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LIST OF ABBREVIATIONS AND SYMBOLS

USDel, United States Delegate (Delegation)	V-J day, the day of Japanese capitulation (September 2, 1945)
Usgoc, series indicator for telegrams to the United States Delegation on the United Nations Good Offices Committee in the Netherlands East Indies	VOUSA, Voice of America
USI, United States of Indonesia	wali negara, head of state (NEI)
	Zbgi, military message indicator
	Zgcg, military message indicator
	Zpol, military message indicator

AUSTRALASIA

AUSTRALIA

UNITED STATES RELATIONS WITH AUSTRALIA

711.47/8-1848

Policy Statement of the Department of State

SECRET

[WASHINGTON,] August 18, 1948.

AUSTRALIA

A. OBJECTIVES

The fundamental objectives of US policy toward Australia are: (1) to maintain and strengthen the close ties of friendship which exist between the United States and Australia; (2) to encourage Australia, as an independent member of the British Commonwealth and as a friendly military power, to collaborate closely with us on matters of mutual concern, especially in the Pacific;¹ and (3) to encourage the economic development of Australia and the growth of her foreign trade in accordance with the principles of the ITO Charter and in such a manner as to further the economic recovery of Great Britain.

B. POLICY ISSUES

Relations between the United States and Australia, which have always been friendly, became very close during World War II when the two countries cooperated to the fullest in the common war effort. We have welcomed the gradual development of Australia's independence of action in the field of international relations and it is on a basis of an individual and independent country that we now conduct relations with Australia. It is our policy to collaborate as closely as possible with Australia on world affairs and to encourage the Australians to cooperate with us on matters of mutual concern, and it is our desire that the close military cooperation which grew out of the associations of the war shall continue. We recognize that Australia occupies an important geographic position and is inhabited by a people whose way of life and whose political ideology is similar to our own.

¹ Documentation on United States efforts to resolve certain differences with Australia concerning disposal of war surplus materials and fixed military installations in the Southwest Pacific is in Department file 847.24FLC. For documentation on disputed islands and base rights, see pp. 16 ff.

1. *Political*

Australia has taken a very independent line in UN affairs and proudly avoids giving any suggestion of subordination to the US or UK. She is, however, strongly affected by her constitutional, racial and sentimental attachment to Great Britain and her strategic dependence upon the US. Although sometimes troublesome in debate, Australia can generally be counted on to vote on our side on any major issues involving a test of strength or divergence of policy with the Soviets, however attractive the fancied role of a social democratic mediator between communist and capitalist extremes. At the same time, where no such basic divergence exists, and where Australia has no direct or immediate interest, she makes use of her position as a small power to champion principle and consistency and to defend UN authority. The Australian Minister of External Affairs, Dr. Herbert V. Evatt, has taken a prominent and personal part in UN activities, since the San Francisco Conference, although this has been at the expense of his domestic responsibilities as Deputy Prime Minister and Attorney General. He vigorously opposes the veto; plays a self-appointed role as spokesman of the small and middle powers; and has sought to strengthen the General Assembly as against the Security Council.

It is natural that Australia, which gives to her judges a quasi-executive authority over important political and economic questions, should support arbitration in the international field. In keeping with this domestic tradition, and contrary to our position, Australia strove to give the UN Good Offices Committee arbitral as well as mediatory powers in Indonesia, and during the third session of the Human Rights Commission the Australian representative urged the establishment of an International Court of Human Rights with authority to hear petitions from individuals.

During the past few months Dr. Evatt has displayed a tendency to abandon his previous position of a parallel approach with the US and UK on major policy matters in favor of the more neutral role of mediator. Evidence of this may be seen in a number of cases during the last General Assembly during which he refused to cooperate with us in rejecting the Soviet "war-mongering" resolution, was hostile to the establishment and work of the Temporary Commission on Korea, and lukewarm towards the establishment of the Interim Committee of the Assembly. Australian members on UNSCOB also displayed an obstructionist attitude. To the extent that this tendency on the part of Australia serves to weaken the democratic front, it has and will prove embarrassing to us. We should endeavor to avert a recurrence of such incidents by careful advance diplomatic preparation; making it quite clear that we stand firm on questions of principle; and, empha-

sizing that it is communism of the Moscow variety that we oppose and not democratic socialism which may be favored by other countries.

