations. The military leader or commander is very much the agent of political policy, for certain political effects and influence are major objectives.

These acts of harassment could readily be carried out from neighbouring territories, but also by more distant countries should they have the capacity and motivation to project their power to our waters.

Of course, there are many ways in which pressure can be brought against us by a dissatisfied foreign government — for example, by staying away from our wool sales. The type of military or quasi-military harassment that we have been hypothesising would have penalties for the perpetrator in terms of costs, risks, political and perhaps strategic repercussions internationally. But these acts are credible, and they are readily mounted given the necessary political preconditions. Let me repeat that — given the necessary political preconditions. So our first defence requirement is a wise and effective Foreign Affairs administration.

Moving away from harassment in our own waters to other peace-time acts involving sea-power, there are two situations about which I like to speak briefly.

First, passage through straits. Still in the area of hypothesis and low-level contingencies, and well short of open conflict, it could be that passage through straits to which we were entitled under international law was one day denied to us or molested, e.g. by de-

mands for ship inspection. When we say "denied to us" we have to ask what that means. Does it mean, e.g., only ships under the Australian flag or all ships transiting the straits en route to or from Australian ports? Just to pose this question indicates the significant political and practical difficulties for the closers of the straits: the contingency must be one of the less credible. However, setting these complications unrealistically aside, we have a nice problem in the exercise of sea-power.

At one extreme we could, I suppose, do nothing but make diplomatic protest and divert shipping to other routes. At the other extreme we could ready ourselves to try to fight a way through, come what may. In between, there could be a series of graded steps —

- simply putting ships through in defiance of the ban;
- putting ships through under naval escort, but of a modest kind, such as a mine-sweeper;
- escalating the naval escort or putting one or more naval units through.

The situation is one of probe and bluff, but with important stakes and hazard for both sides.

Amid the calculation of the consequences and costs for either side of overstepping the mark, we may note again the tight political control to be expected, and the limits for both sides on what might be achieved at acceptable cost by combat. The problem for both is how to handle the situation so as to win the first blink.

In this hypothetical situation we are using sea-power to assert rights and to make clear that it could cost to deny them to us.

The other situation that I want to touch on is the use of sea-power for diplomatic and strategic projection. I consider that there are strict limits to the benefits for Australia from this usage. Take diplomatic projection to distant lands. It is fine to have our ships visit and say "Hello — we are friends". But there is not much to it if that is all there is to it. Our hosts, will want to know what's the follow-up — what do we want to trade, or intend to give. "Your ship says you care about us. Great! Now prove it."

Occasional naval visits can help support wider programs for the promotion of relations; but they cannot promote these relations themselves, let alone substitute for them. So if all we can think of or want to do is to send a ship, better spend the money elsewhere.

I have similar doubts about the use of

sea-power for distant strategic projection. What we are saying in this case is, "Look. This ship you see is merely the token of much more substantial forces that we can deploy to help you or — as the case may be — to hurt you, if such and such happens". But it is nonsense for Australia to show the flag in this way to distant countries, when we do not in fact have the sort of forces to affect their circumstances significantly, nor the interest to become militarily embroiled in distant regions. (It is only in our political moralism that we are an imperialist power.)

This does not mean that we would not join in some international action, as we have in the North West Indian Ocean. But in this case our prime political target is likely to be other members of the party, especially the senior member, rather than the object of the gesture.

So I am sceptical about the value of long-range naval deployments beyond our own area of primary interest — although I acknowledge that our Ambassadors usually like them and that they can help Service morale and training. They might even offer opportunity in exercises for us to show our professional competence, which is no bad thing at any time.

The situation is different nearer home where naval visits are part of a well-established, diverse and organic relationship. They denote community of certain strategic interests and our wish to be part of the security politics of our neighbouring regions. Again, they can advertise our professional competence. All these things are important in regions whose proximity makes them highly relevant to our security.

I shall not elaborate respecting South East Asia. Respecting the South West Pacific, the projection of sea-power serves all the purposes that I have mentioned, but the situation has special problems and is more speculative, requiring closer consideration by Government. I offer only a few comments.

Generally the communities are very small. Frequency of visits needs careful thought — as does what we want our visits to say, and what they might be taken to say — which could be two different things.

There have been suggestions from time to time that our sea power should include capability to carry some troops and aircraft to a "trouble spot". Is regional intervention part of our strategy? Crude intervention to prop one political group against another seems unlikely to command support in the administration of the nation. However, if an unfriendly external power were or were likely to

be involved and to secure political or more tangible lodgement in the S.W. Pacific region, what then might be the nation's perception — and the calls on our sea power? The hypothesis is remote, but bears pondering. We ought to have some idea of what military options would be open to the Government in various contingencies in the S.W. Pacific.

So far I have been trying to suggest some basic circumstances and considerations that need to be taken into account in the development of our national thinking about sea power and our vulnerabilities to it and requirements of it. Although sea power in a maritime role might be involved in this situation or that, particularly respecting surveillance, the sort of operations mentioned would seem to be predominantly naval. They could be carried out by ships of no great size or sophistication. The effectiveness of our use of sea-power would derive rather from our understanding of it, and skilful strategic and tactical use of it in the circumstances postulated.

Let us now turn to situations of greater substance respecting both motivation and capability — still in the regional setting, and still, of course, purely hypothetical. Indeed the situations now contemplated are very difficult to envisage; but they arise from the potential of our geography and so warrant investigation.

I do not intend to propose scenarios but merely to indicate possible situations and tasks.

Mine counter-measures would seem to command high priority given the ease with which mines can be laid and that it has only to be thought that they might be laid for precautionary counter measures to be called for. Mining, however, is a very serious act, also with impact upon the entire international maritime community. It would be hard to justify except in circumstances of really major and desperate conflict.

It is similarly unlikely that a regional power would risk antagonising the international community by other indiscriminate attacks against shipping. And what about shipping to and from its own ports? But our military shipping and military-escorted shipping, perhaps our coastal shipping and shipping in proclaimed zones could be vulnerable. ASW operations would therefore seem necessary from the start at focal points and at certain coastal areas and ocean approaches. In considering the ASW contingency a great deal would depend on the submarine strength and capability of the other side, bearing in mind the three or four to one-on-

station ratio and the requirement for pro-submarine reconnaissance if effective anti-shipping operations are to be maintained by the foe.

ASW operations have tended to dominate our maritime perceptions. They are, of course, a fundamental dimension of sea power; but our requirements need to be seen in the perspective of our own circumstances and not through the eyes of, e.g. the British RN, with its proper concern for Atlantic lines of communication. If our defence posture is to be rational, simplistic statements about the importance of overseas trade are no substitute for detailed analysis of credible threats, of the range of effective counter-measures open to us and of factors of probability and timing. Defence investment in peacetime is largely about insurance. We must be prepared to make judgements about probabilities and degrees of risk and to select our insurance options accordingly. It is hard to see attack upon our ocean trade being the profitable strategy for a regional adversary — diverse routing alone would enormously complicate his task, and closer in his submarines would enter areas of high risk.

An important task for our sea power could be the interdiction of hostile surface shipping. Such shipping would be vulnerable to attack by our submarines and perhaps missile-armed patrol boats, but especially from the air, guided initially by our over-the-horizon radar. (The submarines in fact might be deployed on surveillance and ASW operations, rather than strike.)

Some of these considerations apply to ourselves. Air cover could be expected for our surface combatants if they had to venture within range of enemy air, e.g. when escorting shipping to a northern port; but there could well be questions about putting high value units at risk.

Blockade operations against an offshore territory beyond hostile air range could suit these units, say to protect the territory or to deny the enemy supply and reinforcement had he seized it.

However, respecting the larger and more sophisticated units, in the regional circumstances that we are hypothesising one finds oneself asking, 'Where are these ships? What are they doing, and why? Could their work be done adequately or as well or better by lesser units and or by other elements of our maritime force, sea and air?' Much attention is paid to the defence of those units. But to deploy a unit, or units, whose prime achievement is self-defence does not make much sense. The role of escort or interdiction far

out to sea — one conventional concept — obviously relates to the endurance of the larger vessels. But my feeling is that the requirement for them needs much closer definition in terms of our own national strategic circumstances, which includes the regional strategies and capabilities that might be ranged against us and the advent of high-capability alternative systems in our inventory. What is the unique quality offered by the larger ship and why is that quality important to us?

I have not mentioned carriage and escort of long-distance transports or support of amphibious and land operations. We can envisage such operations to points in our own coastline. And the possibility of transport to neighbouring regional territories cannot be ruled out. I myself, however, do not envisage this as did an American colleague some years back, who suggested to me that our Defence Force might best be modelled on the U.S. Marines — i.e. for over-the-beach assaults in our neighbouring regions. I have never felt that our Force should be structured essentially for projection and intervention. Structuring for our national purposes will, of course, give important elements of our Force capability for projection if the Government wants this.

Sea-power continues to have major importance in regional conflict — i.e. limited war — beyond the lesser contingencies. Increasingly air in a maritime role becomes an integral element of sea power in surveillance, reconnaissance, air-defence, ASW and strike roles. I believe that the nation is entitled to expect the closest cooperation between our air and naval Services, and evidence that they are working together in their exercises, command, and other preparations, to maximise our national sea power.

The strategic guidance tells us that, on all rational calculations, conflict between the Super Powers is improbable. When we are talking about war-making, history suggests that rationality has little to do with it. However, it is reasonable to expect that, rational or not, politicians and their military advisers are going to be given pause by the high risk of catastrophic devastation inherent in conflict between nuclear powers. It seems a safe assumption that they know a good deal more about this than even Dr Caldicott and the peace-marchers.

Is there anything we in Australia can do in respect of our sea power to reinforce this risk of catastrophe and the avoidance of conflict that arises from it? We may be able, "over time" as they used to say, and at great

financial, political and other costs to develop and deploy a sea system capable undetected of launching nuclear warheads with range against inland targets.

But if we were, would this contribute to avoidance of war between the Super Powers? Would it contribute to Australia's security from Super Power attack?

I myself have always believed the answer to both questions to be "no". Any increment Australia might add to the huge U.S. arsenal would have no significance in deterrence of the USSR. Indeed, our possession of such a capability could complicate U.S. strategy and attract direct Soviet hostility and pressure against us.

Given an unrealistic postulate of a bilateral confrontation between the USSR and Australia (and I don't mean some low-level maritime push and shove), it is perhaps conceivable that our possession of a survivable nuclear capability might gain us some negotiating mileage. It might even gain us a measure of security if our partner in this tense relationship thought the benefits from attacking us not worth the risk of damaging retaliation. However, in the more realistic context of a Super-Power confrontation, nobody is going to be much influenced by our relatively trivial capacity. We should probably never know if our systems had worked.

Australian nuclear platforms in the context of the Super-Power confrontation do not make sense to me.

What about a regional nuclear role? Successive Defence administrations have rejected this. But it is worth recalling that when Australia strongly supported the Nuclear Non-Proliferation Treaty in the major U.N. debates of 1968, it stated its understanding that acceptance of the self-denying ordinance regarding nuclear weaponry assumed an international regime protective of nations' security. If that assumption failed, then nations would have to think again about their Treaty obligations.

Governments owe it to us all to keep themselves expertly informed about regional — and other — developments relevant to the nation's security and to make decisions to promote and protect that security. No regional nation at this time seems likely to pose us with a nuclear threat. But we cannot simply rule out the possibility for ever. From a *Defence* point of view — and let us readily acknowledge that at this time that point of view might be overruled by other points of view influential in our polity — from a *Defence* point of view we cannot responsibly say that the Defence Force could never be

required to provide a platform for nuclear weapons. At the present time and prospectively as far ahead as we can assess the future, I believe that such a requirement is not likely to be proposed to Government for consideration. However, as Professor Millar reminded us, as the years roll by circumstances can change.

I might note in passing that nuclear propulsion is a separate question. The Whitlam Government ensured that Australia's treaty rights in this respect were not impaired by the Safeguards regime entered into under the NPT. Perhaps these rights have since been surrendered or curtailed — and that might not matter given what seems to be the prohibitive costs of nuclear propulsion systems. It seems desirable, however, that our naval professionals keep informed of developments so that if, one day, significant advantages offer regarding cost and performance, Government might be so advised.

If Australia's Defence Force can play no part in the nuclear stand-off between the Super Powers, what about the deterrence or conduct of a conventional war?

I have always found it very difficult to envisage conventional conflict — as we understand that historically — between the Super Powers, certainly of any duration, because of the imponderable risk that the party getting the worst of it would resort to nuclear weapons. (Perhaps it will all be changed by the introduction of the new high technology weapons but at this time we must leave that to later assessment.)

The low credibility of conventional conflict is no argument, however, against deterrence. Without deterrence the Soviet Navy, e.g., might not directly attack NATO or other western shipping for fear of retaliation elsewhere (and it has its own substantial mercantile marine); but it would be free to conduct a range of activities detrimental to western interests — and why should the U.S. have to rely upon escalation? So there is a requirement to show capability to respond effectively to aggressive maritime operations. Also, such response has political effects in the international community that can be just as important, or more so, in the Super Powers' competition.

However, the maintenance of deterrence, the improbability of limitation of conflict to the sea, the range of other options over time for damage to western interests at less risk and cost, and the questionable relevance of conventional maritime operations should nuclear exchange begin, all suggest that historical images of maritime conflict offer

little guidance to us in the modern world.

Even so, while Australian Governments maintain the alliance with the United States and accept a place in the strategic camp opposed to the USSR, then we have obligations to support and cooperate with our ally. What support and cooperation is a matter for Government from time to time: at present our maritime surveillance patrols, support of US naval deployments by reception of ship visits and our own Indian Ocean deployments might be noted.

We have to acknowledge that although our activity might have little military significance it can be important politically in many ways. For example, it can help a U.S. Administration attract support for its maritime operations. It can to some extent enhance the political impact of those operations by widening their political base, and this can contribute to the limitation of Soviet influence. If the competition between the Super Powers in which our alliance declares an Australian interest and position — is politically and not militarily shaped, military capacity and activity still contribute. There is a place for Australia

lian sea-power in this wider strategic dimension beyond our own primarily national concerns.

Difficult questions are involved. Demands for inter-operability, which is an expensive word as Tange would have said, with our U.S. ally, for example, should be considered not against some vague assumption of combined operations in future conflict, but against explicit views about the character and extent of our involvement in peace-time deterrence and political operations, having regard to the insurance we seek for our national contingencies. The choice is not a simple either/or; but we should, I believe, avoid being swept uncritically along on a tide of alliance politics, with little question as to realities and benefit, and national capacities and interests.

What I have tried to suggest in these comments is that our thinking about sea-power is not as well developed, up-to-date and comprehending of our national circumstances as is desirable. I offer my comments not in any sense as a final word, but as a stimulus to that thinking.



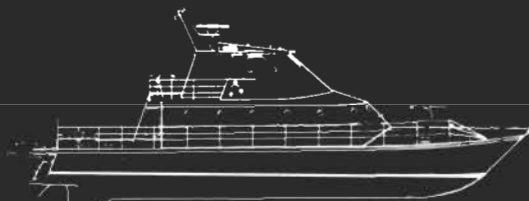
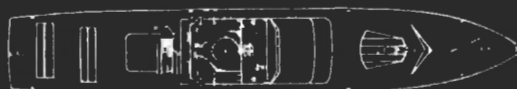
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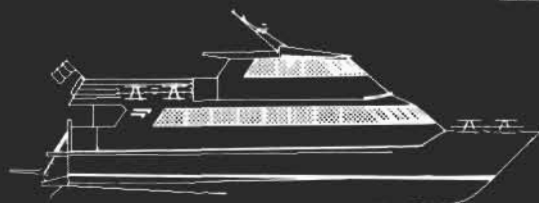
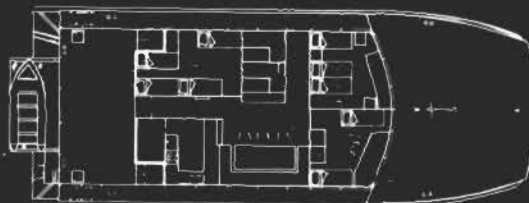
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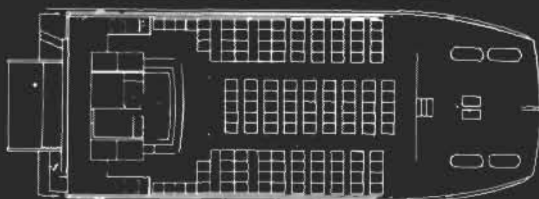
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COMMUNITY INVOLVEMENT

The After Dinner Address

by Sir Charles Court AK KCMG OBE
Former Premier of Western Australia

Commodore I.B. James: Ladies and gentlemen, it is my privilege, as President, to introduce Sir Charles Court, and to welcome him on your behalf as our after dinner speaker. He needs no introduction. Sir Charles has been a household name in Australia for many years, respected for his initiative, drive and dedication, and for his many achievements, particularly in Western Australia, and as Premier for eight years. He brings a wealth of experience and an important perspective to this seminar. We look forward with particular interest to your address, sir. I have no doubt that your views will be stimulating, and for some perhaps, even controversial.

* * * * *

Mr President, and the other participants in the seminar.

I have a very simple message, and I make no apologies for it. All of it you will have heard before, but somebody outside the Services occasionally has to say some of these things. You will find out at the end of my remarks that the main message I want to get across is we have got to get the community back to understand what Defence is all about. My attitude to Defence and the three Services has changed markedly since my pre-war civilian days. I had the view possessed by most people in the community in those days, that the Services were not very efficient, not very bright, they were ponderous, they were unimaginative. Nevertheless, at that time there was a very strong public feeling that the nation had to have a strong Defence Force capable of defending our land.

You must remember that at that time we were not all that far from the First World War and there were strong feelings of patriotism that could be very easily stirred at that time. You also want to remember the Great Depression was still with us, and all Australians came together during that time because

it was a matter of personal and economic survival, and the only way to do that was to stick together. There was a further important consideration at that time for those responsible for the defence of our country, and that was the fact that we had little danger of a substantial number of people being a potential fifth column with a serious ideological commitment to a potential enemy. At that time, Defence thinking was oriented more on fighting our battles in somebody else's backyard rather than having to defend our country on our own soil. At that time also, war seemed so remote from our homes and from the direct personal danger to our families. The dramatic suddenness with which this changed before and during the Second World War is something about which we should continually remind ourselves and particularly those who insist that there is no serious outside threat to our nation in the foreseeable future. This is dangerous thinking.

Adequate Preparation

I have a very simplistic approach to Defence. In private life, I believe in insuring adequately all the tangible assets I have and also all the other things that are insurable risks. At the same time, I fervently hope I will not need the insurance. It is not a question of whether you can afford insurance; you just cannot afford to be without it. Now, Defence is an enormously big version of that simple insurance philosophy. Our whole country and our whole people are at risk. It is no good looking to the insurance company after the event if you have failed to make a proper contract. Likewise, if you have not planned your defences well and invested ahead in personnel, training, ships, aircraft, weapons, equipment, transport, communications and support facilities, there is literally nothing you can do in an emergency if it arises except hope that the Lord is on your side, and I remind you that the Good Book says the Lord helps them that help themselves.

And as equipment becomes more sophisticated and technology more advanced, the time for its acquisition and the time for training in its use gets longer and longer — it compounds, it is not a simple extension of the time. If you move about, as I have done over the years, and still have to, you find that the people who dread war the most are those who have been in one. These same people understand best and they advocate the strongest, the importance of adequate defence preparedness in terms of equipment and training.

It was with my previous civilian attitude that I enlisted in World War II. I quickly realised how dependent we were on the pathetically small but very capable group of professional soldiers — and I am talking about the Army, because that is where I was — some from Duntroon, some from the old Australian Instructional Corps; and these were supplemented by those who had served as volunteers in the militia. There were even some old salts from the First World War who had a contribution to make. As much as we civilian Servicemen might have been critical of the professionals when we first joined up, we soon found that their numbers, their knowledge, their training, their dedication, determined how far and how fast the nation could dilute the trained talent and thus expand the Services.

The problems of the Navy, the problems of the Air Force, were even greater, because of the complexities of their Services, the very specialised nature of their Services. But expand they did, and they played their part in a great and glorious but very costly allied victory. In all of this, we must never overlook the fact that the vessels, the aircraft, the weapons and the communications with which we finished World War II were only a shadow of the sophistication and high technology of today and the future. Before somebody says 'What we did for World War II, we can do again', I want to get in first and say, with all the emphasis I can, we cannot do it again. Things have changed, the whole ball game is different. Time, money, access to equipment and technology, will defeat us unless we are right up with the field before a crisis comes. But all of this adds up to my personal conviction that we are not realistic in the current size of our professional and reserve Defence Forces, their equipment and their training.

For instance, no argument has yet been advanced to convince me, as a citizen, that we can dispense with a Fleet Air Arm as part of a tough flexible Defence Force needed for a

land like ours. It is something that takes decades to build up into a capable component, well able to operate alone or co-operate with our allies, but it can be destroyed overnight in one simple Cabinet decision. The impact on morale is obvious. Other components in the Services start saying, 'Who is going to be the next?'. Likewise, I want to say, with all the emphasis I can, that we are too mean-minded in our attitude towards our Reserve Forces. The political and the Treasury response always is 'These things take prodigious sums of money, there are other political priorities', and you know the things that go on and on.

The Value of Preparation

What they are really saying is that with our present thinking, the adequate defence of our country is beyond our capacity, we only intend to go through the motions of appearing to do something about it, and hope for the best. Now, I have a great respect for the good sense of the average citizen. If something is explained in straightforward, honest to goodness terms, they have an amazing capacity to understand what it is all about and to accept sacrifice. But first, there must be a clear demonstration of the political will, the political will to defend our country, and this can only come from Governments, and hopefully with bipartisan political support. It must be a genuine long-term total commitment. The community also expects a curtailment of some of the other Government expenditure where there is obvious extravagance and waste, to avoid the taxpayer having to carry the whole, the whole of the extra Defence bill. They will accept some, they will accept a substantial amount, but they do not like accepting the extra amount if they have got to bear the whole burden when there are other inefficiencies and waste.

Some people are quick to point out that the time spent by some Service personnel — Navy, Army, Air Force — in the Services is comparatively short. Some leave at the end of their first term. And I remind these people that many would stay in the Services longer if the policy for the future of the Services were more certain and the community understanding of Defence were stronger. Also we must emphasise that their departure from the Services is not a loss to the nation. Their training is an important and a valuable investment which stays with us long after those people leave the Services.

Their basic training and their skills can be quickly updated in an emergency. In the

meantime, the community is the better. The community is the better for the influx of trained and disciplined citizens in their midst who understand what Defence is all about. This is even more so in respect of the high skills that are developed in the Services in the training of apprentices. This is a great investment, which has never been properly assessed, never been properly understood or appreciated. These young men and women are well trained in their technical skills, their education is greatly improved whilst they are being trained. The nation finishes up with well-educated, well-oriented, well-disciplined and skilled people, and if they do not continue in the Services they go out into the community to add something very special in today's economic climate to the economical development and the growth of the nation. This applies particularly to those who are trained in the maintenance and the repair of today's sophisticated electronic and computerised types of equipment. I do not know where we would be without them. And they are still available as a valuable reserve in a crisis, while they make a valuable contribution to the nation in the meantime. They are not a loss. We need more of them, and we do not talk enough about it, we do not value it properly.

We are not dealing today with the Defence Forces based on the traditional type of sailor, soldier or airman of the last war, as I knew them. Although, in the final encounter, let me emphasise, the Servicemen on the ground, in the ships, in the aircraft are indispensable if success is to be achieved. The Falklands made this clear, in spite of advanced technology. However, we are locked into high technology in which the education, the training, the commitment of technicians and academics are very much part of the Defence effort, regardless of how close or how far away from the enemy, or whether they wear a uniform. The classic example of this is in Israel. The contribution of Technion — Technion being the famous Institute of Technology in Israel — has made it possible, where necessary, for their Defence Forces to keep ahead and independent of technology needed for their very survival. It has been a very dramatic story, I do not know that we understand it. And we should understand it better. I do my best to get our own Institute of Technology to go and look at Technion, look at the history of Technion, and see what they did to make it possible for that nation to survive not only in terms of their economic development but more particularly in respect of some of the matters of defence where they

were going to be denied equipment from other nations. They did it so well that they are now selling their technology to the Americans.

Dependability of Logistic Support

Governments have never addressed themselves properly to the real anatomy and the dependability of the civilian essential support available to the Defence Forces. You do not have to be a student of the various ideologies to realise that there are some who seek to weaken the family, social and institutional structures within the nation, destroy respect for authority, and cause divisions and disaffection within the community. Also, when you have the responsibility of leading a Government, you become very conscious, if you have got any sense, that in reality many of the essential community services are in the hands of a few, and not in the hands of the management or in the hands of the professional staff. These people have power far beyond that understood by many people in positions of responsibility throughout Australia. It is vital to the defence of the country that the essential services of power, of water, of sewerage, drainage, transport, fuel, communications, medical, essential engineering, and other backup services, function efficiently to keep the community supplied, to maintain community morale, and back up the Armed Services when they are committed to operations.

We have already seen a handful of militant people deny an essential service to the community, not once but many times. And if I were the Prime Minister, and his Government, and if I were one of the Heads of the Services, I would be spending a lot of time working out how reliably these essential services can and will, or will not function, in times of crisis. It is no good assuming that patriotism, self-preservation, or the national urgency at the time, would change things so far as certain key people are concerned.

It is quite different to what it was before the previous war. There is little purpose in having the best trained, the best equipped, the bravest Armed Services in the world, if the nation is not going to be able to supply essential services to its people and its Defence Forces in the time of crisis. This is not something that you can sweep under the carpet. It is not a nice thing, it is not an easy thing, and it cannot be swept under the carpet. It is something that has to be flushed out into the open. I did my best with it. If I was there, I would still be at it, because it has got to be brought out into the open.

The Indian Ocean

This brings me to the critical question of the Indian Ocean and the importance of our maritime interests. I have been outspoken on the question of adequate defence of Western Australia. I am also conscious of the fact that the very size of our state and the smallness and sparseness of the population, together with our capacity to produce huge quantities of food, of natural fibre, minerals, metals and energy, makes us — that is, Western Australia — a very tempting prize for anyone really determined to challenge our ownership.

Our contribution to the economic prosperity and stability of the nation is out of all proportion to our numbers, and let us face the fact squarely, there has not been a Federal Government which has been prepared to think of Western Australia adequately in terms of its economic and strategic value to Australia. Always the political clout of the eastern states, with particular reference to New South Wales and Victoria has prevailed. And I want to say that this is equally marked in terms of Defence. I was heartened, temporarily I might add, early in the term of Prime Minister Fraser when he started to take a personal interest in our concern in Western Australia about our defence. There was the memorable day that Admiral Hayward and Malcolm Fraser, and myself as Premier, spent at my request on *USS OKLAHOMA CITY*, in Fremantle Harbour, in April 1976. I picked well, because I did not know when Admiral Harward came there that day, as the Commander of the US 7th Fleet, he was about to leave us and become the Chief of Naval Operations for the US Navy. I appreciated the frankness and the professionalism with which he and his staff, and the Australian naval personnel present, explained the situation in the Indian Ocean and the strength of the Soviet involvement in this and other parts of the world. At the same time, it was explained that you can only deploy the United States Forces at a certain density at any one time, and the question of priorities must of course inevitably raise its head from time to time. I mention that for a purpose, because I find every time this question of the activity of the USSR in the Indian Ocean is raised, it is played down, and every time after that, it has been proved that their strength is much greater than has been claimed at the time.

I make no apologies for encouraging the Americans to send nuclear and conventional ships to Western Australia, and I assured them that their Servicemen would be welcomed. The people of Western Australia have

responded wonderfully. The protesters have been comparatively few, and even if they become more organised, reflecting a national and a world pattern I am sorry to say, they should not be allowed to deviate us from the main purpose, namely, the defence of our nation. We have to remind the nation and the Western world that the Indian Ocean carries more tonnage than any other ocean in the world, and tonnage of a vital nature.

Therefore, an Australian Navy and Air Force presence of appropriate size, capacity and range, working closely with our allies, and with appropriate land forces in Western Australia, is a vital part of the economic as well as the military security of the area: and we often forget that it is vital to the *economic* security of our state and of the nation. It might surprise some of you to know that although we are only 8 per cent of the population, we earn 20 per cent of the nation's exports, and this will increase to 30 per cent by 1990 if the right policies are followed and we start exporting LNG plus additional agricultural, mineral and industrial products. We have very sophisticated petroleum platforms and rigs off our coast. We have long offshore and onshore natural gas pipelines, with more to come, and these have to be protected. We have known huge natural gas reserves off our coast, extending over hundreds of miles, some 800 miles. You might say that everywhere along that 800 miles you can find natural gas, and further out to sea as well. That stretches from Barrow Island right through to the very north of our state, with hopefully oil in large quantities to be discovered and supplement our existing oil finds. It is a very great prize, a prize by world standards, and unfortunately at the moment most of it, of course, is in the sea. But it is some 800 miles from Barrow right to the north up to the area which is now in controversy over the East Timor boundary. The vulnerability of these petroleum installations, our fishing industry, our major northern resource export ports is obvious, as is our accessibility for those who have ulterior motives, whether it be drug runners, illegal fishermen, illegal migrants or saboteurs.

I do not ignore the significance of the Pacific and other oceans that surround Australia, but I think it is fair for me to concentrate on the significance of the Indian Ocean. We have had a very august visitor dealing with that particular matter today in a very capable way, but I look at it from a different angle to what he does. It is very important that we have the opportunity at this seminar to look

at the total view so far as the Indian Ocean is concerned. I feel it is my duty to emphasise the vulnerability of Western Australia and the importance of WA to the nation and, can I emphasise, to the free world. We often forget the value of Australia as a whole, because of its food, its fibre, its minerals, its energy that it can produce in surplus, its value to the free world and not only to its own economy.

The sea has always been a vital part of Australia's existence. Its national significance has been lost on the general public in recent times because of the increasing use of air travel. Now is the time to rekindle the interest in the sea, as we hopefully seek to awaken a greater public interest in modern Defence needs. It is a case of 'horses for courses', and therefore the Defence developments along our coast should be tailor made, with modern installations, equipment and capabilities to ensure adequate surveillance with adequate backup. What is effective for surveillance and coastal interception, of course, is quite different to what is needed to operate in co-operation with our allies deep into the Indian Ocean. But I emphasise, we must have both. We must let any would-be invader or intruder know that there is a plausible deterrent, the sea, land and air capacity to deal quickly and effectively with any persons or force that might decide to try and establish a beach-head or other illegal presence in our country.

Defence Needs

STIRLING naval facility in Cockburn Sound is very welcome, but we must not rest easy until we get major docking facilities for ship surveys and repairs, capable of handling the naval and merchant marine vessels that operate off our coast. We are too important and too far from the nearest facilities for this to be ignored indefinitely. There is an aspect of this that we cannot ignore: we are no longer competitive in this country. We have got to get back to being competitive so we can get into this business of ship surveying, ship repairing, ship building and a host of other things that we have got to be able to do competitively as part of the building of our nation and as part of the defence of this nation. Our vast coastline and developments demand greatly expanded Navy, Army and Air Force installations well located in the north-west and Kimberley; also, the permanent personnel, the equipment, and the weapons must be capable of quick buildup.

