

TOP SECRET

FIVE POWER PLANNING REPORTDEFENCE COMMITTEE

Yesterday I attended the meeting of the Defence Committee which adopted a Report on the Five Power Military Conference in Washington in June 1954. The following matters of interest emerged.

2. General Rowell said that the only point of disagreement at the Conference was on the likelihood of intervention by the Chinese Communists if the West put forces into the Tonking Delta. The United States was quite contemptuous of the Russians and did not think that they would come in even if the Chinese got involved. Rowell personally disagreed with the United States on Chinese and Russian intervention and gave the impression that the United States were on their own on this point.

3. Rowell expressed surprise at the fact that the British Cabinet was reported by McIntyre to be disturbed by the Military Representatives' statement that nuclear weapons would be used in the event of war with China. Rowell said that at Washington Sir John Harding had not expressed the slightest doubts on this point and had in fact agreed that nuclear weapons should be used. I asked Rowell whether nuclear weapons was intended to include thermo-nuclear weapons, but Rowell said there had been no consideration of this and he could not throw any light on my question.

4. Air Marshal McCauley said that it was interesting that the Military Representatives said that in the event of Chinese aggression, air attacks should be launched immediately; this, said Air Marshal McCauley, indicated that the United States already had plans for such a course. Sir Frederick Shedden commented that this word "immediately" was of interest in view of the American proposal for an agreed minute by ANZUS in the event of Chinese aggression. Australia had been suggesting consultations between the countries involved when aggression occurred, but perhaps American military thinking at the moment did not provide for any time lag at all.

5. Rowell said that he got the impression at Washington that the Americans were no longer seriously thinking of military intervention either in the Tonking Delta or on the Thakhek-Dong Hoi line. The earlier American proposals for action in the Delta had been a project of Radford himself; American marines and carrier-based aircraft would have been used so that in the initial stages the action would have been entirely Navy. General Twynning, the United States Air Force Chief of Staff, also wanted to have a crack at the Chinese. However, the United States Army Chief of Staff, General Ridgway, did not conceal his complete

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opposition to the whole operation. I asked whether Rowell had been able to get any idea of General Eisenhower's reaction and Rowell replied that as far as he could make out Eisenhower was only a figurehead in this.

6. Questioned about the defence of the Thai border Rowell said that the general feeling was that this would have to be left to the Thais themselves. Rowell indicated that he did not think very highly of Thai military capacity or of Thai steadfastness in the event of things going against them.

7. Rowell said that the Americans did not seem worried at the prospects of expanding the present Five Power machinery to include Asian states. Rowell said that of course if the Philippines, Thailand and other Asian states were included it would mean that there would be no real security of information and that everything done would be in the hands of the Russians very quickly. This did not seem to worry the Americans but it did worry the United Kingdom. The United Kingdom was also opposed to Article VIII of the ANZUS Treaty being used as the basis for wider consultations among the Asian powers in the present situation.

8. A large part of the discussion occurred over Paragraphs 9 and 10 of the Draft Report prepared by the Joint Planning Committee; these paragraphs indicated that the size of the present defence budget, and the balancing of the forces within it, would need review if anything was to be done by Australia in South-East Asia. Sir Frederick Shedden opposed the wording and indicated to the Defence Committee that the Government would be unlikely to increase the budget above £200 million or to review its recent decision on the allocation of resources between the different services. He indicated to the Committee in great confidence that the Minister for Defence (Sir Philip McBride) was thinking of going overseas later this year to discuss the whole situation with Britain and America, in regard to equipment and the size of our forces. McBride's visit would follow the pattern of Mr. Curtin's trip in 1944 to Washington and London which was undertaken after the Australian Government came to the conclusion it should reduce our forces by 50,000. Sir Frederick Shedden warned the Chiefs of Staff that, so far from thinking in terms of additional forces for Australia, they might well find themselves faced with a bigger reduction. Sir Frederick Shedden also said, in regard to a strategic reserve for Malaya, that the last word from the Prime Minister was that he would agree to the Australian Air Squadrons being transferred to Malaya from Malta and Korea but to nothing more. As far as the Prime Minister was concerned, Australia's only contribution to a strategic reserve in Malaya would be air forces.

