

Lowy Institute Paper 19

Australia and Indonesia

CURRENT PROBLEMS, FUTURE PROSPECTS

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Jamie Mackie was one of the first wave of Australians to work in Indonesia during the 1950s. He was employed as an economist in the State Planning Bureau under the auspices of the Colombo Plan. Since then he has been involved in teaching and learning about Indonesia at the University of Melbourne, the Monash Centre of Southeast Asian Studies, and the ANU's Research School of Pacific and Asian Studies. After retiring in 1989 he became Professor Emeritus and a Visiting Fellow in the Indonesia Project at ANU. He was also Visiting Lecturer in the Melbourne Business School from 1996-2000. His publications include *Konfrontasi: the Indonesia-Malaysia dispute 1963-1966* (1974), *Problems of Indonesian inflation* (1967), *Bandung 1955: non-alignment and Afro-Asian solidarity* (2005), *The Chinese in Indonesia* (editor and part-author, 1976), *Indonesia: Australian perspectives* (co-editor and part-author, 1981) and *Balanced development: East Java under the New Order* (co-editor and part-author, 1992) as well as various articles.

Executive summary

Australia's relations with Indonesia have fluctuated sharply from time to time since Indonesia declared its independence in August 1945. They reached a high peak of cordiality and optimism during the Indonesian-Dutch struggle over independence from 1945-59 and again in the boom years of the early 1990s, a time of unprecedented economic growth which saw the first big surge in Australian investment into Indonesia. The close personal relationship that developed between Prime Minister Paul Keating and President Suharto also contributed greatly to that rapport. But acute political tensions developed between the two countries in 1999 over Australia's part in East Timor's struggle for independence, soon after the East Asian 'financial meltdown' of 1997-8 which had led to a collapse in Australian investment in Indonesia (apart from the mining sector) and a shift in our foreign capital flows towards China. Australian commercial interest has waned since then, but could again be on the brink of reviving now that Indonesia is returning to its earlier level of economic momentum.

Relations between the two countries remained chilly in the aftermath of our East Timor involvement, with new tensions developing over Muslim terrorists and the global 'war on terror' until a sharp turn for the better came in 2004 with the election of Susilo Bambang Yudhoyono (SBY) as president and a prompt, generous Australian response to the tsunami disaster in Aceh. Then a new crisis arose in early 2006 over Australia's acceptance of Papuan asylum seekers. This created acute

tensions that eased only when the Treaty of Lombok was negotiated in November, bringing the relationship back towards a more normal footing. Whether the next few years will bring an improvement in the relationship or a recurrence of tensions — over, for instance, problems to do with Papua, or the global ‘war on terror’, or local Islamic extremists, or environmental problems like forest fires — is simply unforeseeable at present.

This past pattern of recurrent volatility in the relationship is bound to influence any assessments we may try to make about how it will develop in the future. There will undoubtedly be further disagreements and tensions between us from time to time; so the main concern of the governments in Canberra and Jakarta must be to ensure that these can be handled in such a way as to keep them within bounds and avoid dangerous rifts.

Australian national interests regarding Indonesia

The question of what Australia’s national interests really are, and how they can best be advanced, has rarely been closely analysed in Australia. Because there is no one over-riding national interest that imposes clear policy guidelines upon us (apart from the obvious need to avoid finding ourselves in open conflict with such a large and regionally influential neighbour) and in fact a diversity of policy objectives that we are constantly seeking to achieve in our dealings with Jakarta, the Australian Government will always have to strike a balance between them. We need a better framework for public understanding of the basis upon which the relevant policy decisions have to be made, as well as how they bear upon our various national interests.

Much Australian thinking about Indonesia is dominated by inchoate fears about the possibility of a future military attack by Indonesian military forces or of an infiltration into Australia by Muslim terrorists or a flood of refugees from Papua, or elsewhere in Indonesia. These fears underlie many of the more erroneous ideas in circulation in Australia about the security aspect of our national interests vis-à-vis Indonesia. Yet there is little likelihood that any of these things will pose serious threats

in the foreseeable future. (Problems arising from environmental ‘wild card’ scenarios may be another matter.) The reasons why Indonesia matters to us and why good relations with Jakarta are so important have little to do with such threats or security considerations but are primarily political in nature.

The dominant political imperative we must keep in mind is that we need to be able to count on Indonesia’s cooperation with us, not opposition, in matters of regional international politics and also on problems arising from our contiguity in the Timor-Arafura Sea area, such as fisheries, quarantine, border protection, the maritime boundary etc. If Indonesia were to adopt an antagonistic attitude towards us on either front, its opposition could give rise to serious difficulties for us.

Australia’s most vital national interests with reference to Indonesia may be roughly summarised along the following lines.

- We must of course take care to avoid sliding into military conflict with or serious antagonism towards Indonesia, except in situations where the most compelling imperatives apply. We must also seek to ensure its cooperation with us on issues of regional international politics as well as those arising from our contiguity, since the alternatives are likely to prove extremely costly in broader political as well as financial terms. In particular, we need to guard against any recurrence of the tensions that have arisen between us in the past over East Timor and Papua, which have at times had very damaging effects on the relationship between us by giving rise to deep-seated suspicions throughout Indonesia about the motivations behind our policies, actions and attitudes there. They have also had adverse effects on Australian attitudes to Indonesia generally.
- We have a basic national interest in assisting Indonesia to become a stable, prosperous and steadily developing nation, since an impoverished, stagnant or unstable Indonesia could result in severe problems for us. We might wish to see (and help create) a well-functioning system of representative government there,

along with strong judicial structures, the rule of law, abolition of corrupt practices and adequate property rights and civil and political liberties, not least because these are goals that most Indonesians also want to achieve. But whether these can be regarded as vital national interests or merely preferred outcomes and how they should best be achieved are endlessly debatable questions.

- It is also in our national interest to uphold the maintenance of a unified Indonesia, provided it is in accordance with the wishes of the majority of Indonesians and the consent of the people concerned, rather than encourage a Balkanisation of the archipelago to occur, which would almost certainly create intractable problems for Australia.
- It will be in accordance with our national interests to try to help Indonesians maintain their uniquely tolerant, moderate and eclectic version of the Islamic faith, as well as preserve their acceptance of a diversity of other religions in accordance with the five principles of the *Panca Sila*.
- It is very much in our national interest to achieve the closest possible degree of engagement with Indonesia at the people-to-people level through a building of bridges that will span the cultural differences between us and put as much ‘ballast’ into the relationship as possible through personal, institutional and commercial links. Closer educational links and other cultural exchanges will be of special importance here. Successful engagement with Indonesia along these lines will also help greatly towards achieving deeper engagement with Asia in due course.

Islam and the future state of the relationship

No other country has a larger Muslim population than Indonesia and the future development of Islam there could have a significant influence on the course of its relations with Australia, directly or indirectly. So long as the ‘war on terror’ focusing on Al Qaeda and its followers continues, most notably *Jema’ah Islamiyah*, and intense turmoil persists in the Middle East, the Islamic heartland, especially in Palestine and Israel, the sympathies of Indonesians and Australians are likely to be pulled constantly in opposing directions. That does not necessarily mean that we will find ourselves seriously at odds on these issues; but we will have to tread warily around such matters. There has in fact been close and very effective cooperation between our respective police and intelligence forces in tracking down terrorists, for the Indonesian government opposes them no less strongly than ours does. But it means we must be cognisant of how this basic difference in outlook between us may play out.

There is probably not much that we in Australia can do to change this state of affairs. Our main concern should be simply to avoid making the religious differences between us worse by what we do or say publicly and to remember that our words and deeds can often cause severe difficulties for the very people in Indonesia whose religious opinions we find most sympathetic. It is Indonesians who must win the struggle against militant jihadis in their country as well as the ‘war of ideas’ throughout the world wide Muslim *ummat* (community of believers); it is a mistake for Australians to imagine that we can do so. It is their governments that the more radical Muslim groups are most eager to overthrow (or put pressure on), not primarily ours, non-believers (*kafir*) though we are in their eyes. Australia has been little more than an incidental target of terrorist attacks, even in the Bali bombings, not their primary ones (the exception was the bomb attack on the Australian embassy in 2004).

For Australia it is of the utmost importance that we learn to avoid the conflation of Islam and terrorism, to understand the local colouring of Islam in Indonesia and to reject any assumption that Islam and

democracy are incompatible. We must also avoid giving the impression that we regard the ‘war on terror’ as a war against Islam in general. And if a democratically elected national government or regional authority enacts provisions of Islamic law that we dislike or deplore, we must remember that is something we just have to accept.

Strengthening the relationship: some suggestions

Three general principles are put forward and some specific suggestions offered which may help to put the relationship on a more solid footing over the years ahead.

First, we must try to ensure that the foreign policy trajectories of our two countries on issues affecting the stability and prosperity of our region are in general kept as closely in line as possible, so that serious divergences in the objectives we seek or our methods of attaining them can be avoided. If they are seriously divergent, there will be little hope of patching things up by other means. Further, our relations with Indonesia should always be visualised within the broader context of our relations with the ASEAN and East Asian region more generally, not just on a bilateral basis.

Second, we need to ‘add ballast to the relationship’ to a far greater extent so that it will not be blown off course by passing squalls. This will require more and stronger institutional contacts and personal relationships of diverse kinds, on the widest possible basis. The building of many kinds of bridges between us will be crucial for mutual understanding. The work of the Australia-Indonesia Institute (AII) since 1989 has been valuable in this respect but needs and deserves much stronger financial support.

Third, improving popular attitudes towards each other and reversing the deterioration in public opinion about the other that has occurred in recent years is a matter of high priority, although more probably a long-term goal than one that will be achieved quickly. By increasing greatly the number of Australians with a ‘full immersion’ knowledge of Indonesia, its peoples, language(s) and ways of doing things, we will gradually reduce the prevalence in the community of stereotypes and misconceptions,

prejudices and ignorance of Indonesian etiquette that can unwittingly be highly damaging to the image of Australia in Indonesia. Educational and cultural exchanges will play an important part in this, but must be developed on a far broader scale than hitherto, with more adequate funding and possibly along quite new lines. The serious loss of momentum on this front in recent years needs to be remedied as vigorously as possible.

More specific proposals for strengthening the relationship are listed in chapter 6 below, of which only four will be mentioned here.

- Creation of a consultative council, notionally called *Dewan Jembatan* (Bridging Council) here, which would act as a bilateral guardian of the long-term health of the relationship between our two countries, with roughly similar purposes to the Australian American Leadership Dialogue but with a different structure.
- A substantial increase in the funding of the AII, which is badly needed if the issues mentioned above are to be addressed effectively.
- More frequent and regular exchanges of views between Indonesian and Australian specialists on other major countries in our region, Japan, China and India in particular.
- A restoration of adequate funding for wider Indonesian language teaching in Australia and stronger Australian-Indonesian educational linkages — plus the creation of an Australian ‘Fulbright Scheme for Asia’ (which might appropriately be called ‘The Weary Dunlop Scheme’), or something along the lines of the British Council.

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Chapter 1

‘Why does Indonesia matter to Australia?’

Or, to put it a little differently, how much does Indonesia matter to us — a lot, because of our proximity, or not much at all because we are so different? And why? What is the reasoning that underlies our answers? Further, what implications do these questions, or the answers to them, have for Australian foreign policy more generally, or for our defence strategy, economic interests, foreign aid program, education systems and broader relations with our Asian and Pacific neighbours? Or for the nagging problem of what Australia’s ‘engagement with Asia’ is likely to mean at more than a merely rhetorical level? The character and quality of our relations with Indonesia are likely to be crucial to any success we might hope to achieve in gaining genuine acceptance as a fully-fledged part of our region.

Questions of this kind are often asked by ordinary Australians who worry about the threats they think we may be faced with one day from that large, predominantly Muslim population of nearly 230 million to our north — ‘too many, too close’, as one of our journalists put it pithily a few years ago — or who sense vaguely that there are other reasons why the country matters to us but find it hard to pin them down.¹ (The latter is now a more common source of concern than the former in my experience. The threats are largely imaginary. But because Indonesia

is so profoundly different from Australia in many ways and is an unfamiliar kind of nation-state, we do not find it easy to make confident judgments about it).

There are sensible and well informed versions of those questions as well as simplistic ones, but the answers to them all need to be based on a better knowledge of the country than generally prevails in Australia today.² Some answers will emerge in the course of this paper. But its primary purpose is to go beyond glib phrases in order to open up more basic issues about what our national interests and policy priorities really are, or should be as regards to Indonesia; about how we can strike a better balance between the many diverse objectives we seek to attain there and resolve them more effectively; and how best to put the entire relationship on a stronger footing.

Most of the worries about Indonesia that prevail in Australia derive from misleading stereotypes, erroneous fears and a sheer lack of reliable information in the public domain (and also in official circles) about the country and its people. This is despite the hundreds of thousands of Australians who have happily visited Indonesia or lived and worked there and often had their mental horizons expanded greatly by the experience.³ If we are to improve our relations with Indonesia significantly, as we must, we will have to achieve a much deeper and wider understanding of the country throughout Australia not only among our officials and the institutions directly involved (and even some of our Indonesia specialists) but also among the bulk of ordinary Australians. Popular attitudes towards each other are a serious problem in both countries. The differences between us are indeed very great and are likely to persist for generations. But they can be bridged, and are — and they are no greater than the differences between Australia and China or Japan, which seem to concern us far less.

It must be stressed at the outset, moreover, that the bridge-building process is well under way and that impressive progress has been made over the last fifty years in some segments of Australian society towards a deeper and wider knowledge of Indonesia. Such progress has been achieved mainly in a few universities, some parts of our media and government agencies, especially our armed services and federal police,

as we shall see below — but on the whole not in much of our business community or most of our media. That expertise on Indonesia is a major national asset that should be more widely recognised and strengthened. We are not starting from square one here. We have over half a century of close and sustained interaction with Indonesia behind us. But we need to build more solidly upon it.

Indonesia is not an easy place to get to know well, despite its surface charm, the easy accessibility of its people and the beauty of its scenery (but also much urban squalor). Its sheer size and diversity rivals that of the US and India, or multifarious Italy. The two main islands, Java and Sumatra, are strikingly different, one densely populated, the other sparsely so, with large tracts of jungle (much of it now suffering from deforestation) and less than half a dozen widely separated population centres comprised of mainly Acehnese, Batak, Minangkabau or Malay ethnic groups, each with their own culture and language, as well as the national language, Bahasa Indonesia. And those two islands differ greatly from Bali, Kalimantan or Sulawesi, as well as the many other ‘outer islands’.⁴ Australia is blandly homogeneous by comparison, ‘girt by sea’ within one island continent, whereas Indonesia is an archipelago ‘rent by sea’, although united long since by its trade routes. That has crucial implications for our very different ideas about national identity, unity and cohesiveness.

What constantly fascinates me about Indonesia, after nearly a lifetime of trying to understand the country, is the extraordinary richness, diversity and subtlety of even the smallest local societies and their cultures. In Java, seemingly so homogeneous, the East Javanese and Central Javanese differ intriguingly in temperament, values, history, social texture and even their tastes in food. It all makes the Sydney-Melbourne contrast look pallid. And Bali stands out, of course, as a small island of Hindu religion, culture and vibrant creativity within the largest Muslim nation in the world — ‘one bright flash in an archipelagic kaleidoscope, one link in a chain of volcanoes which created soils of exceptional fertility’ and diverse peoples of endless fascination.⁵ That is what makes Indonesia such an infinitely intriguing place to discover and keep on discovering, as well as an infinitely complex one. The scenery, the lush jungles, the volcanoes and even the surfing (in a few remote

places) are also exceptional. We in Australia can count ourselves lucky to live so close to such riches.

Indonesia ‘must always be of paramount importance to Australia’, wrote Richard Woolcott, one of our most experienced diplomats with a uniquely wide and sensitive knowledge of several countries adjacent to us — if only because of its potential to control our northern approaches, astride some of our most crucial sea and air routes.⁶ But it is also a source of immense long term opportunities which it would be stupid to disregard. Its relevance to us is also enhanced by Australia’s anomalous location as ‘an awkward slab of Europe’ on the southern fringe of Asia, where as A D Hope once put it

second-hand Europeans pullulate
timidly on the edge of alien shores.⁷

Fortunately for us, Indonesians seem not too bothered (so far) by that anomalous aspect of our geography versus our history. But what bearing does this contradictory feature of our national identity have upon our relations with our largest neighbour?

Box 1

Australia in Asia: two Indonesian views

At least some Indonesian leaders seem to have less uncomfortable views about Australia’s anomalous position as ‘an awkward slab of Europe’ on the southeastern fringe of Asia than many Australians do. How many others share the views related here we can only guess.

Not long after the creation of ASEAN in 1967 the distinguished Indonesian scholar and diplomat, Dr Soedjatmoko (later to become the first rector of the United Nations University in Tokyo), was asked during the course of his Dyason lecture series in Australia how Indonesians would react if Australia

applied to join that organisation. ‘It’s not a matter of whether we in Indonesia do or don’t regard you as part of our region’, he replied. ‘It’s a matter of whether you in Australia regard yourselves as part of Asia’.