These characteristics of Australian UN policy apply also to the position that country has taken in other UN bodies and in the specialized agencies. At the sixth session of ECOSOC the first one in which Australia participated as a member, she took an independent position and made a definite bid for leadership. She urged acceptance of the principle of full employment as a fundamental aim of international economic policy. In some cases, at least, Australia seemed disposed to use this principle as an excuse for release from firm commitments in international commercial policy. In the Trusteeship Council, as administering power for the trust territory of New Guinea, Australia has in general been cooperative to suggestions made by the US delegation. In UNESCO, Australia has been active and, from our point of view, cooperative. Although at the recent General Conference on Freedom of Information the Australians were more disposed than ourselves to accommodate the Soviet point of view on "war-mongering," they did not propose any corrective measures incompatible with our interpretation of the principles of freedom of information.

As a member of the International Refugee Organization, Australia has usually agreed with us, except on the few occasions when we were at variance with the UK. Australia set a quota of 20,000 DP's which it would accept in 1948 and is much disturbed that due to shipping shortages they have at present received only 4,000. The Prime Minister has recently appealed directly to President Truman to obtain additional shipping for this service, offering at the same time to admit a total of 200,000 DP's as rapidly as possible. We appreciate this move as one which would relieve the refugee situation in Europe, but a number of details in addition to shipping remain to be worked out before the offer can be implemented.

Australia sees herself as spokesman for the British Commonwealth and senior member of the Anzac partnership in all matters relating to the Pacific area. It was largely through the initiative of the Australian Government that the South Seas Conference was called in Canberra to establish the South Pacific Commission. Australia has expressed a desire to assume the leadership in governmental cooperation for the improvement of the conditions of the native peoples of the Islands of the South Pacific and Australia's policy in this regard has been a source of satisfaction to us.

Australia represents the entire British Commonwealth on the Allied Council in Japan, and an Australian Officer commands the British Commonwealth Expeditionary Force in Japan. Special attention should therefore be paid to the basis of Australian policy regarding Japan and the origin of their suspicion of our intentions. Their

policy with respect to Japan is directed toward obtaining an equal voice in the determination of a final peace settlement, a guarantee that Japan shall never again become a military power; and, the providing of safeguards against Japanese economic domination of Far Eastern markets.

Although the Australian attitude apparently became more friendly to our occupation policies following Dr. Evatt's visit to Japan in July, 1947, a suspicion of our intentions remains. Basically Australia's criticism of SCAP policy is that Japan is being built up as a US bastion against the USSR and that no practical problem is allowed to be decided solely on its merits, but always in relation to Soviet-American relations. To the Australians this means that we are allying ourselves with the most reactionary elements in Japan under the baleful influence of high finance and the Army.

As Australian support for our Japan policy is highly desirable and can usually be counted upon to involve New Zealand and often UK support as well, every effort should be taken to prepare the ground through diplomatic channels before new measures are adopted which might be misunderstood by the Australian Government. Whenever possible, announcement of new policy decisions should be preceded by frank explanation of our motives to the Australians both here and in Canberra, and unheralded interim directives by SCAP should be avoided. Since the Australian public takes a lively interest in Japan, and since the Commonwealth Government's actions must be justified, an effort should be made to brief Australian correspondents both here and in Japan on reasons for SCAP policies.

In recognition of Australian sympathy, the Indonesian Republic chose Australia as its representative on the SC Committee of Good Offices. As a member of the Committee, Australia has consistently supported the position of the Republic. Recently Australia has collaborated with the US delegation on the Good Offices Committee in proposing a joint political settlement to the two parties.

2. Economic

Despite her present high level of prosperity and employment, Australia is confronted with a dollar shortage much increased since the end of the war by a heavy increase of imports from the US and Canada of semi-finished materials to supply industry and of goods formerly obtained from other sources. Her principal source of dollar earnings has been wool, of which she is the world's largest producer, and the fiscal year just ended saw reduced American purchases of raw wool. Drawings on the sterling area dollar pool in London have been the principal resources relied upon for meeting the current deficit. Although Australia has already instituted measures to cut dollar im-

ports substantially and their full impact may take effect by the end of 1948, a considerable dollar deficit is expected to remain. Apart from expanding the production of gold, which at best can solve only part of the problem, Australia is thus faced with three possible alternatives: (1) further extensive drawings on the sterling area dollar pool, (2) drawing on the International Monetary Fund, or (3) expansion of her exports to dollar areas.