I want to deal with the possible invader. Everyone assumes that the disadvantages are all with the invader. To an extent, that is true, especially as the invader will presum-

ably establish a bridgehead in a remote part of the country and have a long supply line. But against this, you must realise that the invader has the advantage of surprise, pre-meditation, commitment. Unless, of course, our intelligence and surveillance, with the ability to deploy our forces and to intercept, has been stepped up many times on what it is at the present time.

It is unrealistic to expect the Navy to do their proper work off our coast and deeper into the Indian Ocean with their present establishment, especially without a modern aircraft carrier and without adequate RAAF support in Western Australia. It might make good sense, from a Treasury point of view, to undertake coastal surveillance on the cheap in the way that has been announced in the last few weeks, including an expanded role for the police, but are we doing the right thing by the Services, by the three Services? Are we not being shortsighted in denying them the equipment and practical training and experience, ready for a day when that work will be done in earnest in a much more serious way than now, important though it might be now?

And even if it is more costly, and might appear to involve more resources, it is sensible to use the Services, all three Services, including the Reserves where appropriate, to have the day-to-day experience in surveillance, and interpreting the results by following through with the apprehension and other duties that come from surveillance. I have a saying that I inherited from a very tough general I served under: 'There is no substitute for rehearsal'. Substitute for 'rehearsal', call it training, call it what you will, it is the same thing.

Australia is a big place, and getting from east to west has a serious time and space problem, as well as a serious logistic problem. We also have the problems of training people to operate in remote areas, and to give logistical support in those remote areas. And these areas are sparsely populated; there are just not the people there to be picked up and engaged or recruited at the time, they just cannot supply the numbers that you need for the defence of those areas, either by way of recruitment and training for the Reserve Forces or for the local logistic support. And these defences, I remind you, cannot be supplied overnight. The important thing is to make a commitment, a genuine commitment that is going to be honoured by successive Governments, and which the people will understand and will accept as a burden that is necessary for the security of

their country, of themselves, and of their families.

Development of Community Awareness

Part of a sound Defence programme in the modern concept in Australia as we see it today — bearing in mind that we were so different in previous wars to say the people of Europe and some of the other countries where they have had war in their backyard for centuries — but part of a sound Defence programme must be to develop a greater community awareness of the need. And there is going to be increasing difficulty as the last global war drifts into the distance. There will be fewer people who have experienced war and all its horrors and who know the tragedy of being unprepared. There is nothing so sad as to see untrained people forced into battle. And most people, particularly the young, are being fed a dangerous line that Australia has no foreseeable threat and therefore Defence is a low priority and even a nonsense. It is later than you think!

The cleverest piece of current Soviet propaganda promulgated has been to get the slogan 'Better red than dead' chanted and repeated around the world. It is cunning, it is dangerous. Its sinister overtones must be exposed. And I want to remind you, in case it has escaped you, that it is a flow on from the earlier very successful, very cunning, Soviet propaganda to induce people to shy away from talking about communists and communism for fear that they would be branded as 'looking for reds under every bed'. They have got that promulgated so well over two decades that people who should be talking about it in certain places, even within the Liberal Party itself, will not talk about it for fear they would be sneered at because they are looking for reds under every bed. That is how deep it has become and how dangerous it has become. At the same time, we are going through a whole range of things at the social and political level which can only result in serious divisions in our community.

What seems to be overlooked is the fact that Australia is and always will be something different. It has to be developed. In other words, it has to have its own brand of cohesiveness and nationhood, when there is a nation as big as continental USA with only 15 million people, the population of Holland. We had this once, through 'mateship', but it is getting harder to identify this wonderful old spirit which came out of the pioneer days, came out of Anzac, came out of two World Wars, and has served us very well. We see the Commonwealth and four State Gov-

ernments determined to give Aborigines increased areas of inalienable freehold titles to land, with virtual control over all minerals. And this includes — and I emphasise this — this includes some land with access to the sea. You might think that is of no significance, but I hope when you reflect on it you will see why.

This is at a time when we should be doing everything to unite us because of our economic problems, because of our other problems. This divisive issue is gaining momentum, and not because of the Aborigines themselves and not only from within Australia. I would shudder to be the Prime Minister or the Commander in Chief of the Forces trying to conduct a full scale defence of Australia with a minority claiming special rights for large parts of the continent. If the present inquiry in my own state comes to fruition, and the author of the inquiry and the Government behind the inquiry have their say, about 50 per cent of our state will be given inalienable freehold titles and with the right to veto all mining.

You do not have to be very smart to realise the end result of that, particularly in view of the conference last year at ANU when the question of sovereignty raised its ugly head. It will be a tough task to get the nation-wide appreciation of what Defence is all about, including its cost and the sacrifices involved, but we cannot continue on the present stop go basis. I think if it is explained properly to the public they will accept the need for adequate defence and they will have had enough of the present arrangements. The present arrangements must bewilder our friends, amuse and delight our potential enemies. A genuine commitment to a sound programme and policy can be more important than the speed with which that programme is to be implemented. It is one of the greatest single deterrents to potential enemies, because it would declare a firm resolve to defend our country.

Exercise Kangaroo 83 was the most important exercise of its kind ever undertaken in Western Australia. From what one has been able to glean, much has been learned from it. The big query is, what will be done about the lessons that have been learned? I was disappointed at the lack of top level State Government Ministerial enthusiasm, interest and participation, although there was wonderful participation by the police, by the State Emergency Services. I leave nothing but good reports of the co-operation.

The State Governments have to realise that they have a vital role to play and they



USS LOCKWOOD visits HMAS STIRLING whilst taking part in K83.

Courtesy: Navy PR

cannot dismiss Defence as solely a Federal matter. There are so many things to be done by the State Governments to support the Forces and to support the Commonwealth Government in its overall Defence Policy, and we just have to get the message across that we cannot assume that 'She'll be right, mate'.

Reserve Forces and Ancillary Services

I am a great believer in strong Reserve Forces. These are more than trained men and women. Some people get the idea that they are just a statistic within the Forces and are just a trained Serviceman or a Service-woman, but they are a living demonstration to the community that there are people prepared to volunteer to defend their country. I see it, and know the effects of it. When you have a unit in some of these northern towns, for instance, it is dramatic the effect on that community that there are people prepared to put on a uniform, to be trained and give their time, and volunteer as a member of the Reserve Forces. I am concerned about the

inadequate availability of equipment and training and the degree of realistic practical work that is currently possible, compared with what is needed to achieve optimum efficiency and effectiveness.

Volunteers, as most of you will know, have something that is rather special. They like to be worked hard and put under pressure; those who do not like it will quickly get out, but the others will love it. I watched with interest the enthusiasm with which NORFORCE was established in Darwin and how it operated in a very vigorous way throughout the area under its responsibility. I would like to feel that this and other units of all three Services are able to train and exercise in a vigorous way and not be curtailed by lack of equipment, fuel, ammunition and other things that make for realism in wide-ranging training exercises.

Side by side with this, there are the ancillary services, which are often underestimated and neglected in Defence planning and training. I believe in the need for strong,

well-trained and well-disciplined police forces which enjoy complete understanding and can co-operate with the Defence Forces. I have seen it at work. The same can be said of fire brigades, ambulance services and the State Emergency Services; each has its role to play in times of peace and war. Coincidental with this is the need to keep legislation under constant review at State and Federal levels to ensure it is realistic and effective in giving authority and protection to the Armed and the Ancillary Services in their training and in their operational roles.

I will be surprised if out of Kangaroo '83 there is not a list as long as your arm of things that should be done so as to make sure that, before it is too late, some of these things are covered in legislation, because there is a tendency when things drift into the distance to forget about them. But I hope your organisation, your Institute, can do its part to make sure that these things are not just forgotten, and people do keep under review the need for legislation to be brought up to date so as to enable the Forces to function properly both in training and in operations.

Allied forces

I move on to another phase of Defence. I refer to the desirability of having Allied Forces operating and training in Australia in a substantial way in times of peace. I know it is not a popular subject. Reasons are advanced against this, and they have usually been fairly shallow and emotive. We know, and the world knows, that we would not have a chance in a major conflict without strong allies as in 1939-45. We will not have the same amount of time in future as we had in World War II. When you look back on it, we thought it was pretty grim then, but it was a fairly leisurely affair compared with what you are going to have today.

What we need to demonstrate to the rest of the world, and especially to our allies, is that we ourselves are going to do all we should be doing, and on an increasing basis. After that, we can then with confidence and decency expect to get the help that we need from our allies. But I emphasise we need to demonstrate that we ourselves are doing all we should be doing, and, I also emphasise, on an ever increasing basis.

Fortunately, we have a trump card. We have a great significance to the rest of the world that we can exploit because of the essentials we are able to supply in the way of minerals, metals, energy, plus food and natural fibres. And it is important to the rest of the world that we maintain and expand our

capacity to be an ever increasing supplier. Even ignoring the great economic advantages, the real advantages of an Allied presence in times of peace are for smooth integration of command systems, with obvious improvements in operational effectiveness. It would also be a salutary message to potential enemies.

I submit there is no alternative but to be prepared and rely on the strength of the preparedness of ourselves and our allies, and to demonstrate the firmness of our resolve, if we intend, and want, to do all in our power to prevent a major international war ever happening. This is the message we have got to get across to the community. The strength of the Western world in post-war years is the only reason, the only reason, why the Soviet has not been bolder and more imperialistic than it has been. But if we had not have had the resolute approach by the Americans, not always at the same level as perhaps at the present time, but if we had not have had that resolute commitment to Defence, we certainly would have had a much more grim situation than we have today. But the only answer they know is preparedness. The Russians make no bones about it; they parade their strength. They parade their navy, their army, their air force, because they do not want a nuclear war; no one is going to win it, but, they want to make sure that we know that they are prepared, that they are making the sacrifice, they are getting the technology and improving all the time to make sure that they are right up with the rest of the field.

And so we can take a leaf out of their books, and parade what we are doing. But I come back to the point that we have got to get this message across to our community, because the Soviet white ant machine never stops, it never rests. They take full advantage of our democratic freedom in this country and other countries and never, never rest. We have to make up our minds that the time has come when we are going to do something about it.

Our decision is not a difficult one. We either surrender our freedom to an ideology which Australians would find abhorrent, or we do the only other thing that is left to us. There are no two, three, four or five alternatives at all. There is only the one, and that is to make it clear that we are not going to submit meekly, but rather are we going to join with our allies in a very realistic way.

I will just touch on a subject that somebody might like to take up at a later stage. We live in the most vital part of the whole world. When you think of the Asia Pacific region, it is

the only part of the world, if it is properly led and it gets its act together, that can really lead the world out of its present economic mess — and it is not out of its mess yet by a long, long way. But we have everything. When you look at the Asian/Pacific region, and you look at what is in that region, and you realise that the Americans are already doing more business in the Asian/Pacific region than they do in the Atlantic region you start to see the potential. People often do not understand and do not bother to ascertain these things, but if you combine the Americans with all the Asian/Pacific region, and all the potential — and what we have to offer as a nation, if only we have got the good sense to stop destroying ourselves from within — and you see clearly there is a great prospect for the world.

It could be the most exciting time in world history, and it is going to bring tremendous challenges from a Defence point of view, because that is where you are going to see the real impact of the maritime services of this nation being pushed into service and becoming more and more critical. However, I just mention that in passing, because we are not just talking about Australia as we see it today, we are talking about something that could be more wonderful than anything we have had in the past, if only we have the initiative, the get up and go, and we can get the leadership to join with the people such as the Japanese, with the Americans, to make sure that the whole of this region can be put to work and get a tremendous impetus and give leadership to the rest of the world. And we could not have the same problems about potential enemies in our region then, because everybody will be part of a team, and that is the more positive way to do it.

CONCLUSION

All I have said adds up to this: we have got to determine what is needed for our Defence and have got to determine how best it can be achieved. We do not want the second best. If you look for the second best, you will get the tenth best, always. You Navy people and the experts amongst you should know what is the best solution, and that is the one that has got to be gone after. It is amazing how close you can go to it every time if you know what you want, you know what is the best, instead of being prepared to settle for the third, fourth or fifth best.

You have got to determine how best it can be achieved and go for it. And I want to make this plea; do not assume that the average Australian is incapable of under-

standing what it is all about or is not prepared to accept the burdens that go with it, if it is properly explained.

That is probably the greatest single Defence challenge we have got at the moment, to get back to the people, to get them to understand what Defence is all about, just what it means to this country, what it means to their future security. You will find if it is properly presented and there is a political will to defend the country, that it will have an electric effect throughout this community. Do not sell the Australian short. He is capable if it is told to him straight down the line, told to him honestly, told to him simply. He will understand, and he will understand that there is a cost that goes with it.

My other point is, do not try and do things on the cheap; it is the dearest way in the finish. Also, we must make a commitment with community support to achieve what is necessary over a period of years. Do not try and do it too quickly, but resolve that it is going to be done. And having caught up on our needs even though it takes several years to do it, resolve never to allow it to get in arrears again.

My final word, therefore, is you will never achieve a Defence Policy and programme worthy of the name, and worthy of Australia, until you get the community involved, and it becomes a really big issue for Governments and Oppositions to have to justify their Defence Policies at the elections. In the past, in the last few years in particular, Defence has been a long, long way down the list. In the interests of the nation, we have got to get it right up to the top of the list.

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DISCUSSION

Leut T. Fink: Tom Fink, Naval Reserve from Sydney. I would like to thank Sir Charles for his kind remarks concerning Reserve Forces and I am glad that someone notices us sometimes. I would like to take issue with you, sir, on the matter of key personnel in civilian industries and their attitude to war. Perhaps we have got some bad eggs now in our power stations and railways and the like, but we have certainly heard stories in the last war about the wharf labourers and ships being loaded or attempting to be loaded on the way to New Guinea. I do not think things were as good as perhaps they might have been then and all one needs is flexibility and will.

On the subject of national will, while we look to the problems that might be caused by the Soviet Union and we look again to our north and hope that economic progress there will drag us upwards as well, are we looking closely enough at some of our northern neighbours and will the public be ready one day to call a stop to the appeasement of at least one of our neighbours, and if that requires some action on the part of our Armed Forces, will we be ready?

Sir Charles Court: Well if I can deal with the first one about key personnel in industry, I do not think the message that I was trying to get across has been received. If it is just a matter of brawn you can always do something about it; however, I am more concerned about things much more crucial than that. Take power stations, for instance. When I first became a Minister, if you had a bit of industrial trouble you managed to keep the plants going because you would say to the staff 'In you go' and as long as it did not last too long you kept at least half or two-thirds and sometimes the whole of the power going. The fact that you could function was a tremendous plus, it was a tremendous strength that you had. Today, of course, that is impossible because we have gone into much bigger units. In Western Australia when I first became a Minister, a 30 megawatt unit was a big unit; today, it is 200 MW and we want even bigger ones. In New South Wales you would have bigger still.

There is now a much more sophisticated situation, and that has got into the hands of comparatively few people and there is very little you can do. It is no good just saying that you are going to put in a hundred people or you are going to get the Army or the Navy, or somebody else in to do it, because they could not do anything and would not know what to do — even the staff do not know how to operate or shut some of the plants down, the plants get so sophisticated and the staff have got so far removed from day to day operations. That is the sort of thing I was getting at because if these key installations are not going to function in a crisis, then you are going to be in a terrible mess and your Armed Forces just will not be able to function and the morale of the people will go down. When you are defending your own country on your own soil, the morale of the people is tremendously important.

Talking about our northern neighbours, I would not like to express a point of view unless I knew exactly who was involved, but I work on the basis that as friendly as they are, you still have to be ready for the unexpected.

I do not think that the average citizen today understands how quickly and dramatically things changed in World War II. We were drifting along, with our forces over in the Middle East and in Europe, and war seemed a long, long way away. Then all of a sudden it was in our backyard. People forget that many people were killed at Broome, many were killed at Darwin. We had the problem of Sydney Harbour. We know the drama of the Coral Sea battle. But all of this happened so quickly. We will not get the same amount of warning next time; we will not have time to bring troops back from the Middle East and for a Prime Minister to go on his hands and knees and say to the Americans 'Please come and save us'. That sort of thing will not happen next time. It will hit us with a suddenness, if it happens at all — and Heaven forbid it does happen — but it will hit us with a suddenness in which there will be no time to start to think and plan. You have got to be ready *then*. So I just would not like to be specific about any particular northern neighbour, but I would like to feel that whoever it is, wherever they are from, that we are ready and prepared for it.

You just cannot wait today with the long lead times that exist. You just cannot wait until you can identify an enemy. You just have to be ready, to have a Force that is so good, so flexible, that whether it fights alone or whether it fights alongside somebody else it is going to be able to make sure that it looks so good and it *is* so good that the enemy never takes us on.

Midn C. Maxworthy: Chris Maxworthy, sir, RAN. A large part of your address this evening was dealing with making the public more aware of the case for Defence and increasing its commitment to Defence. I would like to ask you the question that, since you are largely preaching to a converted audience, and our section of society does not like to raise the issue of Defence, and you pointed out that it was not a large priority in most parties' platforms — then what do we do? Do we take the case to the people, speak up publicly? I think you will find there are a lot of people here this evening who have a tendency not to speak out for fear that it is going to compromise their careers and for the fact that the Navy, the Army and the Air Force have to be seen to be apolitical. So I would just like to ask you to comment, how do we actually bring our case to the public?

Sir Charles Court: I am very conscious of the fact that if you are a serving officer, be it Navy, Army or Air Force, you are gagged to a very large extent. There are some brave ones

and some get away with it, some do not. We are talking about a community attitude and that is why I felt I should bring in this new note from somebody who is not a Serviceman — one who does not have to be nice to anybody about this particular issue and can speak frankly about it. We want the older people to convey their experience, the people who have been through a war and are able to convey their experience to their families, their grandchildren and so on, that is important. Their influence carries more weight than most people realise; but we have got to get people, business people, intelligent people, who are prepared to carry the banner. People like you, the retired ones in particular, can, I believe do their part in organising others to understand this.

You would be surprised at the effect as you drop that pebble in the pond; the eddying circles go out and can have a tremendous effect. You have to make a concerted approach, an organised, considered approach to the political wings and eventually, if you can get somebody to make this an issue, a real issue — not just a trumped-up thing for a few votes at election time, but a real issue — you will be surprised at how quickly the message gets around and how important it can become. I sense, rightly or wrongly, that there is a first glimmer of hope at the moment that the media might be starting to understand that Defence does need a bit of a help, so I do not despair.

I know it is not going to be easy. There are going to be plenty of people to ridicule it. You will hear all these slogans against it; you have a very well organised group of people against practically anything to do with Defence, anything to do with the institutions of this country. But I have a slogan that I used when I was in office which I used to almost make my members chant and that is 'Noise is not numbers'. Just because some people get around and make a great deal of noise, everyone gets the idea there is a great army of them. But have you ever looked at them? If you get close to them they run away. Do not get the idea that because they hit the headlines, because they are always on the TV, because they make a lot of noise, that there are many of them.

Mr G. Fry: Gordon Fry. Sir Charles, I live in North Queensland and for those of you who do not know, that is one of the last mainland states under private rule. In that state, my occupation is to build patrol boats for the Australian Navy. Some of you would probably be aware, and proudly I say to you, that I was the person who was able to receive the

inaugural award for quality and achievement awarded by Brian Howe a few weeks ago for our efforts in churning out one of these boats every fourteen weeks. I am very well aware of the potential and capability of the average Australian to get down, and Sir Charles Court says, he likes to be pushed and when under such pressure he yields of his best, and I would wager you all that the Australian is the best guy on earth. But we do not use them.

I am wondering, Sir Charles, if you have a formula for how you would suggest we go about cranking up our manufacturing industry again to get it back into the system where Australia can in fact become the leader. I believe that we can not only build but we can design our every material need for the Navy and the Defence Forces, and I am very mindful that today there are some people here from overseas companies representing manufacturers, including submarines, and I believe we could undertake that task if we were given the time and if the Government would back us and have the courage to accept what we churned out. I believe, given that opportunity, we could produce the goods and certainly in a smaller way I have been driving very hard through the door, trying to have the produce that we manufacture to an overseas design severed, such that we can get out into the marketplace and sell. The greatest problem that I find when I go out into that overseas marketplace is 'Do you have a proven product of your own design?' and regrettably I say 'No, it's a beautiful brochure, it's almost like the one that we build, but I haven't yet proven it'. And if we get the Government and Navy and all of you people here to back us 100 per cent and give us a go, we would give you a product that was better than the rest of the world. We would get into the marketplace and we would go places.

Sir Charles, you are a very respected person and it is great to have you here tonight, and I am wondering if you could give some enlightenment and some formulas for how we might go about such a campaign.

Sir Charles Court: Congratulations on what you have done. I have heard of the record that you have and I agree with you about the Australian workman; there is nothing wrong with the quality of his work, if he is properly led. If you can get them enthused and get them away from some of these terrible forces that I have had to contend with over the last 20-odd years, there is no-one will beat them and they can, through productivity, cope with the wage structure that we have.

It is time we got back and talked to the people of Australia. You see, Governments

and employer bodies, only talk to unions and Governments and employer organisations like Confederation of Industry, Chambers of Commerce, ACTU and so on. It is twenty years since we stopped talking to the men and women that work in the place, that do the work. They only get the cockeyed version that comes from somebody else, a third party, and the whole thrust of my remarks was to get back to talking to the people about how far we were in front and now how far we have got behind, and how easy it could be for us to catch up. There is plenty of work to be done if we are competitive. People who think we have been through a recession just have no idea what the Depression was like. The last seven, eight, ten years in Australia have been a roaring boom compared with the position when I first came into government in 1959 in Western Australia.

We have learned over our way to build the modules for the oil platform rigs, but we had no sooner got this wonderful order and started to build them than an Industrial Arbitration Commission Order put the cost of the NW Shelf project up \$700 million — \$700 million in one Order! The grounds given by the Industrial Commissioner were that it was a prestige project, therefore the workers should share in it. And here we are trying to compete with the rest of the world! So my short answer is, we must get back in this country to talking to the people, the men and the women in the workforce; they will understand clearly that if the boss is not making a profit, their job is not safe, they will understand it. But people have stopped talking about it, they have stopped talking to these very people in the workforce who can change things.

I should imagine in your organisation and from what I have read about it from another publication at the time you got an award, you are very close to your men. If we can only get back to this in the mines, in the factories, you will find that productivity can improve. It is just like Defence, we have to re-sell the obvious; we have to go and re-sell it all again and it is not going to be easy. On the question of overseas design, I would not let that worry you too much. As long as you are getting orders I could not care who designed the darn thing. You keep making it better and competitively.

Can I just tell you, if you go and look in the mining industry throughout the world and look at the heavy equipment there, and you see big things made by names like Ellis Chalmers, and famous names like that — that is in the big type. But you look at the little

plate and you will find that it is often made under licence in Kobe or somewhere in Japan. They have no pride about it. They can make it better, they can make it cheaper and they can make a profit, even though they have to pay the American firm for the know-how to do it. I might add they learn fast, and so before very long they get one of their own that is better, but they have no scruples about it at all.

So do not worry too much about who designed the thing. If we can design a better one, well, for goodness sake, let us do it and let us sell it here. But on the other hand do not be too proud about it. If you are getting business, you grab it.

LCDR B. Willis: Lieutenant Commander Bob Willis, Navy. Sir Charles, you will be well aware that about two years ago the Western Australian government took an initiative and appointed a panel of retired senior officers as advisors to State Government. Would you care to comment on the effectiveness such a panel has in providing advice to the State Government and influencing business and community groups?

Sir Charles Court: I have to plead that I could not, because it happened after my retirement and I never had occasion to follow it through, but I can only say that while I was there I did not need a panel. I have always enjoyed a very strong relationship with all the commanders over there, whether they be Navy, Army or Air Force, and I found them extremely good value. They were good to me and kept me well-informed and were very co-operative in times of natural disasters, which I always regarded as a good time to exercise the Services. No, I cannot tell you what was the outcome of that panel, but I felt at the time when it was announced it was rather strange because I had such wonderful co-operation from the serving chiefs of the three Services whilst I was a Minister for twelve years and then Premier for eight years, without having to set up a separate body of retired people.

Admiral Stevens: Stevens, RAN, retired. Sir, you mentioned the value of Western Australia to the nation. Could you say how strong is this secession movement?

Sir Charles Court: Well, I am rather unique because I was involved in the secession movement in 1934 and we had our bands and our banners and we really had the time of our life — there was not much else to do in Perth at that time! But the secession movement is not strong. Sometimes it does raise its head, but it is just when people get so fed up that they say 'Well, why don't we secede?' But I do

not think in their hearts they want to be anything but real Australians. They do not mind if they carry the rest of the nation on their backs, but they do like you to say thank you sometimes — just say thank you, even if you say it quietly with your tongue in your cheek!

Mr J. White: John White, Eglo Engineering. Sir Charles, I enjoyed very much your return to the basics, because I think it is something we desperately need in this country if we are to achieve our national identity and to achieve a recovery of our industrial base. I want to return to Mr Don Fry's question and your response in particular on design, because I think it is of fundamental importance to the achievement of these goals. I was an engineer who was involved in the North-West Shelf development in Western Australia and in particular I looked after the design of the platforms and also the gas plant in its later stages, and I will say the reason why that project was so successful was that we as a group of Australian engineers were involved from the very outset of the project in the design.

Now, we used a lot of foreign expertise and we used a lot of foreign equipment, as you rightly point out, but we project-managed the project from its very inception to succeed in Western Australia and we should not belittle the importance of us being involved in the design process. You stress the importance of industrial infrastructure and you stress the need to defend the prize we have here in Australia. This includes the Defence personnel on equipment, but also the industrial infrastructure. As I said, as an engineer who was involved in some of these major resource projects I put it to you all that we can also build our major Defence equipment projects in this country, and economically. However, to do this we need a national policy and a national commitment, and that must come from the Government and also from the Defence and Defence Support Departments, and it must be absolutely committed.

This does not include a basic belief that anything that is big and complex has to be obtained from overseas. So, therefore, Sir Charles, as a person who was instrumental in getting the North-West Shelf project going, and saw a group of Australian engineers succeed in it despite numerous industrial problems which were handled in the end, I would like your comments on how we could achieve this turn-around in attitude whereby we do start to govern the developments and equipment supply in our own country.

Sir Charles Court: The answer is a very simple straightforward one. I readily concede the excellence of the work that was done by Australian engineers on the North-West Shelf Project and on many other projects. I think the questioner would know that it was largely because of the conditions that were laid down by myself when we negotiated the project that we had such a large input, but I have to also say we did not have as big an input as I wanted. I did have to concede that we were going into something that was being done for the first time at that level and I had to concede, therefore, that there would be some things that would have to rely on design from overseas. Nevertheless, the condition was that there had to be a big Australian input.

However, as I have explained to the consulting engineers on many occasions, you do not want to try and go too fast. It is amazing how quickly you can get there if you make haste slowly; by grasping the nettles, such as they did on that occasion, doing the wonderful work that was done on that occasion, when the next project comes up, each one should have a bigger Australian input. But that is up to the people themselves. I also said to the consulting engineers 'Don't wait for a job to come to Western Australia. You've had this experience, you have done this tremendous work in the alumina industry, you have done this tremendous work in the iron ore industry, you have done it in the nickel industry, you have done it now in the North-West Shelf. Go out into the world and sell your expertise, because it is as good as the rest of the world has'. We can build these things, we can design these things but we have to get out into the rest of the world.

There is one corollary to this, and that is the fact that we have got to get our industrial costs and our industrial working conditions down to a bit of sanity. You cannot have the leave we have got, you cannot have the leave loadings we have got, you cannot have the penalty rates we have got and still be competitive. There just is not that much money in the world.



INDUSTRY'S VIEW

by Mr J.F. Kirk
Chairman and Managing Director Esso Aust. Ltd.

Capt P.G.V. Dechaineux: Sir Charles, ladies and gentlemen, it is indeed with great pleasure that I introduce Mr Kirk to you this morning. He is the chairman and managing director of Esso which is a subsidiary of Exxon which is the largest company in the world, and such a distinguished person is going to make our talk very much more rounded indeed. He was born in Newcastle, and spent the war in the Navy, which is very much applicable to our seminar. His career has been entirely in oil, in black gold, as we heard yesterday. This morning he is going to be talking to us on the importance of sea lanes to Australia and as such why those sea lanes should be protected. With pleasure, I introduce Mr Kirk.

* * * * *

My theme today is 'The Protection of Australia's Commercial Maritime Interests', but I should say at the outset that, whilst I am well-placed to discuss the petroleum industry, I do not lay claim to be an expert on some of the other industries that I will cover in my paper. Australia spends a lot on Defence. The budget appropriation for 1983/1984 is just over \$5 billion of which I think the Navy share was just over a billion. It did not seem to be quite a fair split but that is the way it is, I understand.

That would seem to be a large amount to most people. However, I believe it should be viewed in the context of the resources and industries which are being protected. The Defence budget can be likened to an insurance policy. I hope today to give you an idea of the nature and value of the goods that need insurance and that you people are covering. To do so I plan to review the scope, size and locations of Australia's maritime industries, to demonstrate their strategic and economic importance and to show areas of highest commercial priority for naval defence.

Firstly, I will cover the direct contribution to the economy by way of commercial shipping, fishing and tourism. Secondly, I will focus on the strategic and economic dependence of Australia on three industries which take place in our coastal waters or utilise our sea lanes and which could not satisfactorily operate without a secure maritime province.

I will highlight offshore oil and gas production, not simply because I am most familiar with it but because a secure supply of petroleum fuels is important to everyone. I will also discuss coastal shipping, looking at the importance of coastal movements of bulk solids and liquids which feed much of our major land based industry. Finally, I shall deal with the shipping of Australia's imports and exports with particular emphasis on energy commodities because of their bulk value and strategic importance. I will demonstrate the high dependence Australia has on this international trade.

Commercial Shipping, Fishing and Tourism

First, a quick overview of the direct contribution of commercial shipping to the Australian economy. I do not anticipate that I will get questions on the economy because I am not an economist and our next speaker will cover that. Although data is scarce, it is estimated that revenue from coastal freight is currently about \$3 billion per year (when I say 'billion', of course I am talking a thousand million), that is, a third of Australia's total freight revenue or about 2 per cent of GDP. The industry has a lot of capital invested in ships, ports and support facilities. In 1983, for example, the Australian fleet consisted of 104 ships totalling 3.3 million deadweight tonnes of which 79 were Australian owned.

The biggest Australian shipping company is the Government owned ANL with about 1.2 million deadweight tonnes. There are two other major groups; firstly, 11 oil tankers, just over 0.5 million deadweight tonnes (nine of these are oil company owned)

and secondly, there are nine interstate iron ore and coal carriers totalling about 0.7 million deadweight tonnes, and these are owned and operated by BHP and other private sector companies. In total, ANL, the oil industry and interstate iron ore and coal carriers make up 75 per cent of the Australian fleet on a tonnage basis. In 1982, the last details available, the industry provided direct employment for about 4,000 seamen and 8,000 waterside workers.