His point is neatly complemented by a story about President Sukarno told by Mick Shann, our very successful Ambassador to Jakarta during the difficult years of Indonesia’s armed *Konfrontasi* campaign against Malaysia from 1963-1966. At a time when Australian soldiers defending the Sarawak frontier were engaged in a sporadic shooting war against Indonesian troops making incursions into Malaysian territory, a very tense period in the relationship between our two countries, Shann was summoned by Sukarno (not usually regarded as one of Australia’s warmest friends in Asia) who asked him to send a message back to Prime Minister R G Menzies after the latter had made an unusually critical public comment about Indonesia. The gist of Sukarno’s remarks ran roughly as follows.

‘I want your Prime Minister to know that I have been careful not to let popular feelings about Australia become stirred up by the events of *Konfrontasi* despite our basic differences over it. I permitted the burning of the British embassy and the harassing of British diplomats in 1963 because of the neo-colonialist character of Malaysia and because our aim in confronting them has been to drive the British out of their military bases there which pose a threat to Indonesia. But I have never permitted any such attacks on Australians or the Australian embassy.

The British can be forced out of Southeast Asia, but we know that you in Australia cannot. You are part of our region and we both have to learn how to live alongside each other’.

The politics of fear

‘Timidly’ is still the operative word, unfortunately — although now quite unnecessarily so. Australians have become increasingly frightened

of Indonesia for more than 30 years, concluded McAllister recently on the basis of opinion polls that show the numbers seeing Indonesia as a security threat trebling from 10% to 30% in that time.⁸

Yet there is almost no risk of a military attack from Indonesia in the foreseeable future, or that Jakarta is likely to close those air and sea lanes off to us, although fears of the latter have been stirred up at times by demagogues exploiting our sheer ignorance in this regard. Indonesia is still essentially a very poor country striving constantly to become less poor and not looking for ‘external adventures’ as in Sukarno’s day. While the ‘war on terror’ has served to flash the security spotlight back towards Indonesia, most of the leading terrorists there as elsewhere seem to come not so much from impoverished backgrounds. Instead, they appear to come from unsatisfying lives where they have had some education, but not much, and suffered from lack of opportunities in life, thereby developing resentment of the privileged as well as grotesque misconceptions about the wider world. Yet the mainstream Islamic organisations to which the vast majority of Indonesians adhere are basically moderate and sensible.

Our fears and misconceptions about Indonesia will be examined more closely below. They are not the main concern of this paper, although it must be admitted that public attitudes and the stereotyped or prejudiced views that underlie them certainly constitute a major obstacle to better relations between us. They impinge on the thinking of our politicians and policy-makers in ways that constrain their freedom of action in relation to Indonesia more broadly, as Gough Whitlam and Paul Keating found to their cost. Not only in Canberra but also in Jakarta, notes Wesley, the government

is sensitive about being pressured by the other to act in ways inimical to the national interest. This means that the more cordial our official relations are, the more suspicious become the publics that national interests and pride are being sacrificed for the sake of the national relationship.⁹

However important we may think the ‘war on terror’ may be globally, we in Australia must not let our thinking about Indonesia be taken over

by this or by ‘the politics of fear’, induced by unfamiliar, ambiguous and disturbing words such as jihad or *Jema’ah Islamiyah* (see the glossary of Islamic terms in chapter 4). Above all, the conflation of Islam in Indonesia with terrorism in Australian eyes is a gross oversimplification that we must especially avoid. *Jema’ah Islamiyah* (JI) terrorists do pose real although not unmanageable problems within Indonesia; but their links with jihadis in Australia have so far been almost trivial and easily curbed by our intelligence agencies and police. (Al-Qaeda is another matter.)

As to the likelihood of a serious Indonesian military attack on Australia, or a great flood of destitute refugees, there is almost no reason for alarm at present, for reasons we shall see in due course. The number of Indonesians who have ever come to live as permanent residents in Australia (or tried to, without success) is in fact astonishingly small, probably fewer than 40 000, including a few illegal immigrants, well below the number from tiny Singapore.¹⁰ (There are nearly as many Australians living in Indonesia, roughly 37 000). So despite its large population and the prominent role of the military in Indonesia over the last 60 years, which attracts much adverse attention here, any threats Indonesia may pose to us need not bulk large in this paper, nor the security aspects of our relationship.¹¹ A far more important point is that we have similar national interests on key problems arising in this part of the world. They are generally parallel or convergent and have only occasionally been seriously divergent. But other factors, basically political in nature, come into the picture far more cogently.

The main part of any answer to the question this chapter poses is that an Indonesia disposed to adopt a hostile stance towards Australia could make life very difficult for us in the broader international politics of our region by severely limiting our ability to exercise any influence or leverage. However, if it is reasonably friendly towards us it can be very helpful (and on several significant occasions has been).¹² If Jakarta were to become obstructive to our efforts to engage more fully in the affairs of the ASEAN and East Asian region, a matter of immense importance for Australia’s future, the consequences

could be highly damaging to us. We will be much better off if we are working in close cooperation with Indonesia on regional issues (including East Timor and Papua, as well as far beyond them) rather than against.¹³

We must always remember that our bilateral relationship with Indonesia cannot be regarded as separate from our broader relations with the rest of the ASEAN region, and the East Asian international order. It should not be seen as just a matter involving only the two countries or their governments. Moreover, Australia's close association with its 'great and powerful friends' cannot be left out of account in these calculations by either side, especially the ANZUS alliance, for it exerts a significant influence in various ways. So too does Indonesia's historic commitment to a *bebas-aktif* (free and active) foreign policy, to non-alignment and to the ideal of Asian-African or 'Third World' solidarity. We are dealing here with a complex and often baffling relationship, due mainly to our very different historical and socio-cultural backgrounds. But that problem is by no means insuperable.

If a dispute with Jakarta were ever to develop into a major wrangle between us, the international consequences for Australia could become highly problematic in many ways, including the strategic. Our other Asian neighbours would be reluctant to side openly with us against Indonesia (as we discovered over the East Timor issue); and even the support of the US could not be entirely taken for granted, as we have found on previous occasions, despite the ANZUS alliance.¹⁴

Box 2

Differing cultures and values: how big an obstacle?

'Australia and Indonesia are most unlikely partners. No two close neighbours are so dramatically dissimilar', observed Patrick Walters. Indonesia is a tropical country, hot and wet, much of it thickly populated, with a large and ethnically diverse population. Australia is mostly dry, cool or cold with vast open spaces and a

relatively homogeneous population (although fast becoming less so). Indonesia is a poor developing nation, long exploited and oppressed by its colonial masters: Australia wealthy to the point of almost obscene affluence and with a much more fortunate past — except, of course, for our indigenous people.

Gareth Evans and Bruce Grant have written that we differ profoundly,

in language, culture, religion, history, population size and in political, legal and social systems. Usually neighbours share at least some characteristics, but the Indonesian archipelago and the continental land mass of Australia might well have been half a world apart.¹⁵

Indonesia, compared with the white man's Australia, is 'an old civilisation with deeply rooted traditions', they say. 'All the world's great religions have washed up on its shores at some time'. Its economy was based mainly on subsistence agriculture until very recently. Its nationalism was stirred mainly by anti-colonial struggles against the Dutch. Indonesia is still a nation in the making, trying to find an identity and political system suitable for its unique place in the world.

But cultures are not immutable, nor the differences between them insurmountable. A brief glance at Japan's great differences from the West two hundred years ago, and even today, is sufficient to illustrate that.

Gunawan Mohammad, one of Indonesia's best writers and wisest thinkers, has noted that cultural differences are often invoked 'as a kind of euphemism ..; [to cope with] inexplicable misunderstandings'. But they are not such big obstacles as is often thought.

While the nation may appear as an unchanging unit, no country is permanently marooned in the past, even though cultural differences may sometimes become justifications for apparently insoluble problems in foreign relations.¹⁶

Richard Woolcott urges us to regard the great differences between us and our neighbour(s) ‘not as a cause for fear or distaste but as a challenge in cultural bridge building’.¹⁷

They all have their own interests and priorities to keep in mind. The obvious point that any military threat to Australia would have to come ‘from or through Indonesia’, as Paul Dibb famously put it in 1986, has long been recognised by our security analysts.¹⁸ Less well realised is the fact that Jakarta’s inclination towards resisting or assisting any potential enemy of ours would be a matter of vital significance to us, no matter whether the threat were to come from a major power further afield, as in 1941-2, or from small groups of terrorists or ‘boat people’.

Such gloomy scenarios are merely the kinds of worst-case possibilities that must always be borne in mind by defence strategists. But there are other, less dire reasons why we in Australia need to avoid arousing Indonesia’s antagonism, as well as much better ones for giving high priority to cordial, cooperative relations with Jakarta rather than letting our governments drift into hostile mind-sets.

Because of Indonesia’s political and strategic importance within Southeast Asia and its location at the intersection of the ASEAN group of nations with Melanesia and the South Pacific (which bulks so large on our Australian horizon, but far less on that of Indonesia), its influence in both must affect our policies there. So there are limits to how far we can go in ignoring or opposing Indonesian views on issues affecting either of those regions without incurring political counter-measures. It is utterly unrealistic for our political leaders in Canberra, or their critics elsewhere, to delude themselves that they can simply disregard Jakarta’s reactions to our foreign policies or defence strategies. We must always take them into account.

That is not a reason for ‘appeasing Jakarta’ or ‘grovelling’ on every issue that arises between us, but simply for being realistic about how much or how little political leverage Australia may be able to exercise on matters where we and the Indonesians disagree.¹⁹ There are bound

to be occasional frictions, so how we handle them will often be crucial, whether that be firmly yet politely or (as too often) arrogantly and provocatively. The Australian inclination towards frankness and blunt speaking does not fit comfortably alongside Indonesian traditions of politeness above all in their personal relationships, even to the point of a puzzling obliqueness at times.²⁰

It must be admitted from the outset, unfortunately, that Indonesia’s governments, officials and military have often been their own worst enemy through the clumsy and often brutal ways in which they go about their business. This has given Indonesia a bad name internationally in terms of human rights issues. (Some of them are well aware of this and anxious to prevent it, although that is easier said than done in the political circumstances prevailing). But such things tend to happen to some extent in any developing country; the process of ‘becoming modern’ or ‘democratic’, however defined, is usually slow, difficult and painful (as it was in the West earlier). Yet today’s Indonesia deserves a lot more credit than it gets in Australia for the progress it has made towards *demokrasi dan reformasi* (democracy and reform) since the fall of President Suharto in 1998. Under President Susilo Bambang Yudhoyono (SBY) it is making good progress, albeit less rapidly than we might hope, on both the economic and the political front.²¹ With Indonesia (and Australia) it is best not to compare how things are with how they should ideally be but simply to notice how much better or worse they are getting. It is the direction of change that matters most.

Problems ahead

Three problems that could arise in the years ahead are easily imaginable. Others may be lurking over the horizon, including environmental ‘wild cards’, which are too speculative to go into here.²² But we should never forget that an immensely destructive volcanic eruption comparable in scale with Krakatau’s in 1883 (or, far worse, Tambora’s in 1815) tends to occur there roughly every century. The next may already be overdue. How will Australians respond when a challenge of that dimension faces us all?

The first and most dangerous of the problems ahead — and possibly the most likely — are issues relating to separatist movements in Papua and the support they garner within Australia. This tends to arouse suspicions in Indonesia that Australians have a hidden agenda to bring about the dismemberment of Indonesia as a unitary state. Because of the complex, emotionally charged political dynamics within each country associated with this, it could easily get out of hand and prove difficult for both governments to resolve through calm negotiations.²³

Second are issues associated with the ‘war on terror’ which, although it has not yet led to insuperable difficulties between us, has the potential to do so if badly mishandled on either side. Remember Israel and Palestine — as well as Iraq and Iran, and far beyond — as well as Australian inclinations to conflate Islam with terrorism. These issues stir up powerful emotions in both countries. Can *anything* be done to forefend against serious rifts between the two countries over them?

Third are broader foreign policy issues revolving around the future power balance in East Asia and the ASEAN region in the more distant future as China’s wealth and capacity to exert its growing power there increases — and its relations with the US, Japan and ASEAN make the balance of power in the Pacific more unpredictable. If a new Cold War develops between China and the US, backed by its allies, Japan and Australia, the role played by Indonesia and the other ASEAN countries may be crucial for us. Whether Canberra and Jakarta will have similar or divergent attitudes and policies on that scenario can only be guessed at present. But if our policies diverge too radically, we could find ourselves facing serious difficulties. We ought for that reason to be encouraging far more frequent and regular dialogue between our Australian experts on China, Japan, the US and India and Indonesia’s to gauge each other’s thinking better. Currently there are very few such exchanges on a regular basis and our perspectives often differ greatly.²⁴

On a less fearsome level, we must also take note of the problems of contiguity that are increasingly arising between us in and around the Timor-Arafura Sea area. Minor frictions over fisheries, quarantine problems, people smuggling and the possibility of terrorists trying to get into Australia, could also make cooperation with Indonesia increasingly complex for us in the years ahead. They underline the point that

relations with our neighbour could become very difficult if we were to find ourselves seriously at odds on any of these matters. If Jakarta should decide not to cooperate with us on these issues, we could be in for trouble elsewhere, including in the international domain.

In short ...

Our relationship with Indonesia is ambivalent, observes Professor Tim Lindsey, our best informed expert on the legal system there, largely because those who have a direct interest in it see it as ‘important, resilient and strong’ while the vast majority of Australians seem to regard it as ‘difficult, tense and ultimately disposable’.²⁵ (A similar ambivalence can no doubt be found in Indonesia; but it seems not to matter so much there.) Lindsey sees this as a problem because ‘perceptions create realities’ and in both countries the relationship

is largely managed by its supporters, but judged by its skeptics and opponents ... flipping back and forth between stability and collapse, between warm embrace and freezing hostility, although at its base it is, in fact, relatively stable.

The relationship between us has passed through four distinct phases over the 60 or so years since Indonesia became independent and Australia had to learn how to relate to this new neighbour. The latest of these phases, since the fall of President Suharto in 1998, has been the most volatile and problematic. Of particular importance have been the Papua/West Irian and East Timor problems which have at times dominated the course of the relationship and luridly coloured Australian perceptions (or misconceptions) of Indonesia. Those episodes have had the adverse effect of creating deep suspicions and conspiracy theories in Indonesia about the motivations behind Australian policies and also of displaying some of the worst aspects of Indonesian treatment of its own people.

Five broad sets of questions arising over the above issues will be explored in the remainder of this paper.

- How far do the differences between Indonesian and Australian cultures, religions, values and histories account for the tensions, frictions and volatility that have arisen between us from time to time — or have there been other reasons for them? They did not seem to matter so much until the late 1990s — and in our relations with Japan and China comparable differences seem to matter far less. So there must be more to it than that: but what?
- Why have the Papua/West Irian and East Timor issues caused so many problems between us? Their proximity to Australia is part of the answer, but only a small part. No such difficulties have arisen over West Timor or the Tanimbar and Kei-Aru groups of islands which are actually closer to us. Far more crucial is the relevance of those two places to Indonesia's sense of nationhood and the basic rationale behind it. Curiously, relations between Canberra and Jakarta were not too badly strained throughout most of the period 1950-62 when Australia was strongly opposing Indonesia's claim to West Irian on the international stage. But Papua has again loomed up as an issue between us since 1999 when East Timor became independent — despite many statements from Canberra that Australia recognises it as part of Indonesia's national territory. That is largely because of suspicions in Indonesia about the motives behind our part in that drama.

What more we can or should do to reassure them on that score is a difficult question. And one of the ironies here is that the aim of the Australian government in taking the actions it did over East Timor in 1999 was in fact not to precipitate the crisis that led to East Timor's independence, but essentially the opposite: to help the new Habibie government to avert pressures to move in that direction. So the actual history of what happened in both cases was in fact very different from the historical memories that have grown up about them (quite distinct in both countries) which in turn have coloured thinking towards the other country in very adverse ways in both places.

- Why has public opinion in both countries become so much more unfriendly to the other since the fall of Suharto in 1998, at a time when real progress towards democratisation is being made in Indonesia — and when the generous Australian response to the tsunami disaster in Aceh in December 2004 seemed to betoken a major turning-point in relations between us? Various factors seem to be involved here, which need to be identified and remedied.
- How relevant is Islam in all this? Australian apprehensions about Muslim 'extremists' in Indonesia and our conflation of terrorism with the Islamic concept of jihad because of the role of the small *Jema'ah Islamiyah* (JI) group of jihadis and potential martyrs associated with Abu Bakar Ba'asyir, the *emir* (spiritual leader) of JI, and through him to Osama bin Laden are greatly exaggerated, although not without some foundation. Recent changes in the character, extent and intensity of the Islamic faith in Indonesia are of greater relevance here and need to be much better comprehended in Australia.
- How can the relationship be strengthened and many more bridges of personal and institutional interconnection be built to span the cultural differences between us and reduce misunderstandings? Some suggestions will be offered about this (see chapter 6), but with the qualification that while bridge building and the improvement of public attitudes to each other are highly important objectives to be pursued in our relations with Indonesia, they are by no means the only ones — and not necessarily of the highest priority.

