

Australia, Indonesia and the prisoner's dilemma

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Andrew Davies, Peter Edwards, Peter Jennings, Rod Lyon, Peter McCawley and Greta Nabbs-Keller

Introduction

The bilateral relationship between Australia and Indonesia has long been a fraught one. The latest tussle, over the imminent execution of two Australian prisoners in Indonesia, prompted a series of posts on ASPI's blog, *The Strategist*, framing the broader relationship in the context of the Prisoner's Dilemma model from game theory. Six contributors explored the issues at stake, with ASPI's Executive Director, Peter Jennings, both initiating the discussion and rounding it up. We present here the combined posts in the hope that they will further the national discussion about the future of our relationship with our large northern neighbour. Whatever differences our contributors might have with each other, they would surely agree that the relationship is one of special significance for both Canberra and Jakarta.



Image courtesy of Flickr user Aapo Haapanen.

Indonesia and Australia: prisoner's dilemma

Peter Jennings, 19 February 2015

Put aside for one moment your emotion over the looming execution of Andrew Chan and Myuran Sukumaran. Anger and appeals to decency won't save them. The only thing that might work is to think through the reality of negotiation between two parties with different needs. Jakarta has something Canberra wants—something we want rather badly because of a deeply-felt opposition to capital punishment. Indonesians, by contrast, want to stamp out the drugs killing their children. They prize the perceived deterrent value of executing convicted drug traffickers.

The temperature of Indonesia–Australia relations over recent years has ranged from mildly warm to downright frosty. With few connections to Australia, Indonesia's President Widodo feels he owes us no particular favours. Unlike President Yudhoyono who had more liberal views on capital punishment, Jokowi campaigned on a strong anti-drug platform, including using the death penalty. After a fall in popular support he probably sees little value in making a concession to Australia that would force him to back down on an election promise.

Here's Australia's dilemma: in a negotiation where one party (Canberra) desperately wants a certain outcome and the other party (Jakarta) has the key decision-making power but doesn't see much value in making concessions, what can the weaker negotiator do to gain its desired outcome? The answer is that Australia needs to consider two factors. First, what positive or negative inducements can we offer to change Jokowi's calculation of interests. And second, how should we pursue our strategy? Australia can use 'high-visibility' techniques, for example by making public statements and gestures, or take a 'low-visibility' approach, using back-channel diplomacy.

The table below sets out Australia's options to secure clemency for Chan and Sukumaran.

	High visibility	
	<ul style="list-style-type: none"> • Sanctions • Withdraw ambassador • Lectures • Visits 	<ul style="list-style-type: none"> • Aid • Defence cooperation
Negative inducements		Positive inducements
	<ul style="list-style-type: none"> • Cut intelligence cooperation • Cut defence cooperation, • 3rd party damage 	<ul style="list-style-type: none"> • Consular assistance • Intelligence cooperation • 3rd party assistance
	Low visibility	

A strategy offering positive inducements to Widodo could offer high-profile and substantial increases in aid or defence cooperation in return for clemency. That's unlikely to work. Widodo couldn't be seen to make concessions on his principle of attacking the drug trade, or in publicly buckling to offers of incentives from abroad. Bribes work only when made privately. And Prime Minister Abbott can't link rewards so openly to preventing what Australians regard as unethical behaviour. For the same reason most countries refuse to pay terrorists to release hostages.

A high-profile strategy involving negative inducements isn't likely to work either. Australian threats of economic sanctions, or of withdrawing our ambassador and diplomatic staff, or making unfavourable comment about Indonesia in the international media would be deeply counterproductive in Indonesia. Ask how Australia would react if the situation was reversed and we were receiving strong and public negative Indonesian comments about our policies—as happened, for example, in 1999 during the East Timor crisis. Threats of negative Australian actions will only strengthen Indonesian resolve and lead to tit-for-tat responses. Australia has seldom achieved positive results by attacking behaviour we disliked. Our past punitive responses to French and Indian nuclear testing and to coups in Fiji and Thailand hurt us as much as the intended targets and completely failed to alter the behaviour we wanted to change.

