

America's Post-War Defense, Foreign Affairs,
and Economic Ties to Australia

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The relationship between the United States and Australia has been supported by strong security and economic links in the post-war period. Both countries have entered into mutual defense treaties involving other Pacific rim countries, as well as metropolitan countries in Europe. American exports to Australia have risen ten-fold since 1952.¹ Despite the closeness of these security and economic ties and a common Western heritage, the two countries do not agree at all times and often argue over policy, especially, it seems, during Australian Labor governments. This paper discusses US - Australian relations in the fields of defense, foreign affairs and economics since World War II and brings out the fact of American dominance in these fields, but it is a dominance qualified by some Australian independence.

Defense Ties: ANZUS.

A discussion of the defense relationship between the two countries will bring out their differences a little more. As early as 1945, after the Japanese surrender, the Australian government demanded harsher terms for the Japanese peace settlement than the ones the US eventually arranged. Furthermore, Australian Labor officials opposed the veto powers given to the permanent members of the UN Security Council.²

In the early 1950s, both American and Australian troops fought in Korea. In 1951, the ANZUS alliance was formed. The ANZUS Treaty was signed in San Francisco on 1 September 1951 and provided for a stronger defense arrangement among the United States, Australia and New Zealand than that of ANZAM, which was only an alliance set up between Australia, New Zealand and Great Britain in 1946 for defense consultation.³ The ANZUS

Treaty pledges the three countries to preserve "peace and security^{ity} pending the development of a more comprehensive system of regional security^{ity} in the Pacific Area".⁴ The two most important of the eleven articles of the Treaty are Articles IV and V, which are listed below:⁵

Article IV

Each Party recognizes 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 ~~not~~ meet the common danger in accordance with its constitutional processes.

Any such armed attack and all measures^a taken as a result thereof shall be immediately reported to the Security Council of the United Nations. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

Article V

For the purpose of Article IV, an armed attack on any of the Parties is deemed to include an armed attack on the metropolitan territory of any of the Parties, or on the island territories under its jurisdiction in the Pacific or on its armed forces, public vessels or aircraft in the Pacific.

Thus, not only the Pacific coast of the US^{and Hawaii,} but also American Pacific territories are protected by ANZUS, just as Papua New Guinea was when it was an Australian territory prior to independence in 1975.

The ANZUS Treaty also provides for mutual aid to develop "individual and collective capacity to resist armed attack" (Article II), and it authorizes the three countries to develop "consultative" relationships with other Pacific nations to further regional security^{ity} (Article VIII). The Treaty is to last indefinitely (Article X).⁶

Mainly as a result of the ANZUS Treaty, the US began to take a more serious interest in the defense of Australia. In 1957, Australian weaponry was modified to suit American, rather than British, standards. The two countries had already signed a ten-year pact of mutual cooperation on the peaceful uses of atomic energy in the previous year. When this pact was renewed for another thirty years in 1967, there was a clause for the exchange of nuclear information and for the transfer of enriched uranium from the US to Australia.⁷

Since 1951, the ANZUS alliance has been the cornerstone of American--Australian relations. All of the various Australian governments have recognized its importance. Nevertheless, the nature of the ANZUS ^{alliance} is subject to review and to adjustments worked out between the two countries. Upon taking office as Prime Minister in March 1983, Robert Hawke, Labor Party, stated Australia's "relationship with the US remains fundamental, but it will not be a relationship of sycophancy." He went on to add that the provisions of the ANZUS ^{Treaty} were to be reviewed as well.⁸

Defense Ties: US Defense Facilities in Australia.

In 1963, the Australian government of R.G. Menzies, Liberal Party, approved by a vote of 19-17 the American use of a site of twenty-eight acres at Exmouth Gulf, North-West Cape, Western Australia, after the US had asked for it at an ANZUS meeting held in Canberra in May 1962. This site now has a Very Low Frequency transmitter for communication with US submarines ^{near} in the Indian and Pacific Oceans and a second station thirty miles south of the first station ^{has} with a High Frequency transmitter and ^{re}ceiver.⁹ ^{after} When E.G. Whitlam, Labor Party, became Prime Minister in 1972, the North-West Cape agreement was modified because of Labor dissatisfaction with it

to make an Australian a deputy commander of the facility and to recruit more Australians to work there. The two countries were to run the site together, but the US retained the right to keep the messages sent out from there confidential. During these negotiations, there was a march on the installations in May 1974.¹⁰