The main argument of this paper will be that maintaining a basic convergence in our foreign policy trajectories and avoiding the kinds of divergence that occurred in the Menzies-Sukarno era and later over East Timor should be of primary importance. Along with this, finding ways to achieve a better balance in juggling the multiple objectives we must

always keep in mind in our dealings with Indonesia will require new thinking and better procedures. The proposal made below for a bilateral *Dewan Jembatan* (Bridging Council) to act as a long term guardian of the state of relations between the two countries could be well worth exploring further in this regard. Improving popular attitudes towards each other in both countries is a matter of great long term importance but unlikely to yield quick results.

These questions will be addressed in the next chapter before we turn to an historical survey of the overall course of the relationship since 1945 and the relevance of both broader regional international politics and the very localised Papua and East Timor problems, then to Islam and the outlook for the future.

Chapter 2

National interests and policy priorities

The purpose of Australian foreign and trade policy is to advance the national interest — the security and prosperity of Australia and Australians ... in a way that is effective and in accordance with the values of the Australian people.²⁶

Australia has a fundamental national interest in Indonesia's stability. We strongly support Indonesia's unity and territorial integrity. Indonesia's creation of a robust and functioning democracy is crucial to achieving these goals.²⁷

In a democracy, the national interest is simply what the citizens, after proper deliberation, say it is. It is broader than vital strategic interests, though they are a crucial part. It can include values such as human rights and democracy.²⁸

What Australia's foremost national interests are with reference to Indonesia and how they bear upon the formulation of our policies are not simple questions as many diverse factors must be taken into

account. Juggling these factors becomes the name of the game. Yet few good assessments of how this is done or might best be done have ever been attempted.²⁹ The White Paper cited above had surprisingly little of substance to say on the matter. Prime Minister Howard has often said that Australia's policies on Southeast Asia must be based on a clear sense of our 'national interest' and our 'values', spelling out what that meant in a statement to parliament in September 1999 in terms of 'our commitment to the region and our capacity to make a constructive and practical contribution to its affairs', although without adding much about what the term national interest itself really means in this case, as if assuming it is self-evident.³⁰ In view of the multiple objectives Australia seeks to pursue in relation to Indonesia, it is far from obvious what he is referring to.

Our relations with Indonesia will always be a matter of striking balances between diverse principles and policies of various kinds — between hard-headed calculations about the imperatives of our national security and the claims implicit in more abstract, idealistic goals, such as helping to promote human rights and democracy there, or 'development', good governance and the rule of law (however any of these rubbery terms may be defined — by them or us); or between the government's responsiveness to Australian public opinion, which is often quite unfriendly towards Indonesia, and the need to maintain a workable relationship with the government in Jakarta. They will also require a balance between our assessments of how compatible Indonesian notions of its national interests are with ours in matters involving the wider international relations of our region, a most important issue but one that is rarely realistically discussed between Australia and Indonesia in public.

We will often have to make compromises, too, between the priority to be accorded to whichever objectives are foremost at any time among the whole cluster of aims we seek to achieve in our day-to-day relations with Indonesia, or between the values and principles we uphold and the need to recognise that Indonesian values and principles are at times very different from ours. Above all, we must constantly balance the weight we attach to our US alliance relationship against the

imperatives of achieving closer engagement with Indonesia and the rest of the ASEAN-East Asia region, an essential condition of our long-term survival.³¹

The balances we strike on all these issues will never be stable or enduring ones and never definitively right or wrong, merely better or worse in varying degrees. They will often arouse controversy within Australia, and sometimes be difficult to explain convincingly to the government or people of Indonesia. How best to get them right — or as nearly right as we can — will require clearer thinking than we have applied to them hitherto, not only about what our vital national interests here really are and the policies that should flow from them, but also about the murky politics of Australian public opinion and adverse popular attitudes towards Indonesia. The processes of assessment involved are not nearly as well understood by the general public as they should be, partly because we lack any kind of familiar, widely accepted frame of reference for analysing such issues.

Box 3

Some DOs and DON'Ts

DO ... Note that our relations with Indonesia must always be formulated against the broader background of our policies towards the ASEAN region and East Asia more generally, and kept consistent with them. They are not just narrowly bilateral and cannot sensibly be allowed to become hostage to any single bilateral issue that gives rise to tensions between us (as over East Timor prior to 1999, or Papua since then). We should endeavour to ensure at all costs that our broader regional and global policies diverge from Indonesia's as little as possible — and ideally should follow essentially convergent trajectories.

DON'T ... Put too much reliance on close personal relations between our heads of government and foreign ministers,

important though these can undoubtedly be for creating a basis of mutual trust and better understanding of each other's actions, policies and politics. The basic determinants of success or failure in our relations with Indonesia will depend on more enduring factors grounded in our respective national interests, not on mere accidents of personal chemistry. But trust is undoubtedly a crucially important element here.

DO ... Remember that in our relationship with Indonesia we have to pursue a number of objectives whose relative importance and urgency is bound to vary from time to time as circumstances alter. How we assess and balance the priorities to be given to those diverse goals is a complex but crucially important matter. It should not be decided behind closed doors in the Department of Foreign Affairs and Trade (DFAT) or the government but discussed widely and justified publicly — and even made known to the Indonesian authorities too, so that they will be better aware of our motives and intentions in matters that concern them.

DON'T ... Resort to 'megaphone diplomacy', or shouting from the rooftops, whenever we are displeased about something Indonesia has done — and don't allow our political leaders to indulge in their bad habit of trying to capitalise on issues in contention between the two countries for purposes of domestic political points-scoring. That sort of behaviour may not matter greatly with more distant countries which can easily disregard our fleabites, but it can matter a great deal closer to home.

DO ... Keep in mind the fact that there are nearly always two sides (or more) to every story, dispute or political issue coming to our attention from Indonesia — and rarely are the issues sharply black and white. The shades of grey are often the most important to be able to recognise and differentiate; but that usually requires expert knowledge of the circumstances there.

DON'T ... Be fooled by shallow talk of a 'special relationship' between Australia and Indonesia — but, conversely, don't let an excessive stress on deep-seated cultural differences between us mislead us into thinking that mutual understanding of each other is impossible. It is merely hopelessly difficult at times.

DO ... Take account of what our assets and liabilities, strengths and weaknesses are in our relations with Indonesia — especially our uniquely high degree of expertise and reliable information sources on the political and economic developments there, deriving largely from its greater prominence on our mental horizons than on those of any other country. We must give high priority to enhancing the assets and reducing the liabilities.

DON'T ... Let our overall policies towards Indonesia be made hostage to this or that obsession with a particular issue, whether it be our alarm about 'fanatical Muslims' or human rights violations or discrimination against ethnic or religious minorities, be they Christian, Balinese, Chinese or any other. Let us by all means protest or express our disapproval where we must, but avoid thinking we must give such issues priority over more important features of our overall policy towards Indonesia.

National interests: imaginary and real

The two White Papers on foreign and trade policy issued by the Howard Government in 1997 and 2003 both had the term 'national interest' in their title. Neither had much to say that was informative about Indonesia's significance to Australia. The first of them, wrote Wesley in a useful piece on 'Setting and securing Australia's national interests',

reflected the Coalition's adamant stance that hard-headed and piecemeal calculations of 'national interest' should

take precedence over any notion of founding policy on a grand design

such as prevailed in Paul Keating's day. For Australia, says Wesley, as for most countries, the national interest 'has invariably been defined as a combination of national security plus national prosperity, with the occasional dash of national values'.³²

That does not help much as far as Indonesia is concerned, however, since it poses no immediate threat to our national security and is unlikely to enhance or detract from our prosperity to any great degree in the present circumstances. And 'the occasional dash of national values' which is thrust into the picture from time to time may even run contrary to some of our more important national interests there. In fact the term 'national interest' can be altogether more confusing than helpful here, implying more than can ever be delivered, although it has its uses rhetorically.

Definitions of 'the national interest' are too contentious and tangled to be worth discussing at length here.³³ We are on safer ground, especially with regard to Indonesia, if we make use of other terms such as 'vital interests' or simply 'national interests' (plural, not singular), some of them vital, others less so, instead of assuming that the national interest is centred on some one consideration that is so overwhelmingly important that it overrides all others, regardless of time and circumstances.³⁴ And because Indonesia impinges so greatly on Australian thinking concerning our national interests in relation to the entire Southeast Asian region, we need to be very clear and comprehensive about the key factors involved.

A tentative list of the most important Australian interests at stake with regard to Indonesia would run roughly as follows:

- The top priority must obviously be to avoid falling into serious conflict with Indonesia to the point of a major military clash in any other than the most exceptional circumstances. While we could probably handle any foreseeable clash, it would create long lasting resentment and suspicion there ('a century of acrimony

would result', predicted Peter Hastings in the 1960s), and prove immensely costly for Australia in terms of our relations not only with Indonesia, but with the rest of our region and far beyond. 'Unless we can maintain good relations with Indonesia, we will have little chance of doing so with the rest of Asia', observed MacMahon Ball many years ago. There is still much truth in that as far as the ASEAN region is concerned.

- Preserving the integrity of our maritime boundaries with Indonesia and maintaining Jakarta's cooperation in handling the problems that arise from our shared contiguity around the Timor and Arafura Seas, such as quarantine, control of smuggling and drug trafficking, illegal immigration and fisheries are clearly matters of high priority for Australia. It could become highly troublesome for us if we found ourselves at cross purposes with Indonesia on any aspect of these issues.
- It is clearly in Australia's interests that Indonesia should succeed in becoming a prosperous, politically stable developing nation enjoying as much freedom for Indonesia's citizens as can be achieved. A relapse into political instability, authoritarianism, military dominance or economic stagnation could create tremendous difficulties for Australia. We are fortunate in that Indonesia is not in such a parlous condition as the other countries referred to by the term 'arc of instability' (sometimes wrongly thought to include Indonesia) and does not warrant the kinds of military or financial intervention we have resorted to there — which would be resented and rejected fiercely. But where we can give help, as in the 2004 tsunami, we should do so, for moral and prudential reasons relating to our fundamental values, or as Hedley Bull put it, 'for reasons beyond ourselves'.³⁵
- On the question of whether Australia has a strong national interest in Indonesia's remaining a single unified state or would benefit more from its fragmentation into a congeries of smaller

units, opinions in Australia are divided and the issues contentious and not entirely clear cut. The arguments for the former case are far more compelling than those for the latter, in my view, since the politics of dealing with a single national government are likely to prove less problematic than juggling the complexities of dealing with a Balkanised archipelago made up of several or many small states ('a couple of Bruneis, a Philippines or two and half a dozen Bangladeshes', as one wit has put it). Some of these might be at odds with each other and seeking to invoke financial or political support from Australia or what remains of Indonesia, or other outside powers. In short, fragmentation would lead to a far less stable archipelago, much more difficult to deal with than one unified nation.

- We also have a strong interest — how strong may be arguable — in seeing a continuation of the 'moderate', tolerant and eclectic version of Islam in Indonesia that has developed over the last 700 years rather than the development of a more rigid, puritanical, Wahhabi variant of that religion derived from the deserts of Arabia. (But is this really a *national interest*, or merely a preferred state of affairs?) It is not something Australia can do anything much to promote — and if we were to make serious mistakes in trying to do so, as is very likely, the result could be a dangerous backlash of hostility not only among the more fervent Muslims but among those who might be our friends there as well.
- We also have other major interests of various kinds, but less than any overriding *national* interest, in the strengthening of human rights, civil liberties, the rule of law and an independent judiciary, a free press and other accoutrements of an effectively modernising democratic society and polity. All of these outcomes are desirable, as are many others that could be listed such as justice and equality, minimising corruption and ethnic harmony. We should try to promote these not simply for the sake of the stability of our region. However, because it is clear that many

Indonesians themselves want to see them achieved, they can hardly be classed as vital Australia interests.

There may be other items which could be included in a more complete list of our national interests here, but the ones listed above would probably be considered the important ones by most Australians. But it bears repeating that there are no hard and fast rules that can be applied here. Circumstances alter cases and subjective elements come into the picture in many ways.

What Indonesians would include in any similar list of their country's national interests is something that an outsider can only infer tentatively from a tangle of inferences. But such a list would almost certainly include at least the following:

- Preservation of Indonesian national unity and maintenance of its full sovereignty, with minimal external interference in domestic political and social matters or neo-colonialist pressures of an economic or ideological character.
- Prevention of secessionist tendencies likely to lead towards national fragmentation.
- Avoidance of pressures upon Southeast Asia by the great powers, as in the pre-ASEAN years.
- Access to international markets on fair and equitable terms.
- Acknowledgement of the country's status as one of the largest and most important of Asian nations, and certainly the dominant Southeast Asian power. This claim to regional leadership has created what Michael Leifer called 'a sense of entitlement' to be listened to and taken seriously in international councils, especially as a leader in the creation of what was for a time a significant group of newly independent Afro-Asian nations.³⁶

Fortunately for us, Indonesian governments have rarely taken the view that Australia's national interests and Indonesia's are seriously or dangerously divergent in any of these respects, except potentially the first. They have tended to recognise and welcome the beneficial aspects of

Australian economic aid, military cooperation, educational exchanges and so forth, particularly in the earlier years of independence. Neighbourliness is an idea that fits their mind-sets a lot more readily, perhaps, than ours.

Strategic interests, security, popular fears and defence cooperation

Strategic interests involve far more these days than just the capacity to fight wars and repel invaders. Essentially they revolve around the capacity to use force (actual, threatened or implied) in pursuit of some political goal and the ability to resist any attempt to use it, whatever the circumstances. Neither Indonesia nor Australia is likely to attack the other deliberately in the foreseeable future, and both sides know that. 'Indonesia has neither the motive ... nor the capacity to threaten Australia' with military attack, noted the Dibb Report in 1986.³⁷ But neither country can afford to assume that the other will never brandish the threat to use force to achieve some specific objective which the other would find it hard to counter, or that minor local incidents will never escalate out of control. To the Indonesians, the 1999 East Timor experience was an eye-opener in that respect, for Australia did the brandishing (for reasons we regarded as compelling, but they did not) and they were unable in the circumstances to resist.

It is remotely conceivable that Indonesia might one day engage in a low-level application of force against us, far short of an invasion of Australian territory, such as harassing Australian shipping or oil rigs in the Timor Sea if the occasion arose. That could be very difficult and costly for us to ward off, even though Australia's counter-strike capability would enable us to retaliate formidably if we chose to escalate any such conflict. Yet doing the latter would be a high-risk response for Canberra in terms of both the domestic and the international politics involved. It would be a nightmare decision for any Australian government to have to make. Military strategists have to make plans for such worst-case contingencies, of course, as well as more probable ones — so they cannot rule it out of consideration. But any such situation looks highly unlikely in today's circumstances. Nevertheless, it is very

much in our interests to ensure that no government in Jakarta will ever have any motive to contemplate such an action.

Security considerations have always been at the heart of Australia's basic political and strategic thinking about Indonesia and the area to its north, at both the popular and the official level, alongside our basic interest in the maintenance of peace and stability across the entire ASEAN region, on which our interests and Indonesia's broadly coincide. Yet there is always a possibility that some sort of clash between us could occur. We can never be entirely sure. (Neither do Indonesia's security planners feel confident about us after their East Timor experience, as we shall see below.) Moreover, Australian memories of the West Irian campaign and the confrontation of Malaysia in the 1950-60s, along with our historic paranoia about our geo-strategic situation as the (white) odd man out on the edge of 'over-crowded' Asia, have combined to incline many Australians to regard Indonesia's 1950s campaign to gain control of West Irian and 1975-6 annexation of East Timor, along with the maintenance of a much larger army than ours, as a particular cause for concern.

Negative attitudes towards Asians in general can be traced back to earlier fears that prevailed about the 'yellow peril' years before the White Australia Policy was enacted in 1901, and long after, along with apprehensions that we might be overrun by the supposedly teeming 'Asian hordes' casting covetous eyes on our empty spaces. 'Up North' has long been the bad-lands in Australian minds, for mainly irrational and ill informed reasons. Our fears were focused on Japan in the 1940s, then on communist China and Vietnam from the 1950s on, but came to be transposed towards Indonesia after those earlier threats receded over the horizon and there were no others for us to worry about. They have been aggravated recently by the bad press headlines Indonesia has so often aroused in Australia, which have reinforced our negative perceptions and prejudices about its political system, its army, its judiciary (most notably over the Schapelle Corby case) and since 2001 about 'Muslim extremists' in Indonesia. The adverse attitudes that developed towards the Suharto regime in the 1990s have largely been maintained towards later presidents, partly because of the hostilities

aroused in 1999 over East Timor. The turn for the better under SBY in 2004-5 was then reversed by the spat over the Papuan asylum-seekers in 2006. It has not been a good political climate for calm assessments of the bilateral security relationship.