What about our options for positive or negative inducements that happen in a 'low-visibility' way, without media coverage and using private communications? Negative inducements—for example cutting intelligence and defence cooperation—might be threatened if Indonesia carries out the executions. But while Jakarta privately values this cooperation the benefit doesn't outweigh the short-term political cost to Widodo of being seen to compromise. And Australia would lose as much as Indonesia by cutting those ties. Neither side wins by ending mutually valuable cooperation.

So we come to Canberra's last option: offering positive inducements to Jakarta in a non-public way aimed at securing clemency. What is it that Widodo would value enough to make him change his current course of action? Three possibilities come to mind. First we could offer active consular assistance to intercede with, and on behalf of, Indonesia in their diplomatic actions to stop their citizens being subjected to the death penalty around the world. Second, we could offer to deepen intelligence cooperation targeted against the threats that most worry Indonesia, such as returning foreign fighters from the Middle East. Third, we could offer active third-party advocacy to support Indonesian ambitions for greater influence in multilateral forums. Only Widodo could judge if such inducements meet an Indonesian cost-benefit analysis.

All of the above casts the human tragedy of Chan and Sukumaran into a literal version of game theory's 'prisoner's dilemma', an artefact of strategic and economic thinking used to analyse everything from the nuclear balance to companies competing for market share. The theory argues that—between distrustful parties—the short-term pursuit of individual interest will usually triumph over the longer-term benefits of cooperation. That's the sad reality for both countries in dealing with the current tragic case. For Widodo almost nothing outweighs his domestic political priorities. In Canberra we could hardly claim to be any better. So the likely outcome is that short-term political calculations will win out over the longer-term benefits of cooperation.

The prisoner's dilemma should be adopted as the bastard mascot of Australia-Indonesia relations. Almost every unhappy bilateral moment in our links since Indonesia's independence in the 1950s can be explained in terms of the immediate triumph of short-term interests over a more rational assessment of our shared geographic destiny. There'll never be solutions to Indonesia's drug problem, or Australia's illegal people movement problem, or our shared terrorism problem until both countries find the maturity to overcome the prisoner's dilemma.