That was the employment that comes from those people, but there was also employment generated by the construction and maintenance of ships, port facilities and other maritime capital investments. The industry makes an even larger indirect contribution to the economy and this affects the security of employment of many more people and this is because of the dependence of other industries on our sea transport, and I will say more about this indirect contribution later.

The second maritime industry that I wish to discuss is commercial fishing. The industry's annual revenue was estimated at \$440 million in 1982/1983, with prawns and rock lobsters each contributing a third of the total. 84 per cent of total production, about \$370 million worth, was exported, with half of these exports going to Japan and a third to the US. They are quite interesting statistics. The Navy's patrol boats have a relevant role for this industry and they have the job of protecting Australian waters within the 200-mile limit against poaching by foreign fishermen and this is no doubt a daunting task because it is a very large area involved.

It is also not simply a matter of routine, as demonstrated by the incident in which *HMAS TOWNSVILLE* had to put a shot across the bow of a foreign fishing vessel attempting to escape from Cairns. The Navy's role in protecting the fishing industry is certainly well appreciated.

Now I wish to turn to the industry which uses the sea for the provision of pleasure — tourism. The maritime component of the tourism industry comprises sea travel and the coastal and reef resort business. While they are relatively small businesses, they are fast growing. They are also both important as both labour intensive sources of employment, with sea travel services alone estimated to employ about 2,500 people; annual revenue from sea travel was about \$96 million in 1981. Of this, approximately 92 per cent or \$88 million was derived from pleasure cruises.

Three operators, P & O, Sitmar and Minghua, undertook 61 cruises, carried

50,000 passengers, with an average cruise duration of 15 days. There has been a change in the pattern of sea travel. Emphasis has swung away from long distance liner voyages to short cruising holidays. Whereas 28 per cent of total short term international passenger movements in 1962 were by sea, this market share is now less than 1 per cent, a legacy of the jet aircraft and increased time pressures. The only sea passenger service of any significance that is left in Australia is across Bass Strait.

The other major area of maritime tourist activity is the coastal waters of Queensland. Although figures are not readily available, it is estimated that the seaside and the Great Barrier Reef resorts and the game fishing business generate earnings in excess of \$500 million per annum. An increasing number of international visitors are being attracted to these facilities providing foreign exchange earnings.

Map 1 shows the maritime areas in which the three industries — commercial shipping, fishing and tourism — take place. I will look at coastal and international shipping movements in detail a little later but clearly much of the commercial shipping activity services the major cities and their ports, and the coal ports on our southern and eastern coasts between Whyalla and Townsville.

The fishing industry works in most of our coastal waters, while tourism is focussed on our major east coast city ports and the length of the Queensland coast. In total, the direct contribution of these three industries to the economy is quite substantial. They produce an annual revenue of over \$4 billion, about 3 per cent of GDP. They are also a significant source of employment and largely Australian owned. These industries alone warrant significant maritime protection on the basis of their direct contribution to the economy, but there is much more that needs protection and I would now like to consider some other major industries on which Australia has a strategic and economic dependence and which in turn depend on a secure maritime province.

The Petroleum Industry

The one with which I am most familiar, the petroleum industry, depends heavily on direct protection of its operations on the Continental Shelf and on security for both its coastal and overseas shipping operations. You can see the location of the industry's offshore production operations on the map. The Esso BHP joint venture in Bass Strait contributes approximately 90 per cent of

indigenous oil production and it also provides all of Victoria's natural gas requirements.

There is also the Barrow Island field, the Jabiru oil discovery which will likely begin production in about two years, and the first stage of the giant North-West Shelf gas project which will be supplying gas to Perth this year and on which so much is resultant from the activities of Sir Charles Court. Late in the decade, the second stage will produce from North-West Shelf liquified natural gas for export to Japan. A very large part of the Continental Shelf, particularly in the north-west, offers oil and gas exploration potential.

The industry is, of course, a major one. Revenue generated from oil and gas production last year was around \$6 billion. About \$5 billion of that was generated by Bass Strait. The refiners and marketers and Government excises on petroleum products add about another \$6 billion to that revenue by the time these products are sold to the consumer and, if you read the papers last week, you will see that the Government is about to take another 300 million from Esso BHP from the Fortescue field.

To emphasise the importance of oil in the Australian energy scene, let us look at how finely balanced the supply demand picture is, and this is for oil, compared to other indigenous energy commodities. The top row of Chart 1 shows what energy reserves we have and the bottom row shows what we need through the year 2000, what we will consume through the year 2000. The reserves are those existing now and do not include any estimate for new discoveries.

As you can see, reserves other than crude oil range from adequate to plentiful even allowing for exports. Australia is thus in the fortunate position of having the reserves to become a net exporter of energy. It is already a major world exporter of uranium, for which all production is sold overseas. While uranium exports are relatively small at only 3,300 tonnes, that is 3,300 tonnes per annum, they provide export earnings of over \$300 million.

We are also the second largest coal exporter in the world. The volume of coal exports has increased from 15 million tonnes in 1968 to 60m a year in 1983 and currently provides export earnings of around \$3 billion per annum. Naturally, massive investment has been made in port and loading facilities all along the east coast. There are now eight coal ports at Wollongong, Sydney, Newcastle, Brisbane, Gladstone, Hay Point, Dalrym-

ple Bay and Abbot Point with a ninth, Port Clinton, in the Shoalwater Bay area of Queensland, being mooted for the 1980s.

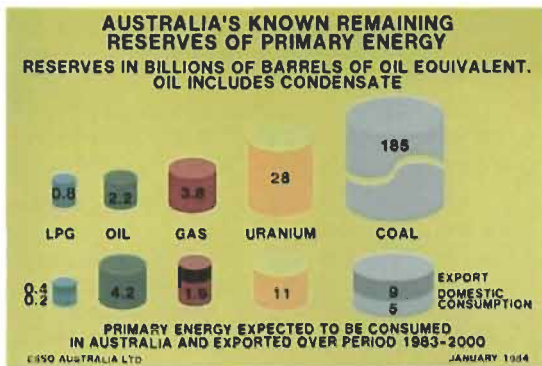
Remaining reserves of natural gas are shown at 3.8 billion barrels of oil equivalent, and all these are converted to oil equivalency so that you get the exact picture for each, and that is about 22 trillion cubic feet — a lot of gas. Apart from Bass Strait, large reserves have been discovered off North-Western Australia as a result of oil exploration but most are unlikely to be developed to meet domestic demand for many years. While development of the North Rankin field to supply the Western Australian market is economically viable in conjunction with LNG, transportation to the eastern states where most of the future demand exists is feasible in an engineering sense but at the moment would be enormously expensive.

However, in the long term this is a possibility either via a trans-Australia pipeline or by coastal shipment as LNG. Additional export-oriented liquid natural gas, LNG, projects are a most likely alternative in the medium and long term but so many potential projects are now under consideration in South-East Asia and in the Middle East that the world LNG market promises to be highly competitive and probably oversupplied. Australian projects apart from the current development at the north-west, may not be economically viable for quite some time.

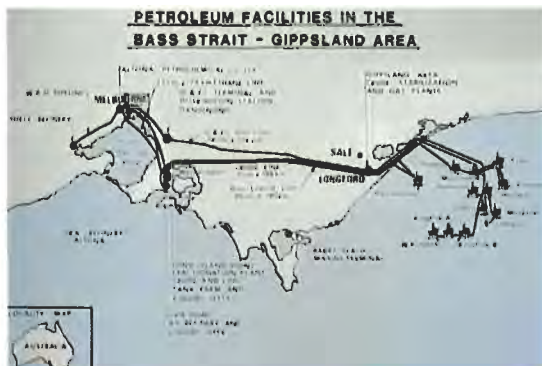
Given the market difficulties, it is imperative that security of supply be guaranteed. LNG is not easily stored, so supply disruptions can be extremely costly. It is estimated that about 100 round trips to Japan will be required each year to fulfil a six million tonne per annum export contract. The protection of the shipping lanes from Western Australia to Asia as well as the offshore platforms and land based facilities will be vital in ensuring Australia's role as a reliable supplier of LNG.

Finally, let us look at oil. Although Australia is well endowed in non-oil energy resources, the charts show our oil reserves are not sufficient to meet forecast consumption. A major strategic and economic challenge for Australia will be the maintenance of a high level of oil sufficiency.

Chart 2 shows the dramatic difference having our own supply of oil could make. The discovery and development of the major Bass Strait oil fields in the sixties transformed our oil supply outlook almost overnight, and just in time for Australia to ride out the oil shocks of the seventies relatively unscathed. The lucky country was never more lucky. Only the size and relative ease of development of the



Map 1



Map 2

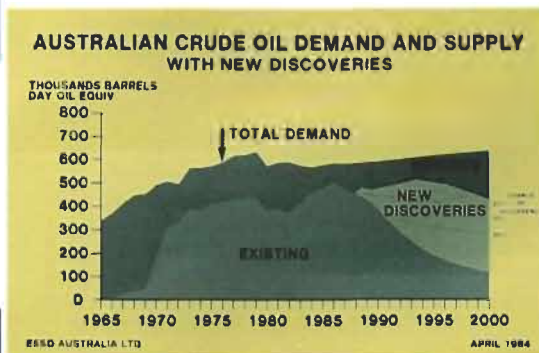


Chart 2

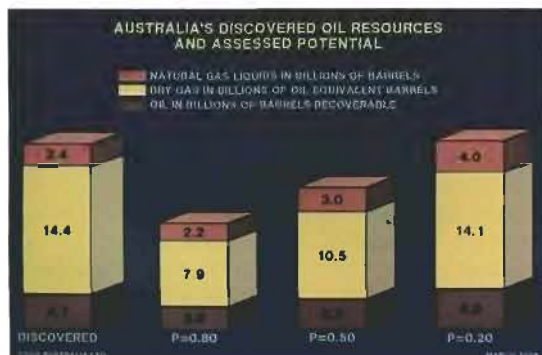


Chart 3

All diagrams courtesy Esso Australia

Bass Strait fields, if you could ever call 70 metres of water in Bass Strait easy, made this possible.

Without this indigenous production, our oil supply risks would be greatly magnified. The strategic threat of a Middle East supply disruption is ever present and clearly the less we need to rely on foreign oil the better. However, in the next few years oil production from existing reserves will start to decline and despite increasing production of crude and condensate from fields elsewhere than Bass Strait, total Australian production from existing discoveries will start to decline rapidly.

Without new discoveries, imports will increase dramatically. In fact we believe it will be too late to stop some decline in indigenous production in the late eighties unless more large fields are found and found very soon. This is against the odds despite recent reasonably sized discoveries. Furthermore, unless we make discoveries in the next 10 years at double the rate of the last 10 years, we face a damaging decline in oil self-sufficiency.

The world-over supply is only temporary, being the result of the deep worldwide recession of 1981 through 1983 in conjunction with worldwide conservation and substitution, increasing non-OPEC supplies and a significant inventory reduction. As the world comes out of recession we are starting to see excess supply decrease, demand for OPEC oil increase and prices stabilise. In addition, despite the major reduction in oil demand, consumption is still outstripping discoveries on a worldwide basis, as it has during the last 12 years.

Over recent years, much work has been put into investigating synthetic fuels as an option for filling the gap. Lower demand, which has deferred the point of conventional oil supply shortage, and much higher costs for synfuel products than originally thought now lead us to believe that they are unlikely to play any more role this century, but whatever the future for synfuels, the discovery and production of conventional oil must be encouraged. This will only be achieved through an active exploration programme encouraged by suitable Government policies.

Bass Strait

So far I have discussed Australia's vulnerability to oil supply disruption in the future but let us not forget the present. About 90 per cent of the existing production shown on

Chart 2 comes from one area, Bass Strait. The strategic importance of that area cannot be overstated. Let us look at the Bass Strait and Gippsland producing area and its geographic relationship to the facilities at Barry Beach, Westernport and Port Phillip Bay. (Map 2)

The production platforms in Bass Strait are linked by crude oil and gas pipelines to Esso BHP's Gippsland crude oil stabilisation and gas processing plants at Longford, and that is just south of Sale. There, light hydrocarbons are removed from the incoming crude oil and passed to the gas processing plant. The heavy hydrocarbons are removed from the gas and passed to the oil processing system. The remaining dry natural gas is sold to the Victorian Gas and Fuel Corporation for distribution to homes and industries and to the State Electricity Commission for the generation of electricity.

Liquid petroleum gas, LPG as it is called, and ethane from the gas and crude plants, are sent by pipeline to the Long Island Point plant at Westernport Bay and there it is used for fractionisation into the components ethane, propane and butane. The stabilised crude oil with all the light-ends removed is sent by pipeline to the crude oil tank farm, also at Long Island Point. From Westernport Bay, crude oil is piped to the Melbourne refineries or shipped to other ports in Australia and overseas. Ethane is piped across the Bay to the Altona petrochemical plant, and liquid propane and butane are essentially exported.

Also in the region is the Barry Beach marine terminal used to construct and service the offshore platforms and facilities. This complex of producing and treatment facilities, marine terminals, pipelines, tank farms, two ports, shipping facilities, three refineries and a petrochemical plant is the petroleum heartland of Australia and the replacement value of the total investment is now over \$8 billion.

I do not need to stress to this audience the need to protect that. The most vulnerable links in the chain are the offshore platforms. Protection of these platforms is absolutely vital. There are currently 11 producing platforms in Bass Strait and a twelfth, Flounder, is expected to begin production later this year. They are situated in an area spanning approximately 4,000 square kilometres. The replacement cost of offshore and onshore facilities is now about \$3.6 billion.

The platforms producing gas are shown on Map 2 in red and those producing oil in green. As you can see, about 90 per cent of

the current oil production from Bass Strait, and that is about 70 per cent of Australia's consumption, is produced through six of the platforms; Mackerel about 110,000 barrels a day, Halibut 70, Fortescue 80, Kingfish A 50, Kingfish B 60 and West Kingfish 30. The strategic risk to the area is highlighted by the fact that most of the oil produced is piped via one platform and all of the oil flows through one pipeline to the mainland.

A wayward ship or a determined attack could leave Australia reliant on imported oil for many months or even years. Replacing a platform in Bass Strait would cost hundreds of millions of dollars and take a couple of years. There could also be significant environmental damage. The cost to the Government in terms of lost revenue, compounded by the need for foreign exchange to import oil, would be significant. In the worst case, where we had to import almost all our requirements, the cost would be around \$7 billion per year compared to \$2 billion as at the moment.

Unfortunately the platforms are in the middle of what was once the maritime motorway through the Strait. This is now an exclusion zone. However, many ships are unaware of this and outdated charts and suspect lightships mean that a constant patrol must be mounted. The excellent work of the Navy patrol boats in protecting the Bass Strait platforms from disaster is not widely recognised. The work is often made very unpleasant by the rough and unpredictable conditions that prevail in this area and I would like to wholeheartedly thank the Navy for its vigilance.

The Future

Now let us look again at the future. What are our chances of finding more oil? Esso's assessment is that there is a 50 per cent chance that Australia's undiscovered oil resources are 3.7 billion barrels. (Chart 3). That is a little less than the estimated discoveries up to year end 1983 which was 4.1 billion. We also believe that there is an 80 per cent chance of finding 2.8 billion but only a 20 per cent chance of finding 4.9 billion. As I indicated earlier, a significant part of the known resources and the assessed potential for discoveries of both oil and gas is offshore. In fact, offshore shallow water potential off our northern and western coasts is thought to be about twice the level of onshore potential.

There is, therefore, expected to be an increasing need to protect exploration activi-

ties and new production facilities as well as the ongoing requirement for the existing Bass Strait and the North-West Shelf facilities. Navy patrol boats may well have to cover an even wider area, much of it in the remote northern and western coastal waters. What does the forecast of discovery potential mean for Australia's level of self-sufficiency?

In order to maintain self-sufficiency at about the current level through to the year 2000 the Australian Petroleum Exploration Association, APEA, has estimated Australia needs about 200 million barrels a year of discoveries. This would require at least 250 wells a year at a cost of over \$1 billion a year. Realistically, Esso does not expect the necessary exploration to take place fast enough and we estimate that the average discovery rate will only range between 80 and 200 million barrels per year during the rest of this century.

Outlaying the necessary amounts of money, considering the uncertainty over the amount of oil to be discovered, is a huge gamble, carrying with it a high risk of failure and a high cost for failure. However, I believe the industry will be prepared to maximise investment and take the risk, providing it can see a physically secure operating environment well into the future and that the rewards will be adequate. In practice, this means maintaining the policies which have encouraged oil exploration since the mid-1970s.

That is, import parity pricing should be continued as also should be the principle of the new policy which provides for new discoveries to pay income tax and royalties only, and to be free of crude oil excise or resource rent tax. After a major slump in the mid-1970s, oil exploration recovered strongly and reached the record levels of 1982 and 1983 principally because of those policies. In my opinion, ensuring our future wellbeing in this way is just as important as ensuring it through adequate defence of our resource areas, of protecting our production facilities and our infrastructure and also protecting the nation as a whole.

If a secure environment in which to operate and policies encouraging exploration are maintained, we believe significant oil production from new discoveries can be expected to start in the late 1980s and carry through into the next century; but even so, our assessment is that self-sufficiency will fall to around 60 per cent by 2000 compared to 80 per cent today.

But that is the median expectation, the 50



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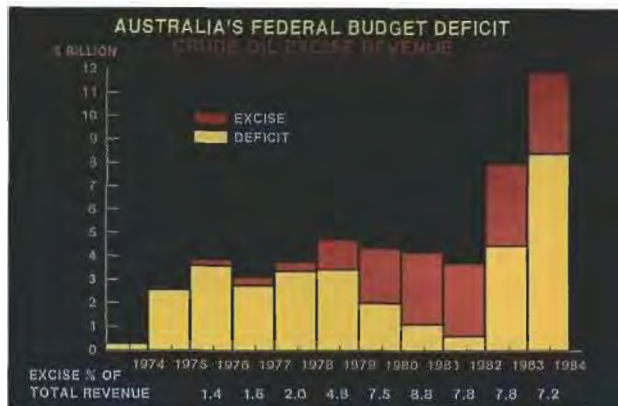


Chart 4



Chart 5



Map 3

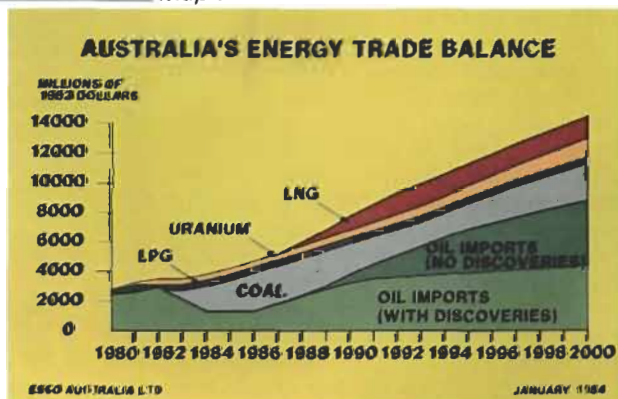


Chart 6

per cent chance. There is a wide range of uncertainty about Australia's future oil self-sufficiency as shown by the 20 per cent and 80 per cent probability lines on Chart 3. It is important to realise that the security situation and Government policy cannot drive the outcome towards the high side as easily as towards the low side. The high side outcome is largely dependent on fortuitous circumstances outside Government control, such as being lucky enough to beat the odds and find a very large reserve.

On the other hand, the low side can simply be achieved through bad policies. Let me make one other point to emphasise the importance of oil production to the Australian economy and the Government. I have already alluded to the fact that apart from all the other impacts, Government revenue would be affected in the event of a major supply disruption in Bass Strait. Chart 4 demonstrates the magnitude of that effect. It shows the budget deficit each year since 1973/1974 and there has been a lot of talk about budget deficits. The chart also shows the heavy contribution excise receipts from Esso BHP in Bass Strait have made to containing the deficits over the period and shows what the deficits would have been without this source of revenue. This year, Bass Strait will contribute about 3.5 to 4.0 billion in excise alone; when royalties and income tax are also included, total contribution nears \$5 billion, almost 10 per cent of total Federal Government revenue, nearly enough to fund the whole Defence budget.

I hope I have proved to you the economic and strategic importance of the petroleum industry and re-emphasised the importance of its protection now and in the future. I would like next to discuss how other major industries based on land rely on protection of their sea transport.

Protection of Other Industries

Coastal shipping movements are dominated by natural resources. Although these are abundant, many of them are in remote regions away from population centres and energy supplies. Australia's size dictates that coastal shipping movements will always play an important role in putting our natural resources to constructive use. The major movements of liquid account for about 25 per cent of coastal cargo movements which in turn total 43 million tonnes. The other major category of coastal shipping movements is bulk solids.

Similarly, much of Australian industry

depends on exports and/or imports through international shipping movements. As a resource-rich but industrially limited island nation, Australia is more dependent on trade relative to the size of its economy than most other countries. Exports provide jobs and growth for the economy. Imports, particularly of capital goods, are necessary to supplement our small manufacturing industry.

Trade Balance

Although the total monetary value of exports and imports is important economically, the actual tonnage of products traded is of more interest to us because of the number of shipping movements involved. Chart 5 shows the tonnage of Australia's imports and exports by state, the imports on the left and the exports on the right. The first point to note is that the tonnage of exports outweighs that of imports by a factor of seven to one. This is, of course, related to the nature of the products involved. Our exports are mainly low value added resources whereas our imports are mainly high value added, manufactured goods. Luckily, we are nett exporters of energy measured both by heating value and by monetary value and we can afford the present level of petroleum imports.

Let us look at Australia's energy trade balance in more detail (Chart 6). The total value of our energy exports, particularly coal, is expected to grow significantly. Energy exports will account for perhaps 25 per cent of total export income by the year 2000, but oil could become a problem. As shown earlier, oil production from known reserves will decline and this will happen if nothing is done about exploration. If no further discoveries are made, increasing imports would be needed to compensate.

I have already stressed the need for a secure and favourable environment in order to find this oil; if it is *not* provided, then you have some further problems, as you can see. Given that Australia will probably need to import some oil for many years to come, we should also consider where these imports are likely to be sourced and address the question of supply security. Map 3 shows the Middle East problem and the problem we will have and what critical shortages will exist if there is any major disruption in the Middle East.

Conclusion

I hope that I have demonstrated to you the vital role that the maritime industries play in determining the health of the Australian

economy. The direct contribution — shipping, fishing and tourism — is over \$4 billion each year. The indirect contribution — oil and gas etcetera — over \$6 billion per year. These industries are strategically and economically vulnerable if Australia cannot maintain a secure maritime province both in its coastal waters and its international sea lanes.

I feel that everyone here today would recognise that we are vulnerable, and I hope

my address has increased your awareness of the scope and extent of that vulnerability. The need for protection of our maritime industries will be of continuing concern. It is vital to Australia's future and it will require proper planning. I would hope that industry will be able to play a role in this area and I am sure that the Australian Naval Institute's seminars will contribute to that planning effort.



ESSO Gippsland

Credit: J. Mortimer

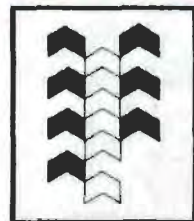


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AN ECONOMIST'S VIEW

by Professor J.W. Freebairn
La Trobe University

RADM W.J. Rourke: Mr President, ladies and gentlemen, I think 1984 is probably a good year for economists. We have got an economist now as Vice Chancellor of this university, we have got an economics graduate as DCNS, we have got an economics graduate, of course, up in the Lodge, and we have got a real economist to speak to us today. Professor John Freebairn is a graduate of New England University in Agricultural Economics. He got his Masters degree there; he later took a PhD at the University of California and he is Professor of Agricultural Economics at La Trobe University.

He also finds time in his busy life to be the general editor of the *Economic Record*, the major professional economics journal in this country, and he is detached from the La Trobe University to be chief economist of the Business Council of Australia. As you can judge, for a job like that he is a man of very wide professional interests, but he has been particularly concerned with studies in macro-economics and with the general structure of the Australian economy, and increasingly today, I think, with the interest that the nation has in problems of structural change.

Ladies and gentlemen, to give you an economist's view, Professor John Freebairn.

* * * * *

Mr Chairman, ladies and gentlemen. I feel that some of the things that I wanted to say have already been taken, so I hope you will bear with some repetition. Since the first days of European settlement in Australia, shipping and resources of the Continental Shelf have played a key role in the development of the Australian economy. Our relative abundance of natural resources, our small and fragmented domestic market and our dependence on overseas machinery, capital and knowhow are characteristics which fostered the development of international trade

as an integral component of Australia's economic growth.

Coastal shipping plays a small but important role in the domestic transport system. Resources of the Continental Shelf include fishing, oil, minerals and tourist resources. Also, part of the development of the Australian economy is dependent on its island status and that we have had a lot of freedom from exotic diseases and so that is part of our natural resources tied to the marine environment.

What I would like to do today is try and assess our maritime interests in terms of their contribution to our national income and to set out a framework for evaluating the potential benefits and costs of defence of our maritime resources. In doing this the paper follows in four sections. First I would like to discuss in some detail the contributions and nature of international trade, coastal trade, protection of the mainland from exotic diseases and pests and continental resources, to the Australian economy. What are the benefits of our maritime resources in terms of giving us a greater income than we otherwise would have? That is the benefits, if you like.

Secondly, I would like to discuss some issues about our shipping policy and in particular should we do our own shipping or should we buy it from overseas suppliers? Thirdly, I make just a few brief comments on the costs of protecting our maritime resources, and here I think we need to consider not only the investment that we have in our maritime defence but we can perhaps ask ourselves what sort of maritime defence do we need to protect those things that generate extra income for us.

Finally, I want to put forward to you a sort of balance sheet of benefits and costs. Now, I am neither skilled enough nor foolhardy enough to try and put numbers on those tables but I think they provide a sensible framework for looking at how we might make

decisions as to whether to spend another \$2 billion more or \$2 billion less on defence of our maritime resources.

Benefits of Maritime Resources

Let me turn, then, to the benefits of our maritime resources, and firstly, international trade. International trade is of fundamental importance to the Australian economy. Cessation of exports and imports of goods and services would require a massive restructuring of the Australian economy. Further, trade, by permitting us to export those commodities in which we have a comparative advantage and import those in which we have a comparative disadvantage, enables us to enjoy a much higher level of living than would otherwise be the case.

So the real benefit of international trade is that we can sell things that we can produce easily and cheaply and then exchange those for things that we can produce with more difficulty and more expensively than other people. You might compare yourself as an individual back in a subsistence environment having to produce all your own food, make your own clothes, make your own house, make your own TV, no trade at all; it is a fairly grim Robinson Crusoe type world. On the other hand, if you can get into the business of trading, if you are a good farmer, you do lots of farming and you exchange that with cloth, with TV sets and so on, then your level of income goes up. It is in that context that international trade enables Australia to specialise on things it is good at, which includes its natural resource industries and some elements of manufacturing, and to import those things that it is not so good at such as the high technology aerospace type industries, cheap labour, textiles and footwear. So those are the real advantages of trade.

Let me turn, then, to how important is trade to the Australian economy? Exports represent about 15 per cent of our national income. In 1980-1981 this amounted to about \$22 billion in value or about 180 million tonnes of freight. Now, most of that freight, over 99 per cent by weight and 94 per cent by value, was moved by ships. Our exports are primarily of agricultural and mining origin. In 1981-1982, 46 per cent was agricultural, 36 per cent was mining.

Manufacturing exports are a much smaller part of our total trade. The export market, of course, is critically important to most of the agricultural and mining industries. Over 90 per cent of our wool, iron ore, bauxite, for example, is sold overseas. It does not have a domestic market. If we lost international

trade, the market for most of those commodities would disappear. Where then would you move your farmers, your iron ore miners, your bauxite miners and so on?

It is perhaps important to recognise, though, that, while those exports are really important to Australia, Australia is not a major supplier of many of these commodities. We still have less than 10 per cent of the world's coal production, less than 10 per cent of the world's iron ore production, less than 10 per cent of its wheat and meat production. We are big bear when it comes to wool where we have about 50 per cent of the world's production, bauxite about 40 per cent and some of the special mineral sands where we have nearly 80 per cent, but in general the world could probably get on without our exports.

There is the other side of our trade and that is imports, and here Australia imports about 17 per cent of its requirements from overseas. Over 80 per cent of these imports are used as inputs by industry for the production of final products. Important components are petroleum products and machinery. So a large part of the ongoing part of Australian industry is critically dependent on imported machinery, imported raw materials.

Now, even though the Australian economy is heavily dependent on international trade, its dependence is less than some other countries. Most of the European countries, for example, depend on international trade for over 20 per cent of their gross national product. In Australia the figure is 15 to 17 per cent. It is, of course, more important than in the US where their trade accounts for only 7 per cent and Japan for only 13 per cent.

Another interesting aspect is that since the Second World War, almost all major developed countries have become increasingly dependent on international trade. In Australia we have stayed the same. Our dependence on international trade has been fairly constant at 13 to 15 per cent since the Second World War. A further point of perspective is that Australian exports amount to only 1.5 per cent of total world exports, so what I am trying to argue is that, while trade is important to Australia, it is also very important to other countries and we are not the only person who is trying to protect international trade.

So the defence of Australia's international trade is also going to be supported by other countries wishing to defend their international trade. I think this becomes more important when we recognise the degree of interdependence of world economies. The world

car is just one example. Cars in America, cars in Europe have components from all parts of the globe and basically disruption to international trade would cause chaos for almost every industry in every major developed country.

The reason we have been into this trade is that it enables us to go in for specialisation, to enjoy economies of size, to rapidly deploy technological change and it also puts a bit of competitive ginger into the system. If you have a protected economy, there is a tendency to keep doing the same old thing because there is not much competition. There is nothing like having those smart Japanese, South Koreans and Americans with new products putting the heat on Australian producers to up their game.

So these are the sorts of benefits that we get out of international trade. Another feature of Australia's trade is that it goes to all points of the globe. Our dependence on the United Kingdom has fallen from about 50 per cent in the 1950s to now where we only send 3.7 per cent of our exports to the UK and get 8 per cent of our imports from there. At the same time our links with Japan have expanded dramatically so that now we send 27 per cent of our exports to Japan and get 20 per cent of our imports from Japan.

Overall, less than 20 per cent of our trade is with Europe and over 60 per cent is with countries in the Pacific Basin: North America, Canada, Japan, New Zealand and the developing countries of South and South-East Asia. Looking to the future, it seems to me that it is likely that international trade would continue to grow as an important part of Australia's economic activity. Just how important depends a little bit on economic policy.

If Australia follows the policies of more open free trade that is now being advocated by the Prime Minister and has been advocated by other people in the past, then it is likely that the importance of international trade will grow in the Australian economy from something like the current 15 per cent up towards the 20 per cent level, and that will be an expansion not only of mineral and agricultural exports but a major expansion of manufacturing exports.

We will get more into the so-called intra-industry trade. BHP, for example, will not try and produce every conceivable type of steel. It will specialise in certain lines of steel and export those, and we will import the other lines of steel. On the other hand, if Australia decides to continue what I have often called its mercantilist policies (its

attempt to protect everything that moves; because we have a textile industry, because we have a footwear industry, we should have one forever — thank God we were allowed to have cars instead of horses and buggies) if we have a continuation of those policies, we will have a lesser dependence on international trade than perhaps is the case at the moment.