Hugh White has, however, written a well-balanced analysis of Indonesia's strategic significance to us from the viewpoint of a defence strategist, noting a different sort of ambivalence in our thinking about such matters.

Indonesia impinges on Australia's deepest strategic preoccupations in two ways. Because of its proximity and sheer size, it has the strategic potential to pose a serious military challenge to Australia directly. And it is also [the only country in Southeast Asia] strong enough to help defend our neighbourhood against an intruder. Whether it is strong or weak, therefore, Indonesia offers both potential protection and potential threats to Australia.³⁸

When we look at our neighbourhood in isolation, as a self-contained strategic system, a strong Indonesia looks like a liability, says White. But when we see it as an element in the wider Asia-Pacific strategic system, it looks like an asset. In terms of the strategic architecture of our region, it is in our interests for Indonesia to be strong enough to play a leading part in making ASEAN a political counterweight to the big powers, China and Japan, in case they develop hegemonic ambitions there. On the other hand, it would not suit us if Indonesia herself were again to aspire to the sort of hegemonic role across Southeast Asia that Sukarno tried to assert in the early 1960s. 'Our strategic interests converge most naturally in [our] shared desire to limit the potential for intrusion into our region of potentially hostile great powers'.³⁹

We have this kind of strategic ambivalence towards no other country, notes White, and it makes the development of a stable, coherent and close defence relationship with Indonesia an important but complex matter for Australia. The events of 1999 have added a new dimension to that complexity, for until then Indonesians felt there was little to fear from

Australia by way of a threat to its territorial integrity, which has always been its major strategic concern. But Australia's role in East Timor in 1999 changed all that radically. Indonesian suspicions of Australian motives for our part in the whole affair became widespread. 'Australia's peaceful intent towards the region — and specifically Indonesia — cannot be taken for granted' any more.⁴⁰ Other Indonesians, including the parliamentary foreign affairs committee, have believed that we intervened in East Timor to exploit Indonesia's political confusion and economic weakness in the aftermath of Suharto's fall and the Asian economic crisis in which Indonesia became deeply embroiled.

So a new element has now been brought into the strategic relationship between Canberra and Jakarta, the fact that some Indonesians now see Australia as a threat.⁴¹

However far-fetched we in Australia may think that opinion is, it can never be rebutted conclusively and the suspicion will probably linger in the backs of Indonesian minds for many years. Their concerns about why our arms purchasing plans still revolve around a long-range strike capability which gives us such immense air superiority over their forces does nothing to reduce those doubts.

Formal security agreements and defence cooperation involving close ties between Australian and Indonesian military forces (including police and intelligence agencies since 9/11) have become an increasingly important feature of the bilateral relationship in recent years. These have proven at times controversial in both countries and their significance is not well understood. Ironically, exchanges of officers attending training schools began in the mid-1960s at a time when *Konfrontasi* was just coming to a peak and have since intensified considerably. Over the next 30 years 'a highly institutionalised defence relationship involving a relentless program of visits, exercises, joint working groups and collaborative projects' was developed. It led to the 1995 Agreement on Mutual Security (AMS) signed by President Suharto and Paul Keating, which

marked the apogee of the relationship, and an affirmation that our two countries shared basic strategic interests which they were prepared to cooperate to promote.⁴²

Although short and couched in deliberately vague language, that agreement to ‘consult and consider necessary measures’ in the event of ‘adverse challenges’ to either party, a obscure term that fell short of any firm commitment to respond militarily to an attack on the other, had considerable symbolic significance in both countries. As it could be seen as a departure from Indonesia’s long standing principle of non-alignment, it was described as neither a pact, nor a treaty or alliance. It developed out of a realisation among officials from both countries that they

share similar strategic concerns. We share an interest in each other’s security. Neither is a threat to the other. An agreement or understanding on security cooperation would benefit us both. It would also strengthen the stability and strategic resilience of the region.⁴³

It proved to be mildly controversial in both countries both because of the vagueness about how much it meant, or committed either party to and because it had been negotiated in secret; no word about it came out until it was unveiled shortly before the Australian national elections of 1996. (It would probably have been impossible for either government to carry through if word of it had got out.) Some Australians regarded it cynically as just a gesture of political support by Suharto for his good friend Keating prior to the forthcoming federal election and a manifestation of Keating’s zeal for closer engagement with Indonesia. In Jakarta it was criticised as a deviation from non-alignment. It aroused little public enthusiasm outside official circles in either country, although it was endorsed by John Howard before as well as after he became prime minister. It is, after all, arguably better for Australia to have even a vague agreement than to have none at all, especially after having tried to negotiate one. The fact that both countries felt it worthwhile to seek another agreement in 2005-6 after the AMS was abrogated by Indonesia during the 1999 East Timor crisis is itself revealing.

Defence cooperation was not wholly abandoned after 1999, although it was scaled back drastically. It was gradually rebuilt on the basis of

a broader security agenda embracing counter terrorism measures, police and financial intelligence cooperation and later an increase in Australian funding for the creation of the (international) Jakarta Centre for Law Enforcement Cooperation in Semarang. That paved the way towards talks with the SBY Government in 2005-6 about renewing the AMS which culminated in the Treaty of Lombok of 12 November 2006. This was a key part of the fence building process undertaken after the Papuan asylum-seekers crisis earlier in the year, but was very different in character from the AMS, being much longer and quite specific in several of the commitments imposed on each government.⁴⁴

Box 4

The Treaty of Lombok, November 2006

The Treaty of Lombok was much longer and more detailed (eleven clauses, six main principles) than the brief and rather vague 1995 AMS negotiated by Suharto and Keating.⁴⁵ Comparing the two agreements, Indonesia’s Foreign Minister, Hasan Wirayuda, said the main difference was that the 1995 AMS ‘looked like a security pact ... [but the Lombok Treaty] doesn’t talk like that ... it will provide principles of respecting [territorial integrity] and non-intervention in domestic affairs’. It also puts great stress on processes of consultation, although in many cases not much more than a reiteration of arrangements already embodied in a series of MOUs that had earlier been negotiated by the relevant departments of the two countries (Article 7, below).

It served Indonesia’s purposes well insofar as it drew from Australia a specific commitment not to give official backing to activities by separatist groups (presumably Papuan) in Australia.

Article 3. The Parties, consistent with their respective domestic laws and international obligations, shall not

in any manner support or participate in activities by any person or entity which constitutes a threat to the stability, sovereignty or territorial integrity of the other Party, including by those who seek to use its territory for encouraging or committing such activities, including separatism, in the territory of the other Party.

That is a sweeping commitment and it may have some deterrent effect upon other would-be asylum seekers from Papua who may hope to obtain refugee status here.

Australia, on the other hand, having agreed to that proposition, ensured the inclusion of an Article which implied that our domestic laws and international obligations regarding refugees were not thereby diminished.

Article 6. Nothing in this Agreement shall affect in any way the existing rights and obligations of either Party under international law.

It bound Australia to uphold Indonesia's national unity and deny the use of Australian territory to separatist elements in Indonesia. For its part, Australia was able to insist on a clause recognising the obligations of both parties to uphold the principles of international law, which in effect validated our acceptance of asylum-seekers from Papua or elsewhere. Although many clauses in the Treaty were merely a reiteration of matters that had earlier been included in various MOUs on immigration and counter-terrorism matters, the effort required to reach agreement on those two key issues was probably useful in clarifying to both governments just what were the terms on which consensus could be reached.

Controversies within Australia over defence cooperation with Indonesia will probably continue as long as the TNI (Indonesian armed forces) is thought to present a threat to the growth of democracy and civil liberties there. To summarise baldly the two sides of that

argument, it is undeniable that the most useful aspect from Australia's point of view, the exchange of officer training opportunities in each other's military establishments, has had some valuable spin-offs in times of crisis. When Australian troops first flew into Dili in September 1999 there would have been a much greater danger that minor clashes might have escalated out of control into a full scale military conflict if there had not been the prior build up of personal contacts and some understanding between Australian and Indonesian officers over the previous 30 years or more.⁴⁶

On the other hand, critics of the part played by the TNI in Indonesian political life under the Suharto regime have argued that we should not be supporting such a politically retrograde organisation or helping to strengthen it in any way. They are particularly scathing about the argument that Australia can exert a beneficial influence over the professionalism and direction of development of the TNI through these contacts, much as the US has claimed to be doing (with some justification, it seems) through its IMET program (Indonesian Military Education and Training), which was cut back drastically for many years after the 1991 Dili massacre. (That created an advantage for Australia, as it happened, since the TNI has looked towards us far more for such training since then.)

When Defence Minister Robert Hill called in 2002 for the restoration of ties to the Indonesian military after the suspension caused by the East Timor crisis, on the grounds that the TNI's handling of security problems 'will have a crucial bearing upon stability' in Indonesia, Graeme Dobell commented acidly that any claims made for engaging closely with the TNI as 'a force for stability and a secular institution' simply do not stand up to scrutiny. The TNI is 'as much the problem as the solution' as far as preservation of a democratic, stable and secular regime in Indonesia is concerned, he argued, for it is a 'corrupt, unaccountable body that acts beyond the power of its own government'.⁴⁷ The 'engagement orthodoxy' about enhancing the professionalism of the TNI had been contradicted by the 'lies and deceit' in 1999 and since. Hence we should be helping to get the TNI's troops back into the barracks and keep them there, he urged, because they are a long-term threat to the political

stability of Indonesia. Our dealings with the TNI should be confined, he said, to ‘discussions between senior officers and officer education’.

Contiguity and its frictions

‘Neighbourhood matters in international relations’, wrote Nancy Viviani at the height of the East Timor crisis. ‘Australia has to take particular care of its relationship with close neighbours’.⁴⁸ The politics of contiguity, or neighbourliness, has been given relatively little attention in Australia until recently, for two reasons. During the colonial era our relations with the Netherlands East Indies were handled for us by the British; and we shared a land border only in the remote jungles of New Guinea (never well demarcated), while maritime problems in the Timor Sea barely arose. Only since 1945 have we had to think about the problem of developing close relations with a very different neighbour in an entirely new political environment. And the distance between us has since been reduced dramatically by air travel and the communications revolution over the last 50 years.

The issues that could arise between us in the Timor-Arafura Seas area do not amount to major political problems but they are in many cases messy administrative matters with sensitive domestic implications. The most contentious issue is the maritime boundary between us, which a long series of negotiations (before and since the complications of East Timor’s status and claims came into it all) have been continuing since the early 1970s. They are still not entirely settled in respect of both the seabed boundary and rights over the water column above. There have constantly been voices in Jakarta complaining that Australia ‘took Indonesia to the cleaners’ by insisting on the continental shelf principle then prevailing in international law (but no longer so) rather than a mid-way line between the two countries.

The contentious issue of control over the off-shore oil fields to the east of Timor was settled amicably by Gareth Evans and Ali Alatas in the Timor Gap negotiations of 1989, but it was not a boundary agreement, merely an interim solution to allow oil exploration and exploitation to proceed for a period of 40 years when it will have to be renegotiated.⁴⁹ So there is

potential for quite serious differences between the two neighbours here.

Fisheries problems are of a different order. Larger vessels and new ways of catching vastly more fish have already resulted in gross over-fishing and the depletion of fish stocks in the breeding grounds located in Indonesian waters. This has meant a serious decline in the catch for Australian companies in Australian waters to the south. The problem is aggravated by the intrusion of illegal vessels from other countries such as Taiwan and South Korea which simply ignore international boundaries, bribe the commanders of Indonesian naval vessels supposed to be excluding them, take huge quantities of fish with very advanced technologies (threatening the livelihood of traditional Indonesian fishermen in the process) and endanger the ecology of the entire area. What can be done about this, either on a bilateral cooperative basis or any other, is a question to which no clear answers are yet in sight. Problems are also arising over the ‘traditional’ Indonesian fishermen who have long been allowed to enter Australian waters around Ashmore Reef and other places who are now using larger, faster boats and modern equipment as mere employees of rich and unscrupulous bosses in Kupang and elsewhere. These could become increasingly tangled problems between the governments in Canberra and Jakarta, as well as locally.⁵⁰

Health and quarantine problems have also become increasingly complex in recent years, mainly over the risks of transmission of SARS, ‘avian influenza’ and HIV/AIDS as the flow of people across the Timor Sea increases.⁵¹ Again, cooperation between Australian and Indonesian officials is essential, as it is also to prevent illegal immigrants and possibly terrorists reaching Australia.

Such cooperation is made difficult by the gross underpayment of local officials in Indonesia (and their inadequate resources to do their jobs) and the inevitable resort to extortion and bribery this generates. The picture is complicated even more by the still unclear consequences of the *desentralisasi* process, which has entailed a significant shift of power (and dubious financial practices) from the centre to the periphery in Indonesia.⁵²

In short, the peripheral but contiguous frontier region between our two countries is likely to become much more problematic in the future

than it has been in the past. To put it in perspective, however, it is more likely to be a nuisance than a threat to the relationship. In fact, it provides a strong reason for governments to ensure that the problems arising between us do not get out of hand.⁵³

Indonesia's national unity and territorial integrity

No issue is more crucial than this to the state of the bilateral relationship, and few are more controversial. Virtually all Indonesians, with relatively few exceptions (but noteworthy ones), strongly favour the maintenance of their country's national unity and territorial integrity (*kesatuan dan keutuhan negara*) and regard it as a matter of the utmost national importance. Many Australians take a very different view but without any specific notion of what the alternative might be or what its political implications for Australia would be.

Because Indonesia has an archipelagic character and Australia has a continental one, our two countries are inclined towards radically different ideas about national unity. Indonesians are deeply alarmed by regional separatist movements out of a fear that if any one part of the country were to split off, it might create a precedent or stimulant towards the ultimate fragmentation (or 'Balkanisation' as it is often called in Australia) of the entire nation. Hence the tough line taken in Jakarta since 1999 towards calls for greater autonomy or independence in Aceh and Papua — and earlier fears over East Timor's independence struggle. (However, the recent Aceh peace settlement provides grounds for hope that Jakarta is at last willing to concede a greater degree of autonomy in order to avert separatist demands.) That is why Jakarta insisted so strongly that Australia should commit itself in the 2006 Treaty of Lombok to the principle of upholding Indonesian territorial integrity.

Whether or not it is in Australia's national interest that Indonesia remains a single nation-state is a more complex question. Yet the very fact that nearly all Indonesians want it to be so maintained should in itself count just as highly as any sense of what Australia's national interests are, if we sincerely believe in majority rule. It is highly likely that a fragmented archipelago to our north-west would prove much more

unstable, economically backward and troublesome to us in the long run than anything we have yet encountered in the 'arc of instability' to our north-east. It is also overwhelmingly in our interest, surely, that the entire nation-building project in Indonesia should succeed so that the country will grow into a single, strong, stable and prosperous nation with as much freedom for individuals and particular communities, regions or islands as it can achieve.

There are counter arguments about the rights of minorities or unhappy regions which we in Australia feel we should take into account by dint of our claims to uphold the highest moral and legal principles and adherence to human rights internationally. Yet asserting a universal principle that gives higher priority to the rights of minorities than to the authority of legitimate national states backed by large majorities just for the sake of our own moral code and values would be an absurdly counterproductive denial of other more important national interests. Where would we ever draw the line about intruding into the internal affairs of other countries anywhere? Here as elsewhere with Indonesia we have to strike balances. Our aim should be to work towards helping Indonesia to become a better place, as its people want it to be, not to have it broken up into something worse.

For this purpose we also need to convince the government in Jakarta that it is in its interests as well as ours to prevent the sort of behaviour by its military and civil authorities in the regions that has occurred in East Timor and Papua in the past which make it harder for Canberra to resist pressures from lobby groups that support separatist groups in Papua, Aceh or anywhere else with their emotional and highly exaggerated arguments about 'genocide' or 'Javanese imperialism'. Indonesia needs to play its part much better on this score — and to its credit it seems now to be doing so more effectively in Aceh than ever before. We must hope it will see fit to do so in Papua also. That will take a lot of the wind out of the sails of the single-issue lobbies in Australia that are inclined to challenge the view that Indonesia's national unity is of importance to us.

On the other hand it is well to remember that the nation-state may not be the ultimate stage of political development. It is in fact a very

recent artefact of historical evolution, ‘not the product of historical developments and not at all an age-old, “natural” phenomenon that will last to the end of time’. It is a product of the last two or three hundred years in Europe and much more recently elsewhere, which may already have reached its apogee. Likewise nationalism, its ugly step-child. In 50 or 100 years nations and states may be taking very different shapes, as they are already in the European Community. In Indonesia the discrepancies in wealth between the richer parts of the country and the poorer may eventually create pressures for greater local autonomy, almost to the point of eroding the framework of national unity, so that they will prove irresistible. But that is far from the case today. (May not the same become true also of China, or India?) That is not in the least a reason to reject the desirability of a single nation-state today, but it could make second thoughts necessary on the matter at some time in the future. Until then, however, the case for a unified Indonesia remains far stronger than the argument that the rights of unhappy regions such as Papua should take precedence.