Indonesia and Australia: considering the prisoner's dilemma

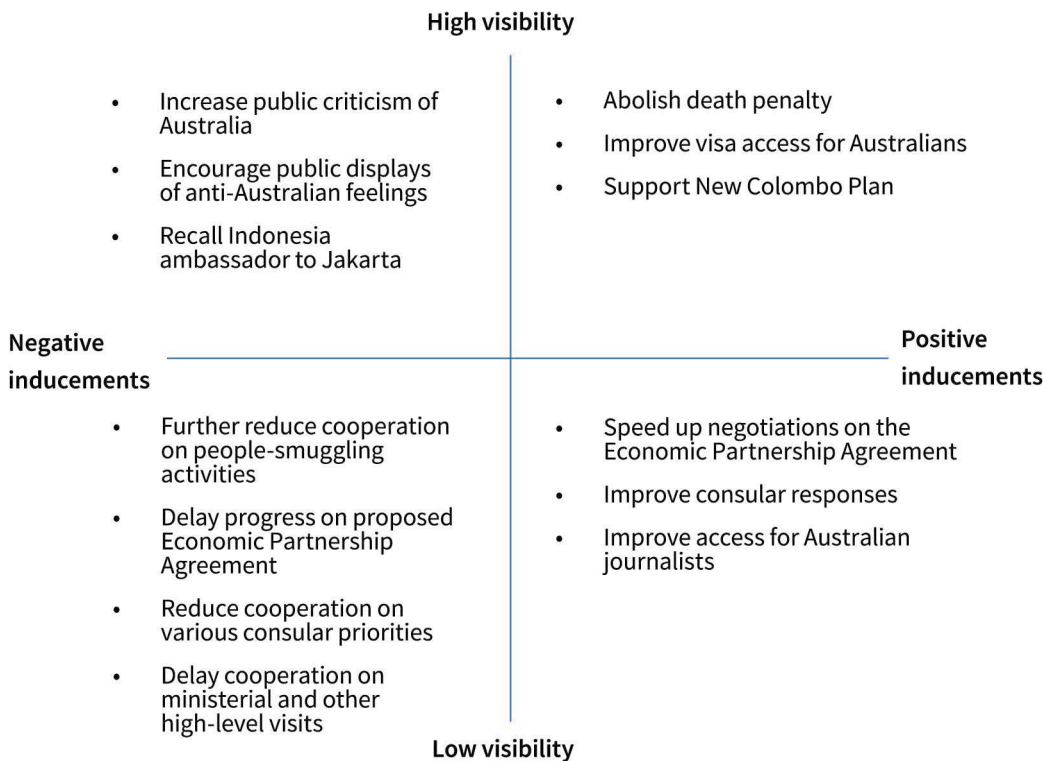
Peter McCawley, 20 February 2015

Peter Jennings' piece '[Indonesia and Australia: prisoner's dilemma](#)' points out the main options in the shorter term for the Australian government in considering possible negotiations with Jakarta over Andrew Chan and Myuran Sukumaran's urgent situation.

But since Indonesia is in a position to respond to any actions that Australia might take, it's useful to consider what options are open to policymakers in Jakarta, presented in the following matrix.

If President Jokowi were looking for ways to offer an olive branch to Australia, looking at the right hand side of the diagram, he could offer to take steps to abolish the death penalty, improve visa access for Australians to Indonesia (which has recently been relaxed for some other countries, but not for Australia) and—importantly—speed up negotiations on the Australia-Indonesia

Economic Partnership Agreement. He could also—and looking beyond the looming Chan–Sukumaran case—support ways to improve Indonesian–Australian consular cooperation for other Australians who often face difficulties in Indonesia.



What Prime Minister Abbott must bear in mind, however, is that Indonesia has options on the left hand side of the diagram ('negative inducements') as well. The most immediately worrying of these are the high-visibility ones. It would be easy for President Jokowi to drop some pointed criticisms of Australia into the Indonesian media. In the excitable space that exists for public displays of emotion in Jakarta these days (demonstrations about all sorts of issues are almost daily occurrences in Jakarta), it wouldn't be surprising if flag-waving students gathered together to support Jokowi on this issue. After all, Indonesians can be just as nationalistic as Australians.

Just as worrying in the longer term are the low-visibility responses that it would be easy for Indonesian policymakers to turn to. At any time, Australia is keen to build cooperation with Indonesia in various ways that are in Australia's interests. Discussions about the proposed Australia–Indonesia Economic Partnership Agreement (AIEPA) seem to have proceeded quite slowly during the past 12 months. Slow progress during 2014 was perhaps not surprising given that the term of the previous administration under Susilo Bambang Yudhoyono was coming to an end. But it's now important to resume negotiations over the AIEPA because Australia will not benefit if discussions are delayed. And almost every month, there are several high-level Australian teams of one kind or another (federal or state ministers, business groups, education teams, other professional groups, sporting and cultural organisations, media) looking for access in Jakarta. It would be easy for Indonesian policymakers to go slow on responding to Australian requests for meetings.

The prisoner's dilemma matrix that Peter has presented is useful because it highlights the fact that at any time, Indonesia and Australia have many issues that need to be discussed. In choosing to up the ante in dealing with Indonesia over the difficult Chan–Sukumaran dilemma, Australian policymakers need to bear in mind that Jakarta's got a few cards to play as well.

Indonesia and Australia: appealing to Jakarta's strengths

Greta Nabbs-Keller, 23 February 2015

Joko Widodo was elected on the policy platform of defending Indonesia's political sovereignty and territorial integrity, with a good dose of economic nationalism thrown in. That policy platform now manifests itself in a range of policy areas, most prominently in its sinking of foreign illegal fishing vessels in Indonesian waters and now in the country's apparent resolve on death row executions.

The interplay of domestic politics and sovereignty in Indonesia's current political climate render many of the inducements outlined respectively by [Peter Jennings](#) and [Peter McCawley](#) redundant. It's highly unlikely, for example, that Indonesia would accept Australia's intercession 'with, and on behalf of, Indonesia in their diplomatic actions to stop their citizens being subjected to the death penalty around the world', as proposed by Jennings. For a country that freed itself from the shackles of western colonialism within living memory, the idea of western states advocating on Indonesia's behalf wouldn't sit well.