...Some changes

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9. Some changes were made in the Defence Committee's Draft Report at my suggestion but two were rejected.

(a) In the discussion on a guarantee I suggested a sentence be added along the following lines: "A guarantee can be given against overt military aggression but great caution should be exercised before giving any guarantee against the Communists gaining control by subversion." Shedden commented that surely we would want to take action if a coup took place along the lines of the one in Czechoslovakia. I said that this sort of situation was one which should be judged on its merits when the time came and that I did not think we ought to give a guarantee in advance about such an eventuality. The three Chiefs of Staff agreed with my point but thought it was outside the terms of reference of the military representatives, who had been thinking only of an open breach of the terms of the ceasefire. Accordingly no reference was made to this point.

(b) I suggested the addition among the conclusions of the following: "Irrespective of the situation in Indo-China, it would be in Australia's interests for some form of collective defence to be established in South-East Asia and the Western Pacific as soon as feasible, comprising Anzus powers and France and as many Asian states as are willing to join." The Defence Committee thought that this was a political matter not related to the report of the Military Representatives and that it should not be included. Shedden also said that a bald statement of that nature could not be included without putting in various qualifications such as saying that the Anzus relationship should not be disturbed.

SIR FREDERICK SHEDDEN

I had a private talk to Shedden afterwards and he said that he did not think that there was any chance of the Government increasing the defence vote at present. As far as the allocation of forces was concerned between the three Services, the Prime Minister and the Minister for Defence had agreed on the statement that was made by Sir Philip McBride on 11th April, and that had to be accepted now by the Defence Committee as the basic Australian position. At the time the Prime Minister and McBride were deciding on this policy, he (Shedden) had specifically drawn to their attention the other considerations now in the minds of the Defence Committee, but the Government had nevertheless gone ahead. Shedden said that the three Chiefs of Staff had in the past each pressed his own point of view and had made no attempt to get together to reach

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an agreed allocation, and therefore it had been necessary for the Government to step in from above and impose an allocation between the Services because the Chiefs of Staff themselves had not come up with a common policy.

MINISTER FOR DEFENCE

11. I afterwards saw Sir Philip McBride who said categorically he would not ask for more than £200 million in the coming year for defence. The Prime Minister had said in his policy speech that the present Government would continue to make £200 million available and McBride thought that the Defence Forces were lucky to get this. In the first place, he did not think that Australia with its present resources and its needs for internal development, could devote more to defence. We already had full employment in Australia and he did not see how more than £200 million could be spent on defence without the Government having to introduce controls on other sectors of the economy. In the second place we did not have enough equipment for our existing forces; We had enough for training but not for mobilization. What was the sense of building up more forces if we could not equip what we had already? It would cost £400 million to equip our present forces and by the time that was spent we would have to start all over again because of obsolescence.

12. McBride expressed opposition to statements in some Australian newspapers, such as "The Sydney Morning Herald", that Australia's role was to provide ground forces in South-East Asia. He said this was an absurd point of view, having regard to the limited population of Australia. In any case, our defence must be based on the assumption that we could not get any substantial forces out of Australia in less than six months. That had always been our position in past wars. Our forces in any case must be comparatively small and if they could not hold on without us until we got our forces there, it is unlikely they could hold on in any case. In any case he could not accept the position of the "Sydney Morning Herald" which was apparently that, despite our small population, we should be the hewers of wood and drawers of water in South-East Asian operations.

13. McBride also referred to the difficulties presented to him in Cabinet by the fact that the Defence forces had not spent all the money available to them. He had had a hard struggle last time to get Cabinet to agree to £200 million being allocated again in the 1953-54 budget, but the forces were only going to spend £177 million of it. This was due to a

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number of causes, largely outside the control of the Services, such as slowness of deliveries. A lot of these difficulties resulted from the existence of an economy of full employment which meant either that manufacturers were not interested in getting certain orders or that delivery was slow.

J. Kimball

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