A better balance, clearer priorities

It is easy to think of a dozen or more objectives we pursue in our relations with Indonesia, some related to our contiguity, others to broader foreign policy issues, many more to aims such as advancing human rights or socio-economic welfare, which may come to the fore from time to time in the formulation of our policies and priorities as a whole. Some of these may be to some degree incompatible with others. Many Australians are inclined to forget that a balance of sorts must be maintained between all these by any government, as is the case in many other spheres of political decision-making. Such forgetfulness is to be found especially among people who are preoccupied by a single issue, whose thinking on matters of this kind is dominated above all else by, for instance, concern over human rights violations, independence of Papua, or combating terrorism .

It is inevitable, of course, that all individuals will have diverse views about how any such assessments should be made and these may well

change as circumstances change (e.g. defence and police cooperation will be seen as more urgent at times of terrorist attacks, the upholding of human rights as a higher priority in less troubled times). While some of them would have high short-term priority, others might be ranked more highly on a long-term perspective.

It may help to clarify the inherent nature of the problem by conceptualising it in graphic form so as to highlight the essential points at issue. Step one in this process is to assign to each of these objectives or aims a priority rating between zero and ten, as shown in the right-hand column of Table 2:1, which is intended to indicate notionally its approximate importance in, say, the eyes of the government of the day, with those ranked ten or close to that regarded as the one of greatest importance, while those below would be less so. Step two is to depict the pattern then emerging as in the bar chart (Figure 2:1) which serves to highlight graphically the range of differences to be taken into account. We might interpret that pattern along either of several lines. Let us simply assume that the scores indicated in Figure 2:1 might hypothetically represent the thinking of an Australian government in the year 2010.

Table 2:1 Policy objectives and their approximate priority ratings

A	Avoiding conflict or military clashes with Indonesia that may escalate towards war.	10
B	Upholding Australia’s wider national interests in matters of security and regional (or global) international politics.	9-10
C	Maintaining a cooperative relationship on issues of ASEAN regional stability, or on police and military intelligence exchanges of information (e.g. on terrorists, drug-running etc)	8
D	Defence cooperation, officer training, joint exercises etc	7-8
E	Supporting the rights of minorities in Indonesia (e.g. Papuans, Acehnese, Christians, ethnic Chinese et al.) and upholding other human rights and civil or political liberties — without intruding on its national sovereignty.	7
F	Providing economic aid or technical assistance to enhance prosperity or reduce poverty and hardship in crisis situations.	5-6
G	Advancing trade and investment, tourism etc. between the two countries.	7
H	Upholding the principle of support for Indonesia’s national unity & territorial integrity.	8-9
I	Enhancing the ability of AII to ‘put ballast into the relationship’ by institutional and people-to-people measures (‘bridge building’), youth exchanges, cultural interchange etc.	6

J	Promoting closer educational links for the sake of strengthening Australia’s knowledge base on Indonesia (and vice versa) and of increasing the number of Australians studying in Indonesia and of Indonesians doing so in Australia.	6
K	Supporting inter-faith dialogue with Muslim organisations with the aim of reducing distrust and misunderstanding.	4
L	Humanitarian relief, as after the Aceh tsunami — or in the event of a future Krakatau-scale volcanic eruption.	5
M	Defending the rights of Australian citizens caught in the toils of Indonesia’s legal system.	2-3
N	Cooperating with Indonesian police and other authorities to prevent refugees from other countries reaching Australia.	3
O	Improving public attitudes in each country towards the other.	5-6

Figure 2:1 A graphic representation of the above priority ratings.

10	x																	
9		x																
8			x					x										
7				x	x		x											
6						x			x	x								x
5												x						
4											x							
3													x	x				
2																		
1																		
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O			

Chapter 3

Fluctuations and trouble spots in a changing relationship

It's not merely the duration of the tensions that is critical, but the depth of feeling aroused on both sides by these two territories at Indonesia's eastern extremities closest to Australia ... Papua and East Timor related to matters of Indonesia's territorial integrity and national pride, together with the ideological underpinnings of what constituted Indonesia.⁵⁴

The early 1990s saw a decisive shift in the pattern of Australia's engagement with Indonesia. The often querulous relationship between these two utterly different neighbours that had characterised much of the past fifty years evolved into a much more constructive, confident dialogue in which both Jakarta and Canberra now perceive mutual benefits.⁵⁵

Apart from a few periods of tension, most notably the 1999 East Timor flare-up and Sukarno's 1963-6 'confrontation' policy against Malaysia, Australia's relations with Indonesia over the first 60 years after it became independent were relatively trouble-free. But sharp fluctuations have occurred from one phase to another. Relations between Canberra and Jakarta were cordial during the early years of Indonesia's struggle for independence between 1945-49, then badly strained during much of the Sukarno-Menzies period, 1950-66, mainly over West Irian and the *Konfrontasi* episode, but generally smooth during Suharto's long period of rule from 1966-98 (except over East Timor) and exceptionally good in the mid-1990s. Yet they have gyrated erratically since Suharto's fall in 1998 between mood swings, ambivalence and acute tensions. Whether or not a new, fifth phase of better relations can be said to have begun since SBY became president in 2004 is still an open question.

The strains that have arisen were due mainly to the two chief trouble spots, Papua (or West Irian as it was called until 1999) from 1950-62 and again since 1999, and East Timor in 1974-5, then most dramatically of all in 1999. These have dominated the course of the relationship between us more than any other issue (except, perhaps, *Konfrontasi* for a short period). Developments in Papua have become the problem most likely to cause trouble between us again in the immediate future, now that East Timor has faded into the background as a source of friction after achieving its independence in the years 1999-2002.⁵⁶ Memories of the tensions created by these issues linger on in both countries, however, often as wild distortions of the true story, and they colour opinions and popular attitudes in ways that could again compound any major problems that may arise.⁵⁷

The Southeast and East Asian international context within which relations between us have developed has also had an important influence on them at times, as has the global balance of power within which the regional pattern has evolved. Cold War ideologies and great-power alignments had the effect of pushing us apart in the Sukarno years, then drawing us together during the long Suharto era. Their impact since 1998 has been mixed and at times problematic.

Box 5

The West Irian/Papua and East Timor issues

It is a bizarre anomaly that Australia's strong opposition to Indonesia's claim to West Irian between 1950-62 aroused relatively little antagonism in Jakarta, whereas our basically sympathetic official attitude towards its East Timor policy in 1974-5 — and again in 1998-9 — has coincided with periods of far greater tension between the two states, especially after Australia's 1999 intervention there which the Howard Government undertook reluctantly.

In both cases Canberra was under strong pressure from Australian public opinion to oppose Indonesia's policies. In the case of West Irian, the Menzies government needed little prompting. It took the lead vigorously in resisting Indonesia's claims in the UN and supporting Dutch retention of their former colonial backwater until forced by US diplomatic pressure to give way to Indonesia's demands for it in 1962. Yet Australia incurred relatively little hostility from Indonesia then, partly because we could not exert much influence on the parties mainly concerned, partly because Jakarta was still eager to develop cordial relations with Australia on other matters.

Ironically, the question of Papua's status has become a major source of tension between the two countries since East Timor won its independence in 1999, despite the fact that the government in Canberra repeatedly avows that it recognises Indonesian sovereignty there and does not support demands for Papua to become independent. 'That's what you said about East Timor', skeptical Indonesian reply; 'and look at what you then did to prise it from our grasp'. Their suspicions about Australian motivations in regard to Papua are based largely on their inclination to suspect that we had a deep laid hidden agenda in East Timor behind our official rhetoric. And they fear (perhaps rightly) that if things get out of hand again any Australian government will be swayed by popular opinion more

than adherence to the principle of Indonesian sovereignty.

The role of what McGibbon calls 'the West Papua constituency' in Australia in support of either full independence for Papua or a greater degree of autonomy and relief from 'Javanese imperialism' and oppression adds fuel to those suspicions.⁵⁸ Consisting mainly of human rights NGOs and church groups, its influence on policy making in Canberra is relatively slight and almost certainly exaggerated greatly by Indonesian intelligence circles, in part to justify their hard-line policies. But there is little doubt that Australia is seen there as a safe haven from which Papuan independence advocates can hope to pursue their struggle to gain international support. That is the new form of what Ali Alatas called 'the pebble in the shoe' creating problems in the relationship between Jakarta and Canberra. It is why the 2006 episode over our acceptance of the Papuan asylum-seekers aroused such anger in Jakarta.

The East Timor issue created far greater problems between us than our differences over West Irian/Papua have ever done, particularly by stirring up anti-Indonesian sentiment throughout the Australian community, on both the right wing and the left. Yet both the Whitlam government in 1974-5 and the Howard government in 1998-9 were essentially supporting Jakarta's policies, in the belief that it was in Australia's national interest for East Timor to be a part of Indonesia, not a struggling, potentially unstable independent state.⁵⁹ It is arguable that Whitlam's warm support for Suharto in 1974-5 was excessive and that a more carefully qualified policy would have been more appropriate politically and morally. Later events seem to provide *ex post facto* support for that view. But nothing Australia could have done by raising the issue in the UN, Washington or elsewhere would have mustered enough pressure to modify Jakarta's policies in the fraught international environment of that time, shortly before and after the fall of Saigon to the communists. Fears of an Asian Cuba on Indonesia's eastern doorstep were just too alarming.

When John Howard wrote his letter about the East Timor situation to President Habibie on 19 December 1998 which

started the chain of events that led to independence for the province by the end of 1999, his intention was not to bring about that outcome but in fact to help Habibie find a way to avoid it. He did not, and could not, anticipate Habibie's abrupt decision in January to hold a referendum in East Timor later that year to decide between an autonomy formula he offered or complete independence. It was the militia violence that followed his announcement which gave rise to widespread international concern, the involvement of a UN peace keeping force, Unamet, the immense wave of stoical Timorese support for independence and the necessity for a more substantial military force, Interfet, to be sent there in September, after the August referendum had yielded a 78% vote in favour of independence. Australia now providing the largest share of the troops involved in the Interfet force as well as its commanding officer, Lt. General Cosgrove. It is inconceivable that an Australian government would have sought to put itself in such a risky situation if it had not been for the preceding violence which created a compelling political and moral imperative to do so. It is hard to imagine, also, that the intervention would have occurred if the referendum vote had not been so overwhelmingly in favour of independence.

Indonesian anger at Australia's part in their loss of East Timor is easy to understand, but the assumption that Howard sought deliberately to bring about that result is simply wrong. Many Australians applauded, especially the advocates of an independent East Timor. Others were not so sure that the long term consequences of East Timor's independence would be entirely beneficial for Australia. The jury is still out on that question.

The stories involved in both these episodes have been told extensively, from diverse viewpoints, and cannot be summarised adequately here. But it should be noted that their implications for the bilateral relationship between Indonesia and Australia have been far more complex than simplistic interpretations are inclined to assume. There were never any ideal solutions or easy answers in either case.

Four phases of good and bad relations

1945-49: During Indonesia's military-cum-diplomatic struggle for independence between 1945 and 1949, Australia's support for the new Republic of Indonesia was very helpful to it on several crucial occasions (although carefully qualified: Dutch sovereignty over the colony was never repudiated) and had the fortuitous effect of being widely remembered to our credit there for many years.⁶⁰ Initially it was the watersiders' strike against Dutch ships carrying troops and arms to Java in 1945-6 that aroused popular support for Indonesia in Australia. Later the Chifley government's role in referring the Dutch 'first police action' (i.e. military attack) against the Republic in July 1947 to the UN Security Council was our most effective official step to assist it. Then followed the important part played in support of it by the Good Offices Commission set up by the Security Council, to which Australia was nominated by Indonesia. Our representatives there, Justice Richard Kirby, followed by T K Critchley, won Australia an excellent reputation as the strongest friends of Indonesia in its struggle.

Later, our contribution to international support for Indonesia at the Asian Relations Conference in New Delhi in January 1949, after the Dutch 'second police action', further enhanced that reputation more widely. But from the opposition side Menzies fulminated that it was 'the very ecstasy of suicide' to be helping to drive the Dutch out of their colony. And at the end of 1949 Evatt and Burton swung Australian policy around to strong support for the Dutch view that West New Guinea should not be included in the Transfer of Sovereignty in December 1949, by which Indonesia finally achieved independence. Yet there was relief at both ends of the political spectrum in Australia by then that peace had been achieved in place of a bitter armed struggle so close to our northern frontier. By sheer coincidence, the change of government from Chifley to Menzies in Australia in December 1949, shortly before the independence of Indonesia was proclaimed at the Round Table Conference in The Hague, proved to be a major turning point in relations between us from very good to something far less than that.

1950-66: During the next 16 years, when the politics of the two countries were dominated by two utterly different men, Sukarno and Menzies, Australia and Indonesia were almost constantly at odds, initially over the West Irian issue, later over *Konfrontasi*. But both leaders were careful not to let their differences escalate into serious conflict.⁶¹ The Indonesian claim for the inclusion of West Irian in its national territory was strongly opposed by Canberra in the several UN General Assembly debates on the issue in the mid-1950s. Relations were severely strained in 1958 after Indonesia nationalised all Dutch assets in the country, virtually the entire modern, capital intensive sector of the economy, in the hope of putting the Dutch under pressure to negotiate on West Irian; and that was followed by the *PRRI-Permesta* regional rebellion in which Australia gave almost overt support to the rebels.⁶²

When it became clear in early 1961-2 that pressure upon the Dutch by the US under President Kennedy was leaving them no option but to negotiate the best compromise deal they could get with Jakarta (and in the face of a clear Indonesian threat to attack West Irian militarily) they settled reluctantly — with equally reluctant acquiescence by Australia — for a phased process of transfer of the disputed territory to Indonesia. Soon after that, Foreign Minister Sir Garfield Barwick made vigorous efforts to create better relations with Indonesia and put the strains over West Irian behind us; but in 1963 we again found ourselves on opposing sides in a conflict over Sukarno's campaign of *Konfrontasi* to prevent (initially) or undo the creation of Malaysia, which involved the merger of Britain's former colonies Malaya, Singapore, Sarawak, Sabah and Brunei (which did not join). This brought Australia and Indonesia again into sharp opposition, this time with a military as well as political dimension when we swung firmly to the side of Malaysia and Great Britain. In 1965-6 Australian troops were deployed on the Sarawak border and engaged in actual fire-fights against Indonesian armed forces on several occasions. But Menzies and Sukarno were careful to avoid any serious escalation of this curiously amorphous conflict, still trying to maintain cordial relations in other respects.⁶³

Box 6***Konfrontasi***

Indonesia's 'Confrontation' of Malaysia was proclaimed in January 1963 (in the vaguest terms; it remained an enigmatic affair throughout, far less than a 'war', but just what was it?), a few weeks after the abortive Brunei revolt against the Malaysia idea on 11 December 1962, which was quickly put down by British troops. Its central theme was that Malaysia, the proposed merger of the Malaysian Federation with Singapore, Sarawak, Sabah and Brunei, was a neo-colonial stratagem devised by the British to maintain their military bases and economic interests in their former Southeast Asian colonies, despite popular opposition as demonstrated by the Brunei revolt (which in fact had some help and encouragement from the East Kalimantan military commander).⁶⁴

Indonesia had not objected to the Malaysia proposal over the previous eighteen months since it was first mooted. In fact, Sukarno's rhetoric on the matter completely ignored the fact that the initiative for it had come from Kuala Lumpur and Singapore, not London — very largely from two men, Tunku Abdul Rahman and Lee Kuan Yew. Some senior British officials from North Borneo and elsewhere were even opposed to it, and Australia too was initially dubious about the wisdom of it. But local opinion proved to be broadly in favour of the idea, that of the Malays in particular, the wealthier Chinese and most other ethnic groups also, although a minority of left wing Chinese in Sarawak and Singapore strongly opposed it. Sukarno's initial aim was to frustrate the formation of Malaysia by trying to encourage another popular revolt in Sarawak and later, after Malaysia came into being in September 1963, to break it up by political and military pressure and an intense propaganda offensive. He failed on both counts.

Konfrontasi was a baffling mixture of threats, bluff and diplomatic pressure against Malaysia, coupled with cross-border raids into Sarawak (generally, they did not penetrate far into Sarawak) intended to make contact with anti-Malaysia elements there. Indonesian intelligence agencies seemed to be badly misled into thinking they would find support among the ordinary people of Malaysia. In fact they got almost none. Two badly executed attempts to land troops on the west coast of Malaysia in July and August 1964 were based on that misconception and they were utter disasters, with heavy casualties.

British threats to counter with an air strike on Jakarta (and especially on the few serviceable fighter planes there) caused deep alarm in top military circles there and made the top brass very reluctant to continue to pursue the military side of *Konfrontasi* at all vigorously in order to ensure that such a strike would not happen. Their capacity to resist it would have been minimal and the political consequences ruinous for them. In fact secret contacts with British and Malaysian top brass were developed with the aim of keeping the military operations low-key over the last twelve months before the *Gestapu* coup attempt of September 1965. But Sukarno intensified the propaganda war to 'Crush Malaysia', the slogan of the year, and isolate Kuala Lumpur politically — but again with scant success. Indonesia withdrew from the UN (the only state ever to do so) on 1 January 1965 when Malaysia took over a pre-arranged seat on the Security Council.