But there are other reasons also why Jennings' low-visibility, positive inducements would be ineffective. 'Active third-party advocacy to support Indonesian ambitions for greater influence in multilateral forums', doesn't take sufficient account of Indonesia's diplomatic history. Multilateralism's in Indonesia's DNA, and there are probably few Australians who really appreciate Indonesia's proprietorial view of the Association of Southeast Asian Nations (ASEAN) or its efforts to maintain ASEAN's centrality in East Asia's multilateral architecture as a basis for preserving Southeast Asia's political autonomy vis-à-vis major powers. Nor do many Australians probably appreciate the extent to which concerns about China's growing economic and political power has preoccupied Indonesia's foreign policy intellectuals for close to four decades and thus shaped Indonesia's active approach to regional multilateralism.

Meanwhile, the country's strategic importance astride vital sea lanes connecting the Indian Ocean with the South China Sea, translates to increasing attention from major powers vying for influence in Southeast Asia. Basic demographics, a shift in global economic influence and geopolitical factors in Indonesia's favour render the negative inducements open to Australia (sanctions, cutting defence and intelligence cooperation) largely redundant. Without denigrating the substantive development assistance and security cooperation proffered by Australia to Indonesia, the reality is that Australia probably can't provide any inducement that Indonesia couldn't source elsewhere from more influential actors—such as the US, Japan, China, South Korea and Russia.

In response to Jennings, McCawley outlined some policy options available to Jakarta if it 'wanted to offer an olive branch to Australia'. These 'positive inducements' included the abolition of the death penalty along with new support for the Colombo Plan, improved visa access for Australians and expediting negotiations on the Australia-Indonesia Economic Partnership Agreement (AIEPA). But Jakarta hasn't been in any mood to do Canberra favours since spying allegations erupted in November 2013, as Jennings rightly acknowledged. It's difficult to comprehend why Jakarta would link its abolition of the death penalty to progress on other areas of the bilateral relationship, when the death penalty isn't a bilateral issue per se, but tied more to Jokowi's domestic political legitimacy.

So what options does this leave Australia? First, it's vital, in the interests of Chan and Sukumaran, that other aspects of bilateral engagement are totally disaggregated from the death penalty debate. A [growing diplomatic conflagration](#) only makes it less likely that Widodo will have a change of heart. Second, Australia should appeal to Indonesia's strengths and avoid talk of punitive measures or aid conditionality. It's an appeal for Indonesia to build on the legacy of its *reformasi* process which may best serve the interests of Chan and Sukumaran.

Canberra might remind Jakarta of its proud record on human rights promotion, not just with respect to its citizens in trouble overseas, but its strong normative leadership in ASEAN and in the [Bali Democracy Forum](#).

Remarkably early in Indonesia's democratisation process, Jakarta championed the promotion of democratic and human rights norms in ASEAN. Through dogged determination, largely by former foreign minister Hassan Wirajuda, and by virtue of

the country's leading status in the grouping, Indonesia moved ASEAN forward on a human rights declaration and commitment to new institutional structures (the ASEAN Intergovernmental Commission on Human Rights and the ASEAN Commission on the Promotion and Protection of the Rights of Women and Children). This was achieved in the face of considerable unease and resistance on the part of ASEAN's more authoritarian members such as Myanmar, Cambodia and Vietnam.

Rather than a sign of weakness, a willingness by President Widodo to reconsider the death penalty, would be a tough decision domestically in the short term, but in the longer term would ultimately boost his democratic political legitimacy to both domestic and international constituencies. This isn't a favour to Australia, but a test of Widodo's commitment to Indonesia's democratic future.

Australia and Indonesia: minimising maximum possible losses

Rod Lyon, 25 February 2015

[Peter Jennings](#) and [Peter McCawley](#) have both produced thoughtful and insightful posts on why Australia and Indonesia seem to be trapped in a classic 'prisoner's dilemma' game. In this post, I'd like to further unpack why that's so, and why the outcome of the game seems to almost never vary.