Besides the North-West Cape facilities, the US also had by 1969 a Joint Defense Space Research Facility at Pine Gap near Alice Springs, ~~Western~~^{Northern} Territory; a Joint Defense Space Communication Station at Nurrungar, South Australia; and five NASA tracking stations -- at Island Lagoon and Tidbinbilla for deep space probes, at Carnarvon and Honeysuckle Creek for manned space flights, and at Orroral Valley for satellites.¹¹ These facilities are still open and run by the US. The Nurrungar station is used for monitoring Soviet and Chinese missile firings and related activities.¹² In addition, the US uses Australian facilities at Cockburn Sound for ^{its} naval vessels and at Cocos Islands for ^{its} aircraft.¹³

The presence of all these installations aroused a general alarm in Australia that, because of them, Australia had become even more of a target in the event of a war than she already was. It was mainly for this reason that Whitlam's government (1972-75) failed to approve the installation⁰ of a US Omega station in the country. They feared that Omega, a global all-weather navigation system for communication with commercial vessels involving eight stations, would definitely become a target in war-time and might be taken over for military purposes should war occur.¹⁴

Defense Ties: SEATO.

Whereas the ANZUS alliance is alive and flourishing, the SEATO alliance has passed away. From the beginning, it was the subject of mixed expectations. Australians hoped that SEATO, which was started in 1954, would be used to

keep enemy bases distant from home, but the US refused to give SEATO the military strength of NATO and restricted the pact to combatting communist aggression in Southeast Asia and the western Pacific.¹⁵

But when communist insurgents threatened the Laotian government in 1959-60, the SEATO members were powerless to act. This was largely because US global and regional policies were formulated to suit American needs, not those of its SEATO partners.¹⁶

The significance of SEATO in the region began to wane when it did not attract more members in the 1950s and 1960s. By the mid-1970s, SEATO had become, for all practical purposes, a matter of economic aid to Thailand. All military planning was officially dropped in September 1973, and SEATO itself was disbanded following such a decision reached at a conference in New York on 24 September 1975.¹⁷

Foreign Affairs Ties.

In the field of foreign affairs, the US and Australia generally agree as to policy. But some variation is inevitable because of the difference in the bases of foreign policy. Australia has a permanent interest in the Pacific region. Her most vital security concerns are lines of communication, especially around Indonesia and the Indian Ocean, the location of enemy bases to the north from which she could be attacked, and the tenor of international relationships in the Pacific.¹⁸ The US, on the other hand, changes its commitments in the Pacific to suit national policy. This is clearly evident in the shift from the containment policy so common in the 1950s and early 1960s to the Guam Doctrine announced in 1969. The US was, in the former decades, to keep communism from spreading, in Southeast Asia. During the troubles over the islands offshore of Taiwan, John Dulles announced the Dulles Doctrine (September 1958), which opposed the legitimacy of the communist government on the Chinese mainland and the Chinese communist claims to

Quemoy and Matsu off Taiwan.¹⁹ But once the war in South Vietnam began to wind down in the late 1960s, President Nixon announced his Guam Doctrine (July 1969 and later elaborated as his Foreign Policy Report to Congress in February 1970) and gave notice of future US foreign policies being shaped to fit American commitments, of never engaging US troops in an Asian land war, and of expecting American allies, including Australia, to carry the burden ^{for} ~~of~~ their own defense.²⁰ It would seem that US-Australian foreign affairs relationships will follow the Guam Doctrine for the foreseeable future.

Australia did oppose the US on some minor foreign affairs matters in the 1950s and 1960s. In 1956, when the US opposed the use of British and French force to ^{reopen} ~~reopen~~ the Suez Canal after Nasser had nationalized it on 26 July 1956, Australia sided with the British.²¹ Australia also opposed the ^{ne} ~~Indonesian~~ take-over of West New Guinea (now, Irian Jaya) in 1962 that was arranged by Ellsworth Bunker but gave in to US desires for a stable, friendly ^{ne} ~~Indonesian~~ to offset the Soviet threat on the Southeast Asian mainland.²² Australia and the US also disagree over the issue of a Nuclear Free Zone in the Pacific, with Australia generally in favor of this; but, to date, she has not done anything about implementing it.²³