Konfrontasi slid into the background of regional politics in the months after the *Gestapu* coup although it was not formally ended for nearly a year, due to Sukarno's initial refusal to countenance its abandonment and the army leaders' reluctance to force the issue against him too blatantly until they were firmly in the saddle in mid-1966. *Konfrontasi* ended, as it began, cryptically, hesitantly and shrouded in ambiguities.

The strains generated by those two episodes were aggravated by a widening ideological divergence on Cold War issues during that period, especially over our policies regarding Communist China, the Vietnam War and the Southeast Asia Treaty Organization (SEATO). Australia's ANZUS alliance with the US and eager participation in SEATO and later the Vietnam War contrasted sharply with Indonesia's strong commitment to non-alignment, eager promotion of the 1955 Afro-Asian Conference at Bandung and efforts at the UN to hasten the ending of colonial rule throughout the world.⁶⁵ Even more alarming for Australia was the growth of the PKI (Indonesian Communist Party) throughout the 1950s, coupled with President Sukarno's personal domination of the political system and his inclination towards leftist political forces, whereas the anti-communist parties and the army found themselves seriously marginalised after 1960 in the triangular balance Sukarno maintained between left and right.⁶⁶

By 1965 the possibility that Australia might soon find itself with a communist-dominated government on its northern frontier could no longer be regarded as unlikely. However, the *Gestapu* coup attempt of 30 September 1965 triggered a violent political upheaval in which the PKI was destroyed and Sukarno's key position at the fulcrum of the political balance was undermined by the anti-communist backlash led by the military which swept General Suharto into power over the next two years.⁶⁷ It turned out to be the most far reaching political and ideological reversal in Indonesia's history. And it quickly led to a sharp change in the course of Australia's relations with its neighbour from near hostility towards a wary friendliness over the next 30 years of Suharto's 'New Order'.

Box 7**The *Gestapu* coup attempt, September 1965**

The *Gestapu* coup attempt (an acronym referring to the '30 September Movement' as the coup leaders themselves called it), led by Lt. Colonel Untung, an officer in the Presidential Guard, was a bungled attempt to seize power by a group of 'progressive' or radical-nationalist army officers, with some degree of support from the PKI — just how much is controversial — which was quickly put down by KOSTRAD (Strategic Reserve) troops under Major General Suharto. Its consequences were far reaching, for it led to a tremendous spasm of violence against the PKI and its sympathisers over the next few months in most parts of Indonesia and resulted in the utter destruction of the PKI, the collapse of the balance between left and right that Sukarno had maintained over the previous six years, the erosion of Sukarno's authority over the next year or two and the emergence of Suharto at the forefront of Indonesian politics for the next three decades.

Some hundreds of thousands of Indonesians were killed in the aftermath, probably at least half a million, and very large numbers arrested and detained for years. But the events of 1 October, the key day that determined the outcome, involved almost no casualties, except five senior army generals (probably not initially intended by the coup leaders to be killed, but once it was done there was no going back). Untung's intention seems to have been to arrest the army senior leaders with the aim of having them cashiered by Sukarno and replaced by a more genuinely 'revolutionary' set of officers who would pursue the *Konfrontasi* policy against Malaysia and the *Nekolim* more vigorously than the current leaders had been doing. He may have been acting with Sukarno's knowledge, in vague terms, or in the expectation that Sukarno would approve of the arrest of the generals. But Sukarno did not give Untung his support for the killing of the

generals and the narrow escape of General Nasution, the most senior of them all, had left the president in a politically dangerous position in which he had little choice but to denounce Untung.

The events of 1 October amounted to a complex political quadrille since it took both Suharto and Sukarno some hours to work out from the scattered rumours and scraps of information available just what had happened and who was aligned with whom, or against whom. By the end of the day Suharto was able to neutralise the pro-rebel troops massed in front of the presidential palace, muster powerful military forces under his command, declare himself the acting chief of the army as the most senior surviving officer and move against the rebel forces at Halim air force base with overwhelming strength. By 2 October he was in complete military and political control of the capital and able to defy Sukarno's attempt to appoint another general junior to himself (whom he strongly disliked) as army chief and have himself designated as the man responsible for the restoration of security. On 4 October he officiated at the exhumation of the bodies of the slaughtered generals from a well at Halim and used the highly emotional occasion to direct the blame towards the PKI and its allies, challenging Sukarno's last-ditch attempts to defend them. A few days later attacks on the PKI headquarters and provincial offices snowballed across the country in a way that would have been unthinkable only a few weeks earlier. Sukarno proved to be powerless to stop them. But he was still the president, with all the authority and political (and personal) support that carried, and not until nearly six months later did the army leaders dare to challenge him openly and decisively, in March 1966 by moving to have Suharto vested with full executive authority. Over the next two years he was elevated gradually to the full presidency.

Explanations and interpretations of *Gestapu* are diverse and passionate. The official TNI line is that the PKI was behind it, operating through the radical officers of the 'Revolutionary Council'. On the contrary, the famous 'Cornell Paper' compiled

by Benedict Anderson, Fred Bunnell and Ruth McVey in the weeks immediately after the coup attempt as a 'Preliminary Analysis' of it, argued strongly that it was exactly what the coup leaders said it was, a move by a group of middle-ranking, Central Javanese radical nationalist officers who were angered by the high-living top brass of the army who were dragging their feet on the Confrontation of Malaysia and wanted to replace them.⁶⁸ The PKI had no strong motive for upsetting the political status quo at a time when it was gaining ground steadily under Sukarno's protection, they argued. Later evidence from the post-coup military tribunals set up to try the conspirators suggests some modifications of that interpretation is necessary, but the most balanced and well informed assessments by Crouch (1979), Elson (2001) and Legge (1972) lean fairly close to the Cornell interpretation.⁶⁹ A recent study by Roosa provides an interesting new slant. Overall, their views are probably as close as we are ever likely to get to the truth of the matter, although various other theories, some of a far-fetched nature, have been put forward and there are still a number of puzzling details that are not easy to explain.⁷⁰

If there are still doubts about the causal factors behind *Gestapu*, there need be few about its consequences. It marked the end of the Sukarno era and a sharp swing from left to right under Suharto and the army. It took Suharto several years of cautious, patient political maneuvering to set in place the political architecture of his New Order, for the country was hovering on the brink of civil war in 1966-7 and he took care to avoid pushing potential enemies to desperate measures. Not until the early 1970s was he indisputably in control, although for the next 25 years.

1966-98: During President Suharto's long period of rule, Australia and Indonesia found themselves on broadly convergent political and ideological paths, except over the East Timor issue, on which both governments took pains to avoid serious disagreement.⁷¹ Australia

played an important part in having the Intergovernmental Group on Indonesia (IGGI) created in 1966-7 as the major international donor group to provide financial aid to help the new regime overcome an acute problem of indebtedness and inflation.⁷² It took Suharto several years of piecemeal economic reform and gradual, patient manipulation of the political system to create his 'New Order' political system by isolating the former leftist supporters of Sukarno from any positions of power and building up an anti-communist coalition which backed him throughout his early years in power. That coalition began to disintegrate in the early 1970s when the dominance of the military as the backbone of Suharto's regime became more blatant. At the same time the relentless jailing and execution of some hundred thousands of communists or suspected communists aroused widespread criticism in Australia, mainly on the left, although little more could be done about it by Canberra or by individual Australians except protest at the worst violations of human rights.⁷³ At a time when the US and Australia were bogged down in the Vietnam War and the threat of communism in Southeast Asia was thought to be menacing the still fragile stability of our region, no Australian government from Holt to Whitlam was prepared to waver far from support for Suharto's New Order.

The sudden eruption of the question of East Timor's independence or incorporation into Indonesia after the overthrow of the Caetano dictatorship in Portugal in April 1974 and the promise of independence for Portugal's colonies created a new and later very serious source of tension between Australia and Indonesia.⁷⁴ Yet it was initially not a divergence of policy or objectives between the governments in Jakarta and Canberra that made the East Timor issue into a problem between us so much as the rifts that developed within Australia between the Whitlam government and large segments of public opinion, including a group of MPs in his own Labor Party, which aroused the passion and later anger that marked domestic alignments over East Timor issues for much of the next quarter century. The Balibo episode, in which five journalists and cameramen from an Australian TV company were killed in cold blood on 16 October 1975, came to be seen almost as emblematic of the widespread hostility towards Indonesia aroused by

that incident and soon after by the initially covert and later quite overt Indonesian military attacks upon East Timor which brought about its incorporation by *force majeure* into Indonesia's national territory.⁷⁵

Indonesia's invasion of East Timor coincided closely with the election of a coalition government under Malcolm Fraser (1975-83) whose attitudes to Indonesia and the East Timor issue were very different from that of Whitlam.⁷⁶ But Australia was later to be one of the few western countries to give *de facto* recognition to the annexation of East Timor into Indonesia after its blatantly stage managed act of incorporation by a 'popular assembly' in June 1976. Recognition *de jure* followed in 1979 when it became necessary as a precondition for negotiations to finalise the maritime boundary between the two countries, which had important ramifications for access to sea bed oil fields.

Fraser's attitude towards Indonesia and President Suharto was never as cordial as his predecessor's, for his swing towards closer relations with China as a counterweight to the Soviets irked Jakarta at a time when its relations with Beijing had been 'frozen' since 1967 and when Indonesia was apprehensive about the implications for the ASEAN region of communist Vietnam's recent victory. Even after Fraser moved hesitantly towards recognition of the East Timor situation, there was little warmth in relations between Canberra and Jakarta.

Things improved somewhat under the Hawke government (1983-91), although not dramatically. A major glitch occurred in April 1986 over the publication of an article by David Jenkins in *The Sydney Morning Herald*, just after the overthrow of President Marcos, with a front page headline 'After Marcos, the Suharto millions', which aroused a furious reaction in Jakarta.⁷⁷ Yet within two years things began to improve greatly when Gareth Evans became Foreign Minister and developed cordial personal relations with his Indonesian counterpart, Ali Alatas. The creation of the Australia-Indonesia Institute (AII) soon after that marked a serious attempt to 'put more ballast into the relationship' so that it would not so easily be blown off course by passing squalls such as the Jenkins article. Another element behind the improvement in relations at that time was the shift in Australian defence policy resulting from the 1986 Dibb Report and the resultant Defence White

Paper in 1987 which gave stronger reassurance to the Indonesians than ever before that Australia did not regard them as a military threat.⁷⁸ Soon after that the Timor Gap Zone of Cooperation Treaty was signed, resolving a long standing dispute over the delineation of the maritime frontier adjacent to Timor.⁷⁹ On the other hand, the Santa Cruz massacre of November 1991 in Dili caused an intense anti Indonesia reaction in Australia, with Evans finding himself under such strong pressure from within the Australian Labor Party to ‘do something’ to drive home our condemnation of it that he had to fly to Jakarta in the hope (a vain one, as it turned out) that he could express a protest at the highest levels there. He found virtually all doors humiliatingly closed to him.

When Paul Keating replaced Hawke as prime minister a few weeks later, however, a new phase of dramatically improved relations began which lasted over the next four years and led to the creation of closer bilateral ties than ever before or since. Keating quickly established a more cordial personal relationship with President Suharto than any Australian prime minister had ever achieved, even Whitlam. He also stated repeatedly that the Suharto regime represented ‘the single most beneficial strategic development to have affected Australia and its region in the past 30 years’. This gave a new impetus to official relations and ‘doors that had previously been closed began to open up across the archipelago’ at Suharto’s direction.⁸⁰

Contacts between Indonesian and Australian officials blossomed in a way that had never before occurred. And Indonesian press reporting on Australia also became more favourable. Arrangements were put in place for meetings of a Ministerial Forum every two years and ‘an intense level of cooperative activity’ soon developed in spheres such as trade and investment, education and training, agriculture, health, science and technology and even industrial relations. All this was facilitated by a sharp up-turn in the Indonesian economy which stimulated a rapid increase in trade and investment in both directions.⁸¹ Education and training also became a major source of earnings for Australia as a more prosperous, cosmopolitan middle class began to emerge in Jakarta and other major cities with sufficient income, for the first time, to send their children abroad for education and an interest

in the sort of collaboration with Australians that was now opening up from both sides. The highlight of this phase of the relationship was the negotiation of the Agreement on Maintaining Security in December 1995, something that would have been regarded as inconceivable only a few years earlier.

1996-2007: After Keating’s defeat by John Howard in the March 1996 election, followed soon after by the 1997-98 financial crisis, the fall of Suharto in May 1998 and the crisis over East Timor in 1999, Australia’s relations with Indonesia cooled dramatically. The new coalition government introduced a number of measures which modified several of Keating’s policy initiatives regarding Indonesia (apart from the Security Agreement) and turned sharply towards a greater emphasis on the US alliance and higher priority to China and Japan.⁸² The financial crisis, or ‘meltdown’, which swept over most of East and Southeast Asia in 1997-8, due to a panic withdrawal of foreign capital from most countries in the region, made things even worse by leading to a pronounced shift in Australian FDI flows and commercial interest away from Indonesia towards the now booming economy of China.⁸³ While Indonesia had at first seemed well able to handle the crisis, the massive outflow of domestic as well as foreign capital had a disastrous effect because it coincided with a period of unusual political volatility in the run up to the presidential election (or, as widely expected, re-election of Suharto) due in March 1998. Several outrageously nepotistic decisions by Suharto at that time compounded the political and economic crisis which was spiralling out of control by early 1998 and, despite his re-election by parliament in March, led to his resignation in humiliating circumstances in May.⁸⁴

All this meant that the optimism of the mid 1990s about closer Australian economic and political relations with Indonesia now gave way to unrelieved pessimism. Indonesia came to be regarded not as ‘the next “Asian tiger” awaiting its moment ... [but as] a potential “basket case” as in the Sukarno years’.⁸⁵ Over the next decade that perception has not greatly changed in the minds of most Australians.

Since 1996 Australia’s relations with Indonesia have been buffeted

not only by the political consequences of the financial crisis and the downfall of Suharto, but even more by the 1999 East Timor upheaval, followed soon after by differences of approach to the ‘war on terror’ sparked by the 9/11 attacks on New York, then by frictions over illegal immigrants, by the Bali bombings of 2002 (and others in 2004 and 2005), by the activities of *Jema’ah Islamiyah* and by the tensions arising over the Papuan asylum seekers in 2006. Overall the relationship has come under greater stress than ever before — even worse in some ways than during *Konfrontasi* — aggravated by John Howard’s rhetoric in 2001-2 about an Australian right to take ‘preemptive action’ against terrorists in neighbouring countries if we deemed it necessary (and his acquiescence in use by others of the term ‘deputy sheriff’ about Australia’s role in the region), all of which aroused intense irritation in Indonesia and was matched by the downgrading of Indonesia’s importance to us in the rhetoric of Australian ministers as their enthusiasm for China mounted. This witches’ brew of negative elements in the relationship (on both sides) set back the encouraging progress that had occurred on many fronts over the previous decade. Only the ‘Bali process’ of informal transnational cooperation on counter-terrorism and illegal immigration from 2001 to 2004, ‘one of the great unacknowledged successes of Australian foreign policy in Asia in recent years’, according to Wesley, can be counted on the positive side of the ledger.⁸⁶

The fall of Suharto ushered in an entirely new phase of domestic politics in Indonesia, notably an abrupt swing away from the formerly strong, authoritarian and highly centralised regime to a much weaker system of government characterised by *demokrasi dan reformasi* under its next four presidents.⁸⁷ This had major implications for Indonesian foreign policy in general and especially for its relations with Australia, which have oscillated since then from initially quite good to very bad in 1999-2000 to good again after the election of SBY in 2004, then to very bad again in 2006.

In the brief phase of President Habibie’s term of office (May 1998-October 1999), events unfolded dramatically and unpredictably. Habibie suddenly found himself president after Suharto resigned, only to be faced with formidable economic and political problems. He quickly

realised that his only hope of political survival was to dissociate himself from Suharto’s policies as soon as possible. He abruptly announced a change of course towards *reformasi dan demokrasi* and introduced a surprisingly liberal series of civic and political reforms, including a promise of new elections in 1999, free speech and the release of political prisoners and the first moves towards decentralisation.

He initially gave no sign of any major shift from Suharto’s foreign policy, apart from a modest opening up of negotiations with some East Timorese elements in response to UN prompting, a move which was welcomed by the Australian government.⁸⁸ That gave rise to the dramatic events which followed in East Timor in 1999, precipitated in large part by the letter on the subject he received from John Howard in December 1998 which led to Habibie’s abrupt announcement of a popular referendum there in August to choose between autonomy or full independence for East Timor, with its far reaching consequences, including its ultimate attainment of independence. All that need be said here about those events is that because of our prominent part in them, Australia came in for the blame and much criticism as the party mainly responsible for Indonesia’s sudden, humiliating loss of East Timor. Wildly distorted though many Indonesian accounts of what happened there in 1999 have been, the effect was to generate deeper resentment towards us across many segments of Indonesian society than at any time since 1945.