Just to bring readers up to speed, the 'prisoner's dilemma' is a classic part of game theory. A sheriff separately interrogates two prisoners. He has sufficient evidence to charge each with a minor crime, but requires their testimony against each other to pursue convictions for a major crime. He tells each that if they testify against the other prisoner, they can receive a reward while the other goes to jail for five years. If both testify against each other, they'll both go to jail for three years. If neither testifies against the other, they'll both simply be convicted on minor charges and go to jail for a year.

The prisoner's choice is whether to testify or not. If he testifies and the other prisoner doesn't, he's rewarded. If he testifies and the other prisoner does too, he gets three years in the slammer. On the other hand, if he doesn't testify, and the other prisoner does, he's in for five years. If he doesn't talk, and his fellow prisoner doesn't either, they'll both serve relatively little jail time.

In game theory, the prisoner's dilemma provides an example of why players 'rationally' pursue non-cooperative strategies. They do so because—with each player unable to trust his fellow player—the rational course is to minimise the maximum possible loss. With the game played only once, the optimal strategy for each prisoner is to testify—the maximum possible loss from testifying is three years in jail; from not testifying, it's five. While the two prisoners remain focused on minimising their maximum possible losses the outcome won't change.

But something happens in prisoner dilemma games [when the game's played over and over](#). It doesn't take the players long to devise strategies of cooperation and keep their mouths shut. Patterns begin to emerge as the games take on a politics of their own, typically coloured by cooperation though punctuated with occasional bursts of non-cooperation and retaliation.

So, let's turn to the Australia–Indonesia relationship. How is it that after sixty-odd years since the Dutch recognition of Indonesian independence in 1949, we're still playing individual games of prisoner's dilemma and ending up with conflict strategies?

In one sense, the answer to that question's relatively straight-forward: we're both still insisting on minimising our maximum possible losses. While the players are loss-focused, they tend to overlook the benefits of cooperation. There's also a second theoretical explanation: the benefits of cooperation just might not seem sufficiently attractive to the players to drive a change of strategy.

But with the game played over and over between states, other variables also enter the game, in particular the rotating political leaderships of each country. Sometimes rotations are fast—Australia's had five prime ministers since New Year's Day in 2007. Sometimes they're slow: President Suharto ruled Indonesia between 1965 and 1998, while a string of Australian leaders succeeded to prime ministerial office. In short, the players keep changing.

Then there are politics and history; they also get in the way. It was always going to be hard work for Australia to develop close patterns of cooperation with a non-democratic Indonesia. Yes, we much preferred Suharto's New Order to Sukarno's *Konfrontasi*. But in truth, opportunities for a genuinely close cooperation between Jakarta and Canberra have only really existed since 1998.

Actually, I think a close look at the past fifteen years does suggest that a pattern of cooperation is growing. But, as with the repetitive prisoner's dilemma games, we're still in the early phases of a transition towards cooperation. And the simple truth is that neither prioritises the relationship when considering policy options for deeply-felt problems. In both countries, domestic politics trump the bilateral relationship. Building a pattern of cooperation is going to take time, effort, and sustained political leadership.

Australia, Indonesia and Confrontation

Peter Edwards, 26 February 2015

Perhaps an old-fashioned diplomatic historian might add to the valuable comments by [Peter Jennings](#), [Peter McCawley](#) and [Greta Nabbs-Keller](#) on how to handle the current tensions between Australia and Indonesia. In particular, we might usefully look at the years between 1963 and 1966, when the two countries were engaged in armed conflict. In an extremely complex regional and international environment, Australian troops supported British and Malaysian forces who were opposing the Indonesian 'Confrontation' (*Konfrontasi*) of the new federation of Malaysia.

The Indonesian Confrontation (as it's now officially designated) was a relatively small conflict instigated by Sukarno, soon wiped from the public mind and memory by the much larger war in Vietnam. But Jakarta's provocative mixture of political rhetoric, diplomatic posturing, and low-level military engagements always carried the danger of escalation, threatening Australia's national interests and complicating our alliance relationships.