The final point to come out of international trade which I will take up is that international trade depends on cheap and efficient sea transport as well as freedom to make that transport operate. A second set of benefits of our maritime resources to Australia is its coastal trade. Given that Australia is an island and that most of its people live on the coast, it is not surprising that coastal shipping plays an important role in the domestic transport sector.

I guess it is perhaps more surprising just how small a role it does play. In 1978 1979, sea transport accounted for about 47 million tonnes of our freight which is only 4 per cent of the total tonnage of freight moved in this country. That is not a very large amount. Coastal sea freight, as Mr Kirk mentioned, is especially important in the long term distant transport of bulk cargo, in particular oil and iron ore, but also for sugar and grains, and it is also particularly important for the movement of cargo between Tasmania and the mainland; and lest we forget that little island on the end of Australia, Tasmanians very heavily depend on sea transport.

But when it comes to transport of general cargo between the large mainland cities, rail and road transport predominate. Australia, unlike Europe and North America, moves very little freight via inland waterways and that is largely because of our geography. So as Peter Stubbs has observed about Australia's coastal shipping, the tonnage carried is limited and specialised and there is not a great deal of competition with other modes. It is, however, important and virtually indispensable in certain trades.

In an economic sense, it is important to ask ourselves what would happen if we did not have coastal transport. Basically we would have to move that oil and iron ore either by road or rail or by extended pipelines, and the economic benefits of having coastal shipping is the lower freight charge of coastal shipping relative to what we would have had to pay if it was by road or by pipeline, and so that is the economic benefit. It enables shipping, it enables us to move resources around the coastline cheaper than by the alternative technique.

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A third set of advantages of our maritime resources is our sea resources and here I will just briefly summarise what was very well presented by Mr Kirk. I suppose one should note though, the enormous size of Australia's coast. If you take the 200 nautical mile economic zone, that gives us an area of coastal water of 6.5 million square miles; that is about the same area as the mainland coast, and one would hope there are some fairly rich resources in it.

One initially thinks of fishing but really that is fairly small. The fishing industry, at about \$400 million a year — well, I guess any company would like to have that type of income but it is really less than a quarter per cent of our national income and Australia's fishing resources, despite the large expanse of water, do not promise to grow very greatly over the rest of this century. But it is true to say other countries find our fishing resources attractive, some of them legally and some illegally.

What is important is that those small fishery resources need to be managed. Fishing is one of those activities in which if you let the private system do it by itself they will overfish it. It is what we call externality problems. So the proper management of our fishery resources requires some overall Government guidance on maintaining the level of catch and, in this sense, if we want to continue to gain value of our fishery resources, we have to control the fishing not only by Australians but also by overseas companies.

Mr Kirk very adequately covered the various resources we have in terms of energy and some of us hope that over the next decades we may find some mineral resources in our coastal waters. It is likely that in the future we will see greater utilisation of oceans, including those within Australia's zone of influence, for the mining of minerals and the harvesting of food and animal feeds.

All that plankton floating around in the water is a potential source of food. We have not yet worked out how to use it but I think the next couple of decades may see major technological changes. Then we will be grateful we have got lots of water. Again perhaps we should include coastal and island recreational and tourist facilities as part of Australia's maritime resources.

In summary, resources on the waters along Australia's 19,000 kilometre coastline provide an important contribution to the country's national income and, as Mr Kirk has said, the realisation of that national income depends on security that one can build

platforms, that one can fish, without harassment and without losses. A fourth area in which the coastal or marine resources are important to Australia is in quarantine.

Australian agriculture depends in part for its productivity and some of its overseas market on the absence of exotic diseases and pests. The most important of these, of course, is foot and mouth disease, but also there is freedom from diseases like brucellosis and tuberculosis. In part, we have favoured access to the Japanese and North American markets relative to the Latin Americans because our livestock industries are free of these particular diseases.

Further, since we have not had these diseases, should they outbreak in Australia they would cause chaos. The Australian livestock industries would have mortality rates 30, 40 per cent or more. There would be enormous losses of economic production if these diseases were introduced. Many of the countries to our north have these diseases and landing of an errant fishing boat with some of its domestic animals could easily set off a burst of foot and mouth disease, and that would reduce Australia's agricultural income dramatically. So part of the protection of our mainland economic capacity requires marine surveillance keeping out overseas exotic diseases and pests.

Shipping Policy

Let me move now to talk about some shipping issues. First the magnitude of the problem. There are about 500 ships servicing Australia's international trade at any one time and about 80 vessels in the coastal trade. They serve some 41 major public ports, eleven privately owned commercial ports and numerous smaller ones. Again, the international trade goes to all corners of the globe. What I am trying to say is, protecting our commercial trade interests means looking after a lot of ships and a lot of ports and an enormous amount of water. It is not something you can do with two tugboats.

It is a very large, substantial problem and I think we have to ask ourselves what sort of Defence Force can provide protection to ships that are going all over the place in all directions at all times. It is also perhaps interesting to look at the various ways our shipping is organised. As Mr Kirk noted, most of our export trade goes in the bulk cargo ships, most of our import trade goes in the smaller ships, manufactured goods in the liners.

Now, there are quite different ways of organising those two industries. The cargo

shipping industry — that is what we use for our coal, wheat, sugar, iron ore, bauxite, fertiliser and oil — is essentially the free market model that Australian economists like to draw on. It is a very competitive industry, there are lots and lots of countries involved, it is easy to get into the business, it is internationally competitive, it is right up on technological change and in general it offers us transport costs at very low, efficient and cheap rates.

On the other hand, transport of our manufactured goods is via liner shipping and most of these are organised in what we call shipping conferences and they are *de facto* cartels. They fix rates for cargoes and they agree to provide scheduled services calling at specific points at regular times. Now, there is plenty of debate amongst economists as to the effect of these cartels or conferences.

Some economists have labelled them as the greatest monopoly since BHP, others think that really in practice they work somewhere near an efficient level. There are three observations I would make that suggest to me they are not offering us low cost shipping. These three facts are, that on occasion firms try to break out of a conference area of interest by trying to set rates at lower levels; again, periodically conference members start price wars; and finally, every now and again shippers negotiate freight rates outside the shipping conferences.

So that leads me to believe that freight rates in the shipping conferences are not as low as they might be and Australia, in looking at its maritime interests, should seriously consider whether it wants to consider this shipping conference system or not. Freight rates are an important cost element to Australia's export trade. Estimates are that the landed value of our imports include shipping costs of about 10 to 12 per cent. In terms of our 1982/1983 export figures, we paid in the order of \$3 billion freight on the transshipment in of imports to this country. That is a fair-sized industry.

But freight is even more important to our export industries. In the case of agricultural products anything from 10 to 20 per cent of the landed value of our wheat and wool in overseas countries is taken up by shipping costs. If you go to coal, something like 25 per cent of the landed value of coal in Japan is shipping costs; 40 per cent of its value landed in Europe is shipping costs. So I would estimate that somewhere near \$5 billion a year is spent on shipping our exports overseas. That gives us a total expenditure on shipping costs of the order of \$8 billion.

Now, we ought to look very seriously at what is the most efficient way and cheapest way of providing that shipping. So that raises the big question: Should Australia have a larger or smaller shipping industry, when basically 95 per cent plus of our international trade is carried by overseas ships? The ANL carried about 4 per cent and it rarely makes a profit. The principal reason why Australian shipping has not expanded further is the fact that it is not able to compete and I would take the view that until it *can* compete it should not expand.

The wellbeing of the Australian export sector and also the importing sector depends on keeping ship freight costs as low as possible. In turn, lower freight costs increase the levels of trade that are profitable, which in turn increases exporters' returns and employment; it also enables importers to keep down the price of their goods, and so cheaper freight rates generally contribute to higher Australian real income.

Expanding the Australian shipping industry means diverting resources from other industries. Funds tied up in ships are funds not available for agriculture, schools, metal manufacturing and so on. Similarly, labour used in ships is labour not available as farmers, schoolteachers, motor mechanics and so on. On economic efficiency grounds, where should we best place our resources? The shipping industry has no better claims for receiving a subsidy than other industries such as shipbuilding, agriculture and education.

Identical arguments could be made against the claims that a shipping industry is required to generate overseas funds and provide employment. These are laudable goals, but what we should ask is should they be achieved by expanding our agricultural or mining industries or by expanding our shipping industry? In short, I find no persuasive reason for agreeing with the recommendations of the recent Crawford Report that we should subsidise Australian shipping. It is essentially throwing money down the drain. It is protecting one industry that has no better claims for assistance than other industries.

Personally I am not convinced by the argument that a domestic shipping industry is vital for Australia's defence. I ask myself what types of conflict are anticipated in the future, how can a new, commercially viable civilian industry assist and what types and numbers of ships are required? Without large subsidies or protection it is doubtful that an Australian shipping industry will be price competitive on the international scene.

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We have no particular advantages in raising capital at below market rates, our manning levels are well above international levels, the number of seamen we require on a ship is about double that of the British and Scandinavian ships and even those guys cost more per hour than do those of our competitors. Further, we seem to have no particular advantages that suggest that shipping is one of those industries which Australia should be actively involved in. So my suggestion is that Australia should look for the most cost effective shipping to hire, and use its scarce capital and labour resources in other industries in which it has a comparative advantage.

Costs of Protection

The third topic I wanted to look at was, what is the cost of maintaining Australia's maritime resources? Here I would just briefly comment that Defence requires budgetary grants and resources which are not then available for use in other public outlays such as health and education or for use in the private sector such as primary and secondary industry.

That is the real cost of Defence. It is drawing resources away from producing other goods and commodities that we like, to providing defence support. And it is not trivial. In the 1983 1984 budget, the grant for Defence was \$4.8 billion. That represented just under 10 per cent of the federal budget and just under 3 per cent of national income. So, if you like, we have to ask ourselves is that \$4.8 billion worth it in terms of protection of our economic interests?

Balancing Benefits and Costs

Let me, then, try and put the whole story together. What I have in mind is a table: on one side we have the benefits, on the other side we have the costs.

Benefits I put under six items. *Firstly*, benefits for maritime resources include international trade. By being able to import and export we are able to generate higher real incomes than would be the case if we were not in the importing and exporting business. *Secondly*, it allows coastal shipping and that provides us a lower cost way of transporting some commodities. But let me add a rider here. To gain the full benefits of international trade and coastal trade we require an efficient and low cost shipping service, and here we can ask some questions about the way we run our coastal shipping, about our manning levels in particular, and we can ask some questions about our addiction to shipping conferences. A *third* benefit of our maritime

resources is the natural resources; the fishing, energy, minerals, tourism. *Fourthly*, we have the benefit of maintaining the disease and pest-free status of the Australia mainland. *Fifthly*, there are what I would call some spillover benefits. These are the availability of Defence naval forces for natural disasters; some of the knowledge benefits they get from mapping out Australia's marine environment. *Sixthly*, and perhaps the most important, is national security.

Now, the cost, on the other side, is the opportunity value of labour, equipment and other resources devoted to our naval defence, and I think what we need to ask ourselves is, not only what is the total cost, but what form of naval defence do we want? What sort of naval defence will protect our international trade? What sort of naval defence will protect our natural oil and gas industries? What sort of defence will maintain our disease and pest-free status?

It seems to me, if we can think of it in that type of economic context, then you can make arguments to the people and to the Government; should we be spending rather than \$4.8 billion on Defence — \$6 billion? or how do you counter the greenies who say you should spend nothing on Defence? What you have really got to say is 'Look. If you spend nothing on Defence, you run the risk of losing this level of economic wellbeing', and of course what you try to argue is, if you spend \$4.8 billion on Defence you are returning yourself more than \$4.8 billion.

* * * * *

DISCUSSION

Mr D.G. Fry: Don Fry from Cairns. Professor, with great interest I listened to you and I thought that possibly some things were at conflict. You made the statement 'the world could get on without our exports' and yet I find the summary of your statement to be, we should only do the things we are presently good at. I would have thought that that was somewhat a policy for disaster, and I want to remind you that 20 years ago we were a lot better at a lot more in terms of the then world standards, and I suggest that we should be returning and striving to return to that position.

I believe we should not be blinded by the rise in union activities and the lessening of our effective management over that last 20 years, which I believe is in the main the reason why we are presently in the position we are. In the defence of this land, it is

necessary to recognise that some of the industries you advocate should be closed are in fact critical to our defence and continued viability, and I would suggest and hope that not too many people will agree with your suggested proposals of closure. I believe, Professor, that we should be taking the lead of Sir Charles Court and telling the people of our problem and uniting and striving to fix the deficiencies.

Prof J. Freebairn: I think that the really interesting question there is what industries are critical to our defence. One might argue that food is critical, one might argue that it is clothing, one might argue that it is TV programmes, shipping, whatever. It seems to me that we are such an interconnected economy that it is really hard to say any particular industry is fundamental. Even the fundamental agricultural industry is critically dependent on tractors.

Where are tractors made in this country? My father bought a John Deere a couple of years ago. That is by an American company, made in Sir Charles Court's state, Western Australia; it has a French engine, a German differential, an Italian something else, it has got parts from about a dozen countries. We are interdependent in a big way and I think it is very hard to point the finger and say 'This industry is critical and this one is not'.

Again, how do we defend ourselves? Do we maintain we have one industry for everything that moves, opens and shuts? Maybe we should have greater storage of scarce materials. It seems to me there are more ways than one and I am not at all convinced that any particular industry is the critical industry. I think any lobbyist could make a plausible case that his or her industry is the critical industry.

MIDN C. Maxworthy: Chris Maxworthy, sir, RAN. You made the point that trade or protection of our trade is something that we should discourage; in other words that we should not have barriers or tariff protection in order to protect industries, since your justification is purely economic. However, most of the people here would base their argument on the fact that we should be prepared for future situations where the economic viewpoint is not the only thing of consideration.

So I would put the point to you, sir, that trade barriers or the breaking down of them only suits countries when they are in a position of economic gain. For instance, the United States benefits now from the fact that it had protection in the early years, and Japan, similarly, is very reluctant to break down its barriers. So I would put the point to

you that your economic view does not really suit the real situation of the world today if we are to benefit from increasing trade.

Prof J. Freebairn: Well, I beg to differ with you. Breaking down trade in the longer run and in aggregate always enables you to have greater economic wellbeing than otherwise. Now, that does raise two questions about the practicalities. I said in aggregate and I said in the longer run. It is true that trade, opening up trade, will make life difficult for some people and, if you like, let us take the poor old clothing industry. That will contract but I would not think it would be blown away.

Certainly some people will lose jobs and some people will have some sewing machines with little use, but people can learn new jobs. People *do* change jobs. Trade is not the only thing that is causing change. We have technological change going on all the time. We do adjust to it. We can adjust to it and we get a greater return from it and, in fact, if you want a big Defence budget, one of the great ways is to have a big national income. It is a lot easier to divert money from a growing pie than to pinch it from a zero sum one.

So a growing national economy is what you get if you go towards free trade. So as a longer term goal, free trade will increase your national income. Now, the question is whether you should set some adjustment schemes to help people adjust towards that, and I think maybe there is a case. Again, if the whole economy is going to gain and some lose, then perhaps the economy should be a little bit more benevolent in providing unemployment benefits and retraining benefits to help people who lose from change to get themselves set up in a new world.

Commander C.J. Skinner: Chris Skinner, Navy. Professor, one could get the mistaken impression from your remarks that the ASEAN countries and those of the South-West Pacific have disappeared from the face of the earth and that Australia exists in a large interdependent trade system that does not include those countries. Of course, reality is different to that and I think it is some 5 per cent or so of our trade is currently with ASEAN and probably some smaller amount with the South-West Pacific.

What do you see is going to happen in the next couple of decades in the growth of trade with those countries and what part should Australia play in that growth, if any, and what does that imply for sea power and defence?

Prof J. Freebairn: That is a good question. I think in a sense the ASEAN countries are

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going to do in the 1980s and 1990s what Japan did in the 1950s and 1960s. They are the emerging countries that are going to be in the lower skill, lower technology, labour intensive type activities. They are really going to take off in the textiles, automobile, ship-building, the sort of simpler technologies, and Japan is going to phase down those types of activities and get into the high tech stuff.

So what you are going to see is a shift of our iron ore and coal exports, for example; what is now going to Japan, will shift to emerging steel and associated industries in the South Korea, Taiwan, Malaysia, perhaps Indonesia. Of course, if one looks perhaps into the next century when those countries become rich like Japan, then India and Pakistan will finally get their turn. So I think we are going to have more of our resources going into that area but, rather than Japan, they are going to shift to these newly emerging countries.

Of course, by the same token, we are going to be looking to Japan as much as America, I think, for our high technology imports. Now that offers a lot of opportunities

for Australia in the manufacturing sector. These countries are in the process of setting up their own metal manufacturing industries. Australia does not have bad metal manufacturing industries. Why should we not be part of that action?

Why can we not develop world car concepts? We ship engines by the millions into Taiwan and import differentials and most other things and make a car. Similarly our steel industry; BHP can join in with China. It can specialise in certain parts of steel which it is good at, run its expensive mills and dies 24 hours a day and import back the other stuff from the other side.

So, if we grab it, I think we have a wonderful opportunity for complementary development and that is where the growth is coming over the next 20 years. It is part of Australia's fortunate location, and if we aggressively go into those markets with our technology, with our peculiar skills and resources, we can do very nicely out of it, but if we lock ourselves away insisting that we keep doing the same old things, then that is a missed opportunity.



HMAS TOBRUK during Exercise Kangaroo '83

Courtesy: Navy PR

THE NAVAL VIEW

By VADM D.W. Leach AO CBE MVO RAN
Chief of Naval Staff

Mr President, distinguished guests, ladies and gentlemen. The public debate on Defence over the past few years has, I believe, highlighted a general lack of understanding within Australia on maritime matters, a point made very forcefully by Sir Charles Court and Mr Kirk. I therefore wish to congratulate the Naval Institute on its efforts to promote knowledge of maritime affairs through its journal, its regular chapter meetings and in particular its Seapower seminars. Professional seminars such as these and the informed discussion which follows, help raise the level of awareness on maritime defence issues which are vital to this country and stimulate interest.

My task is to outline Navy's view of Australia's maritime interests. It is a view which is coloured by our naval heritage and I see a fairly consistent line developing from all the speakers, with a few notable exceptions. I have chosen as my theme 'Seapower for Peace' and I have done so for two reasons. Firstly, there is a widely held misconception that naval forces are useful only in wartime and secondly, I am convinced that a balanced and well prepared Navy will enhance the Australian Defence Forces' deterrent posture and this will contribute to continued peace and stability within our region. We heard yesterday a very thoughtful historical perspective from his Excellency The Governor-General and I would like to add a little to this.

As the 19th century moved towards its close, the Australian colonies became increasingly conscious of their isolation and their need for stronger naval protection. The recurring fear of Russia's expansionist policy in the Pacific kept the colonies on the alert and the resultant demand for a co-ordinated defence plan gave impetus to the movements towards federation. The first step towards independence in naval defence was the acquisition of ships by the individual colonies. The second step was the maintenance of a special squadron of the Royal Navy for

service in Australasian waters. The first decade after Federation also brought a heightened public awareness of the importance of naval affairs, something which has been lost over the years.

In the event, local precaution prevailed and Australia gained a Navy for her own which preserved a large measure of independence. Nevertheless, the ultimate security of Australia continued to be guaranteed by the Royal Navy until 1941 when that role was shouldered by the United States Navy. During this period, the demands of Australian Defence Policy were relatively simple. The policy itself was one of dependence on great and powerful friends, with the Australian contribution to the security relationship consisting essentially of expeditionary forces which would serve under the major allies in areas where the interests of those allies were predominantly involved, but where the Australian Government decided to make common cause with them. This policy was based on two related premises. Firstly, that it was in Australia's interests to have Britain and the United States physically committed to our region and second, that the major allies would feel so obligated to Australia for its assistance that they would be bound to come to its defence should we ever be threatened.

By the end of the 60s, it was evident that radical changes had taken place in the fundamental basis of Australia's national security policy. In July 1967, the British Government announced a timetable for Britain's final withdrawal from Asia, and the forces in Malaysia and Singapore, the last to leave, would be withdrawn by the end of the 70s. On 25 July 1969, President Nixon announced at Guam that the US ground forces were unlikely to be committed to the Asian mainland again, a position which was codified in the Nixon doctrine of 1970. The implications for Australia were signal. The policies of independence and forward defence were perforce abandoned in favour of increased self re-

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liance and concern for the defence of Australia itself.

From Prime Ministers Gorton to Whitlam to Fraser this new Defence Policy was variously described as Fortress Australia, Continental Defence, Defence of Australia and Its Interests. What does defence of Australia and its interests mean? This question was asked yesterday by, I think, Commander Youll. Whilst an Australian national strategy has not been stated as such, Australia's principal national security interests have been identified as:

- the preservation of sovereignty over our continent, island territories and territorial seas and of our sovereign rights and our resource zones;
- security of overseas and coastal lines of communication;
- maintenance of good relations and reduction of tensions with other countries, particularly those in our region; and
- the avoidance of global war.

It is against these identified national interests that I will discuss Navy's view.

The Preservation of Sovereignty

We have heard many times that Australia is an island lying between three great oceans — the Southern, the Pacific and the Indian. Her eastern and northern shores are washed by the Timor, the Arafura, the Coral and the Tasman Seas, but our land mass is so spacious that many Australians are inclined to have a continental outlook, despite our long maritime heritage and geographic situation. It is not a view that is shared by Navy or by many defence commentators. Desmond Ball, and we heard of him yesterday, and J.O. Langtry, for example, have noted that 'it would be the height of foolishness if Australia were to adopt a military posture which did not give priority to holding and preferably destroying an invading force on the high seas or in the air before reaching Australia.'

In the preservation of our sovereignty, this has been a guiding principle in Navy's approach. It is worth reflecting on the fact that the great continental powers of Europe, though they could conquer the land mass of Europe, have been unable to cross the 22 mile water gap to the UK for almost a thousand years, and as the Channel has proved such a successful obstacle to invasion of Britain, if the seas and oceans and air space around us are adequately defended — and that is vital, otherwise it is just a highway for somebody wanting to come — then Australia too will be spared incursions and land battles on its soil.

In the event of a threat of major conventional attack, the aim of our maritime forces and operations should be to defeat the aggressor's forces in the vicinity of *his* bases or staging areas and as far from *our* coast as possible. Only in the last resort should we attempt to defeat his forces in our maritime approaches. The preservation of Australian sovereignty over our island territories poses potentially great problems for Navy. Christmas and Cocos Islands, for example, are the very limit of the range of land based air. Air support of naval and ground forces defending these islands would be limited if not, in practical terms, impossible to achieve due to range and conflicting priorities. Fortunately, no threat to our island territories has been identified, but it is most obscure thinking to suggest that these territories would not be strategically important and significant in a confrontation or dispute over resources.

Although the possibility of a direct assault on Australian territory is unlikely, this is not true of disputes over resource zones which now comprise 40 per cent of the world's ocean areas. Australia has followed this trend, as you have heard, with a 200 nautical mile fishing zone and we claim exclusive rights over the continental shelf, in some cases 500 nautical miles from our coast. Already there have been disagreements over resource zone boundaries, and with the increased emphasis on extracting resources, including oil, from the sea the possibility of disputes increases. It is likely that they will be solved, as they have been in the past, by diplomatic means. Nevertheless, the potential for conflict remains and the Government must therefore have the capability to exercise jurisdiction within these zones. This is primarily a role for naval forces, supported where range permits by Air Force assets.

The Defence Force also supports the civil authorities in customs, health, fisheries and immigration and presently these tasks are undertaken by our patrol boats — and thank you, Mr Kirk, for your bouquet for that — and from the P3 Orions of Air Force and, until the beginning of this year, by the Fleet Air Arm Tracker aircraft.

Sea Lines of Communication

Turning now to security of our sea lines of communication, in many contingencies protection of shipping would be Navy's most challenging task. Few Australians, and I will except Mr Kirk and Professor Freebairn here, understand the importance of seaborne trade to economic wellbeing, yet the Soviet Admir-

al Gorshkov sees maritime trade as the West's Achilles heel, pointing out that 'The economy of developed capitalist countries largely depend on sea transport.' He goes on to suggest that 'anti-trade and protection of trade operations are the most important constituent part of the efforts of a fleet aimed at undermining the military economic potential of the enemy.'

The peacetime growth of Soviet sea power, encompassing naval capabilities, the fishing fleet, merchant shipping and marine and scientific research operations, has enormously strengthened the Soviet's ability to wage maritime economic war. This is a matter for concern for us in Australia since they have not only overtaken previous Western dominance of merchant shipping, but they can and have used their sea power to support unaligned Third World countries. I noticed in the *Canberra Times* that Mr Mack takes a more sanguine view of this affair, but I think he is in the strategic studies area for the next five years so perhaps he might change his view.

What is the magnitude of the problem facing us? You have heard something of that this morning. I think everyone agrees that overseas trade is a vital national interest with our exports and imports being equivalent to about 35 per cent of our GDP. Australia is a major world exporter of food, with increasing dependence on particular manufactured articles and you have heard about our potentially growing dependence on heavy crude. You have heard some idea of the scale of this: 207 million tonnes of cargo are carried in and out of Australia by sea each year and only, by comparison, 161,000 by air. On an average day, there are 195 merchant ships in our ports and about 175 in transit to and from Australia.

Sea lines of communication are vulnerable to interdiction since they are both long and readily identifiable at considerable distances from Australia: on the Cape of Good Hope route, for instance, for at least 4,000 nautical miles and the Persian Gulf, for at least 2,000 miles, you can identify that ships are coming to Australia. So a potential enemy has only to deploy his anti-shipping forces near these limits and with some sort of intelligence he can reasonably expect to intercept our shipping without fear of attack from our land based forces, and this would be a cost effective option for even a regional enemy with limited maritime capabilities.

Air Transport and Internationalisation

May I digress for a moment to address two matters that are frequently raised in

discussion on maritime trade and they are first, that during a period of conflict air transport could meet our strategic transport requirements and secondly, since our trade is carried in foreign ships — and you saw the numbers of the Australian hulls there this morning — that any threat could be internationalised. The suggestion that air transport could meet our strategic transport requirements is not supported by fact. A Boeing 747, for instance, requires two tonnes of fuel for one tonne of cargo carried and fuel is going to be in short supply, and that is quite apart from the bulk requirements of our industrial and defence efforts during a conflict. The prospects for internationalising threats to our shipping are extremely uncertain. In Australia's case, about 95 per cent dependent on foreign shipping as you have seen, what could be expected to occur is that prior to an outbreak of conflict the insurance and charter costs would be increased to cover the perceived risk. These costs could be substantial. As the level of risk increases, the number of operators and owners prepared to continue trading with Australia would begin to diminish commensurately with our ability or inability to protect their investment, and I think that is probably one factor in the equation that Professor Freebairn says of the economics of developing our own shipping. If there is nobody else coming here it may be very economic to have stronger Australian merchant shipping.

We are all aware of what happened to shipping around Europe in the early stages of World War II. The United States, for example, simply made a prohibited zone around the British Isles and north west Europe and we should perhaps expect this sort of thing to happen. The inevitable result would be a loss of markets to a greater or lesser extent as buyers or competitors turned to those not engaged in the conflict, and I do not think reliance can be put on long term contracts because most of these have *force majeure* penalties. I believe there are two basic requirements for our Navy to be able to protect shipping so far from our coast. Firstly, we must have sufficient ships to be able to operate from this distance and clearly this implies an afloat support capability; and secondly, I believe we must also have a means of providing anti-submarine warfare helicopter support to our escorts.

Aircraft Carrier

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circumstances air strike and air defence support will be essential. This brings me to the subject of aircraft carriers — probably some of you have said 'When is he going to get there?' I believe no expression of the Naval view would be complete without some reference to the subject and I would like to assure Mr Harry that eggshell walking is not the complete preserve of ambassadors. In the weeks leading up to my assumption of office as Chief of Naval Staff I looked to the future with confidence and pleasure. *INVINCIBLE* was to join the fleet as the new *HMAS AUSTRALIA* and while the ship was to function as a helicopter carrier and the future of naval fixed wing flying was not assured, at least we had a firm base on which to proceed with our study on the shape of the Navy for the next 20 years.

Sadly as it turned out, within days of moving into the chair, the British Foreign Secretary was stating in the House of Commons that 'the use of force in the Falklands could not be ruled out' — and, as we all know, it was *not* ruled out. But few could have foreseen at the time the effect it would have on the Royal Australian Navy and I believe on Australian defence. The group of Argentine scrap merchants who raised their flag on South Georgia in March 1982 have a great deal to answer for in more ways than one. In the event, *INVINCIBLE* stayed at home and before the then Government decided on any replacement an election was called and a new Government was in office. It would be idle to pretend the incoming Government's decision not to proceed with the carrier project and to disband our fixed wing squadrons has not had a profound effect on the Navy. Quite apart from strategic and tactical considerations which have been widely discussed in the media, personnel problems have caused us a great deal of worry.

The total number of uniformed personnel has declined and will continue to do so for some time to come as the various skills required to support a carrier based Fleet Air Arm are dispersed to other Services or leave the Defence Force as engagements expire. By 1987, it is planned that we will have lost about 1,900 people and, as many in this audience will appreciate, the reduction in numbers has had a consequential effect on postings and advancement and mismatched difficulties in some categories which we are trying hard to redress.

Diplomacy

Having said this, my confidence in the future of the RAN remains firm, but the hard

decisions it has been necessary to make during the past twelve months have been difficult. Putting our troubles aside and looking at the immediate future, while quite properly we give attention to the wartime role of the Australian Defence Force, the peacetime role must never be neglected nor its importance underestimated. Essentially, it is to take those steps which hopefully will prevent armed conflict in the first place. It is the Naval view, and I am sure the general view as I previously said, that diplomacy should be the principal method of settling disputes in this very imperfect world in which we live, a world in which wealth and poverty, abundance and starvation, tolerance and intolerance sit unhappily together. Superimposed, as it were, on this are the ideological differences of the two super powers — the United States and the USSR — and the potential of the vast populations of China and India, and overshadowing everything is the spectre of nuclear warfare which in my opinion the nuclear powers will continue to strive to avoid.

More than any other Service, the Navy can aid diplomacy. Admiral Gorshkov, and I make no apology for again quoting this remarkable man whose perceptions and long period in office have made him one of the most outstanding military leaders of our time, referring in his book, *The Sea Power of the State*, to the greatly increased activity of navies in the second half of the 20th century writes:

'This growth (in naval activity) plus the colossal growth of the merchant and fishing fleets is promoting an increase in the number of contacts at sea between war ships of different states, between war ships and merchant vessels and also between local authorities and war ships on calls at ports and foreign states. Such contacts in peacetime are particular to the highest degree only to one branch of the armed forces of any state, the Navy.'