During President Abdurrahman Wahid’s term of office (October 1999 to July 2001, abruptly cut short), or ‘Gus Dur’ as he was generally called, some efforts were made to patch things up between us, but without much success in either country. After his surprise victory in the October 1999 MPR (Supreme Consultative Assembly) session, it was hoped initially that he might be a big improvement on both Suharto and Habibie, despite the great handicap of being nearly blind, because of his unusually progressive political opinions and his prominence as a revered leader of NU.⁸⁹ But even he was aggrieved by our role in Indonesia’s loss of East Timor and turned down an early invitation to make an official visit to Australia. (When he finally came in mid 2001, the impact of the visit was slight since his government was by then on the brink of collapse.)

Gus Dur proved a big disappointment also in terms of domestic politics, being no less erratic and impetuous than Habibie and increasingly autocratic as time passed. He was eventually voted out of office by the MPR for flouting his constitutional authority in July 2001, to be succeeded by his Vice President, Megawati Sukarnoputri. Yet he deserves credit for having made a serious effort to settle the Aceh conflict and achieve a genuine degree of 'special autonomy' for Papua, although in neither case could he prevail upon the TNI or the parliament to endorse his policies. His was a sad story of missed opportunities.⁹⁰

The three years of Megawati's presidency (July 2001-Oct. 2004) could be described as a period of marking time, in both her domestic policies and relations with Australia. Despite a cordial beginning when Howard visited her in Jakarta soon after she took office and signed a joint statement committing both countries to 'a strong bilateral relationship based on mutual benefit and respect', it soon became far from good, even chilly and punctuated by clear divergences of policy on issues to do with the 'war on terror' and JI violence. Ricklefs regards the 9/11 terrorist attacks on New York and Washington barely a month later as having 'strengthened the drift of Australian foreign policy visible since the beginning of the Howard government five years before, including growing indifference, even animus, towards Indonesia'.⁹¹

Megawati seemed disinclined to take any substantial initiatives on anything (apart from her extravagant overseas shopping sprees) and in terms of domestic politics she proved surprisingly conservative for a daughter of the once radical Sukarno and head of a party that claimed descent from him, proving alarmingly acquiescent towards the TNI and its hard line policies in Aceh and Papua. Only a few weeks after she became president, however, the 9/11 attacks created a formidable challenge to her political skills, for she was invited to Washington by President Bush soon after (as the head of a 'moderate' Muslim nation which might supposedly be sympathetic to US policies — which on the whole Megawati proved not to be), only to find herself caught between a rock and a hard place over Washington's expectations of Indonesia in the 'war on terror' and the reluctance of Muslim groups there to be part of it.

The Bali bombings of October 2002 intensified her political difficulties on that score since crucial decisions had to be made quickly regarding the trials of the JI perpetrators and, more controversially, that of its *emir*, Abu Bakar Ba'asyir. Media outrage in Australia at his apparently lenient treatment by the courts aggravated the strains arising from Australia's eager participation in the 'coalition of the willing' that supported US military attacks on the Taliban and then Iraq, which Indonesia shied away from entirely. John Howard's talk of 'pre-emptive action' against terrorists in neighbouring countries added to the frictions. Yet one of the most remarkable outcomes of the Bali bombings was the highly successful cooperation achieved between the AFP (Australian Federal Police) and POLRI (Indonesian police) in the forensic investigations and the close personal links that then developed between AFP Commissioner Keelty and his POLRI counterpart, which formed the basis for some of the most effective institutional bridge building achieved between our two countries in over half a century.

Megawati was defeated decisively in October 2004 by SBY in Indonesia's first ever direct popular election of a president, after she had conducted an inexplicably lack-lustre campaign even by her puzzling standards. John Howard made a point of flying to Indonesia for SBY's inauguration, an appropriate piece of symbolism which helped to create warmer personal relations with him than he had developed with any of his predecessors. Then came the tsunami of December 2004 and Australia's exceptionally generous response to it, followed soon after by SBY's highly successful official visit to Australia and later by Indonesia's help in gaining us access to the East Asian Summit.

All seemed to be going well again, until relations between Jakarta and Canberra soured abruptly in early 2006 over the Papuan asylum-seeker issue. A meeting between Howard and SBY on Batam Island a few months later led to an improvement in official relations between us, although much of the underlying suspicion remained.⁹² The signing of a new security agreement in November 2006, the Treaty of Lombok to replace the 1995 AMS also helped to repair the damage a little.

But whether or not it can be said that SBY's presidency will go down in the history books as a new and improved fifth phase in

the relationship between us or simply a momentary flash in the pan remains to be seen, depending largely on what happens for good or ill in Papua in the years ahead. It may be too soon, moreover, to be sure that East Timor is no longer ‘a pebble in the shoe’ for us, although it no longer poses an immediate problem. If internal conflict there were to develop into a situation where pro-Indonesian and pro-Australian factions emerge which try to play off either country against the other, an easily imaginable scenario, we could again be in for serious trouble, caught up in a game we are not very good at.

Chapter 4

Islam, ‘Islamists’ and the association with terrorism

The Qur’an emphasises the contrast between the perfection, omnipotence and compassion of God and the limited nature of humankind ... It draws on the contrasting but balancing concepts of ... the eternal nature of God and the transitory nature of this world; and the eternal life of reward that awaits those who obey the commands of God and the eternal life of suffering that awaits those who do not. In Islam, the mortal world is ephemeral and is merely preparation for the eternal period that will follow death. These are the concepts — powerful and awe inspiring — that Southeast Asian Muslims consider and reflect on in all aspects of their lives.⁹³

Because the population of Indonesia is nearly 90% Muslim, Islam is inevitably a key element in its political life and national identity (although the latter is a controversial issue).⁹⁴ It is far more salient to both than Christianity is in Australia. As the above quotation indicates, Islam is for many people a powerful faith that has been growing stronger over the last 60 years at many levels and in various ways — in

fact, for seven or eight centuries before that, to a lesser degree and very gradually. It has displaced or merged to some extent with earlier beliefs and customs on a remarkably eclectic basis. It has been a fluctuating political force there throughout the 20th century. Changes of particular significance have been occurring since the 1980s, theological as well as political, influenced in part by the Iranian revolution of Ayatollah Khomeini, the Soviet invasion of Afghanistan and the war of resistance that followed (which attracted and radicalised several hundred young Indonesians), the turmoil in the Middle East over Israel and Palestine, then the Iraq war and at home by the hard line taken against Muslim parties by President Suharto.

These changes were already having a significant impact in Indonesia well before Al Qaeda and JI came into the picture in the late 1990s. How great an impact they may have in years to come and what it may mean for Indonesia's relations with Australia is hard to foresee. But it could be highly problematic unless many more Australians become conversant with what is happening within Indonesia's diverse Muslim groupings and we learn as a nation how to interact more effectively with its Muslim activists, as well as with members of the long established mainstream bodies like the traditionalist, largely rural *Nahdlatul Ulama* (NU) and modernist, urban based *Muhammadiyah*.⁹⁵

The conflation of Islam in many Australian minds with terrorism, 'fanaticism' and political extremism is a misleading oversimplification of complex socio-cultural and political processes which need to be clarified with greater precision. When John Howard speaks to Australians about 'the tyranny of Islamic terrorism', or conjures up fear of jihadis and JI terrorists in almost the same breath, it goes down badly with mainstream Muslims in Indonesia who are mostly as averse to terrorism as we are and far more vulnerable to it. Our over emphasis on the influence of Osama bin Laden and Al Qaeda, and their flimsy connections with the leaders of JI, such as Abu Bakar Ba'asyir, Abdullah Sungkar and Hambali, results in a failure to notice the essentially moderate nature of the country's major Muslim organisations. But new religious currents are flowing in from various Middle Eastern sources (the Muslim Brotherhood in Egypt, *Wahhabi* and *Salafist* groups in

Saudi Arabia in particular, both strongly opposed to Al Qaeda). As Bubalo and Fealy have put it in their very informative Lowy Paper on Islam in Indonesia, 'the vectors for the transmission of Islamist and neo-fundamentalist ideas' are now constantly expanding, so that there is now great diversity of opinion among Indonesian Muslims.⁹⁶

The complex dynamics behind the rise of Islamism, or 'political Islam', and the more radical groups associated with it since the 1980s has become mixed up increasingly with the turmoil in the Middle East and the wider Islamic world in recent years, as well as with domestic upheavals. The bewildering confusion of terms like 'fundamentalism', 'radical Islam', 'Islamism', '*Salafism*' and '*Wahhabism*', not to mention 'terrorism', jihad, jihadis and 'jihadism', 'moderate Islam' and 'liberal Islam' underlines the need to appreciate the differences between these and use them correctly.

Box 8

A glossary of Islamic terms⁹⁷

Radical Islam ... A term that refers to those who seek dramatic change in society and the state, with comprehensive implementation of Islamic law and the upholding of 'Islamic norms'.... They tend to have a literal interpretation of the Qur'an and seek adherence to normative models based on the example of the Prophet Mohammad (the *Sunnah*) ... might be described as 'fundamentalists' in their commitment to the fundamental teachings of the Islamic faith. The term does not necessarily denote support for the use of violence although some radicals are inclined in varying degrees towards it.

Islamism or '**political Islam**' ... Terms referring to those who aspire to make Islam the basis of public life, not just in politics but also the law, economics, art, dance and music etc. ... Some conceptual overlap between Islamism and radicalism is observable but only partial. While some Islamists seek to bring

about a total Islamisation of society, others are committed to more gradual change and to work within existing political structures to achieve that.

Salafism ... Salafis have been regarded recently as those who seek to follow in the footsteps of the Pious Ancestors (*as-Salaf as-Saali*), who are seen as providing an exemplary model of Islamic thinking and behaviour. *Salafism* is often regarded as synonymous with *Wahhabism*, the strict Islamic reform movement named after the 18th century scholar, Muhammad ibn Abd al-Wahab. It is now the predominant creed in Saudi Arabia (from which substantial funds are derived for *Salafi* schools in Indonesia). But most Indonesian *Salafis* do not regard themselves as *Wahhabis*.

Salafi jihadis ... A distinct sub-stream within *Salafism* comprising those who believe that violent jihad is the only way to achieve their goals.

Moderate Islam ... Now more appropriately referred to as 'mainstream Islam', a term widely but loosely used as a binary opposite to radical or terrorist Islam, embracing those who are disposed to be temperate and restrained, who reject violent or severe behaviour and are generally ready to compromise.

Liberal Islam ... A term adopted in Indonesia by a small group of Muslims who favour change and reform in their religion, and are often critical of traditional Islamic practices and institutions, bringing forward new ideas to challenge established thinking.

Jema'ah Islamiyah ... Lit. Islamic community; name of a small covert *jihadist* group founded in Malaysia in 1993 and based in Indonesia since 1998.

Jihad ... 'To strive, to exert, to fight'; the meaning can range from personal struggle against sinful tendencies to assisting the community in holy war.

Santri ... Pious Muslims who seek to adhere strictly to the ritual and legal requirements of Islam; the term *santri*-isation refers to the steady shift from *abangan* towards *santri* inclinations since 1960s.

Abangan ... Nominal or less strict Muslims (usually with reference to Javanese).

Pesantren ... 'Place of the santri'; an Islamic boarding school.

Madrasah ... 'Place of study'; an Islamic elementary school (or sometimes college)

NU ... *Nahdlatul Ulama* (Revival of the Islamic scholars) or NU, A more traditionalist, rural-based organisation, founded in 1926 in East Java, now the largest Islamic organisation; loosely associated with Gus Dur's political party PKB.

Muhammadiyah ... Modernist Islamic organisation, founded in 1912.

After three decades of marginalisation and suppression of Islamic political organisations under Suharto, there has been an upsurge in Muslim activity since 1999. There had already been an intensification of Muslim education even before this time. The number of mosques and Muslim schools and colleges (*madrasah*, *pesantren* and IAIN) had increased steadily over the previous 30 years.⁹⁸ More broadly, a crucially important 'war of ideas' is being waged— not just in Indonesia but across the entire Muslim world — between advocates of more modern and reformist versions of the *Qur'an* and those, including the *Salafists*, who regard a return to its literal wording and

the original purity of the faith as essential to Islam's survival and ultimate victory.⁹⁹ If that contest turns in favour of the latter, it will almost certainly make Australia's relations with Indonesia much more difficult to handle, even if JI and Al Qaeda may by then be in decline.

The changing character of Indonesian Islam

In Australia and much of the West the dominant view of Indonesian Islam has until recently been based largely on the picture drawn by Clifford Geertz in *The Religion of Java* (1960) which drew a sharp distinction between the more devout adherents of Islam known as *santri* and the more easy-going, eclectic *abangan* (many of them then with links to the PKI) who at first seemed to be far more numerous, especially in Java. That dichotomy, which many Indonesians have challenged for years as misleading, has begun to erode over the last 40 years as a process of 'santri-isation' has occurred across much of the nation, long before the global upsurge of Islamic militancy intensified in the years after Suharto's fall in 1998 and the 9/11 attacks in 2001.¹⁰⁰ The full nature of those changes is being closely observed and analysed by Islamic scholars in Australia and elsewhere, but only the broadest outlines can be mentioned here.

- The santri-isation process has been under way since the late 1960s, due in part to the backlash against communism after 1965 and the need for everyone to indicate a clear religious affiliation to avoid being regarded as a communist. This weakened the *abangan* strand of Islam severely and led to ever stronger demands for religious conformity. Few Indonesians have ever been avowed atheists or agnostics, and almost none would dare to be so these days. Even 'pluralism' (of any kind) is a notion condemned by strict Muslims. Islamic prayers are now uttered at the beginning and end of school classes and university lectures and nearly all public functions. Mosques, religious schools (*pesantren*, *madrasah* and IAIN) and Islamic newspapers, pamphlets and books have multiplied. The number

of pilgrims making the *haj* to Mecca, the principal sign of devout belief, has increased sharply among the well to do. What this has meant in terms of religious belief and actual daily behaviour is hard to assess accurately, but Islam has certainly become a far more prominent element in both personal and national identity. Nothing like that was occurring before about 1970. Geertz was not wrong about *santri* and *abangan* when he wrote, merely a couple of decades ahead of the changes that followed later.

- The steady growth of Islamic schools (*madrasah* and *pesantren*) and institutes of higher learning (IAIN) since 1965 has had a big effect on Islamic education generally, not only in religious studies but also in some technical and social science disciplines like economics, sociology and political science. Many more Indonesians have studied in Cairo and the Middle East than ever before and the impact of new thinking in those places has been flowing back into Indonesia not only through them but also through substantial funding (and missionising) from Saudi Arabia and the oil-rich Gulf States.¹⁰¹
- Whereas the several Muslim political parties operating in the 1960s were required by Suharto to merge into one, the *Partai Persatuan Pembangunan* (PPP), which greatly weakened their popular support, a proliferation in the number of Islamic parties since 1998 has radically altered the political picture. Five major Islamic parties contested the national elections in 1999 and 2004 and several minor ones. This has eroded the former numerical dominance of NU and Muhammadiyah, although these still remain the foremost institutionally. Yet the total vote of the Muslim parties in those elections was no higher than it had been in the elections of 1955 and 1971, a revealing comment on how far politics and religion are still kept separate in Indonesia. The more radical Muslim groups have failed to attract much electoral backing.

- Small groups like JI, *Laskar Jihad* and others, have attracted much attention internationally since 2001 from a world focussed on terrorism because of their use of violence and strong emphasis on jihad. But it must be stressed that their numbers are tiny and very few of Indonesia's Muslims support their more extremist actions, although they may be reluctant to condemn them openly, a politically risky and personally dangerous course of action.
- The revolution in communications technology in recent years has facilitated and accelerated these changes — radio and television, computers, the internet and mobile phones as well as faster printing presses and photocopiers, all of which have greatly increased the quantity of Islamic literature available in mosques and bookshops. What further effects that will have in the decades ahead is anyone's guess. But just as newspapers, books and schools contributed greatly to the spread of Islam in the century before 1945, far more rapidly than ever before, we must expect something similar to occur in the years ahead. (The use being made of email by Osama bin Laden and the prominence of the *Al Jazeera* network is an early example, with much more to come.) Who will be able to take the greatest advantage of new technologies is unforeseeable.