Australia's handling of that challenging crisis can now be seen as an outstandingly successful display of statecraft. In essence, Australian diplomats convinced their minister, Sir Garfield Barwick, who in turn convinced the prime minister, Sir Robert Menzies, and their senior ministerial colleagues, that the conflict required delicate handling. The Indonesians must not be allowed to prevent the formation of the new federation of Malaysia, but the impact on long-term Australia-Indonesia relations had to be minimised. Skill and good fortune led to an excellent outcome. After the 1965 coup, Jakarta dropped its Confrontation policy, and Australia soon established a cordial relationship with the new regime.

To achieve those aims, the government went to great lengths to keep open all possible channels of communication with Indonesia. Through those channels, a clear, consistent but nuanced message was conveyed. In effect, Canberra said to Jakarta: 'We strongly oppose your policy towards Malaysia, and we will act to prevent it from succeeding. But Australia and Indonesia will always be close neighbours, and it's in the interests of both countries to have the best possible long-term relationship. So we'll work to confine this issue, and not allow it to damage other areas. We'll also do everything we can to resolve this issue as peacefully as possible, and to help you to end it without loss of face, at home or internationally.'

The policy was largely driven by the Department of External Affairs, a forerunner of today's DFAT, which was then going through something of a golden era. The heads of our diplomatic missions in Jakarta and Kuala Lumpur played major roles, as did the senior diplomats in Canberra. Not only were diplomatic, aid, trade and educational links maintained, but Australian and Indonesian officers attended each other's staff colleges, while their comrades were in combat.

The military played a vital role, combining successful operations with great discretion. Australian soldiers and their Commonwealth allies crossed the border into Indonesian territory, but those operations were kept highly secret. Indonesian casualties were announced as having taken place on Malaysian soil, to minimise embarrassment to Jakarta.

None of this came easily. Menzies, Barwick and their respective departments differed sharply over whether Australian policy was 'flabby'. Critics in the media and public accused the government of appeasement. Nevertheless, the nuanced policy was maintained, and to good effect.

No two historical episodes are identical. The lessons of one are not necessarily applicable to another, but some elements of this example of successful Australian statecraft probably have wider application.

First, keeping open all possible channels of contact and communication is important. Far from withdrawing the ambassador—an act at best unhelpful and at worst counter-productive—the government placed considerable trust in a skilful diplomat. (It's sheer bad luck that the current tension is occurring when there's no serving Australian ambassador in Jakarta.) Keeping aid, trade and other links open, even while the military were engaged in combat, sent a silent but clear message about the costs of the immediate problem and the benefits of a good long-term relationship.

More broadly, ministers showed that they had confidence in a strong, capable and experienced foreign office and diplomatic service, as well as in the ability of the armed forces to operate skilfully, effectively and with great discretion. Military and diplomatic actions were carefully calibrated and coordinated. A 'whole-of-government' approach was achieved through robust discussion between Cabinet ministers and senior officials.

Ministers and officials consistently sought to confine the extent of the conflict, to avoid raising the temperature of political and diplomatic discourse, and not to link Confrontation to other areas of the relationship. When appropriate, Australian policymakers urged moderation and restraint on friends and allies as well as enemies, sometimes hosing down their British and Malaysian counterparts in the interests of an agreed outcome. Canberra also kept closely in touch with Washington, which always keeps a close, if discreet, watch on Australia–Indonesia relations.

The prime minister left much of the running to a capable foreign minister, confining his own contributions to matters of high policy, expressed with Menzian eloquence. Opposition to Indonesian policy was stated firmly, but diplomatically. The government succeeded, for the most part, in avoiding belligerent statements designed to impress a domestic audience, even when facing accusations of appeasement.

And at all times, the government kept its eyes focused on the long-term goal of achieving a positive relationship with our most important neighbour, even when Australian and Indonesian forces were engaged in direct conflict.

Australia–Indonesia relations: not a game?

Andrew Davies, 27 February 2015

It's interesting to think about the Australia–Indonesia relationship in terms of game theory, as [Peter Jennings](#), [Peter McCawley](#) and [Rod Lyon](#) have done in this blog recently. And I even got a few hundred words into a piece of my own suggesting that the idea of a [Nash equilibrium](#) might explain Rod's observation that cooperation hasn't broken out for any appreciable length of time in the 60+ years of the relationship.