In most foreign affairs, however, the two countries get along well. Australia supported US recognition of Taiwan and the non-recognition of mainland China throughout the 1950s and 1960s.²⁴ In the Antarctic, the US signed over its Wilkes station there on a "timeless loan" to Australia on 1 December 1959 and also recognized Australian territorial claims there.²⁵ In the most important matter of Vietnam, Australia supported the US until Whitlam's Labor government was elected in 1972. When US troops were stationed in ^{nam} ~~Vietnam~~ in ever increasing numbers in the 1960s, Australia

bolstered the number of her troops as well. Twenty Australian advisers were sent to South Vietnam^{nam} in early 1962. The first Australian troops were sent in three years later, with the greatest number stationed there reaching 8000 in October 1967, followed by a high in the US troop commitment of 549,000 in the next year.²⁶ As Nixon began withdrawing American troops in the late 1960s and turning over responsibility to South Vietnamese forces, the ^{size of the} Australian contingent decreased. Finally, in late 1972, after a change from Liberal Party to Labor Party, the Australian government sharply criticized the US for bombing North Vietnam in December 1972. It ordered all troops out and stopped all military aid to Vietnam on 28 December. At the same time, Australian dock workers refused to handle American shipping in Australia for a time as a protest against the bombing.²⁷

Australians have generally been sensitive to the change of being an American satellite, as the statement quoted earlier from Hawke's speech clearly shows; but, as we have also seen in the matter of the Suez Canal, Indonesian control of West New Guinea, and the bombing of North Vietnam in 1972, Australians can pursue an independent line of policy contrary to US policy. Nevertheless, it is generally true that Australian foreign affairs policy usually conforms to and acts within the boundaries set by American policy.²⁸ At the same time, it should be noted that Australia has two important contributions to make to the US in this field. Firstly, because of her serious involvement in the South Pacific Commission, the South Pacific Conference and the South Pacific Forum, Australia can help orient US policy in the 'neglected' area of the South Pacific. Secondly, Australia can continue to serve, as she has in the past, as a bridge builder between the US and her European and Asian allies by means of confidential discussions at the highest levels of government.^{28 29}

Economic Ties.

In the area of post-war economics, the US ^{has} also pursued ^d policies ^{ies} for her national interest that have worked out to the advantage of Australia despite occasional threats of US control and manipulation ^u of the Australian economy that lingered in the 1970s.³⁰ As early as 1960, General Motors-Holden's, a US subsidiary, was the largest corporation in Australia. In the same year, US investments amounted to \$A 323 million, or 28% of the total foreign investment in Australia.³¹ During the 1960s, both Japan and the US passed the United Kingdom as Australia's top trading partners.³² In 1971, the Australian dollar was pegged to the value of the American dollar and taken off the British pound.³³ By fiscal 1980 (July 1979-June 1980), the US had 22.1% of the Australian market for foreign goods followed by Japan with 15.6% and the UK with 10.2%.³⁴ In the following fiscal year, the US share dropped ^f to 19.7%, while the Japanese share increased to 17%.³⁵ The future will probably witness a further decline in the US share of the *australian* market and a further increase in the Japanese share.

Concern over foreign investment in Australia reached a ^{peak} ~~pitch~~ during Whitlam's Labor government, which enacted legislation to regulate the amount of foreign investment allowed there. As a result ¹ of this Australian domestic economic policy, US investment in Australia fell from \$A 554 million in 1972/3 to just \$A 90 million a year later.³⁶

Despite this loss of investment, the US continued to dominate the three largest domestic industries in Australia -- automotive, petrochemical and mining -- and US exports to Australia remained high into the 1980s.³⁷ Most American exports to Australia are manufactured goods, machinery and metal products, while Australian exports to the US are meat, wool and minerals.³⁸

Unfortunately for Australians, the US has imposed tariffs on some of their biggest exports. US restrictions on lead and zinc ⁱⁿ exports from Australia in 1958 resulted in a 49% reduction and a loss of \$18 million for Australia.³⁹ In that year Deputy Prime Minister McEwen said, "no great trading nation had obstructed Australia's battle for overseas trade in the past eight years [1950-1958] more than the United States".⁴⁰ The US also restricted beef imports from 1968 to mid-1972, then again from 1974 to the present due to ^{a strong} the cattlemen's lobby in Washington, D.C. ^{Wool} and most dairy products have also been restricted for most of the time.⁴¹

In summary, the US has taken advantage of the Australian market and continues to dominate Australia's domestic economy through US subsidiaries, while pursuing at the same time national economic policies that reduce the size of ^{Australian imports of} ~~the American market in~~ beef and wool especially, due to lobbying by strong domestic interest groups.