On the local scene, responding recently to a newspaper editorial querying the value of Australian naval visits to other countries — the Foreign Minister had proposed further Navy visits you will remember to ports in the western Indian Ocean — the Federal President of the Navy League, and he is here today, I thought said quite wisely:

'The benefits of foreign visits are several. Two or three hundred sailors can have quite an influence on local populations and will often form the only links between people in a foreign country and Australia. Our small overseas diplomatic



HMS INVINCIBLE departing Australia 28 Dec '83

Credit: J. Mortimer

missions can only do so much and generally welcome visits by RAN units. They are very visible evidence of our interest in a particular country.'

I think that is a slightly different view than that taken by Mr Pritchett yesterday, but showing the flag in peacetime is time honoured the world over and although nowadays the term is sometimes used derisively there is nothing at all to suggest the custom is out of date.

I suggest a *NIMITZ* is a more thought provoking aid than almost any number of patrol boats or auxiliaries and I think in the Australian context our carriers in the past rendered excellent service when representing Australia abroad. Now, in the more distant ports our destroyers and frigates supported where possible by *SUPPLY* or *STALWART* perform this task, and nearer to home in the South West Pacific, with its many small island communities, the patrol boats increasingly represent Australia and they do so very well.

Military Strategy

I now turn to the subject of military strategy which is just as important, indeed it is more important in peace than it is in war. In war, strategy is often dictated by events, whereas in peace, governments and their advisors have a choice and the strategy they choose to follow will significantly increase or decrease the possibility of involvement in hostilities. To use the words of Admiral Sir Anthony Synnot:

'It is worth remembering that it is better and more economical from every point of view to deter war rather than plan on winning after it has started.'

Just as an aside here, I think perhaps if Admiral Synnot had had the chance to have been in office for over 30 years, Australia might have had its own Gorshkov.

In general terms, military strategy can be described as being either offensive, in a deterrent rather than aggressive sense, or defensive. In the democracies, it is the responsibility of governments to decide the form of strategy to be followed and it need not be wholly offensive or wholly defensive. More often than not it will be a mix, but here again the actual mix, where the emphasis is to lie, is a matter for government. The structure of a national defence force or the way it is being developed usually provides a good indication of the strategic thinking in a country and the direction in which it is heading so far as its international relationships are concerned.

In considering the defence of Australia,

we cannot and do not ignore the reality of the power and influence of those countries possessing nuclear weapons, particularly the United States and the Soviet Union. The pervasive influence on defence thinking everywhere of the nuclear deterrent strategies practised by the super powers during the last four decades needs no elaboration for this audience. The facts are always in mind as we plan our own conventionally equipped Defence Force. So far as our naval forces are concerned, since its inception in 1911 until almost the present day, the Royal Australian Navy has been structured around a corps of what I will call, for want of a better description, fighting ships. The battle cruiser *AUSTRALIA* at the beginning, the cruisers up to and including World War II and a little beyond, then the carriers and more recently the submarines and always the destroyers — they have been a very visible sharp end of naval defence.

The ever increasing complexity of cost of modern frontline war ships, the need to provide our own support facilities and the infrastructure of a self contained Navy, the training establishments and the schools and the stores complexes, housing for the personnel — the list is endless — have together with the matching requirements of the Army and Air Force placed a considerable demand on the resources of the country. A critical public is conscious of a very large Defence establishment ashore and relatively few ships or aircraft or Army equipment to show for it all, and this concern is understandable. In Defence, we must be very careful to see things in proper perspective and to ensure that the money and effort devoted to support facilities and administration is commensurate with the Defence force produced, a Force capable of meeting the demands of Government in a wide variety of circumstances.

In my view, this means a Navy with the emphasis on deterrent capability to discourage anyone who might contemplate interference with our sea lines of communication or hostile action in our region, and at the same time to provide worthwhile support for the very much larger but nevertheless stretched forces of our principal ally, the United States, and its worldwide peacekeeping capabilities and activities. This is the expensive and slower to achieve part of the objective, but the expense will be nothing compared to the cost measured not so much in terms of money but in loss of life and suffering should we become involved in conflict. We should know this by now, but sadly memories are shortlived except amongst those who have

been involved in war.

The defensive part of strategy to which Navy is devoting attention includes the improvement of surveillance facilities, hydrographic activity as we heard this morning, methods of dealing with mines and mine laying, liaison with the merchant shipping industry ranging across ship building and ship maintenance facilities to possible war-time use of particular merchant ships and ways of handling merchant ships and their cargoes in times of tension or war. To return to the subject of deterrence; in the past, although costly, war has generally been accepted as a continuation of politics by other means. However, primarily because of the destructive power of modern weapons this is no longer the case and we live in an age of deterrence. It has even been suggested, perhaps with tongue in cheek but certainly with some justification, that future battle honours will refer to battles deferred rather than battles won.

Deterrence

Deterrence, and particularly strategic deterrence, has become almost synonymous with a nuclear capability, but there are of course many less drastic forms of deterrence which are also more applicable in our region. Current defence doctrine notes that the essential element of an effective deterrent is a force structure which is seen to be capable of countering or expanding to counter a perceived threat, so that a potential enemy is convinced that the efforts he would have to expend to achieve his aim would not be commensurate with the expected gain. In Australia's situation, I see four essential elements of deterrence comprising *firstly*, an effective surveillance and reconnaissance capability such that no potential aggressor would imagine hostile intentions could be concealed. Although this can be provided by a combination of RAAF and Naval forces, only submarines are able to operate in this role covertly. In itself, a capability for covert operations enhances our deterrent posture because a potential aggressor never knows when he is or will be under surveillance, and I put it to you that air bases around the north of Australia with no air warning is rather like playing Blind Man's Buff.

Secondly, a credible capability to implement sea control measures. You will be aware that the concept of sea control, which Commodore Robertson has spoken so eloquently of before, is based on two components of sea assertion and sea denial. Although range limited, Air Force assets can

contribute to the Defence Force capability for sea denial, but I believe only Naval forces have a capability for sea denial *and* sea assertion and this is fundamentally important because war cannot be won by reactive sea denial alone.

Thirdly, a demonstrable strategic strike capability is required. Such a capability we have in our F111s, but perhaps a similar capability could also be achieved, perhaps at less cost, less risk, with greater effect in terms of range and ability, to operate covertly by the acquisition of cruise missiles for our submarines.

Finally, given our limited national transport infrastructure, particularly in the north, and the north west, and our responsibility for offshore islands, I believe we also require a demonstrable strategic capability to deploy and support balanced ground forces in threatened areas, and only Navy can enable Army to deploy ground forces into threatened areas near or far from our coasts without a requirement for staging bases on foreign soil or co-operation by friendly governments for overflight clearances.

Community Understanding

To draw the threads together, Australia has a rich and long maritime heritage in which the Royal Navy and since 1911 the Royal Australian Navy has played a fundamental role. Despite this, there is a tendency in the community to adopt a continental outlook which recent decisions and statements on Defence have perhaps incorrectly underlined. This I describe as the Maginot Line mentality and I leave you to judge the outcome in conflict of adhering to it. Nevertheless, Navy has an essential role to play in the defence of Australia and its interests, the security of our sea lines and regional stability.

But the development of any Service is affected by the importance it is accorded by its nation. It must enjoy the understanding and confidence of the Government and the support and encouragement of the community, and so it is with the Navy. The acceptance of its role in defence is a predominant factor in Navy's development. This acceptance is only possible if the political leadership, the Department, the press, industry, trade and community are well informed of its roles and functions and I think this seminar is one of the things that helps that. As I mentioned, there is a general lack of understanding on maritime matters without our community and even within some sections of Defence. Despite the importance of maritime affairs to our national wellbeing, this lack of understanding con-

tinues to hamper our force structure development.

Australia is not in a position to develop a Navy to be able to take on a super power. At the most, medium level contingencies are the accepted standard for planning. However, with maritime defence there seems to be a reluctance even to meet this standard. There is a tendency to let the matter go by default, relying on international stability and faith in allies. In many instances, a Navy is liable to be made to operate on the principles of what can be afforded rather than on any clearly worked conception of threat and, as most of you will be aware from recent publicity, defence development in Australia is hampered in any case by a lack of an identifiable threat.

Yet it is vital that our naval forces should provide a credible threshold of deterrence to any potential aggressor. Today, the development of a number of regional navies is proceeding rapidly with some of the very best military equipment that money can buy. During the past three decades, for example, five Indian Ocean countries have developed submarine arms and almost all are acquiring missile equipped ships and aircraft. Given our geographic position, offshore islands and resource interests, reliance on maritime trade and diplomatic interests within our region, we must not lag behind.

Conclusion

My presentation has focussed on the theme of Sea Power for Peace. It has been

stated that a country with a Navy is potentially a neighbour to all countries with coasts and this is particularly appropriate for Australia. As a middle ranking power on the edge of both the Asian and the Pacific region, we can do much to promote stability and good relations in our sphere of influence. I believe the present day RAN is particularly well suited to supporting this responsibility while retaining the necessary balance of capabilities for defence should diplomacy fail; but without community support and understanding, defence planning and preparedness will remain incomplete with long lead times, expensive equipments and the resulting complex contractual arrangements with industry. As we have heard from Sir Charles Court, variations in public mood reflected in the actions of Government sometimes have effect which are not in our long term interests.

I would like to see, and I hope I shall one day, wholehearted bipartisan support for Australia's defence policies; perhaps too much to ask, but I strongly believe it is important to achieve as much unity of purpose as possible in this regard. I hope occasions such as this will be a step in the right direction and meanwhile I am cautiously optimistic about the future. The Navy is adopting a positive approach to the period of challenge ahead. I do not underestimate the difficulties — they will be as great as we have ever had to face — but I am confident with the great team we have got that we are well equipped to meet them head on.



A DECISION MAKER'S VIEW

by The Rt Hon I.M. Sinclair MP
Opposition Spokesman on Defence

Commodore V.A. Parker: Mr President, distinguished guests, ladies and gentlemen. Before introducing the next speaker I would just crave your indulgence for a short moment. When this Institute was being founded, I had some part to play, aided and abetted by my good friends Alan Robertson and Les Fox and those early members who had the vision to be part of that formation, against some little opposition I might add from some unexpected quarters. It is very gratifying to me to be here at the third seminar, with such a high level of representation, carrying on the tradition founded in the first two, and also I take the opportunity to remind ANI members particularly, and other people, that the ANI does not hold any corporate view itself. It pushes no party line. It is no one's mouth-piece. The members themselves contribute to what they have to say and the members are the ones who can encourage public debate and support by encouraging people to join the ANI, and therefore I hope develop sound maritime policies.

The Right Hon Mr Ian Sinclair you all know. A barrister and lawyer, a grazier, leader of the National Party, he is Opposition speaker on defence matters, has been a Federal Member of Parliament for the last 21 years, and before that, I understand, was some years in the New South Wales Parliament. In previous Governments, he has held portfolios of ministerial responsibility, his last being Minister for Defence. A speaker at the last seminar, a Member of Parliament then in Opposition, now resides in The Lodge. Perhaps this trend will continue. If so, perhaps the next seminar we will find we are swamped with the Members of Parliament. I now introduce our next speaker who is going to speak as a decision maker, the Right Hon Mr Ian Sinclair.

* * * * *

Mr Chairman, after that introduction what else could a politician say but that I think you might well find that there will be a few more recruits to your next seminar! Mr President and distinguished guests and ladies and gentlemen. After hearing that very excellent exposé by the Chief of Naval Staff I wonder if I can open by addressing some of the wider problems of Defence and then coming back to your particular concerns with sea power.

I think it is all quite appropriate that in 1984 we start any consideration on any matter that requires the expenditure of public funds by realising that what is necessary is the putting into perspective of the demands of each of the sectors of required spending, and balancing them against the other, balancing them against the ideological commitments, or the philosophic commitments, of the Government for the time being. I think that it is in that context that so many of the present difficulties that any Government faces in the time of its budget preparation are certainly highlighted, when you come to the big ticket items that are represented by Defence, and sadly it is in that context that I think many of the quandaries that we now face really do put a very different emphasis to that that any one of us would prefer to take, given the decision without having any financial strings to it.

The second factor that I wanted to put into general context was that if you are looking at the situation of the Australian Defence Force, we certainly need to remember that it is 39 years since World War II came to an end and since then we have been involved in the Malaysian conflict, in the Korean conflict, in Vietnam and a number of other exercises within United Nations forces and in multinational forces around the world. The character of the threat to Australia has really been seen more in retrospect than in

anything that is about us, other than perhaps in reading about the circumstances that prevail in other countries, many of which are a long way from here although most of us feel they very closely, and often too closely, impinge on our national interests. In looking at the climate of the Department of Defence we therefore need to register that many of its present assets are ageing, that the circumstances of organisation of the Department are certainly predicated on the fact that there have been changes introduced as a result of the implementation of the Tange era in the Department and the changes that that imposed; and then we did have reported to the Government about 14 or 15 months ago the report of the Utz Committee, but sadly although the first part of it has been applied, the second part has not, and of course even in the second part we have not been able to accept that it necessarily went far enough, but if it did go part of the way at least some of it should have been implemented by this.

The product of that is that we have in the structure of the Defence Department itself, I think, a number of factors which certainly impinge on the ability of the Navy to perform its task and Defence itself to exercise its responsibilities the way it should. So first you have got dollars, secondly you have got the ageing of assets and thirdly, you have got the problems that within the Defence Department there are many matters which I believe need very serious re-examination and an application of some decisions which to date have not been taken.

We move away from Defence itself then and look at the Navy. In the current climate, it is easy to see what is wrong with it. Certainly, it is very easy in 1984 and in the political context of today to see how it is being treated by the Government and I think it is very right and proper to fear for its future. This is probably more because of what it has done to the Fleet Air Arm in particular and because, as Vice Admiral Leach has just said, the decisions on the *INVINCIBLE* that flowed from the Falklands campaign resulted in a circumstance where a political undertaking given prior to election could have been — were — applied in a way which has certainly reacted to the detriment of the morale and attitude and even the whole *raison d'être* of the members of the Royal Australian Navy.

Lack of Information

One of the problems, though, is not just in the matter of the perspectives of what has happened in terms of the decisions on the fixed wing capability of the Fleet Air Arm, but

lying in trying to determine what is happening in the Navy itself. One of the difficulties I have as Shadow Minister for Defence is trying to determine just what exactly is happening in Navy, and I very much commend this Institute for putting on a seminar or a forum of this character, for it is really only in this way that those of us who are involved in trying to perceive what a Government should be doing for the Services can have any idea of how you see the future and how you see the role that you play in it. Regrettably, the Navy like the other two Services seems extraordinarily reluctant to have very much to do with members of the Opposition, at least on an official level, and it becomes extraordinarily difficult for us who are expected immediately on election to Government to be able to take decisions that affect you, to really know what decisions affect you, to really know what decisions should be taken and how they can best balance those demands for funds that I first spoke of, against other demands for funds.

I talk about the visibility of expectation because you would know that at a time when there are very extensive demonstrations for peace around the world, the perspectives of how you are going to obtain peace seem to me to be in a state of limbo for the deterrence of which Vice Admiral Leach spoke. The way by which it would certainly in my view achieve peace is being balanced rather by the forceful advocacy of those who are suggesting unilateral disarmament and all the consequences that that imposes upon the maintenance of the strength of the armed forces; and they certainly impinge on the decision taking process as it affects governments, in determining the balance of priorities between those different sectors who are striving for their share of the public sector funds.

It is necessary that the Armed Services make sure that they do not rely just on Institutes like this to let those of us who are involved in politics, on whatever side, know what the position is and know how the circumstances of your capabilities might be. To have a reasonable, informed debate means getting reasonable, responsible and accurate information and certainly as far as I am concerned I find it incredibly difficult to obtain that. Indeed, the only source of information that I now find I have access to is the library of the Parliament and it, of course, gets what limited public information there might be — much of that tends to be from newspapers and we all know that we do not always accept what is in the newspapers as

necessarily being accurate. Of course, it is also true that as far as politicians are concerned I do not think really it is particularly appropriate that we need to rely so much on illicit information or to be the recipient of leaks and that tends to be the only basis by which we come to conclusions about the state of play.

I certainly do not believe that we should only be targets for Government disinformation about the state of our defences, and regrettably in my view some of the information that is being promulgated at the present time by representatives of the Government, and I stress the Government rather than the Armed Forces, seems to me to be in that character. Sadly, as I say, the position of the Navy in some circumstances, however, is extremely visible and I know it is of great concern to all of those who understand the need for a viable Navy and a need for a force to be able to react to those circumstances which Vice Admiral Leach has so forcefully just illustrated to us. After all, we are an island nation and an adequate Navy would seem to be a first prerequisite to any defence that we might need to mount, but in my view, as of 1984 we do not have an adequate Navy to exercise the responsibilities which we have all seen and which Vice Admiral Leach has just exposed.

The Fleet Air Arm

We have a Navy which at the moment seems to me to be running down, where its ability to meet the responsibilities which it has are increasingly in doubt. There has already been reference to the decision to scrap the fixed wing component of the Fleet Air Arm. In my view there were two products of that decision which need to be brought to mind. The first is that I think it is very sad when the decision on the carrier was taken not as a result of a proper consideration of the factors that should have been taken into account in determining whether or not the Navy needs a carrier. As you recall, the undertaking not to acquire a carrier became part of a political debate and it was a political undertaking of the present Prime Minister, before the election, which he then implemented when he was elected to Government. Frankly, I think it is a very poor state of play when we are in the position where a decision is taken on the basis of a political undertaking with respect to a major item of equipment for the Defence Force or indeed for any one of the areas of Government responsibility.

The second is that the decision with

respect to the fixed wing component of the Fleet Air Arm seems to have been rather on the basis that it was the only way to deny, for the time being, the Navy the opportunity to express its views about what structure it saw around a carrier. It was almost as though it was a decision based on the fact that the only way to silence the Navy in terms of forward planning was to ensure that there was no likelihood of you being able to retain that capability, and by disposing of it, therefore, you dispose of the carrier argument; therefore we would look at the circumstances of how you might exercise your responsibilities in a limited way, rather than taking into account properly an option which seems at least to any fairminded observer to be essential and particularly when it is taken into account that we have had aircraft carriers for so long.

Beyond that, of course, you have got the fact that the A4 Skyhawks are the only aircraft presently in establishments of the three Services with their own inherent ability for air-to-air refueling. Of course, it is also true that the Skyhawks are in service in each of the countries in ASEAN and that too would seem to me to have particular significance in terms of exercising requirements for the Fleet. It is acknowledged too that in terms of the economics of running aircraft from *ALBATROSS* at Nowra it would seem far more economic to use aircraft that are in establishment, that are available, than using Mirages based at Williamstown with the greater distance that it lies from the major east coast Fleet training area.

But both the A4 and the Tracker aircraft in our view should have been maintained in service until the end of their effective service life or until some decisions had reasonably been taken on how the capability that they now provide could be effectively replaced, and we do not believe at the moment that they have been effectively replaced by elements of the RAAF.

The aircraft carrier decision we do see in a different light. We see the problems of the *INVINCIBLE* decision as being a product that I believe was a necessary reaction by Australia to the character of the relationship between Australia and the United Kingdom, at least as my side of politics see it, in the post-Falklands circumstance. In our view, the offer to the United Kingdom to retain the *INVINCIBLE* was the only proper decision that we could have taken in those circumstances and we see that decision as having no bearing on any future requirement there might be with respect to the acquisition of a carrier for the Navy, for a future decision needs to take into

account the way by which the Navy can best exercise its role and its functions and its responsibilities.

The aircraft decision certainly was taken against naval advice and in my view without consideration of the economics of their maintenance in service. But at least as importantly, of course, is the premature termination of the flying careers of the pilots who operated the aircraft and whose skills were the product of years of extensive and expensive training and we all know that sadly these are soon to be lost to Australia as well as to the Navy, at least in many instances.

Helicopters

The Government fortunately has not completely scrapped the Fleet Air Arm and is going to keep the rotary wing component, but this decision seems to be resulting as far as I am concerned also in a lot of indecision. We are told the RAN will retain existing helicopters and has been promised new ones. The two priorities governing the viability of the Fleet Air Arm as a helicopter force at present are the maintenance of training capability and the provision of an afloat capability. The first problem is largely solved by the decision that we took back in August 1982 to order the Squirrel helicopters. This order, you will remember, was for 18 aircraft, the last of which was due to be delivered in mid-1984 with twelve going to the RAAF and the remainder to the RAN. The urgency associated with this purchase resulted from the UH1, the Iriquois, which performed this role developing fatigue problems and running out of service life.

Recently, the present Government announced that a further six Squirrel helicopters would be purchased for use in the search and rescue role by the RAAF and the RAN allowing the UH1B to be phased out of service. However, the major decision facing the current Government is how to provide helicopter support to the Fleet at sea. As you know, the eight Sea King helicopters which provided anti-submarine warfare protection to the Fleet are effectively confined to shore bases because there is no combat unit of the RAN which can support them at sea, now that the *MELBOURNE* has been retired. The FFG frigates are the only units designed to operate helicopters and, therefore, the RAN's efforts have centred on obtaining approval to procure suitable helicopters for them. This project, we believe, is particularly urgent because as we see it the Fleet has no organic anti-submarine warfare protection beyond the range of its ship-mounted sonars; and if

we say that is about five to six nautical miles, then in an age when even conventional submarines are capable of launching surface skimmer missiles with ranges of about 50 nautical miles, while remaining submerged themselves, it obviously leaves the Fleet particularly vulnerable.

Of course, the Navy lacks any method at the moment of gaining long range tactical intelligence from its own resources apart from submarines, and they are of course far too slow to react to the development of an engagement at sea. Without this intelligence, the Fleet cannot exploit the advantages of its new technology weapons. The Harpoon surface skimmer we are told, according to public information, has a range of about 50 nautical miles when launched from a ship, yet the radar horizon of a ship is — what would you say? — about 20 nautical miles at most. This effectively, without air support, is now the maximum range therefore at which the missile can be used. This Government's policy argues that the RAAF's Orion should be capable of providing the backup support in Naval operations and provide indeed all these services to the Fleet.

However, the Orions remain shackled by insufficient air crews and sadly there seem to be growing signs that they cannot provide all the service, military and civil, that is being required of them. You would remember in the Minister for Defence's statement last November he said:

'Enhancement of this aspect of maritime operations is one of the highest new equipment priorities for the Defence Force. I expect the assessment of helicopters for operation for the Navy's FFGs and of the opportunities for commonality between these and other Defence Force helicopter requirements to be completed during this current financial year.'

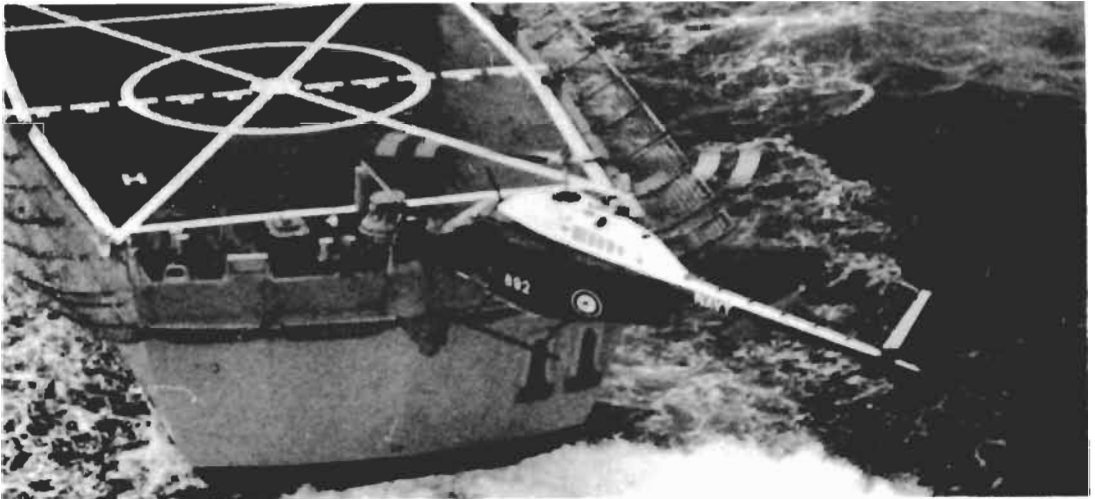
It can be inferred that funding for the helicopters was included in last year's estimates and that this was to be almost the only major equipment procurement decision to be made in 1983/84. Earlier in that same statement, the Minister complained that budget stringencies meant that there was only \$18 million which would be available to commence new projects in 1983/84. He also failed to recognise that there had of necessity been a very significant forward commitment on new capital requirements to meet what we saw as the increasing problems of modernising all the three Services including the Navy.

At a Defence seminar in Perth, the then CDFS presented data that indicated that the down payment expected on new helicopter



Lynx 3 (Westland)

RAN Photo



Bell 206 B-1 Kiowa

RAN Photo



Seahawk (Sikorsky)

RAN Photo

projects during this financial year was about \$18 million. Whether this was intended solely for the FFG helicopter project or was intended to encompass the second Squirrel order, totalling approximately \$5 million, I am not sure, but in the current state of indecision in the Government on Defence matters there must be considerable doubt whether the promised decision will be made and the appropriation spent. This arises not only because we are coming to the end of the financial year, but from the apparent complication of the selection by interposing commonality considerations. You will remember that in January this year, the Minister said that tenders would soon be called for the provision of new utility helicopters for the RAAF. He stressed that approval had not been given for these helicopters, but that calling tenders would permit both Navy and Air Force requirements to be examined together, to identify the prospects of a common purchase.

The tender was to be issued worldwide and obviously would call forth many responses, implying as it did that the competition was wide open. They have got problems in the fact that it was wide open, too, for you would recall that in his previous November statement he said that they had already narrowed the choice of the naval helicopters to the Westland Lynx and the Sikorsky Seahawk. If this choice is to be maintained, and it was justified by the Minister for he said then that it would avoid further nugatory effort from the other contending companies, it is difficult to see the justification of an open tender for a project which was said to have been initiated precisely to allow a consideration of its relation with the FFG helicopter programme.

The likely consequence — and it is this that I have spent a little bit of time on because it is the sort of detail that seems to me to be illustrative of the problems that we have in developing adequate sea power within the Navy at the moment, and certainly it is illustrative of some of the problems there are in trying to see how we are going to be able to meet the future requirements of the Navy that at the moment are so handicapped in having even within its rotary wing capability such limitations imposed on it — the likely consequence and the delay on the decision on the helicopter project, when responses to the RAAF tender have been evaluated, seems to me to make it doubtful whether there will be any acquisition, as was originally suggested, before the end of this financial year. That has other consequences. The capacity to

spend on new equipment programmes is already extremely limited within the context of the sort of decisions that I see this Government taking in its future budgets. The information supplied at Perth suggests that something like \$50 million only, is going to be available in the next financial year to spend on new capital equipment programmes.

If the \$18 million allocated this year is not spent, almost a third of next year's room for initiative will have already been gone and that is going to further delay some of the immediate problems in the structure of the equipment of the Navy. Potentially more damaging, however, I think what is likely in the present Government situation is that finance will certainly use the argument that if the Navy cannot spend the money that has been now allocated to it, then it is rather doubtful that priority should be given in the context of the demands of the other two Services. Indeed, when you put that into context with the publicised request by the Department of Finance only a fortnight ago that the Defence forward estimates need to be pruned by something like \$600 million, then the position becomes even more serious and of course we have already had statements from the Minister for Defence that he is unable to give any assurance that the Defence Vote in the next financial year will even be maintained in real terms.

Cost Cutting

All these cost cutting operations do have a very serious effect and I know so many of you in the Navy are only too well aware of them. But the difficulty is to try and make sure that the public at large understands that this is going on, and when one looks around and sees the consequences of them I think it highlights the necessity for there to be publicly supported advocacy for greater funds to be allocated to the Services in general, and, in the present context, to ensure that as the Government moves into its pre-budget deliberations that there is a recognition that unless there is money provided, all the projections that you have given of your future requirements are likely to fall even further short of the present state of play. You would know that naval ships are tied up at wharves because they have used their fuel allocation. You would know that officers and men are not being transferred to new postings because there is not enough money to pay the air fares, and, in spite of the generally excellent attitude of officers and men, the result has to react adversely on morale.

I was horrified by the story that I heard

about postings and so I wrote to the Minister and I thought I might in this forum, because it is one of the few chances that I have to be able to highlight some of the applications of these Government decisions — I might quote from his response to me of 4 April, for it so seriously and presently identifies the consequences at the decision level of what is happening to the Services with which you are all concerned. He quotes in this letter of 4 April:

'Due to a higher than expected level of expenditure occurring this year against the Permanent Naval Force's salaries and allowances vote, it will be necessary to make offsetting savings in other areas of operating costs within the Navy so as to contain expenditure within budget outlays. The reason for this higher expenditure stems from an unusually high personnel retention rate —

(which one would think was obvious in a time of high unemployment anyway)

'coupled with the need to reduce normal recruiting levels to meet an approved manpower rundown following the paying off of *MELBOURNE* and the cessation of fixed wing flying in the RAN.'

Quite properly, the Chief of Naval Staff has referred to the numbers a few moments ago, but the consequences obviously are not being applied in a flexible way, nor in terms of preserving to the maximum the necessary capability of the Service. I continue:

'The combined effect of these factors has resulted in a change in the previous ratio of senior personnel to junior sailors with the former being in receipt of higher pay levels. In identifying offsetting savings, it was necessary to reduce the level of expenditure on travel as in several other areas of operating costs, and accordingly only those postings which could be classified as essential for Service or personal, that is compassionate, reasons have been allowed to proceed where travel costs would have been involved. It was necessary to impose restrictions as soon as the higher expenditure requirements became known. Since that time a detailed examination of all areas of Navy expenditure has been carried out and it is now apparent that the present level of posting restraint can to some degree be relaxed for the remainder of this year.'

I regard that sort of advice, and the consequences that it has on the Navy being able to retain its capabilities and perform in order to meet the sea power requirement, as nothing

less than deplorable, and why there are circumstances where funds can be provided in other areas of Government funding but not in order to provide an ordinary posting requirement for the Navy seems to me to be nothing less than a disaster.

Of course, there has also been a rundown in equipment, in ammunition spares, in spare parts. Exercising, we all know, has been restricted and there is no clear direction as far as I am concerned in the general budget projections at this time. The Navy, as we have all known, did suffer in its planning through the decision not to acquire an aircraft carrier and the consequential reduction in manpower that, as the CNS has explained a moment ago, has led to significant problems in the allocation of resources as numbers of personnel are being reduced.

Naval Capability

In the Opposition, we believe that the Navy should have an integrated capability with fixed and rotary wing aircraft, capable of air attack, defence and reconnaissance. We believe the Navy should be equipped with purpose designed surface vessels and submarines. They should be able to defend our coastal approaches and prime sea lanes, extending as they do so far from Australia's mainland.

They certainly should have an ability to be able to patrol and operate within the maritime fishing zone extending 200 miles out around the Australian coastline, and they should also be able to operate in association with Australian flag merchant vessels as and when required. In this respect, I know that just before I no longer was Defence Minister a survey was initiated to try and establish the capabilities that there were of appropriate merchant vessels so that they might well be integrated in any future defence circumstance into the Royal Australian Navy, in the same way as British merchant vessels were into the Royal Navy during the Falklands campaign. I have heard nothing of that since. I only hope that that survey has continued and the results are there and some analysis has been made of the way by which they might be integrated.