My basic idea (well, Nash's brilliant insight applied to this case by me) was that it's possible for players to get locked into a position where neither of them can gain by changing only their strategy. For example, both can rationally opt for the strategy that gives a middling outcome, avoiding the worst case but also falling short of the best case outcome that cooperation could provide. That's essentially what Rod described. His thesis is strengthened by the observation from psychology of '[loss aversion](#)', in that people prefer to avoid losses, even at the expense of eschewing the possibility of greater wins. But the more I thought about it and tried to get the ideas on paper, the less I was convinced that we're thinking about this the right way.

A simple Google search on [game theory and international relations](#) provides a plethora of hits, including many scholarly articles—all suggesting this is an attractive way of thinking about international relations. Now I'm originally a physicist by trade, so I'm drawn to the use of simple mathematical models to describe the drivers of complex behaviour—that's why I like [Lanchester's equations](#), and every time I encounter a '[phantom traffic jam](#)' I balance my frustration with a geeky satisfaction that there's maths at work here. But I also know that there are many real-world systems where simple models don't adequately describe even the

key drivers, let alone the detailed behaviour or [emergent phenomena](#) that complex systems routinely throw up. And I know that people are [intrinsically bad at game theory](#).

So this time I'm going for a social science explanation. (I might have to have [a cup of tea, a Bex and good lie down](#) after this.) Any scientist worth their salt knows that the first recourse should be [Occam's razor](#)—the principle that, in the absence of evidence to the contrary, the simplest explanation should be preferred. In the case of Australia–Indonesia relations, instead of reaching for the textbook on game theory and wondering how we got enmeshed in a dilemma from which escape is beyond our collective power, I wonder if it's as simple as observing that consistent cooperation hasn't broken out simply because the two countries' interests don't overlap that much. In this view, we aren't so much locked together in a struggle for advantage by probability and its calculable (or at least estimable) outcomes, as we're randomly walking our own paths, cooperating when they converge in a positive direction and bickering—even [coming to blows](#), or at least a [tense stand-off](#)—when they don't.

In other words, we aren't players in the same game all that often, and when we're sometimes on the same side (tsunami relief, counter-terrorism operations after the Bali bombings) and sometimes not (*Konfrontasi*, East Timor in 1999). Our history explains why: Australia has always been actively on the side of the major Western naval power of the day and post-colonial Indonesia hasn't been on anyone's side—and resolutely tries to keep it that way, with '[a million friends and zero enemies](#)'. The prevailing pattern—of indifference punctuated intermittently by cooperation and non-cooperation—follows naturally from that. In those instances when the two countries bump together—which is sometimes inevitable because of proximity—then the potential benefits and pain can be considerable. In those cases, the approach of game theory might be a useful lens for analysing the situation, as the previous authors in this series have done.

For me the interesting question is how the world, and the two countries' paths through it, might change in the future. Australia will almost certainly retain its Western-leaning stance. So realistically we're talking about a shift in Indonesia's approach to its international relations. It would require a significant shock to achieve that. For example, significant maritime/territorial pressure from China could force Indonesia either to acquiesce or to make a greater commitment to Australia's 'side'. In any case, if externalities act to align Australian and Indonesian interests much more closely, then cooperation should become the order of the day—and only if it doesn't should we start to look for esoteric game-theory explanations.

Australia and Indonesia: no way out

Peter Jennings, 18 March 2015

Andrew Chan and Myuran Sukumaran continue to endure their mental torture, awaiting a final decision on their execution. It's a slim hope but Indonesia's political and judicial systems are opaque and bendable enough that their sentences may yet be overturned. Australia has played a limited hand as well as it could. A low-key, bipartisan approach has side-lined nationalist red necks more focused on the fight than the outcome. But the episode says nothing positive about the bilateral relationship. What hope is there to build closer ties when President Widodo won't even return a phone call from Prime Minister Abbott? Can our political leaders really have so little to say to each other?