In view of our deep concern in the recovery of the UK and the maintenance of her financial stability, we wish to see Australia restrict her dollar drawings on the UK as much as possible. To minimize such drawings, we are prepared to support an application by Australia to the International Monetary Fund within the framework of our policy toward the Fund during the transition period. We should also encourage Australia to explore the possibilities of increasing her dollar earnings.

US economic development policy toward Australia should be directed toward aiding that country in the development of native resources through private channels. Encouragement should be given to sound development projects or programs, either by direct private US investment or through loans and other aids to Australian ventures. American-owned companies in Australia have usually been able to make satisfactory arrangements for the withdrawal of dividends, and they have traditionally avoided calling upon our government for assistance. We should support Australian applications, if any are forthcoming, for International Bank loans for long-term development schemes. We should also support Export-Import Bank loans, if sought, for sound individual projects of suitable character.

The Australian Government has under consideration a draft treaty of friendship, commerce, and navigation which we submitted to them some time ago. The proposed treaty follows the pattern of our other post-war commercial treaties and we are encouraging Australia to undertake detailed conversations on the draft in the immediate future.

C. RELATIONS WITH OTHER STATES

Based on a common political outlook, a common racial stock and a similar geographic position, Australia's relations with her sister Dominion of New Zealand have always been close, and particularly so at the present time when both have Labor governments. This intimacy was formalized in the Australia-New Zealand Agreement of 1944, the so-called Anzac Pact, providing for continuous joint consultation on policy and the proclamation of what amounts to an Anzac Monroe Doctrine for the Southwest Pacific.

Australia's occasional assumption that it speaks for the Anzac powers has not been accepted without reservation by New Zealand.

Our approach both to the government and, in our information program, to public opinion, should be designed to remove any suspicion that our policy in Europe and the Far East is dictated by a class or militaristic bias or that in endeavoring to contain Soviet expansion we do not discourage social reforms. With the government, such an approach should be on a basis of candor and informality which the Australians appreciate and understand. The Department of External Affairs might be furnished background material which, although restricted from the public, might make clear our motives and our points of view. In our limited information program, we have been perhaps overly cautious, and a more effective contribution to our policy might be rendered by a bolder approach and less reluctance to discuss controversial subjects.

The degree of our support from Australia frequently will be influenced by the intimacy of our relations with the UK. Australian Communists have formed an unnatural alliance with the Beaverbrook-type of imperialist in accusing the US of attempting to capture British overseas markets and of putting pressure on the British to end imperial preference and to devalue the pound. These accusations should be vigorously denied.

Properly cultivated, Australia can be of much assistance to us, especially in UN affairs. Advance diplomatic preparation on a number of questions might have eased our task in the last Assembly, and greater use should be made of direct conversations here or in Canberra to that end. Likewise, Dr. Evatt's egotism can, with skill, be turned into constructive channels and when we are satisfied that the Australians will follow our line of thinking he, as Australia's spokesman, should be encouraged to take the initiative.

NEW ZEALAND

UNITED STATES RELATIONS WITH NEW ZEALAND

711.47H/9-2448

Policy Statement of the Department of State

SECRET

[WASHINGTON,] September 24, 1948.

NEW ZEALAND

A. OBJECTIVES

The fundamental objectives of United States policy toward New Zealand are to maintain and strengthen the close ties of friendship which exist between New Zealand and the US; to encourage New Zealand, as an independent member of the British Commonwealth of Nations, to collaborate closely with the US on matters of common concern, particularly in the Pacific; to strengthen New Zealand, in association with Australia, as a friendly power in the Southwest Pacific; and to encourage the economic development of New Zealand and the growth of her foreign trade in accordance with the principles of the ITO Charter.¹

B. POLICY ISSUES

New Zealand is the most loyal of all the Dominions in its relations with the UK, which is its principal market and supplier of manufactured goods. The impact of the war on New Zealand thinking, while not diminishing the loyalty of New Zealand to the mother country, nevertheless has brought an awareness of the strategic dependence of New Zealand and Australia upon the US for defense in the Pacific and of the importance of maintaining close and friendly relations with the US and furthering cooperation between the two countries in matters connected with the Pacific area. As a result of the war New Zealand is also more closely allied with Australia and can be expected to share to some extent the apprehensions of Australia concerning the east-west conflict and the suspicion that the US is sponsoring restoration of Japan's heavy industries.

¹ Documentation on the proposed charter of the International Trade Organization is printed in volume I.