The difficulty, however, is, in part, the structure of our industrial relations in Australia, and all of you in the Navy know so well of the difficulties you have had at Garden Island and Williamstown over the years, with the industrial difficulties that have delayed the refitting and delivery of vessels when they have gone in for necessary maintenance and repairs. Those industrial problems ex-

tend into the maritime services, and one of the difficulties we have in our general availability of ships is that because of the conditions and the higher cost factors associated with the Merchant Navy, most of Australia's trade is conducted in foreign flag vessels. We have not, therefore, the resources that there are available in the United Kingdom, or indeed in many other of our allied fleets around the world. What I would hope we can do is, therefore, to ensure that with those limited number of flag vessels that are there, particularly those of the Australian National Line, that we do see to what degree they can be used to supplement the Fleet's requirements in given defence emergency conditions. The Navy's mine countermeasure force and anti-submarine warfare capabilities certainly also need to be strengthened.

Foreign Policy

All these things — it is the running down and your general capability as we see it — have taken place at a time when the Foreign Policy of the present Government seems to us to be isolating Australia from our friends and our allies. First we have got the problems with the countries of ASEAN. It seems to us that the Foreign Minister is more intent on developing his relationships with Vietnam than he is in maintaining the relationships with the countries of the Association of South East Asian Nations who are, after all, our closest neighbours. Then we have the disaster that followed, in our view, the Government's indecision on the whole question of the non-dry docking of *HMS INVINCIBLE*. That failure to accommodate the reasonable requirements of the United Kingdom we believe has weakened the confidence any neighbour, and certainly our ANZUS partners, can have on Australia's ability to provide necessary services if they should be required in the Australian environment. The consequence, both of our isolation and of the measures that were taken with respect to *INVINCIBLE*, as we see it is to isolate Australia today to a greater degree than we have ever been before in terms of our defence capability, and yet we are not being given the financial resources to meet that expectation of greater self sufficiency.

You would have all read at the beginning of this April that the Soviet exercised three large battle groups in its largest ever naval exercise in the North Atlantic. They involved the nuclear powered cruiser *KIROV*, probably I am told the world's most powerful cruiser, more than two dozen submarines, and large numbers of *BADGER* and supersonic *BACK-*

FIRE bombers. They demonstrated above all that the Soviet now has an ability to co-ordinate the operations of its naval fleets in the Mediterranean, and off Eastern Asia, with those in the North Atlantic, and while none of us are looking at a circumstance where the Soviets are going to be an immediate threat to Australia, I think given the circumstances of Afghanistan and given the extent to which Vietnam tends to be almost a surrogate of the Soviet Union and given the politics of the Soviet — I must say that I totally disagree with the assessment that the CNS referred to by Andrew Mack, that the Soviet Union was not leading the arms race — I find it quite incredible that the institute of Strategic and Defence Studies seems now to be the basis of advice to the Government instead of the Armed Forces. But given all those circumstances, I think one has to accept that the consequence of Australia being on its own and not even being able to rely in some circumstances on our ANZUS partners really is very serious indeed.

Conclusion

All we seem to be doing in my view is upsetting our allies and lowering morale among our own serving men and women. From a decision maker's point of view then, I would have to say to you that I am not happy about the extent to which funds are provided for the Defence Force, nor am I happy about the extent to which within the Navy there is an ability for it to meet its prime task. The Government in my view should be telling Australians not just how good its Prime Minister is but what the real Defence situation is and what it intends to do to correct it. The problems of Defence in my view are now past the point of political point scoring, and while I would not accept that it is possible to have any point of view on Defence which goes across the breadths or the boundaries of the parties in Australia, I am afraid a bipartisan policy on Defence is predicated on there being a common acceptance of the defence threat and the ways by which there should be a reaction to it.

As I tried to illustrate to you, at the moment from our point of view, we certainly do not accept that there has been a proper assessment of the defence threat to Australia by the present Government. We do not accept the extent to which there has been isolation from our friends and allies and we do not believe therefore that we can develop a bipartisan approach to Defence which would accommodate the diverse situation which this Government has put in place from

that which existed prior to the defeat of the Government at the March 1983 elections. I think there are now very real and very serious problems in exercising the responsibilities of the Royal Australian Navy and meeting the general maritime threat situation in waters of interest and of concern to this nation.

In my view, unless there are adequate funds provided immediately for the Services, it is not going to be possible for the Royal Australian Navy to meet its responsibilities, and I am afraid, in spite of the optimism of the Chief of Naval Staff, my pessimism is that there are other forces and factors pushing on this Government which seem to me to be likely to change its emphasis and make it even less likely that the Navy in future will be able to maintain even its presently reduced strength.

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DISCUSSION

Mr K. Forsey (Dept of Transport): The question that I would like to ask relates to the aircraft carrier question, and I might point out I am a non-naval member here, but it seems to me just from my reading of the newspapers at the time, that the aircraft carrier problem seemed to stem from that decision by your Government, the then Government, not to go ahead and purchase the *INVINCIBLE*. I understood that the reason to purchase the *INVINCIBLE*, which after all was a secondhand carrier, stemmed from Australia's inability to afford a new one and I just wondered at the time that that decision was made, had your Government decided that there was some other alternative source of supply — had it made that decision? I would also like to understand what were the reasons why that decision was made. You mentioned a special relationship. That seems to me to be more sentiment, for sentimental reasons, rather than hard practical reasons, because it seems to me that we had a contract to purchase a carrier which we could have stuck by and we would have in fact had one today.

Mr Sinclair: No doubt legally you are correct, that there was a contract, but it was a verbal contract — but I think it was a lot more than sentiment. In my view, Australia's role in defence has to be viewed not just as an independent isolated nation, and one of my concerns about our developing a peculiarly self sufficient role for our Defence Force is not that we need to be self sufficient, but we have another role to play and that is with other countries who have similar interests to us. As far as the Western deterrence is concerned,

the ability of the Royal Navy to maintain an adequate carrier force is at least as important to Australia as it is that we have an adequate naval force within Australia. So while I would accept that it was perhaps not necessary for the Fraser Government to have offered back to the United Kingdom the carrier in the terms that we did, I believe that there is in Australia's interests as much a concern for us to preserve the strength of the Royal Navy as there is to develop and establish the strength of the Royal Australian Navy.

With respect to the general subject of where the state of play was on the carrier by the Government of which I was a member, we had certainly had a preliminary discussion on a Cabinet submission with respect to the acquisition of a carrier to replace the *INVINCIBLE*, it no longer being available. It had not been to Cabinet — it had been at a committee of Cabinet. No decision had been taken on that paper and at the time of the change of Government there had been no decision certainly *not* to acquire a carrier. One of the concerns that I had, and still have, is to know whether there are other types of floating platforms which would be able to provide the anti-submarine warfare helicopter fleet support requirement, whether there are other ways and particularly if you are looking at fixed wing aviation, whether you could provide an adequate platform capability for that purpose, and given the landings of the Harriers in quite extraordinary circumstances it would seem that it is possible. In other words, from our political point of view we believed that it was necessary to examine those other options before any final decision was taken as to whether or not an *INVINCIBLE* type or a larger carrier should have been acquired.

Obviously a super carrier is just out of the question. A secondhand carrier seemed to be an economic and a practical option, but it all comes back to that fundamental question that I think lies behind the whole of the problems of the Defence Force at the moment, that is, 39 years down from World War II and the other circumstances of limited warfare make it hard for the Defence Force in the minds, unfortunately, of most politicians to establish the same priority as there is for education and health and welfare and all those other immediate requirements of the good life to which we have all become so accustomed. One of the virtues of having this sort of a seminar is that it does help to identify the fact that unless there is sufficient resource allocated to the Defence Force then there are no options available in terms of the equipment that you are going to provide for any of the

Services. For unless there is adequate money, and unless there is adequate rolling money for the capital procurement programme, frankly you are just not going to be able to have a Defence Force and that seems to be one of the real critical crises that I see this Government, indeed any government, facing in their budget planning.

LCDR I.R. Gulliver: Sir, whilst you were Minister, did you think that the Tange reorganisation had been successful and if re-elected would you have Defence Central reorganised?

Mr Sinclair: You would not like me to send that off to a committee, would you? I think that one of the difficulties I had — about two days after I was Minister, John Utz came to me and asked if I would give evidence to him to tell him how I would reorganise the Department and while I had had plenty of experience in other departments, as you all know so well, Defence is a peculiar animal and it takes a little while to learn the ins and outs of the place. Frankly, at the end of — after I had been there six or eight months, I would have been delighted to have begun again. I think that at the moment there are all sorts of problems as I see it in the structure of the Defence Department, although I believe fundamentally the Tange reorganisation is a lot more efficient than the structure of the Defence Department that preceded it. There are obviously continued frictions of which we are all too well aware between Defence and Defence Support. I believe they have to be resolved, and there are ways by which I can see they can be properly resolved, but probably not while you have an equality of responsibility between two Permanent Heads. I think that it is necessary to look at the structure of a Defence Support Department as being under perhaps a junior Permanent Head, responsible to a Permanent Head, responsible to one Minister with a Minister Assisting having a responsibility perhaps in that area.

However, when we go back into Government I would be inclined to look at other areas for a Minister Assisting to exercise responsibility. There are a number of areas in the Defence infrastructure which I believe are really absolutely disastrous at the moment. The general housing of Servicemen really is so sub-standard that one is almost ashamed to be associated with it, and I think that much of the assets that are there need to be sold. We need to find a way by which we can persuade Treasury to accept that when a resource is sold, the funds can go back into Defence and be used to acquire new housing

and develop new assets in whatever way that might be suited.

The second thing is that I am sure that within Defence there needs to be greater delegation than there is now. For an organisation which has so many who have been trained for so long and so intensively, to be allowed to spend so little and to exercise so little personal responsibility is really mind boggling. I cannot comprehend why we have gone to the point we have where you seem to have every decision taken by so many people that has to go up so many chains and then goes off to a committee and comes back again, and the process of deferring decisions rather than making decisions seems to be more symptomatic of the system than anything else. One of the things that I would like to do therefore is find a way that we can overcome the present Departmental committee system which seems to me to be really very wasteful of resources and time.

I would like to see the system that exists generally in the United States whereby if somebody has a responsibility, and a vote last year was X dollars and the cost escalation is 10 per cent or whatever, you give him X plus 10 per cent and you allocate it to him on a monthly basis or some regular basis as indeed as Sir Charles knows, funds are given to State Governments to spend as a result of the general arrangements between the Commonwealth and the States. I think it would be far better if individual areas were allocated to a person who has delegated responsibility, who is given the money that he needs to spend in the area and he went ahead and did his job. I think that is a change that we need to do.

So, there are a number of individual areas where I think things need to be changed in the Tange reorganisation. But an immediate requirement is that the Government does something about the Utz Report. While I do not think it goes far enough, frankly something needs to be done about implementing it and the only decisions I have noted is that the Minister, apparently in announcing Sir Philip Bennett's appointment to succeed Air Chief Marshall Sir Neville McNamara, is to change his title. There is a lot more that needs to be done than that and I frankly do not think it is good enough for the Government to keep on deferring even those recommendations and the sooner they are implemented I think the better placed the Services will be to exercise their present responsibilities.

LCDR F.A. Allica: Mr Sinclair, the *MELBOURNE* replacement decision has been going on for many years and I believe that if a

decision had been taken when it was meant to be taken, back in the mid-70s, then we would not have got possibly to where we eventually did get to — ending up *not* with a replacement of the carrier. I think it was quite clear to most people, certainly within Navy, that if the replacement of the carrier — if that decision was deferred, that the hump of expenditure if it was allowed to get to the 80s would start competing with the acquisition of Air Force's F18 and it was quite clear that one had to go. I believe what we really need, or what Navy needs, is an indication of what the way ahead is and I would like to pose three questions to you, sir. What is the Liberal Party's position if you were re-elected? Would you actually require a replacement carrier? If you did so, what replacement time frame would you be looking at, bearing in mind that it may be some time that a Liberal Party may take to get back into Government? And thirdly, where, sir, would you obtain those funds, bearing in mind that there will be a lot of other pressures on Defence expenditure to replace a lot of other capabilities that we have lost in the meantime? If, sir, your decision is no, that we will not be getting a carrier, then I believe that Navy should take that decision and I think we should then get on with the business of living without a carrier and look at alternatives.

Mr Sinclair: Let me start off by saying that I think you have to get on with the business of living under the present climate and under the present Government. I do not accept your suggestion that it is necessarily going to be so long before there is a change of Government, however; indeed as an old rugby player I think the bigger they are the harder they fall. I think what is happening at the moment is that the more the Prime Minister believes that his present popularity is genuine, the less likely he is to sustain public support, and certainly the more he is distancing himself from many members of his own party, and I think in that lies the core of perhaps some electoral disaster, hopefully before not too long. But putting the politics of that opportunism aside, I think it is necessary that the Navy gets on with its job under the present Government and the Navy can do nothing else.

It is no use deferring the maybe or whenever the Government will change. Our point of view, and it is not just the Liberal point of view, it happens to be a National Party point of view too, is that there is necessity for there to be integrated fixed wing air support for the Fleet. In order to provide that you need some sort of a floating plat-

form. My concern is — and I started saying a few things to you, that I really do find it hard to get accurate information as a member of the Opposition. I believe there are alternatives to the conventional assessment of the sort of, can I call it 'gold plated', carrier concept that has existed in the past. Whether it is a converted merchantman, whether it is something in the lines of the scheme that Carringtons put out on a modification of the *TOBRUK* design, I do not know. But we would be certainly looking at one of those alternatives, perhaps rather than something of the order of the *INVINCIBLE*.

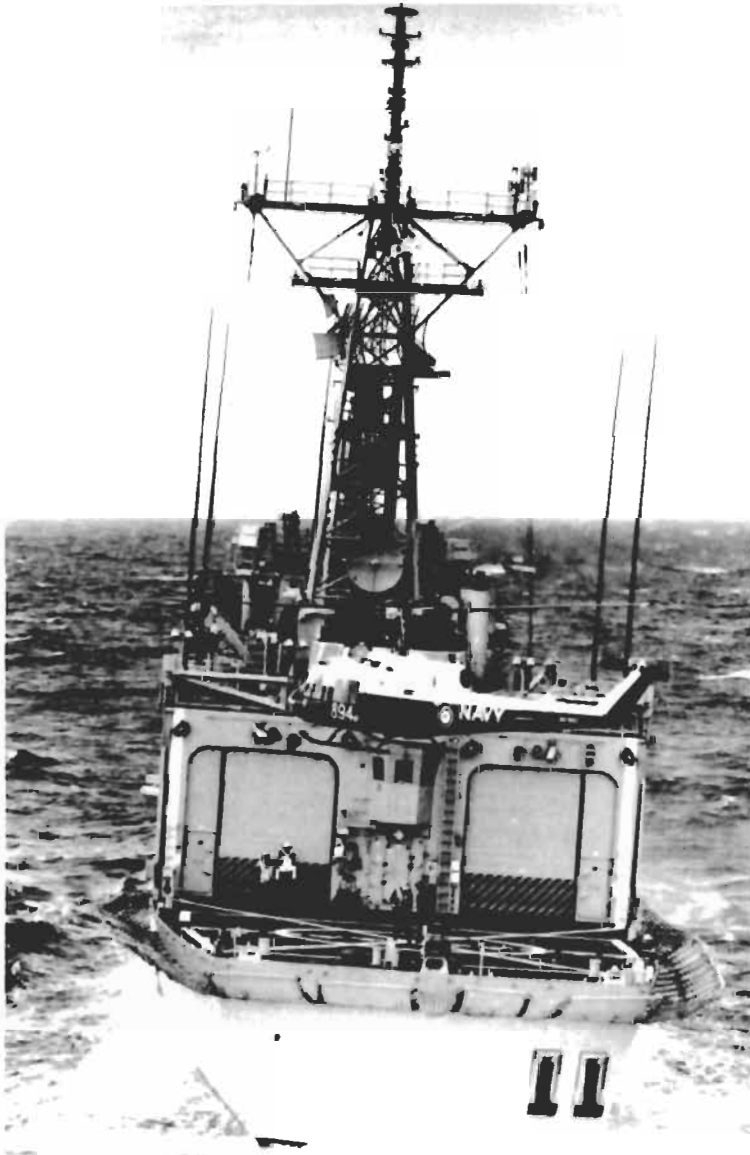
There are other options in terms of putting another order in in the *INVINCIBLE* line; there are obviously options that might emerge with respect to the British in the future, but were they to do so, they would certainly require funds and your second question is where do you get the money. I think that one thing that has to be done is that sufficient resources have to be provided to this country's Defence Force or you are not going to be able to mount adequate defence. While it is true that if you had taken the decision 10 years ago you would not have the worry now, in fact as most of you know the lead time between taking a decision and acquiring the capability is such that you probably would still be paying for it anyway, indeed that is a problem in the course of the next 10 years. There is a mounting escalation of expenditure which as I recall reaches its present expected peak somewhere about 1987 or 1988, so that there is certainly going to be an absolute necessity that Defence receives better than just its present vote in real terms to meet its capital programme on the present amount of equipment now ordered, and what I think we would be doing in Government — and I say 'I think' because obviously until you are looking at the actual allocation of votes — we would be providing a guaranteed percentage of the vote to Defence.

But you have got things like the Denver account which I have never been quite able to understand, and how much money is required in meeting your foreign military sales commitment. How much money they require you to pay complicates the actual amount that is involved each year in your expenditure, but I certainly think that it is necessary that the Government, whether it is of my persuasion or whether it is of the Labor persuasion, accepts that there has to be a significant increase in the amount of resources provided to Defence if the Department is going to be able in its three armed

elements to exercise their responsibilities.

That means if you are going to acquire some sort of a floating platform you are going to have to provide additional funds to the Defence Department to do so. Time frame

— I think a bit depends on the decision on those alternatives, but I would certainly be looking to a recommendation of the preferred alternative within the first six months of being elected to Government.



UH-1B Iroquois

RAN Photo

OPEN FORUM

Chaired by Mr P. Mirchandani

(All speakers except Mr Pritchett)

Commander J.S. Dickson: To comper the open forum this afternoon and lead our discussions we are lucky to have the services of a man familiar to ABC TV news-watchers, Prakash Mirchandani. I must emphasise that he is here today in a private capacity, not on behalf of the ABC. Since he came to Australia more than four years ago he has taken a keen interest in, and he has acquired a very good knowledge of, Defence matters. He is recognised as a very perceptive, probing reporter and I know through my own association with him over the past year that he is extremely keen to promote debate and public discussion of Defence issues. He is, therefore, ideally suited to lead this afternoon's open forum. Ladies and gentlemen, Prakash Mirchandani.

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Might I say at the outset that for this seminar, which is extremely well attended from an observer's point of view, although very much by the converted, I am as a journalist very happy that the media were invited to disseminate the information about the Navy, which certainly the Institute wants disseminated. I am rather sad to see the absence of people who affect your lives — Treasury, the Joint Parliamentary Committee on Foreign Affairs and Defence, members of the General Staff, and senior RAAF officers not masquerading as civilians.

Ladies and gentlemen, if there is one thread which has emerged over the past 48 hours, it is the plea from all areas, except the civil service, for a national strategy. The Chief of Naval Staff addressed the question broadly this morning, but I think it is high time this seminar now addressed the question specifically, and indeed, took the first steps to formulate such a strategy which could be developed in a further seminar. The position has been confused over the years with phrases like 'forward defence', 'backward

defence', 'fortress Australia' and so on. Now, we have further confusion in the publication of the Strategic Basis documents. To us as journalists, the only thing the documents reveal is the total waste of manpower in producing this damp squib.

Having criticised them, I am sure the bureaucratic answer to me is 'Well, Sunshine, what alternative do you offer?' Well, ladies and gentlemen, there *is* an alternative and it comes from a voice at the Strategic Studies Centre here. A year ago at a USI seminar, Paul Dibb treated us to a brilliant dissertation on the problem. Here is what I thought he said. We know the constant factors in Australia's environment. Indeed, speakers after speakers at seminar after seminar say the same things — an island continent, a small population, rich energy resources, a small Defence Force — we have heard it all. 70,000-odd people with X amount of equipment. There are obvious limitations to what this Force can do.

One thing which has surprised me in the discussions which have been held here over the past two days is the absence of the word 'ADF', and I find this very curious, because at various briefings that we as journalists have attended the concept of the Australian Defence Force as a totality, as a unit, is always presented to us. The Navy point of view, preaching to the converted, has received great applause, but I do not see any role proposed either for the RAAF or the Army in this strategy which is being discussed. Anyway, that is by and by. The current received doctrine is that we are committing our forces to defend Australia and its interests.

Right, says Paul Dibb, where, in which document, in what public or private pronouncement, in which seminar, in which cubby-hole of that amorphous mass of the grey sponge is there a clear definition of exactly *what are* these interests which the Defence Force has been called upon to defend? The answer to this question, I suggest,

will probably take this seminar away from the confusion of the no threat environment. So given the limitations of the Defence Force, what I would like to see our distinguished panel address is: today, now, here, define a personal idea of what we must defend at all costs — the bottom line. The force structure and deficiencies in it will logically follow. What is essential to Australia? What is it? Is it Papua New Guinea? Is it the protection of our sea trade routes? Is it the southern and eastern coastal cities, the Brisbane-Adelaide line? Is it Bass Strait oil? Is it the Jabiru Shelf or the disputed seabed in Timor? What is the bottom line?

Let us not get bogged down in answers, which I am sure everyone will be tempted to give: 'Well, that's a decision to be taken by the political masters of the time'. Experience and those unhappy documents which masquerade as the Strategic Basis papers tell us that they rarely address the question, and in any case we are talking about defence, which means that politics and diplomacy, by the time it is applied, will have failed. So let us now address the military task — what is our bottom line? What can we simply not afford to lose? Which is that rock which we say 'Beyond this and no further', in either a low-level or medium-level threat? Gentlemen, what is your personal view? If I may ask Mr Sinclair to start off; rather than take the military view first, I think Mr Sinclair is singularly qualified to say perhaps even Tamworth might be sacrificed.

Mr Sinclair: Actually, the Army is trying to take over Tamworth at the moment. I do not know that there is a role for the Navy, too. I think that the bottom line is an ability to maintain a deterrent capability and my concern in the presentation of your part of the ADF bid, if I can use that dreaded word again, is that we are falling below the point where we can offer a meaningful deterrent. What I was trying to seek as Minister was an assessment of how far we need to go to remain ahead of everybody else in our region, yet with a force capability which was seen to fit in with our allies to supplement that capability, if we should need to defend ourselves.

I think the conflict at the moment, and I find it hard to get away from the base political conflict in which I am involved, but there is a real problem in that you are losing your ability at the sharp end in a search to build up your material capability, your re-equipment programme, your modernisation; and as you lose your ability at the sharp end, I am afraid you are losing your credibility as a force. So my bottom line is a meaningful deterrent and

a meaningful deterrent means a force well-trained, sufficiently manned and certainly adequately equipped to be able to ensure that others would not want to attack us.

Mr Mirchandani: What about Paul Dibb's point that you should identify the bottom line before attempting to deter people from taking it?

Mr Sinclair: I think what you have got to do is be prepared to allocate enough money, and I see the whole of the Federal Government quandary in the progressive reduction in the amount of money that is being provided to Defence. I mean, we were, in my view, correct in moving away from the White Paper assessment of what should have been a bottom line and what I am trying to do at the moment in framing our Defence Policy is establish a new bottom line which is achievable. I think it is tremendously important that you in your interest and your Service, ensure that there is an achievable amount of equipment and personnel and training that can be seen, for which funds will be provided.

Looking at our Defence Vote, the idea of putting 3 per cent of GDP or some sort of a figure really does not mean enough. I would like to see a way that we can express it in tangible terms, an achievable target. The White Paper has failed. I am not one who is greatly taken by White Papers unless they can be achieved, and what I would like to do is see a relationship between money and this deterrent effect that I speak of. My own assessment is that we probably need to go to somewhere about 4 or 5 per cent of GDP as we now stand, at least in the next few years, and then perhaps increasing beyond that, if we are to have anything like the deterrent capability that I stress is my bottom line.

Mr Mirchandani: Dr Millar, perhaps you would like to come in on the strategic side of identification of the areas which Paul Dibb was talking about.

Dr Millar: Well, I am a bit worried about this phrase 'bottom line' actually. It sounds jolly good. What would we fight for? Now, we would fight for a lot of things and we would fight for a lot of things sometimes beyond Australian territorial waters, if necessary, because where do you start defending your country? If you are starting at what is now the 12 mile limit, then you are starting far too far back. Mr Sinclair talked about deterrence and, of course, that is a good word, and I am looking forward to his first budget as our Defence Minister or Finance Minister in the next Conservative Government. I am looking for that 3 or 4 per cent of GDP. I do not feel I can put a bottom line because my paper and

my thinking for this conference was towards the end of the century, ie, where are we going?

I can see circumstances in which we would fight for Papua New Guinea, in which the consensus amongst our defence planners and amongst the people of this country would say we cannot afford to let that go. There may be other circumstances in which we say we cannot afford to fight for Papua New Guinea. I do not believe that we here can determine for the next ten or fifteen years what are the things we would have to fight for. I believe we would have to fight for every inch of this continent, because it is not like World War II. In World War II people could draw a Brisbane-Adelaide line and pretty much be strategically relevant, because that is where the great bulk of our resources lay — of manpower, of industrial production and so on; not any more.

We would have to fight for the north-west of this country because of what is there. We would have to fight for other parts of the north. We would have to fight for the uranium deposits, we could not afford to let someone take them. Would we have to fight for the Cocos Islands? I do not believe so, and yet one could imagine circumstances in which an Australian public with a Falklands-like situation might feel we cannot afford to let that go, because after them, what next? So if you are talking about a bottom line and a strategic situation, I say there is no question that the continent itself and the immediate off-shore resources in Bass Strait and off the North-West Cape, they are areas which are strategically vital to this country.

I would also agree with Mr Sinclair about the concept of deterrence. We obviously have to be able to deter anybody within this region who might have some desire to attack us. I do not see any country which would have either the desire or the capability in the foreseeable future, but countries become hosts to foreign powers who may be far stronger than themselves and we have seen this happen. So we can foresee that in some circumstances we might feel that we could not afford *not* to be prepared to go to war where a neighbouring state was the host to a foreign and hostile power.

The notion of deterrence to me also takes with it the notion of protection of the shipping which we have to have, if this country is to survive. We cannot protect our sea lanes on our own, there is no question about that. I have talked to the Japanese about protecting their sea lanes and for them to do what the Americans want them to do in protecting

their two major sea routes to the south-east and south-west from Honshu, they would have to multiply their Navy four times, with appropriate air cover. And they are not going to do that, not in twenty years. Nevertheless, we have to contribute to that capacity. We have to do it in conjunction with allies, we have to find our allies where we can, and we will not find them at the last minute.

What I felt compelled to say in my paper to you, and I have not got the answers, was that the situation is going to change, in some ways unfavourably, during the next fifteen, twenty or twenty-five years. Therefore, we should be beginning to plan now for the more unfavourable situation in which we are going to find ourselves. That means an expenditure on Defence and an awareness of Defence and a readiness to look at the very real gaps in our current Defence capacity, which we do not at present display.

Mr Mirchandani: I think we are going into broad areas. I would like to stick with specifics. I know it is difficult, given the absence of threat and so on, but obviously a limited Defence Force can only do limited things. Perhaps now going on to Sir Charles, and if I may say, Sir Charles, perhaps we could get an answer more appropriate to '60 Minutes' than 'Four Corners' in terms of the panel we have to go through and the various people who want to have a go at you.

Sir Charles Court: I shall be very brief and very simple. I accept, not being a professional and just being one who had to run a State and a very difficult State for quite a long time, that we cannot accept anything less than protecting the complete sovereignty of Australia, the whole of Australia, and to do that I believe that we do have to develop a very well-trained, well-equipped, very professional force that is seen by the rest of the world and particularly by those who might be a threat. But I suppose in that we have to include the rest of the world, because we never know who is going to be hosted in one of these countries that we might not think about at the moment, but we have to have a force that is seen by the rest of the world as a very, very capable deterrent. In other words, it will take on all comers.

Also, I would be sufficiently selfish to say that we should take them on as far away from Australia as we can. There is no question that if New Guinea is in danger or even Indonesia is in danger, we have to get in and make sure we fight the battles there and hopefully we will stop them ever coming to Australia, because if they are getting within our 200 mile limit it is too late. At least that is how I

see it. You might say, well, how do you go about this? First of all you have to get enough money to be able to get the professional people and the equipment you need and I come back to what I said last night, you have just got to reverse the current attitude of the community, the indifference of the community, the complacency of the community. Next time there is an election, Defence has to be a very, very hot issue and along the lines that I have suggested, namely that we are going to have a very professional force, we are going to have a naval force that can go out and be a deterrent where it is going to hurt the most and be the most effective, and that we are going to have an Air Force and an Army to back it up. Then hope like hell we never have to use it.

Mr Mirchandani: Admiral, it is your turn. When you talked about the strategic situation in Australia you said protection of sovereignty, international trade routes, reduction of tension in the neighbourhood and so on. Given the Navy that you have got, can you do it?

VADM Leach: It depends what circumstances you give me; I would have doubts, and the further we go it would be very difficult. I would say in answer to the first question: credible deterrents for the protection of sovereignty, resources and trade. I would say in answer to your point about threat, that that has been one of the problems we have got into. We have said there is no threat for fifteen years. We have got to identify what is important to us and whether it is Mr Pritchett's people staying away from the wool sales; if that is going to be a real worry to us, what do we do? Put the sheep on Christmas Island or something.

But I do not accept either that the force structure will fall into place. That is one of our problems. I think that people would look and say \$5 billion is a lot of money, what is happening to it? And I believe it is being spent in the wrong directions. We are building the stone frigates. We have a great headquarters. We have got enough sharp end, we must get the teeth to tail ratio changed. I think that is most important.

Mr Mirchandani: Can I just come in very quickly on the teeth to tail ratio. You mentioned the figure of 1,900 sailors being taken away from the Navy because of the loss of *MELBOURNE*; would you also like to see the corresponding proportion of civilians taken out of the Defence Department and are you disappointed that they are not?

VADM Leach: I would, and I am. I think another point, too, is that we have to make

much better use of our Reserves. The Reserves should be in the structure and instead of the Army's third line of transport, the Reserves should be looking after that, the same way as I think we are trying to do in the Navy, running patrol boats and they will run our minesweepers for us. They have an actual role and they can expand quickly to take it up.

Mr Mirchandani: What I would like to do at this point is throw it open to the house. Take the right-hand side of the panel.

Commander Webster: Firstly, before I ask a question I would like to make a couple of pronouncements, since we seem to have difficulty in answering, if I may say so, your specific question. I believe the Australian Defence Force has to be as powerful as Indonesia and the most powerful nation on the Indian Ocean level, if you want a definition of how powerful we have to be. Secondly, I would like to advance the notion that defence in depth begins with attacks on enemies' bases. Therefore, I think you can start to see the shape of the force that should be provided to meet both those notions.