To get a sense of the thinness of the relationship, one only has to look at [DFAT's website](#). It catalogues a history of half-starts, mostly Australian initiated, trying to build momentum for warmer ties. There's the Lombok Treaty on security cooperation of 2006—John Howard's attempt with President Yudhoyono to turn the page after East Timor's bolt for independence. There's also the remarkable 2014 'joint understanding' on a 'code of conduct in implementing' the Lombok Treaty, where both countries pledge that they 'will not use any of their intelligence, including surveillance capacities, or other resources, in ways that would harm the interests of the Parties'. DFAT's page also records the April 2005 'joint declaration on comprehensive partnership' and the November 2010 'joint statement on the strategic partnership'—worthy but largely stillborn attempts to manufacture closeness.

Missing from DFAT's list of policy false starts is Paul Keating's Agreement with Suharto, the 1995 [Australian–Indonesian Security Agreement](#). This admirer's note from an aspirant autocrat to an ageing kleptocrat was angrily annulled by Indonesia after the East

Timor crisis. More recently the 'Indonesia Country Strategy', a sensible but stolid offspring from the Asian Century White Paper, has now been taken down from DFAT's site, presumably consigned to PANDORA—the vast archive where unloved government policies are [banished](#).

The Gillard government's last attempt to inject more substance into bilateral ties was with the announcement in September 2012 of negotiations to establish an Indonesia–Australia [Comprehensive Economic Partnership Agreement](#). A second round of talks was held in July 2013. Progress has been minimal. The economic relationship is vastly below its potential with Indonesia only our 12th largest trading partner.

Readers may wonder if this underwhelming record supports Andrew Davies' contention that the problem in Australia–Indonesia relations doesn't mirror game theory's prisoner's dilemma. Andrew asked: 'I wonder if it's as simple as observing that consistent cooperation hasn't broken out simply because the two countries' interests don't overlap that much.' I don't quite agree with Andrew here. Australia and, say, Austria don't have many overlapping interests and for that reason the two countries don't have many reasons to disagree. Mainly because of geography Australia and Indonesia have profoundly overlapping interests and yet we often disagree. That's surely a sign of two countries failing to understand the need for closer cooperation—a real-life example of the prisoner's dilemma.

What, if anything should the Abbott government do to try to reverse their sulky impasse? The pre-election 'more Jakarta and less Geneva' game plan was rapidly derailed by Snowden's spying allegations and the tougher 'stop the boats' policy—although success in the latter helps Indonesia too. But any early hopes for a positive re-engagement with Widodo have been dashed. The best Canberra can do now is look to a lower-profile strategy, eschewing flashy but empty declarations and MOUs while trying to build a stronger pro-Australia constituency among Indonesians.

Four steps would be worth considering. First, Andrew Robb should be asked to take on the Comprehensive Economic Partnership Agreement as a higher priority. Robb's success with free trade negotiations in North Asia is the centrepiece of the government's 'open for business' foreign policy. Stronger business and investment relations between the two countries would create more stakeholders interested in maintaining stable relations.

Second, Julie Bishop should be given the resources to massively expand scholarships for Australians and Indonesians under her New Colombo Plan. There's no substitute for friendly people-to-people links. The problem here is not the design of the New Colombo Plan scheme, but the lack of resources for places, which derives from a bipartisan view that Australian foreign policy can be delivered on the smell of an oily rag. But with greater interests comes greater expenses. Big talk and cheap delivery doesn't work.

Third, on defence cooperation I've written [elsewhere](#) that the need is to deepen our investment in practical forms of cooperation, such as gifting naval vessels to the Indonesian Navy and sharing access to the Cocos Islands as a maritime surveillance base. Yes, there are obvious financial implications.

Finally, when Widodo does return Abbott's phone call, the Prime Minister should propose establishing a combined team of respected and wise people to consider ways to deepen relations. A bipartisan group of former ministers, generals, diplomats, educators and business leaders should be asked to offer both governments some wise counsel. A group of worthies would add ballast to relations in their own right. They could hardly do any worse than current policymakers and may even come up with proposals worth considering.

Tough-minded policy thinkers will understand that, even though Australia's aim should be to build closer relations with Indonesia, it's possible that we will fail. Indeed the odds are that both countries will continue to suffer from—on average—a serious crisis every decade. We can't always assume that such crises will be resolved peacefully. That's ultimately the most compelling reason for wanting to break away from the prisoner's dilemma in bilateral relations, and to look for win-win outcomes rather than short-term advantages driven by internal political priorities.

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