Conclusion.

The US has, in the post-war era, replaced the UK as Australia's most powerful ally. The ANZUS alliance of 1951 superseded the earlier ANZAM alliance; the US became Australia's biggest trading partner in the 1960s and ^{held} ~~held~~ that position ⁱⁿ ~~until~~ the early 1980s, while the UK declined to a distant third behind Japan.^f The Australian dollar is now tied to the American dollar rather than the British pound.

There are still foreign affairs differences between the two countries, as seen in the Suez crisis and the bombing of North Vietnam. The controversy surrounding US defense facilities in Australia, especially the North-West Cape, continues and the US still imposes tariffs on Australian beef and wool.

Nevertheless, Australia sides with the US on most foreign affairs matters and can also ^{help to} guide US Pacific policy by taking a vigorous part in the major South Pacific organizations. She also has a role to play as mediator between the US and American allies in Europe and Asia. All in all, Australia could emerge in the 1930s as playing a vital role in US regional policy in the Pacific, while working within the ^{broader} ~~border~~ global policies that the US sets for herself.

Footnotes.

1. Neville Meaney, "The United States" in W.J. Hudson, (ed.), Australia in World Affairs 1971-1975 (Sydney, 1980), p 203. In 1952/3, the value of US exports to Australia was \$A 170 million and this had jumped to \$A 1656 million by 1975/6 (See, Table 2: Australia's Trade with the United States.)
2. D.P. Whitaker, et. al., Area Handbook for Australia (Washington, D.C., 1974), p 29.
3. F.K. Crowley (ed.), Modern Australia in Documents, Vol. 2 (Melbourne, 1973), p 248.
4. Crowley, p 249.
5. Crowley, p 249.
6. Crowley, pp 249-50.
7. Whitaker, pp 30, 226.
8. Facts on File, Vol. 43, No. 2208 (11 March 1983), p 158.
9. Whitaker, p 226; Henry S. Albinski, Australian External Policy under Labor (Vancouver, 1977), p 12; and Norman Harper, "Australia and the United States (with special reference to South-East Asia)" in Gordon Greenwood and Norman Harper (eds.), Australia in World Affairs 1961-1965 (Melbourne, 1968), pp 339-41.
10. Albinski, pp 257-60.
11. Whitaker, pp 138, 227.
12. Albinski, pp 251-57.
13. Whitaker, pp 138, 227.
14. Albinski, pp 264-68.
15. Norman Harper, "Australia and the United States (with special reference to South-East Asia)" in G. Greenwood and N. Harper (eds.), Australia in World Affairs 1956-1960 (Melbourne, 1963), pp 172-80.
16. Harper, AWA 1956-60, p 193.
17. Meaney, p 20.
18. H. G. Gelber, The Australian American Alliance (Victoria, 1968), pp 13-23.
19. Harper, AWA 1956-60, pp 209-10.
20. Meaney, p 163.

21. Harper, AWA 1956-60, 221-25.
22. Harper, AWA 1960-65, pp 326-27.
23. Albinski, p 253.
24. Harper, AWA 1956-60, p 214.
25. Harper, AWA 1956-60, pp 232-33.
26. Whitaker, p 30; Norman Harper, "Australia and the United States (with special reference to South-East Asia)" in G. Greenwood and N. Harper (eds.), Australia in World Affairs 1966-1970 (Melbourne, 1974), p 302.
27. Meaney, pp 182-83.
28. Harper, AWA 1956-60, p 168.
29. Harper, AWA 1956-60, pp 168, 236.
30. Meaney, p 202.
31. Harper, AWA 1956-60, p 232.
32. Harper, AWA 1966-70, p 313.
33. Whitaker, p 261.
34. The Economist Intelligence Unit, Quarterly Review of Australia, Papua New Guinea, 1983, No. 1 (London, 1983), p 2.
35. The Economist Intelligence Unit, Quarterly Review of Australia, Papua New Guinea, 1983, No. 2 (London, 1983), p 2.
36. Meaney, p 204.
37. Meaney, pp 202-03.
38. Harper, AWA 1961-65, p 204.
39. Harper, AWA 1956-60, p 219.
40. Harper, AWA 1956-60, p 240, footnote 129.
41. Albinski, p 218; Harper, AWA 1961-65, p 204; Meaney, p 202.

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