Finally, how are we going to command it? And I direct the question to Mr Sinclair and to Admiral Leach. Firstly, Admiral Leach has stated in the past that one of his objectives is a Maritime Command. Mr Sinclair has said he wants to see some organisational changes in Defence, and the current Government has stated that they wanted some organisational changes. I would just like briefly a reaction to what a unified command whereby we have a permanent Joint Force Commander? For goodness sake, we do it every time we have a major exercise, which is supposed to be the way we operate in wartime, yet immediately it is over we disband this body of people who have taken five weeks even to learn how to operate in the Joint Forces after we get them there, then we send them away and we go back to our peacetime, dare I say, Sydney-Jervis Bay syndrome or whatever.

Mr Mirchandani: Admiral, perhaps you would like to take that one first.

VADM Leach: Well, clearly, anything above a very minor skirmish in the future is going to be Joint. There are no two ways about that, and the way the money is being provided we are being forced to that, and properly so. The second thing is, I see it as very important that there is a Maritime Command established. In fact, I would have liked to have seen the coastal surveillance organisation done this way, ie, put into the Maritime Headquarters with representatives of trade, customs, police and everyone else there; we would provide

the assets and the augmentation that was necessary and then we would move very smoothly to confrontation or tension when we put in the additional assets — in fact, I think Mr Sinclair very properly said at one stage that it would be a consideration we have a squadron of the FA18s to support the Navy.

But I think we need control over the assets and it is no good each Service working in its own little pocket. I think they have got to be much more Joint and there has to be the organisation in peace that you need in war; as all the gunnery officers here know *Si vis pacem para bellum* — if you want peace, prepare for war and be organised for it, and not get together every two years in a Kangaroo 83 exercise.

Mr Mirchandani: Mr Sinclair?

Mr Sinclair: One of the questions that was asked of me before was whether I thought the Arthur Tange review of the Defence Department was adequate and I mentioned the Utz review. Had I remained Minister, at this stage we would have been looking at the whole structure of command within the three Services. I think there is certainly a continued role for a Head in nominal form in each of the three armed Services, but having seen the way in which CINCPAC works in the American command system, I believe there is much to be commended in our looking at what should be a command structure for war, not a command structure for peace. As I see the present structure, we have developed it for a continuation of peace, which we all seek and hope can be preserved. But I think it is foolish to develop a Defence Department and three uniformed Services only around the maintenance of peace.

I would, therefore, be looking very much at a revision of the present command system, which would take account of Joint Service commands, which I think should be permanently in place and share equality of rank with those who are at the head of each of the uniformed Services.

Mr Mirchandani: I would like to take it across to the left-hand side of the panel now, and perhaps, Mr Kirk, you could give us an idea of how much oil you think and what value there is put to that oil in the disputed area of the Timor Shelf between Australia and Indonesia?

Mr Kirk: That is a difficult question to answer. I was hoping you were going to ask me the original question — I had the answer. Perhaps if I could just have the liberty to intrude on what we have been talking about before I answer your question? Because I

really think that, with all due respects to those who have spoken to date, nobody has said what is a pretty important essential, and that is to have a very firm plan, and when I say a firm plan it is a plan that can be changed at any time.

My ideas on the plan would be, and in order of priority, to have the maximum relationship with our allies that can help us materially. The second one is to get on side as best we can with our immediate neighbours and to have a complete intelligence gathering capability. Then there would be protection of all of our resources, both on-shore and off-shore from terrorists and from nuts. I am not talking about in the event of war. Keep up on technology and make sure you have the producing capability to do it if you have to quickly. Have sufficient numbers of fully trained people with the capability of training others. Have the necessary equipment for the above training and force independent co-ordinators, force the inter-Departmental people, to properly co-ordinate.

If I was the Minister and the three Chiefs of Staff were fighting, I would fire all three and I would continue to fire them until the ones that came along got the message. I would not be old-fashioned. You have to be ready to change and you have to be ready to change to meet whatever has to happen, and then you have to have sufficient capability to make others think. That is the end part of all that study. Then you have to commit the necessary funds.

I will answer the other question now, having got that off my soul. The question of the Jabiru, I guess you are talking about, is quite interesting. If you take the line that was agreed between Indonesia and Australia in that particular area, there is no problem whatsoever. The line is north of Jabiru, albeit not that far north. Of course, if you take the Cartier and what is the other island out there? Ashmore — and change that, the line probably comes south of Jabiru.

Now, the question remains that with the takeover of Timor there was never an arrangement with Timor and, of course, there is no line adjoining the line I just mentioned. I guess Indonesia now, as determining everything for Timor, is renegotiating that line, or will renegotiate, and whether they will want to renegotiate the other line, I do not know.

Mr Mirchandani: I will ask Mr Harry about that. But the thing is, can you give us an idea of how much money, potential revenue?

Mr Kirk: I would say Jabiru has probably got potential revenue of six to ten billion dollars.

Mr Mirchandani: How does that compare with Bass Strait?

Mr Kirk: Jabiru is not going to be as big as Bass Strait, unless they find a lot more oil, but Jabiru could well be as big as a Fortescue, it could well be as big as — no, not as big as Halibut. It may come eventually, but, you know, the first strike of oil does not really tell you much, you have to . . .

Mr Mirchandani: But it is significant enough to warrant attention being paid to it and a potential source of conflict?

Mr Kirk: Absolutely.

Mr Mirchandani: Mr Harry, could I just quote from your recent report from Singapore in the *Far-East Economic Review*:

'Australia and Indonesia are at loggerheads over a large disputed area of the Timor Sea, which some experts believe may contain one of the world's two dozen major oil fields. Indonesian Foreign Minister Mochtar has described as untenable and unrealistic Canberra's claims to the area. Mochtar said in an interview that the formal negotiating positions of the two countries were so far apart it would require high level political decision to reach a compromise. He said he had not seen any readiness from Australia's Labor Government to do that. While Indonesia was willing to continue technical talks with Australia on maritime boundaries, it was not in a particular hurry'.

A potential source of future conflict?

Mr Harry: I come from the position that we should have not just a national strategy but a national foreign policy and that our whole objective should be a consensus between all Australians on what are our national vital interests, and on the basic framework within which we defend those interests. I could elaborate on that, but you have asked me a question. My answer to it is that under the Law of the Sea as it was, as it will be under the Convention, Australia has a continental shelf which extends beyond the line which would be made by joining the two ends of the existing gap. I did negotiate another part of the line with the Indonesians and I have talked to Mochtar about this.

If we joined the two ends of the line, it would be more or less the same balance of negotiation as in the existing line. I think that is an entirely tenable line for Australia to negotiate hard on. Now, when it comes to saying is this a bottom line, is this a line on which we take a stand in a military sense, then that is another question. We are not

really dealing with pieces of real estate or defence of back yards, we are dealing with the maintenance and way of life of a nation, and the decisions we take are to maintain a system of law to defend our interests within a world community, a Commonwealth community, an alliance. Our decision may relate more to those things than crossing of particular lines.

Mr Mirchandani: Although there is a lot of potential money and revenue involved . . . to both countries?

Mr Harry: Of course. It is an important area and I think we should negotiate hard on it, and that is what we should be doing at this time. We really should not be talking about this in terms of Defence. There is no dispute on which either side has brandished anything, it is . . .

Mr Mirchandani: But should we be preparing for it, anyway, not necessarily in public forums?

Mr Harry: I think what we must always prepare for in terms of the national Defence Forces, of the Navy, is to indicate to the world at large that we will defend our vital interests. We do not have to define those vital interests in terms of a particular line or even of particular resources. We have to have a posture which indicates that if our vital interests are invaded by force, we will defend them.

Mr Mirchandani: I would like to take this a little bit beyond that because there is another report about the various kerfuffles between Indonesia and Papua New Guinea, and a Jakarta paper has said recently that 'We in Indonesia should be more sensitive to Papua New Guinea and realise that sometimes we do take our good neighbour and younger brother for granted, and then as we become a regional power we must take on the responsibilities that come with that burden'. The curious thing I do find where I go is, whether it is a misconception on the part of the general Australian people or they have not been well-informed or whatever, every time they say to me 'But Indonesia is our biggest threat. They are going to attack us'. Can we discuss that here now? Is Indonesia our biggest threat?

Mr Harry: Can I talk about that border? Mr Chairman, I had some part before the independence of Papua New Guinea in making sure that we got the boundary between Papua New Guinea and West Irian properly determined, agreed and demarcated with markers. We did that because we could foresee that if it was not clear and defined there would be more difficulties. There would

be difficulties in any event, but it would be better if there was a clear boundary, and that was achieved. We also coached the people, the diplomats of Papua New Guinea, before independence on how they might tackle problems, boundary problems, when they occurred. I believe that it is a very good illustration of the value of having defined boundaries of that kind . . .

Mr Mirchandani: Except when people ignore them and go across them.

Mr Harry: No, I think it was illustrated then that the boundary was there and when Papua New Guinea, having learned the arts of diplomacy, promptly reacted, quietly reacted, insisted, the Indonesians accepted they had made a mistake and went back; and on the flow of refugees in the north, diplomacy has been quiet and firm. It has been blown up a bit, I think, by our friends of the press. There are correspondents there who have to report the situation. But it is a good example of the value of certainty.

Mr Mirchandani: Sometimes they are biased as well. Mr Harry raised three points earlier on: The need for a national strategy, which I tried to outline one way and the panel decided to try another way; the need for a national foreign policy; the need for a credibly deterrent force. What do these mean? Can we try and define those? Admiral Griffiths?

RADM Griffiths: I am very glad you asked that question because I have been looking for an opportunity to say thank you for introducing the idea of a bottom line. Unfortunately, the bottom line is far above the level that we have been discussing at this seminar. I was delighted that Mr Kirk and Mr Harry both used the expression 'national strategy'. We must have a policy settled at the top. National strategy, of course, was raised by Commander Youll yesterday and we did not really get a very satisfactory answer to what national strategy was from the speaker at the time; I believe that we should set a national strategy, we ought to be able to tell people what that national strategy is, and we should be trying to do so.

Let me try this one: 'To ensure the survival of Australia as a democratic nation, militarily aggressive towards none'. Now, everybody says 'Well, that's old hat'. But I wonder if all the people out there look at it that way? Let me come down — I have a list of these here, but just let me make another one in our interest — 'maintain regional stability'. Then of course we can look at our region, and we have been talking about that now for the last couple of days. It is a fairly

wide region of interest around us and the whole maritime environment. Then we go on from this. Part of the national strategy would be a national security policy, but we do not have a laid down national strategy at the moment. We do not have a laid down announced national security policy.

So, let me try, as an objective of the national security policy, say to maintain regional stability as a means of avoiding conflict in our area, with the power to prevent adverse developments in our region which might affect our national security. I know three or four others, but let us . . .

Mr Mirchandani: But I thought on national strategy we had that outlined by Admiral Leach this morning?

RADM Griffiths: Yes, well I would just like to add to it because I feel we need for the national strategy, a national security policy. Eventually, if you do not have a national security policy, you will never get the Defence Policy objectives, but without those there is no point in talking about Defence construction.

Mr Mirchandani: National security policy? Would you like to address that? I did not understand that.

RADM Griffiths: May I just give you three items which I believe could be Defence policy objectives, and then I think the rest of our problems would tend to fall out. To provide rapid reaction, tactically viable forces for the support of diplomacy and as a deterrent within the region; item one. Two, to give a Government a range of military options to deal with the unpredictable crises — and we have a lot of those around the world now. Thirdly, and very importantly, to provide a base for expansion in the event of timely warning of major threats. If we could only have a laid down Defence policy such as that or in that form, then I think sea power problems — what are we going to do, how are we going to do it — would tend to fall out.

Mr Mirchandani: Before we take it to the panel I would like to get some more thoughts from the floor. Commander Youll?

Commander S.J. Youll: I, with great respect, roundly reject Admiral Griffiths' supposition. We have had that for years. I would like to give you one of our national interests and that is the maintenance of trade through the upper Malaysian straits. However, if we wanted to do that, under the regime that has now been established by the Law of the Sea Convention, which is an international aspiration, we could not do it. In the last six to nine months, force structure elements have been introduced to our region which have tipped

the balance and we can no longer do it. It is not an option for Government. You no longer can rest assured on that.

Mr Mirchandani: Anyone else from the floor?

CMDR Skinner: I feel there is a way of getting to grips with this which had not occurred to me before, but I have been compelled by the interesting discussion before me. That is, we should ask ourselves what will produce consensus in the people of Australia to agree to the Defence Forces being mobilised and employed in warlike activities? I think if you answer that question and no other questions, you then can come to a quite easy list, which may not be agreed by everybody, but with some fairly close commonality between various people's lists of what are the things that are on the bottom line.

I would suggest two out of four of Admiral Leach's national security interests — one, to protect the preservation of sovereignty. I think if a foreign power set foot on Australian soil — I mean soil, I do not mean sea — that would indeed produce such a consensus. I think interference with the Australian standard of living in a manner that we did not agree with would produce it, and I think the sort of thing that could produce that interference is the interference with the sea lines of communication and shipping, on which we have had abundant evidence of our dependence. I also heartily agree with the proposition that if some sort of disagreement arose between Australia and another country, that the foreign flag carriers that currently carry our trade would indeed melt away and we would be left very much to our own devices.

I disagree with Dr Millar, who said we cannot possibly maintain or protect the sea lines of communication, because sea assertion does not require you to have somebody there policing it every moment of every day. You only need protection when the ships carrying your vital trade goods are actually passing along those routes, so you take your policemen along with you. You do not leave them at every intersection between here and Melbourne, if you are trying to protect one stage coach.

The other two items that I would put on the list are the maintenance of international prestige. I think it would produce consensus in this country if we were humiliated, that we should take some military action, and I think we should face up to that, discuss it widely in the community and then agree or disagree on whether that is a viable thing. I think finally, and what I have really alluded to at the beginning, is any other form of interference

in the standard of living, including our inability to trade, to design, to build and indeed to carry out normal industrial and commercial activity.

Mr Mirchandani: It is a fairly wide area. I would like to take this even further. I think we have developed nearly as far as we can this whole business of national strategy and getting a way towards it. What has always interested me is who makes Defence policy? Certainly, pronouncements come out of Cabinet, we are told; a vast conglomerate of committees do sit and provide advice, military, etcetera. I am, perhaps you could tell me, who exactly does formulate Defence policy and on what advice?

Mr Sinclair: One of the things that worries me in looking at the answer to your first question and came out of some of the interventions from the floor is that I think given the international debate on disarmament and the rise in the political profile of the peace movement, if you set a bottom line where you are now trying to draw it, which seems to me the ability to defend your assets, I think you are going to lose the battle to have enough resources to have anything at all to fight any battle with.

The reason that I set down the deterrent factor as what I saw as my bottom line is that there is at the moment a very real requirement in the debate in the community to explain why it is necessary to have a Defence Force at all. There are many people in the community — and I had not realised until I started talking over this Easter break to a few of my children, who are not really of very radical persuasion but who have been involved on campus within university debates, associated with these peace agitators, who are expressing points of view which are beginning to attract support from not only my children, but from many in the thinking community — who are saying that Australia can now set the pace by unilateral disarmament; we need to declare Australia and the Pacific and the Indian Ocean and all around us a nuclear-free zone.

They are not looking rationally at an argument that I remember Professor Julius Stone expressed to us as young law students as to the reason why gas was not used significantly in World War II. He spoke about the balance of horror and about the extent to which you did not know what the other fellow had, and consequently you did not use your resource, as neither the Axis nor the Allied powers did gas in World War II, because of the fear of the consequences the others might do to you. I think if you are looking at the

bottom line argument, to begin trying to defend your own resource is to leave the battle until the battle is lost.

Having said that, I think that in terms of who sets Defence policy, it gets to much the same basis. It is a political argument that needs to be realised and recognised before you are going to get the money to provide the sinews that are going to give you defence capability. While Defence policy is set in a way that follows the presentation of reports from committees and those acceptances by Government and then their argument in the Parliament, that Defence policy and your Strategic Basis, or your assessment of your defence capability, essentially are matters which are resolved in the public forum.

If the public forum is concerned about Defence and a Government comes down with a Defence Policy, or a Defence Vote, or a Defence Programme, or a sea power capability, which they see as inadequate, then you will find Government will change it. At the moment, the way in which our policy, our Defence policy, is being set is by a rising agitation in the community by what I see as a communist-led inspiration to deny us the sinews of self-capability, and I think it is not just a matter of looking at the formal structure of decision taking, but recognising that the community at large, and certainly under this Government — one which is inclined to support that point of view anyway — is likely to destroy even further the capability you have of mounting the effort in which we all believe.

Mr Mirchandani: Dr Millar, do you think that Defence policy should rest on the whims of a democratic process?

Dr Millar: I certainly believe that the Defence policy of the country should come from the expressed views of the people at the election and through the media, and through every other means of bringing pressure to bear on a democratic government. I believe very strongly that we have Defence Forces very largely to defend the kind of system which we have, the democratic system. There are only about a dozen countries in the world that have it and I would hate to see it disappear.

Could I just add one little bit that I think is terribly important. I started off life as a soldier, but what has struck me, studying Defence from outside during the last twenty-five years or so, has been the extent to which it has got a lot more complicated than when I was a soldier. We do watch the neighbourhood very carefully and we have a rather volatile temperament about it. We start to say 'Well, you go further than that and we'll

clobber you on the ear' — it is an Australian custom, the Anzac reaction, if you like. Whereas in the older countries of Europe particularly, they have been living with unpleasant and hostile and unfriendly, unsympathetic, neighbours for a thousand years, and they have learned how to do it. And we have to learn how to do it, too.

We have to learn how to deal, I believe, with countries — we have to learn to deal politically — with the mailed fist certainly back there, but for the most part we have to learn to do it politically, to do it by daily negotiation, and this is where I thought Mr Harry had a very important point. Something happens on the border of Papua New Guinea. We do not have a plan which says 'Okay, you go a hundred yards further, we launch an attack on Jakarta' or something — or we launch anything at all. Because there is a whole range of grey areas which affect our security, where it is far cheaper to negotiate, at least to start with than to react.

I think there is a terribly important, a basic point here, which relates to whether you feel you have Defence Forces which are put into process at that point on the line of negotiation or whether you realise that in fact it is a lot cheaper to negotiate than to fight, and that there are a whole range of areas where it is absolutely desperately important that you take your negotiation to the very last moment before you are ready to fight, but then you have to be ready to fight.

Before going on to talk to Admiral Awati, let us just take comment on Dr Millar's point of view.

Mr M.J. O'Connor: I am Michael O'Connor of the Australian Defence Association. The Association I represent has struggled for several years to get the message, especially the sea power message, over to people at large. Sir Charles Court is quite right, there is nothing wrong with the people — after all, they shell out \$360 per capita and in a family of my size that comes to a fairly substantial amount for Defence. What we really have to do is ask Lenin's key question, 'What has to be done?' I suspect there is very little we can do with the politicians, with all due respect. Neither party can be excused for the failures of the past eight decades or so.

Let me be clear, the election result last year drove the final nail into the coffin of the carrier, and that was a bench-mark decision if ever there was one. But the other nails were driven in by the inaction of previous Governments, but that still was a product of the failure of the Defence Department then and now to get its act together. Here, I think,

comes the answer to the question, 'Who makes Defence policy?' That failure was a product of a decision to surrender any attempt to patrol our distant strategic environment, coming back to the bottom line. We have an interest in what happens a long way from Australia because in that area, the northern islands and so on, lie a number of air bases from which attacks can be mounted on the continent, if that is decided.

From our point of view, whenever we raise matters of concern or decision we believe to be mistaken — there is this lure at the moment of the current Five-Year Defence Plan, but I will not go into that — we talk to the Minister. His reply, of course, comes from the Department and I suppose many of us have been in a position where we have written or drafted some of those replies. But the resentful and hostile nature of the communications show that the Department now believes itself to be more infallible than the Pope, and it has managed to convince successive Ministers of various political flavours of that same infallibility. Not just the tone of answers to *our* queries, but the tone of answers to Parliamentary Questions, as Mr Sinclair has mentioned himself.

The essential reality is that the best organised and funded disarmament movement in Australia is not the 250,000 people marching the streets a couple of Sundays ago, but the Department of Defence. So the core of the problem really lies across the hill, not among the people or the politicians. I am not competent to say where across the hill the problem lies. You know better than I do. But neither the people nor the politicians do much about what goes on in there. The Sir Humphreys of the world decide that. The Department of Defence is, to use a trade union term, a closed shop, and there is very little that outsiders can do about it. Only the people who work there, and that includes a lot of people here, as everyone knows, only you can do that while you are there — not afterwards; and you have to do it on the job, not in forums like this. You have to learn the bureaucratic game of politics and you have to play it to win, and it may, to misquote Dr Millar yesterday, it may be a bloody affair if you are going to win on behalf of the people of Australia.

Mr Mirchandani: Anyone else want to take it further than that?

MIDN C. Maxworthy: Just further on that point, I would like to say that one of the things I found interesting about this forum is the way ideas have emerged. I would like to ask or put this idea to you, gentlemen. You will

go away from this conference and you will go back to your jobs in ships, in the Department, or whatever, but what will you actually do? We have all become aware of the fact that Defence is suffering because it is not a high priority with the Australian populace. The thing is, will you write letters to newspapers? Will you speak out and do something about it? I notice a very anti-Government attitude in the way that Mr Sinclair was very warmly received. I think that is condemning, simply because we feel the Labor Government is against us.

I would like to put the thought to you that it is not against us, but it seeks to represent Australian attitudes. If we do not have the support of the Australian people, then the Government will not see it as a high priority. So I think you have really got to get away from this idea that the Navy is a silent Service. Certainly we must guard our secrets, but it is no reason for us to become a eunuch.

Mr Mirchandani: In the corner there.

Mr R. Cottrell: I will confess, gentlemen, to working for the Department of Defence. I am also one of the few people who did not spend his whole career in the Department, which may be an exception to the rule. I think that the purpose of the national strategy as it has emerged, and Mr Chairman has given to us, is not inappropriate. Clearly there is a link between the kinds of objective we have as a nation and the kinds of Defence Force, the kind of its effort, the level of effort, that is without doubt. Also there is a link between the kind of Defence effort and the kind of national strategy we have on one hand, and the kind of nation we are.

We are, fortunately, still a liberal, democratic society. That is fundamental. It is part of the nature of that society that we do not have our Defence policy or our Defence objective dictated from above for the neat reception of the populace. That is one of the advantages that we enjoy. If we do not have agreement, if we do not have consensus, we should not blame our politicians, although some of us might like to do a little of that in private. We should not blame the other Services and we should not blame the civilian Department as being entirely responsible for that deficiency. Rather we should look at ourselves. It is a product of the society as a whole that we do not have agreement.

I would also like to make another point. Over the years a number of public documents and innumerable speeches have been made by Ministers for Defence, Prime Ministers and Foreign Ministers, setting out some of the outlines of our Foreign and Defence Policies.

Those of you who have read them and thought of them would have noticed that there is a good deal of common ground there. It is not entirely a bleak picture, if I can take some comfort in saying. There is a measure of agreement. There might be differences about priorities, the order in which we attack certain Departments, the way that we should respond to particular events in the international arena. But there is also some common ground.

Although this is mainly a conference of the converted, I would urge you to keep in mind that any defence of Australia must be a defence of the *whole* of Australia — not just in the sense that Sir Charles Court mentioned in terms of geography, but also in terms of the pluralistic society that Australia is. We should not, by the way we talk about this, sacrifice the support of the bulk of the Australian people. We have to consider there is a multiplicity of interests involved and we have to also consider changes over time, and there can be legitimate interests of particular groups in our community which have to be taken into account.

One further point; I think, in view of the multiplicity and complexity of the issues, it does not serve us well to try to define our Defence Policy in a single phrase, whether it is 'Fortress Australia' or 'Forward Defence'. The problems are a little more complex than that and you should address the complexity of the issues we face. I would suggest, too, that we would do well in the remaining time to try and be more forward-looking and to be more positive and say what Australia might do in terms of sea power over the next few years in terms of a policy, forces and activities.

Mr Mirchandani: What I would like to do now is to ask Admiral Awati a question. I know a lot of people also want to ask him various questions, but I think I will take the privilege of kicking off myself. Admiral, yesterday you talked about the balance of power between the super powers in the Indian Ocean being essentially detrimental to the weak in the area. You said the militarisation and nuclearisation of the South is a means to interfere with this super power balance. Perhaps you could give us an idea or an example of when you think the South will probably assert this power and in what circumstances, and what has the South done about regional conflicts in its area? Already, given the power, it has not intervened in Afghanistan, in the Iran-Iraq conflict, Vietnam-Kampuchea, China Equation, North and South Korea. Two questions: when will the South assert its power,

and in what circumstances?

VADM Awati: I must confess that having listened to this discussion for the last forty-odd minutes, if I may with due respect to my host tell a little story about a little boy who was watching a gentleman golfer trying to hit a golf ball. He watched for many minutes the swing of what you call it, and without actually collecting the ball. He was really digging up a lot of turf. After about fifteen-odd minutes he observed that the gentleman golfer had stopped attempting to hit the ball, so the little boy asked his mother, 'Mummy, he's stopped. Is it dead?' So I think in the last forty minutes we have really not been able to get at the bottom line. Perhaps there is not one in a system like ours — I mean by that yours and India's, too. In a democracy, it is very difficult to have a bottom line spelt out by any minister or ministry or any bureaucrat, because it is very difficult to touch bottoms in peacetime.

Perhaps there is a middle line. I think I will leave it at that. I think somebody mentioned here just now that you have to have multiple lines. I think there is not a bottom line for Australia, or for India for that matter, at this time, because if you do have a bottom line and you organise for it, perhaps you lose your flexibility in a changing situation. Maybe, I do not know. But to come to your specific question about balance of power being essentially against the weak and what has the South done about interference.

Well, there is no doubt that the balance of power game has to be, one learns from history of the last five hundred-odd years, the balance of power game in this ocean is in fact at the expense of the weaker people, the weaker nations, and therefore to that extent against the interests of the weaker nations. And what are the weak doing about it? Well, in the Indian Ocean context, the non-aligned movement, thirty of the one hundred membership belonging to the littoral and hinterland states of the Indian Ocean, have made a beginning at the New Delhi Conference in 1983. I did mention a little bit about it; they are trying to dissuade the two super powers from proceeding with their naval build-up in the Indian Ocean and to devote a little more attention to restructuring the world economy, perhaps, or certainly the economies of the poorer nations. In restructuring the economies of the south, the commodity producing countries . . . because until and unless the economies of the southern part of our earth is restructured, there cannot be any prosperity in the north. This is a particular point which is missed out in the developed world.

Aside from that, I cannot see the South

being able to do very much about it until it becomes militarised or perhaps nuclearised in the long run. You can see the trend, you can see the straws in the wind. Whether it is India or Pakistan now, perhaps Iran — there were some reports in this morning's paper that there is some talk about Iran going nuclear — maybe that way one could force upon the two super powers a change of attitude, a change which will demand attention to the South. But basically, I think, the South really must pull up its socks, quite frankly. I cannot see how we in India can blow both hot and cold. We have done very little, although we have done a great deal in industrialising and trying to improve our standards of living, we have done very little in improving our demographic equation in trying to do something about population growth and all that.

But then in a system like ours, it is very difficult to do it under compulsion. The Chinese, I understand, have almost reached zero growth in their population problem. We have not, we still are hovering about 1.9, almost 2. Some states in India have reached 1.6 per 1,000 growths, which is pretty good, under a voluntary family planning drive. Until such time that we do attempt this seriously I can see no future, no prospects for the South, or certainly India's word being taken as a gospel by the South.

Mr Mirchandani: Can I just leave it there for the moment, because I know quite a few people want to ask you questions, and take the questions as they come.

VADM Awati: Do not ask me anything about family planning, I am not an authority on it!

CMDR G.H.C. McNally: McNally, National Insurance Maritime Department, Greenmount WA. Mr Chairman, how do we get agreement on the bottom line, or money for the bottom line, the minimum deterrent if we can call it that?

Mr Mirchandani: Sorry, can I just hold you for a second? At the moment I just wanted questions directed at Admiral Awati. We will come back to the broader question later.

CDRE H.J.P. Adams: Adams, financial member. I am delighted to see Admiral Awati here and I would like to thank you, sir, as Commander-in-Chief, Western Command, for the hospitality, sir, that you extended to our ships in 1981 when the DDG Squadron passed through Bombay, and to say when we arrived there that we always felt amongst friends, and it is marvellous to see you here, sir, and I feel that you can give us help. You are amongst friends also, here in this country. Regrettably, sir, those ships were the last

ships to visit India.

VADM Awati: Yes, unfortunately. I think the Defence Minister must direct some of the Australian ships to Bombay again.

CDRE Adams: When one considers, sir, the great association that the Defence or Naval powers in the Indian Ocean outside the super powers had in the sixties — we had a great and continuing association with the Indian Navy, which now no longer exists because, I would suggest, that the political and diplomatic forces have contrived on both sides to arrive at a formula which prevents what I would call a healthy dialogue between two professional navies, which I think professionally seek one another's company because they both have a role to play in the Indian Ocean.

With that introduction, sir, I have, one question for you which relates to the military scene in India. When one considers the Indian situation and the long land boundary you have with not unfriendly neighbours, the fact that you have tragically been involved in conflict since World War II and the fact that India has particular problems which we do not face, at the same time we have seen the Indian Navy rise from a small but significant power to be a great naval power now in the Indian Ocean. If one reads the *Australian* today, the Indian Navy is planning a nuclear submarine, a force of twenty submarines, under the Chatterji plan; more ships from Soviet Russia; German submarines; jump-jet carriers; and naval air power at sea.

How is it, sir, that the naval counsels of New Delhi have been able to prevail so successfully in a country which obviously must have very strong affinity to preserving its land borders? Perhaps there is a message you have there, which we could adopt.

VADM Awati: Thank you, I will try and answer that. There is only one soldier here from India, so it does not matter. But I must first of all take a leaf out of Mr Sinclair's book and say what you read in the newspapers is not necessarily true, and having said that I must also educate you about the way the Indian Navy has grown, and it has grown, and it might grow a little more, notwithstanding our poverty. But poverty and defence have really nothing to do with each other, quite frankly, because a poor nation must also remain independent and maintain its identity, and the only way it can do so is ensure its security first. Otherwise it will not be a poor, independent nation, it will be a poor dependent nation without its freedom.

So I think we must try and remember that. This gentleman has mentioned that it is

an ambitious programme for a country struggling with poverty. Yes, it is an ambitious programme for a country struggling with poverty. But you can do both. We have a very long land frontier; today it is manned by not very friendly nations. Perhaps it is our fault that it is not manned by friendly nations. We should have tried our diplomacy as hard as Mr Harry has undoubtedly told Australians to do their jobs. I think if we had done our diplomatic homework properly, we would not be facing China and Pakistan today in the kind of stance we are facing them. In fact, we are having the same problems with our other neighbours. Perhaps it is the normal syndrome of a large populated powerful country, in the sense that we are one of the first ten industrialised nations of the world today — people do not know about it. And side by side with the good old bullock cart, we also have various other things prescribed for a modern economy.

So these little nations around us, whether it be Ceylon, Bangladesh or Nepal, have to be cajoled by diplomatic means. That we have not succeeded so far is perhaps an indication of the failure of our foreign policy. Defence policies usually follow where foreign policies lead, but there are countries around our periphery which have defence-led foreign policies, so somehow we have to deal with that, too. The land borders do pose this threat, to raise the Indian Army's strength to almost a million people, a million men under arms. Maybe not with sophisticated arms, but numbers possibly make up for absence of sophistication. But that does not stop us, or should not stop us. If we read history right, we are also a peninsula with a coastline in excess of 6,000 or 7,000 kilometres — not as much as yours, 19,000 kilometres, but 7 or 8,000 kilometres is not a small coastline.

The lesson of history is very clear to us, that if we ignore that lesson and allow the waters around us to be dominated by one or other, a third, nation not belonging to the Indian Ocean, then the chances are that the nation is going to dictate to us in the long run. Perhaps not physically occupy, because those days of physical colonisation are gone and cannot be countenanced in this century, but we will then be subject to the whims and fancies of the Soviet Union or the USA, or China, or whoever decides to dominate the Indian Ocean. The very *raison d'être* of the Indian Navy, I think, is borne out of that, but I must tell you that it took our Government a long, long time to come to this conclusion. They only woke up to this in the post-1970 period after long years of badgering by the

Chiefs of Staff.

Here I must say that the Chiefs of Army and Air Staffs helped the Chief of Naval Staff in getting what he wanted, not by allowing their bit of cake to go across to the Navy, but by ensuring that the cake became a little bigger and that the Navy took its due share. I do not think one need, our neighbours need, fear from this what I call legitimate increase of Indian Naval power. The whole object is to deter — we have heard the word 'deter' often enough here — or to make it unacceptable to one or other of the super powers to do battle with us without sustaining unacceptable damage. Therefore, they would not push us beyond a certain threshold.

Mr Mirchandani: We have about ten minutes left and there is one other point which needs to be raised because that is coming as a general thread. I think I can be rude enough to say the time for long preambles now is over, and so is the time for long answers. We will have to go through this pretty quickly. The idea is, how do we tell the community about the problems and try to broaden this discussions so that the pressure can be put on the politicians to give our Defence Force whatever it needs, or maybe even more, or not at all, depending on which section of opinion gains a hold. I would like the panel very quickly now to go through ideas of how they feel that the Defence point of view can be put across persuasively to the community and keep the answers reasonably brief. Ian, would you start off, please.

Mr Sinclair: I think there are several things that need to be done. Over lunch we were talking as to why there were not perhaps as many Press here and involved and interested. I think that there needs to be a public relations section within the Department of Defence that is oriented very much to the Press themselves. I know you have some very excellent people who work there, but, really, the emphasis on public relations seems to me to *disguise* information rather than to *promote* it, and I do not think those of you who are in the Service are given enough opportunity to express your point of view. I think there needs to be a way by which we can accept that you have a right to your point of view and should be able to express it, and I am disappointed that that opportunity has not been provided sufficiently in the past.

Dr Millar: I think there are a lot of things that could be done that are not being done. I made the point in my address that the Defence Report, the Minister's annual report, really conceals far more information than it reveals. It needs to be far more explicit; we need a far

more regular White Paper, preferably an annual White Paper, coming out on Defence. I think the Ministers concerned have to spend a lot more time explaining Defence issues. I think the Defence PR section needs to have a more professional and a much wider brief to speak about Defence questions around the public. I think the Government could very usefully subsidise the study of Defence questions throughout the community in universities, as it does in the UK.

Here we have one small centre at ANU, which is really very inadequate for a country our size. I think the kind of seminars which Defence has conducted across the nation over the past few years are a good thing, but they have been a flash in the pan in each place, pretty much. They could be much more widely extended. I do not see any reason why there should not be more seminars of this kind, more public discussions of this kind, involving Defence people, civilians and members of the Armed Forces, and these things get reported. I think the newspapers need to have qualified Defence correspondents who are regularly writing on these matters, whereas for the most part they pick up some journalist who may have an interest in it, but has very little qualifications to speak on them, with yourself excepted, sir, if I may say so.

Mr Mirchandani: Sir Charles, bearing in mind that the Western Australian Government is just spending 6 million dollars on anti-smoking and not a lot on defence?

Sir Charles Court: Well, Mr Chairman, I feel very strongly that first and foremost the people who are responsible for Defence should together, not just as Navy or as Army or as Air Force, but together, face up to the Government of the day and the Opposition of the day and say 'Look, the time has come to find out where you are going and where you want us to go'. I think you owe it to the Government, you owe it to the Opposition, to at least give them a chance to come out and express themselves, in terms that are acceptable and can be clearly understood, and get away from the gobbledegook. You can never get the simple solution in one sentence, it is not all that easy, but you can get action that at least points in the right direction.

The other thing is to make sure that you do set to work systematically to get the community to understand what Defence is all about, why it is important and particularly the young. The public are not stupid, but you have to tell them and there are so many people telling them the wrong things at the moment, very expertly, very consistently, they never sleep. But we are all too interested

in golf and bowls and a few other things. It is going to be a tough job.

My last point is that it has to be the result of a strategy well planned. It is no good having one great blitz throughout Australia. It has to be well-planned. It will take years to get it across properly, but the sooner you start, the sooner you will get there, as long as there is the strategy. So I believe that we do have to marshal forces and get community organisations that incorporate the young in amongst those, to get them to understand what it is all about, so that when the next election comes, Defence is a real issue. I suggest to you and suggest to Ian Sinclair that it has not really been an issue in an election for a long, long time — not a real issue. When it becomes a real issue, then you know you have won.

Mr Mirchandani: Before I ask Admiral Leach for his comments, I would like to say as a journalist that if more senior officers in uniform spoke with the forthrightness that Admiral Leach has addressed us, not only today but to journalists in the past, we would get a damn sight more information across.

VADM Leach: Thank you, Prakash. I think it is happening, there is a change I detect and that is due to a lot of dedicated people out there. While you may not all agree with them, you must applaud their purpose and the time they give to say what they believe, and that is very helpful. I notice the *Bulletin* said that they are taking a whole Defence issue, or they are going to get contributions, please write in, but nobody from them is here. I would like to see more involvement of the military. I notice Mr Pritchett said that there was no military input. Well, it is very difficult, believe me, and what I think we should do more is appear before Parliamentary Joint Committees. Maybe it is in camera and maybe they do not hear the eggshells you crunch on, but I think there must be more of the military people having a proper input, because I do not believe that is happening at the moment; for example, I did not appear before the Coastal Surveillance Committee. We heard about the Strategic Basis and how Defence Policy is formed; I remember Admiral Peck saying here many years ago that they went in without him ever seeing it, and we do not get very long to see it.

Mr Mirchandani: Professor Fairbairn, my apologies for not having come to you earlier. Perhaps you have a thought on this subject?

Prof Fairbairn: I have nothing to add.

Mr Mirchandani: Mr Kirk?

Mr Kirk: Just briefly — get your story right, make sure it is the right story, get it to the Government, get it to the Opposition, get it to

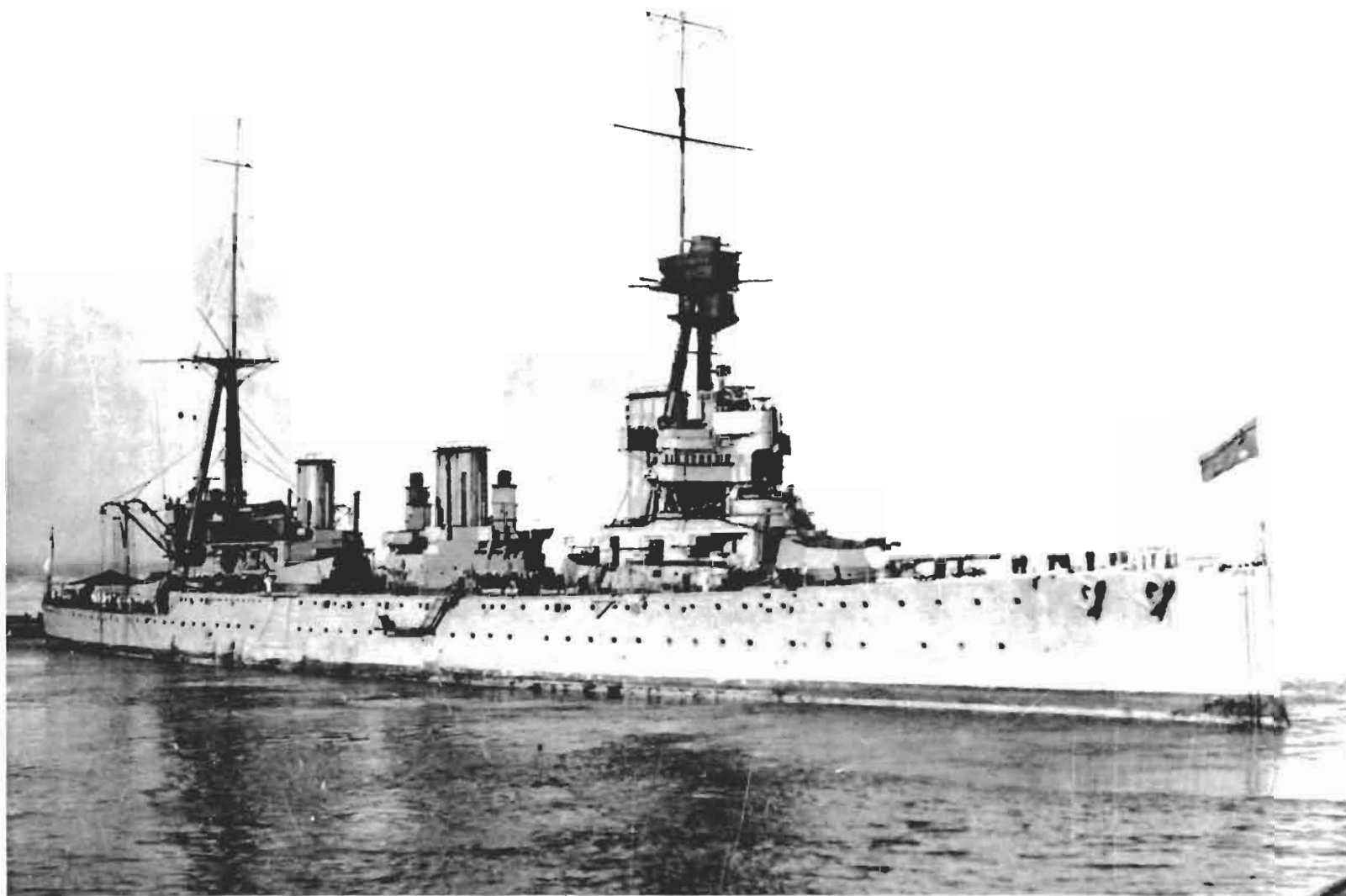
the media. You can do it if you get out there and talk to them. They are willing to talk to you. Get more seminars to do it and then try getting on the campus to get to the young people, because once you start to get to them

the story will spread.

Mr Mirchandani: I would like to leave it here. Thanks very much for joining in this panel and thank you to our panel here for answering the questions.



HMAS AUSTRALIA



HMAS AUSTRALIA

Courtesy: J. Mortimer

SUMMING UP

by Admiral Sir Anthony Synnot KBE AO RAN (Rtd)
Former Chief of Defence Force Staff

Mr President, ladies and gentlemen. I think this meeting, or seminar as we have called it, of the ANI has done just what the aims and objectives of the ANI are, which are printed in the piece of paper you have in your folder. I think it has certainly encouraged discussion and I hope that the discussion will not stop when you leave this room. We have had some ideas from the panel on how to further discussion. I might say that I saw it as a very important thing in my days of CNS, but it was never terribly easy as CNS. It was certainly a lot easier as CDFS, although I cannot say I found it possible to encourage my counterparts in the Department to speak as freely as I did. But my Minister did not shackle me and I kept him informed of what I was doing. But it takes a lot more than that.

I did try to encourage people to speak at local meetings in their area, but once again it was not terribly easy; but we must try and spread the word. There is one thing of educating people; there is a second thing of leadership, and while it is up to all of us to help educate people, I would like to see more leadership from Governments on the Defence issue. They tend to be interested when it is an issue, disinterested when it does not seem to be an issue. Which is a pity, because Governments only last for three years and therefore it has to be of fairly immediate importance; and Defence planning, Defence procurement, training, bringing into service of items, of course, is much longer than that. So it is unfortunate we have such a short term for Governments here when we have Defence as a very long-term planning matter.

The Governor-General set the scene on the importance of an island continent to its maritime interests. He pointed out that the population nowadays was much less conscious of those maritime interests than it used to be in the 19th century, and one of the reasons he gave, which is a very good one, was that in those days most people travelled by sea and pretty nearly everybody in their

lifetime had travelled out to Australia by sea, whereas nowadays if you travel at all you travel by air. I think that is very true.

I think myself that there is another reason, not quite 19th century; but in our lifetime, and the lifetimes of our fathers and mothers, nearly everybody had a relation who was in the Australian Army — roughly half a million in each war. In the Navy, of course, the number was very, very much smaller and in the Air Force, it was negligible in the First World War but quite significant in the Second World War. But I think the Navy does suffer a bit in that when people talk about 'Defence' they think of the Army. Now, that is not terribly sensible for an island nation. We certainly need the three Services and I am a Defence man, whether by being converted or by nature I am not sure, but you need the three Services. I think you have to look at your situation, and we are an island continent and, therefore, our maritime interests must be particularly important. This did come out in the one and only defence White Paper of recent years. The Governor-General also raised the important point about seminars such as this helping to improve the consciousness of people.

From Dr Millar, we had a very good run-down of the international scene. He told us about the interrelationship of Foreign Affairs and Foreign Policy with Defence Policy, and he explained this by saying that his book on foreign policy, the first book he had written on foreign policy, when being reviewed, by Dr Macmahon Ball that eminent man said 'And here is Millar writing on Defence again'. But Foreign Policy and Defence Policy come together in the Defence Committee and it is important that they should.

Dr Millar emphasised that, at times, changes may seem slight and slow, but in the event they sometimes are very significant. He went into factors in our strategic situation; the East-West balance; he talked of NATO

and mentioned something which I think should not be forgotten, which is the view of the countries of Europe, Western Europe, towards NATO, and how De Gaulle explained it as 'The US will not commit suicide in Europe'. I think that is a worry of theirs. The US, of course, has the opposite worry. Europe is bleeding them and will take everything they give, and when they, the US, want support they do not get it. Europe says, 'Well, we are not properly consulted' and so it goes on. But NATO will continue, not necessarily in its present form.

Dr Millar pointed out we should be ready for change. He thought that war in Europe was unlikely, but that the Eastern Bloc could break up in about twenty years and that would change the situation there quite dramatically, even if slowly. He mentioned nuclear proliferation. I think that is a thing that has not been mentioned enough today. It is important, it will be important in the future. He mentioned the importance of Middle East oil, which came up again, of course, in other talks; Soviet bases in Vietnam; and he pointed out very succinctly that, for the first time, the USSR is now able to carry out maritime operations in two oceans.

He mentioned in some detail the role and capacity of the United States vis-à-vis Australia, and that, of course, is important. It is important to governments; it is something that even if people do not understand in detail they know it is important. The facilities we have which are important to the US, he said, could well be gone in twenty years, at the rate of technological advance. He said there was a danger of the US and the ANZUS Treaty making us lazy about Defence matters, and he felt that the relationship could possibly inhibit us sometimes in Foreign Affairs matters. In summary, we got a realistic and practical strategic setting from Dr Millar, rather than a purely academic one or an idealistic one. He left us very much with the idea that we live in an uncertain world in which things can change quickly.

Mr Harry then gave us a legal and diplomatic view. He pointed out that since he retired he had become more of an internationalist and, of course, he had a lot of experience with the United Nations and had been in a good position to think this out clearly himself, I am sure. I do not know whether I can properly represent his views on this, but I will have a try.

Of the United Nations, I think he felt that it was a good idea, but it was very limited; they have helped in various areas, but the veto in the Security Council inhibits proper

stopping of wars and things like that. He felt that international law was an area where we could do much more and if we had international laws they could help to sort out problems, rather than people fighting them out. One of the ones he had been involved in particularly was the Law of the Sea. We have had a Law of the Sea for a long time and it has been useful as far as it has gone, but things have changed in the technological sense; we are looking at resources from the seabed, oil and other resources, and the international law was out of date and inadequate for that. I am sure that if all the countries were signatory to the new Law of the Sea, it would help to stop problems developing.

He pointed out the unfortunate fact that the United States is not yet a participant in the Law of the Sea. He made a point which I have always felt, that we were perhaps a bit selfish in Australia in going for the seabed in the Continental Shelf beyond the 200 nautical miles limit. Goodness me, we must have a lot when we go out to 200 nautical miles. I am not quite sure why the good gentlemen he was talking about were pushing it so hard.

I think Antarctica is an area where Australia should be more interested and it could be an area where Mr Harry's ideas get an opportunity to be proven. I think elsewhere it is going to be a long time before the rule of law can properly operate, but I think in Antarctica there is a good opportunity for it becoming established. As Dr Millar pointed out, I think we will continue to live in a fairly uncomfortable world, otherwise, for some time.

Vice Admiral Awati then talked to us on an Indian Ocean perspective, a perspective from a country closely associated with what I would call the more *active* part of the Indian Ocean — we are in a fairly passive part of the Indian Ocean here, even though Sir Charles Court would not always agree — but he gave us an insight as to how it is seen from that part of the world.

There were some parts with which I did not entirely agree. He, for instance, emphasised that raw materials, initially black pepper and later black oil, had brought countries, great powers and, later, super powers, to the area. I think that that is absolutely true, but I wonder nowadays, are not the Arab states very keen to sell their black oil to anybody who will pay for it? They have put the price up pretty high and they are making a wonderful lot of money out of it, and you can see that being spent pretty freely in places like London and New York. So I think that many people in those countries are happy to sell

their raw materials to the super powers; and what nobody wants, whether it be in the western Indian Ocean, the eastern Indian Ocean, or the Pacific or anywhere else, is to have near them a centre of super power conflict. I think in the western Indian Ocean there is a centre of unease between the two super powers. They are a bit closely involved in it all and it is probably with this clash of super power interests, which are pretty similar, in that area, which is disliked most by people.

He was concerned about US arms to Pakistan. I think personally I am more concerned about nuclear proliferation. I think that could become a real problem in that area. He ascribed a coherence to US policy which I am not confident exists. I do not think US policy is as coherent as he made it out to be. He talked of Diego Garcia, which when I was last there had nothing on it and now, of course, is a base for the RDF — the Rapid Deployment Force. The soldiers etcetera are not there, but a lot of their equipment is. The RDF has still got to prove its usefulness. It is obviously a cause of concern to nations there and is probably a cause of concern to the Soviet Union; but the Soviet Union has short lines of communication to the northern part of the area and the United States has tremendously long lines of communication, and relative to what the Soviet could deploy in, say, Iran, of course the Americans with the RDF could deploy very little. It may be useful from an American point of view but has yet to be proven.

He made an interesting comment, which I thought we should not miss, that Soviet ships, he believed, were behind the United States in quality. I think that those of you who have time to talk to him could learn a bit more about it. He also emphasised that the basic problem had been eased a lot for the Soviets by Cam Ranh Bay. And, of course, we believe that Cam Ranh Bay is being used by the Soviets both in the South China Sea, to project power, to collect information and all those sort of things, as well as for support in the Indian Ocean. He told us, and I think we should not forget it, that Australia cannot be neutral, and he also emphasised that the US could be embarrassed if asked by Australia to invoke the ANZUS Treaty.

We then had a talk by Mr Pritchett, who has recently retired after four years as Secretary for Defence. He made a good point of the need for more military strategic input and I can only say that from my time in Defence, that would be a very welcome change; and I hope perhaps that is a sign that the new

FASSIP is not quite so wary of military input as his predecessors. But in my day, military input was not encouraged, and I think it is quite essential.

I think that the military side did do a good job, certainly whenever I was involved in it in the last ten years or so, on producing the Joint Series of publications, JSP(AS) series, which give operating procedures and tactical doctrine, and that sort of thing. But they did not make much headway on the military strategy side because in the Tange Report the Joint Planning Committee was got rid of. It has never actually died, but the old Joint Planning Committee had someone from Defence Planning and someone from Foreign Affairs on it and I think it was a fairly useful — in fact, a very useful — committee that produced things. But at the moment, responsibility for most military strategy tends to be left with the SIP Division; the military people in that division were meant to make their input, but I do not think it has worked as well as it should and I would be happy if people became less wary of proper military input.

I thought Mr Pritchett was searching for credible threats to justify the Navy and indeed to justify the Defence Force; I do not think in present circumstances that that is the way we should really be thinking. I think we can see that there is not one identifiable credible threat that we should be structuring the Defence Force around. Now, in NATO they have that; they can see across the other side the Warsaw Pact, and they know that they are structuring their Defence Force basically to meet an attack from the Warsaw Pact.

We are in a different situation that should not worry us. What we need, of course, is a deterrent force, a force that will stop other people doing things that could lead to war; and that is what I am sure our Defence Force should be, a force that in the region will help to deter war. You can look at what has happened when people have not done that. There is no doubt that the Argentinians quite recently had heard so much about the run-down of the British Navy and what Mr Nott was doing selling his aircraft carrier to Australia and things like that that they thought there was no chance of Britain really reacting when they landed those people in the Falklands and South Georgia Island.

So when you drop your deterrent, when you show you are losing the will, people sometimes get mistaken and they certainly use that as an opportunity against you. I think a deterrent force, a manifestly obvious, well-known, efficient, capable Defence Force is what we require and, because we do not

know what the threat is going to be, it will have to be a pretty versatile force that is capable of meeting a number of possible threats; and there are many possible threats that could come and, as Dr Millar said, the unexpected is what we are really talking about.

Mr Pritchett also pointed out the importance of Naval and Air Force co-operation. There has been pretty good co-operation at the working level between our ships and the squadrons; and I think we have always had good co-operation, helped on by AJASS, between the maritime squadrons and the anti-submarine ships and the submarines; but I think what he was really thinking about is, now we no longer have a carrier, we will be using more and more squadrons such as the FA18s for maritime work, for maritime operations, and I, myself, think what we have got to look at is perhaps having liaison officers with the maritime squadrons and the maritime squadrons having liaison officers for FOCAF staff. I know this has been done to a certain extent with the Orion squadrons but I think we have got to take it further.

He mentioned keeping Government options open and I think that is part of the versatile Defence Force. You are not supposed, I do not believe, to have a Defence Force that can only do *this*, and when the Government wants it to do *that* you say to them 'I'm sorry, Government, we can't do it'. You must have sufficient versatility so you do not hem the Government in and they can play their options.

Now, I think we had better move on to Sir Charles Court. He, subtly perhaps, but not to be overlooked, paid a good plug for the West and for that he got a lot of support, because there are lot of Western Australians in places of power around here at the moment. He emphasised the need to get the community back to understanding why we need a Defence Force and what it was all about. There has been since then quite a lot of talk about this and it was gone over fairly heavily in question time. I can say I agree very much — I think it is important.

He emphasised the dramatic suddenness of things that can happen that affect a Defence Force such as the beginning of the last war. We were fighting overseas and it seemed to be somebody else's war that we were sending an expeditionary force to, and then suddenly the Japanese were in and it was Australia's war. He explained Defence in a simple way as a matter of an insurance policy. Well, I think that is a good practical explanation; it is a bit oversimplified when

you go into details, but I think that is the sort of thing that people understand. If we are going to have an insurance policy, well, we have got to pay for it, and that is what we are paying for with Defence. He emphasised the importance of economic security as well as defence security. Once again this is the sort of thing that comes together very much in the Defence Committee where we have the Secretary of the Treasury as well as Secretary of Foreign Affairs, and Secretary of Prime Minister's Department, all involved in strategic policy.

He told us, and I do not think he meant us to forget, the importance of rehearsals, and I think Kangaroo '83 which was carried out in Western Australia is the sort of thing he was thinking about. He stressed various things; preparedness was one, allied forces using Western Australian naval facilities was another, the need for a dock to take warships and merchant ships in Western Australia, and the building up if possible of a capability for encouraging merchant ships to come there and get refitted.

I must move on, rather quickly, I am afraid, to Mr Kirk, who told us many stories. He gave us industry's view on our problems and a very good rundown of the place and importance of merchant shipping, the fishing industry, and tourism; he went on to talk about energy, fuels, etcetera. He gave us some startling figures relating to the Federal Budget and what the deficit would look like if it was not for oil. He emphasised above everything else the importance of trade to Australia and on a per head basis said we were up not quite at the front but amongst the leaders. At the end he emphasised the importance of keeping our maritime independence which he said was vital to Australia.

Professor Freebairn then gave us an economist's view and I found this very interesting. He ran through the peacetime needs for a Navy and costed the value of it in the defence setting in relation to such things as trade etcetera. I think that this is the sort of analytical view which would appeal to Governments, which we all know are elected for short periods and want to see value for money before the next election.

But can one really cost Defence? Surely, for instance, the cost of the Falklands campaign was out of all proportion to the value of the Falklands to Britain and even the cost of maintaining the Falklands and their independence now is quite out of proportion to the value of the Falklands. They could have given every person there \$10 million and

settled them in New Zealand and would have had money to spare; but you cannot always cost Defence, although you will find that people such as the Minister for Finance would be very interested in that view and want to see that we were getting value for money on a day-to-day basis.

So I come back to deterrence, and I think that is the real argument, and I think it is an argument that is understood by people and appeals to people. It is much cheaper, cheaper in every way, financially, loss of life, whatever you like to say, to deter a war than to let it start, such as in 1939 when Britain and France did not deter it and had to spend the next four or five years getting out of it.

The Chief of Naval Staff then gave us a rundown on what he called Sea Power for Peace. I thought it was rather more than that. Clearly he has had a difficult time as Chief of Naval Staff with the rundown of the Fleet Air Arm, about which he had no power to influence from the point of view of decision making, and of course it brought with it a lot of morale problems for him. He gave us a good rundown of why we need maritime forces, I thought. He emphasised that we should try and stop any enemy as far from our coast as possible. I think that is the sort of thought that people are a bit apt to overlook. He said we needed a force structure capable of expanding, and that of course applies to the whole Defence Force, that the force structure must be capable of expanding as far as possible within the warning time; and it is not always easy to know what amount of warning time you are going to have.

He mentioned four essential elements; surveillance — I think he perhaps left out electronic surveillance but nowadays it is not quite so much a security matter as it was and I feel I can mention it; it is a part of the overall surveillance, and Jindalee will be part of that electronic surveillance shortly — he mentioned sea control, strategic strike and deployment in support of Army units. He also mentioned that there was a bit of a difference of opinion, between himself and Mr Pritchett, on the value of showing the flag.

Well, if you have a Defence Force for deterrence I think when you show the flag you show it is a Defence Force which other people then know you have got. If you do not show the flag, if you hide your Defence Force — and there is a bit of a feeling in some areas that you should not show your Defence Force, it is something that should be hidden in peacetime — well, if you hide it in peacetime it will not be a deterrent and it will not save you going to war. It will be there when

you go to war, but that is not the object, I do not believe. The other thing that was mentioned then, was bipartisan support for Defence and he said how valuable it would be and he urged us all to take a positive approach to our problems.

We then had Mr Sinclair who, as Defence Minister for only a very short time and now as Opposition Shadow Minister, talked to us of the difficulties of balancing budgets, particularly with many big ticket items and aging of assets.

He then mentioned the character of threat in retrospect. He did not enlarge on that much, but I think what he was saying was we all find it easy to look back on the character of threats but we do not do enough of looking forward to what the character of new threats could be which will be very different. I must say that I am not a believer that invasion of Australia is likely if we have a proper Defence Force. I think there are lots of other threats we ought to be thinking about.

The third thing he mentioned were organisational problems and he was drawn out a bit on this in question time. He mentioned particularly the difficulty he had as leader of the National Party in Opposition of keeping properly briefed on Defence matters; that was something that we did discuss further later. And he saw an adequate Navy as a first requirement and particularly a first requirement of an island nation.

He talked on the carrier and the election promise and justified the returning of *INVINCIBLE*, then and in question time, rather on the basis of keeping the British happy. I was a bit cynical about it, I must admit, and thought that the Prime Minister of the day was a little bit miffed by Mr Muldoon sending a frigate to relieve a British frigate in the Western Indian Ocean to take part in the Falklands, and the PM was trying to do his bit to keep up with him; but, whatever it was, it was really putting the second last nail in the lid of the coffin, and I think those concerned must have realised that when they made that decision.

He talked about the role of merchant shipping in support of Defence and hoped that we were going ahead with that study, emphasising that the British had been particularly successful in that way during the Falklands campaign. He mentioned the problems of training afloat, the support of a fleet, lack of ASW helicopter support at sea and the overcommitment of the Orion aircraft.

In summary, he was not happy that the Navy was getting or would get enough funds to meet its prime tasks. On a bipartisan

Defence policy, he felt it was not possible and I think that I must agree. I think we should aim for as much common ground, particularly in policy areas, as possible, but the job of the Opposition is to snipe at the Government, to keep the Government honest, to keep them up to their promises and all those sorts of things short of war, you will never get an Opposition which will not be criticising the Government for the way it is doing things. It may agree with what the Government is trying to do, and that is about as far as we will

get a bipartisan policy, but the way the Government operates, I am afraid, will always be a matter that the Opposition does, and even should, criticise.

So, gentlemen, I think that the choice by the ANI of our speakers was very fortunate. They gave me an easy job summing up, but I must apologise for the things that I have not covered that perhaps I should have. I would like to thank the ANI for doing what it can to promote the interests of the public in general in defence matters.



HMAS HOBART

Courtesy: Navy PR

CLOSING REMARKS

by Commodore I.B. James AO RAN
President Australian Naval Institute

I will be as brief as I can, but there are a couple of things I must say before we close. Firstly, I echo Admiral Synnot's views. I believe the aims of the seminar have been achieved and I can only express the wish on behalf of the Institute that the debate will continue. I would like to thank, on your behalf, all our speakers. All are busy and important men who have given freely of their time. Some have come from far away.

Gentlemen, we thank you for your stimulating addresses and your further contributions during the debate. I would particularly like to thank Prakash Mirchandani for the very professional way in which he conducted this afternoon's open forum, and Admiral Synnot for summing up just a moment ago. The Council offers all our speakers honorary membership of the Institute for the coming year, and as a further token of our appreciation each will be presented with a small gift at the conclusion of the seminar.

We are also very appreciative for the

support of the audience, particularly the special representatives, and thank you for your participation in discussion both in this room and out of session. This has been important to the success of the seminar. May I remind the non-members that you can join the Institute and the form is in your folder. It is also appropriate for me to record our gratitude to the Australian National University for once again making available the facilities for Seapower.

Finally, I would like to publicly thank all those — the Seminar Director, members of the Institute, their wives, their families and their friends — who have given freely of their time to make this seminar possible. Ladies and gentlemen, you have all contributed to make Seapower '84 a wide-ranging and worthwhile event. It has been our pleasure to arrange this seminar. We look forward to seeing you on the next occasion. I declare Seapower '84 closed.



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