In the backlash of violent hostility towards both the PKI and President Sukarno that followed the September 1965 *Gestapu* coup attempt, Muslim activists in East and Central Java played a prominent part in the destruction of the PKI. But their hopes of being rewarded with a commensurate degree of influence and office in the new Suharto government were frustrated by his distrust of former *Masyumi* political leaders. In 1972 the requirement that all Muslim parties merge into one grouping, the PPP, proved to be a devastatingly effective means of emasculating Islam as a political force and reducing its share of the vote at the government-dominated elections thereafter to around 20%. Increasingly, Muslim activists became the main source of opposition to the Suharto regime over the next 20 years, but without any possibility

of seriously challenging it. Yet the process of santri-isation of the entire society was continuing steadily through that period, while the creation of government financed IAINs and schools began to strengthen the whole structure of Islamic education to a degree that had never before occurred in any part of the country. The traditionally strong influence of *tarekats* (brotherhoods or religious orders) in the old Sufi tradition remains strong, however, according to Julia Howell, and may prove to be a buffer against *Salafi* doctrines.¹⁰²

Since the Afghan war of resistance to the Soviet invasion in the 1980s, the impact of external developments, mainly in the Middle East (including Israel and Palestine), has increased sharply. The number of pilgrims making the *haj* to Mecca has grown dramatically (Indonesia now ranks second only to Saudi Arabia as a source of *hajjis*), as also scholars and students — many of the latter funded by oil rich Saudis — and most ominously the two or three hundred jihadis from Indonesia who fought in Afghanistan against the Soviets have been a major factor in that many of them later associated with JI. So also has been active propagation of the faith from Saudi Arabian *Salafist* organisations, most of them strongly pietist and non-political and, and the most powerful effects of internet communication over the last decade. This has strengthened both the more pietist or *Salafist* voices dedicated to personal salvation and religious purity as well as a variety of jihadist messages, some of which incline towards violence, terrorism and suicide attacks.

The overthrow of Suharto resulted in the removal of many of the constraints on political action by Muslim groups. A great churning up of Islamic activity has been occurring since then, with developments in the Middle East making it hard for the more moderate, established groups to express open condemnation of extremists like JI or *Laskar Jihad* for their resort to violence in Ambon or Poso in 2000 or terrorism or their links with Al Qaeda since 2001. JI's acknowledged involvement in the 2002 Bali bombings and the subsequent court cases against the bombers and their *emir*, Abu Bakar Ba'asyir, have not only aroused alarm in Australia but also caused a revulsion against them in Indonesia, although the reactions there have inevitably been much milder.

What has not received much attention in Australia is the important fact revealed by Sidney Jones of the International Crisis Group that many of the JI activists associated with Ba'asyir's *pesantren* at Ngruki, near Surakarta came from families of former members of the *Darul Islam* insurgency of 1948-62 in West Java, a unique source of potential rebels.¹⁰³ Their numbers are not large, but their influence shows yet again how important local factors (and even family ties) are, as well as external ones. Some signs that JI might be waning in its numbers and influence were reported in 2003-4, although leaders of that group were again involved in the 2004 Australian Embassy bombing. But there have since been indications that JI is still active as a series of localised networks pursuing different tactics and objectives rather than a tight knit, well coordinated group.¹⁰⁴

Box 9

Terrorism and Islam in Indonesia

The 'war on terror' and the wars currently being fought in Iraq and Afghanistan are matters of immense significance in global security calculations although of only marginal relevance, fortunately, for Australia's relations with Indonesia — so far. How they can ever be won (or ended otherwise) are questions beyond the scope of this study, but a few words about them are necessary because of their connections with terrorism more generally and the prominence of Muslim suicide bombers including the JI terrorists in Indonesia.

It was the 9/11 suicide attacks on the World Trade Centre and elsewhere in 2001 that led President Bush to coin the phrase 'global war on terror'. And it was the links between the suicide bombers involved who had connections with Al Qaeda which highlighted the association between terrorism and Islam in the popular mind in America (and Australia and elsewhere). No matter how the rights or wrongs of the 'war on terror' and

its associated wars in Iraq and Afghanistan may be assessed, it can hardly be denied that if the US and its coalition of the willing were now to suffer a defeat the boost to Al Qaeda and its affiliates would be huge. On the other hand, it is also true that the Iraq war has become a breeding-ground for *jihadi* martyrs to a degree that was barely imaginable before 2001 and which we cannot want to see continued. Osama bin Laden thereby benefits enormously from having the Americans bogged down in such a quagmire. One must wonder if he really wants to see them pull out of Iraq?

If those conflicts continue indefinitely and keep on producing countless numbers of dedicated Muslim suicide bombers who win praise widely from their fellow believers across the Middle East and far beyond, the cumulative effects of the 'war on terror' could prove disastrous for the globalising civilisation we now live in. Worse, if they widen and harden the polarisation between the Islamic world and the West in the direction of the 'clash of civilisations' depicted by Samuel Huntington in the early 1990s the long-term effects could be catastrophic across the entire globe. Australia's relations with Indonesia would almost certainly suffer disastrously.

The conflation of our thinking about terrorism and Islam is not only an exaggerated caricature of Islamic beliefs worldwide, as mentioned above, but also a potential source of dangerously erroneous strategy and tactics towards terrorism. For terrorism is deplored by the vast majority of Indonesian Muslims, even though many may be ambivalent about some forms of it; and the 'war on terror' can only be 'won' if large numbers of Muslims, in Indonesia and elsewhere, can be induced to side against it, so that terrorism proves to be a counterproductive strategy for the jihadis. Western military forces alone will not be able to achieve that. An increasing polarisation between 'them and us' must suit the strategy of Osama bin Laden and his ilk. It should be one of our primary goals in the struggle to blur that line of division as much as we can so that more and more of the global *ummat*

will swing against them. Yet the war of ideas proclaimed by the jihadis will have to be won by Muslims, not by the doings of non-believers.

In Indonesia today, Islam is not plagued by the same resentments and memories of past conflicts as is the Middle East. The mainstream Muslim organisations in Indonesia are not inclined to favour the militant activism of the *jihadis*. Indonesian Islam has long been a relatively tolerant and syncretic faith, although recent events have been changing that to some degree, as yet fairly limited. One of the appeals of Islam is as a badge of identity with fellow believers, hence of reassurance and certainty; another as a *pegangan*, ‘something to hang on to’, morally and spiritually, in a world of bewildering changes. The political party PKS has made it also a call for justice in the face of corruption and financial crookedness, or of generous help for the afflicted and homeless in the face of natural disasters like the Aceh tsunami.

What we in the West must remember is that there are many faces of Islam, not only in Indonesia but world wide. Terrorism is unfortunately one of them, a perennial headline catcher — and it feeds on the injustices and resentments of a world divided sharply between rich and poor. It will probably persist until those injustices have clearly faded into obscurity, or the ideological clash between Muslim radicals and the West has faded into oblivion.

Within the national political arena Islamic parties have so far had surprisingly little effect in reducing the predominance of the essentially secular parties, Golkar and PDI-P. (In some of the 450 or so regional assemblies which now have much greater autonomy than before 1998, however, they are able to exert greater influence. This trend might provide opportunities for the more radical elements to operate.)

Muslim political parties gained no more votes in the elections of 1999 and 2004, both relatively free and open contests, than their predecessors had done in 1955.¹⁰⁵ Only the small but remarkably distinctive, well

disciplined and relatively uncorrupt PKS made significant gains, with promise of a new approach to political behaviour in accord with Islamic principles of frugality and honesty.¹⁰⁶ Gus Dur’s leadership of NU and then PKB in the final years of Suharto led that party first into the limelight but then into the political doldrums after he won the presidency unexpectedly in 1999. He proved to be a political disaster in office, which set his party back severely.

Another interesting development in the post Suharto era has been the emergence of significant ‘reformist’ organisations such as Nurcholish Madjid’s Paramadina University and the small grouping of ‘Liberal Muslims’ (JIL) headed by Ulil Abshar-Abdalla. However, there were signs that the latter may have overplayed its hand somewhat by alarming and antagonising many of the mainstream Muslim groups recently, which implies that the advocates of reform must be careful not to get out too far ahead of the rest of the *ummat* on issues of concern to them all.¹⁰⁷ This indicates that the ‘war of ideas’ will not be won by them quickly or decisively in the short term.

The ‘war of ideas’

The security approach alone will not be sufficient to achieve anything like an eventual victory in the ‘war on terror’, within Indonesia or globally: that will require also that in the ‘war of ideas’ between Muslim extremists and the so-called ‘moderates’ or mainstream majority the ascendancy (probably never a ‘victory’) must be won by the latter. That is a global problem, not simply an Indonesian one. The isolation and eventual elimination of JI and similar groups in Indonesia will be very hard to achieve so long as the broader conflict continues in Iraq, Afghanistan, the Muslim heartland, and Palestine in particular. Muslims world-wide are being called upon by non-state activists to come to the aid of their brothers, as occurred in the case of Afghanistan after the Soviet invasion. In Indonesia the fringe groups whom we refer to as terrorists, fundamentalists, radicals or merely Muslim activists are unlikely to prevail over the established Muslim organisations like NU and *Muhammadiyah*. However, they are still in the ascendant in

other parts of the world and are unlikely to fade from the scene until Indonesia and the rest of the Muslim world become less troubled places for their inhabitants than they are today.

A global debate within the Islamic world is taking place between the fundamentalists and those Muslims whom Ehsan Masood calls ‘the rationalists’, who want to create Muslim societies that are ‘vibrant, just, humane and at peace with themselves and modernity’ and see the need for a break with the literal interpretation of the Qur’an. They want it to be read in its historical context and seen as ‘a broad set of guidelines on how to organise a just society, and not a detailed manual of dos and don’ts’.¹⁰⁸ The central challenge to such Muslims, according to a sympathetic Westerner, is to

find forms of Islamic expression that can restore dignity and meaning to a Muslim world fractured by the impact of modernisation, ...The memory of past greatness fits uncomfortably with present realities, creating in some Muslim minds a cognitive dissonance between their present predicament and an identity built around religious supremacy as members of the ‘best community ... The cognitive gap between fantasy and reality finds its resolution in death. The suicide bomber is both victim and executioner, expiating with his demise the moral opprobrium attaching to the ghastliness of the crime.¹⁰⁹

Bernard Lewis, the well-known writer on the Middle East, has posed the question:

If Islam is an obstacle to freedom, to science, to economic development, how is it that Muslim society in the past was a pioneer in all three ...? To a Western observer ... it is precisely the lack of freedom — freedom of the mind from constraints and indoctrination, to question and inquire and speak — ...that underlies so many of the troubles of the Muslim world.

Lewis has come to be regarded as an enemy of Islam by some Muslims, despite his view that

if they can abandon grievance and victim-hood, settle their differences and join their talents ... they can once again make the Middle East ... as it was in antiquity and the Middle Ages, a major centre of civilization.¹¹⁰

Yet, the questions Lewis raises in his book *What went wrong?* — and what solutions may be found — are at the heart of the ‘war of ideas’ which will have a decisive impact on the prospects of the reformists in Indonesia. It will probably be challenging for them to speak out as loudly and self confidently as it is for the ‘rationalists’ like Ehsan Masood in Britain. The opposition they will encounter from both the ‘radical’ fringe and the mainstreamers in NU and *Muhammadiyah* will be a major constraint, although probably less than others of like mind have to cope with in most Middle Eastern or North African countries.

Box 10

The Mind of a Terrorist

While in jail awaiting trial, one of the Bali bombers, Imam Samudra (aged 32 in 2002) wrote a diary, later published under the title *I fight terrorists* which reveals a lot about the thinking of those involved in terrorist attacks, writes Greg Fealy in the introductory notes to the extracts published in *Voices of Islam*. So did Muklas aged 42, who had trained in Afghanistan. Because their writing gives us such an unusual insight into the minds of those men, even these few passages from them are illuminating.

Jihad is necessary, writes Imam Samudra, because the Muslim world is under threat from the non-Muslim world and ‘the Draculas spawned by Monsters’ in Israel and America.

‘The situation is that Muslims have been lulled to sleep on so

many issues, suffering from a syndrome of lack of confidence due to the jargon of “Muslims are terrorists” from the fangs of the Draculas spawned by Monsters ... It was preordained by God that a group of holy war fighters would be born who were truly aware and understood what they had to do. ... And God willing, in the future there will be other jihad operations even better and more fantastic in all regards. All of this will add to the long list of Muslim resistance to the colonizing nations and their cronies’.

‘Based on intention or the planned targets, it is clear that the Bali bombings were jihad in the path of God ... part of the resistance aimed at the colonizer, America and its allies.’

‘What has happened is that the colonizing nations have continued, are continuing and will continue to massacre the civilians of Muslim nations. However, America and its allies have exceeded the bounds. ... God does not permit His servants to remain in a state of anxiety and degradation. God does not permit His servants to be played foul by the infidels. War will be met with war, blood with blood, lives with lives, and transgressions with the same. ... So waging war on civilians (if indeed they really are civilians) from the colonizing nations is an appropriate act for the sake of balance and justice’.¹¹¹

What can Australia do?

Is there anything Australia, or individual Australians, can do in this situation, beyond ‘listening and learning’? Not very much, in today’s circumstances. Our close identification with the US and the Iraq war leaves us frequently wrong footed in this area, in Indonesian eyes, even in our bland and unconvincing (to Indonesians) assertions that Australian opposition to terrorism does not mean opposition to Islam. Actions speak louder than words on such matters. Our top priority here must be to avoid making life more difficult for those Indonesian Muslims whose ideas we endorse or whose cooperation we need by doing or saying things that will cause problems for them. It is they who will have

to win the ‘war of ideas’, not we. And we will often need their help on other matters such as counter-terrorist intelligence investigations which are bound to touch on Muslim sensitivities at times. We have our own problems with Muslim extremists in our midst, after all, some of whom (but relatively few, it seems) have had connections with JI and perhaps Al Qaeda. Our links with Muslim intelligence operatives in Indonesia will be essential to dealing effectively with these.

Above all, we must learn to avoid the conflation of Islam and terrorism as if there is some close connection or identity involved there. We must remember, too, that JI and other radical groups are still a tiny fringe element in the vast Indonesian *ummat* of around 180 million, not at all representative of the majority of Indonesian Muslims. Together, this fringe element amounts probably to no more than two million in total. While they are disturbingly influential in some quarters, they are not a tightly unified group and are outweighed in their influence overall not only by mainstream organisations such as NU and *Muhammadiyah*, but also by the dynamic and fast-growing PKS, which could counter any intellectual appeal or far-reaching jihadist ambitions they might have.

Second, we should not lose sight of the local features and socio-cultural dynamics of Islam in Indonesia (and everywhere else), as Bubalo and Fealy stress.¹¹² A more nuanced categorisation of Islamists and neo-fundamentalists will be essential here — and we should be learning more about them by taking a less timorous approach to the question of which Muslim leaders from Indonesia are invited to Australia under government auspices (Amazingly, no members of PKS had, as of mid 2007, been brought to Australia by DFAT).

Third, we should note that our fulminations against Muslim schools (*pesantren* or *madrasah*) as sources of radical doctrines just by reference to the fact that many JI activists originated from Abu Bakar Ba’asyir’s *pesantren* at Ngruki take no account of the uniqueness of that school or of the fact that only a tiny minority of Indonesia’s 37 000 *pesantren* are inclined towards such radicalism. Important as those schools are bound to be in the ‘war of ideas’ in Indonesia and in the eventual containment of any terrorism with an Islamic face there, Australians should no more

be trying to tell Indonesians publicly how to run their education system or defeat their terrorists than they should be telling us about ours.

Fourth, our tendency to assume that Islam is somehow incompatible with democracy while underestimating ‘the moderating influence of successful participation by Islamist parties in democratic processes’ needs to be corrected. Nor should it be forgotten that the swing towards more democratic institutions in Indonesia could one day result in some Muslim parties winning power there, either nationally or in regional assemblies, with legislative consequences we may not always like. PKS is already the largest party in Jakarta.

Fifth, one of the most important of Fealy and Borgu’s observations is that excessively vocal criticisms by Australian ministers of the Indonesian government’s treatment of JI run counter to the well known principle that

winning hearts and minds is critical in any counter-terrorist campaign ... [since the terrorists’ aim is] to separate the government from the people they represent ... The critical audience that will win or lose this campaign against JI is not the Australian people but the people of Indonesia.¹¹³

One of the problems associated with the US approach to combating terrorism, they say, is that

it gives al-Qaeda and like-minded groups a status they simply do not deserve. They [Indonesian jihadis] are more than capable of spreading their own message; they don’t need our help to publicise and elevate their role in our fight.

We are hindering rather than helping the Indonesian government when we upbraid it for not taking sufficiently tough action to contain JI, since it ‘cannot be seen to be acting against JI just because of, or even primarily due to, pressure from foreign countries, especially

from the US and Australia’. In any case, they argue, the purpose of the Indonesian government in playing down JI’s role

may actually be to deny the group the very oxygen they need [publicity and popular awareness of its activities] to thrive and survive at this early stage in their development.

Australia’s most effective contribution to the ‘war of ideas’ within Islam, in Indonesia and beyond, will be to persuade Muslims that we are ourselves living up to our own highest values and principles, of various kinds, not simply decrying theirs (even if we think there are valid grounds for criticism there). Pluralism is a notion we value and most Indonesian Muslims reject, but we must hope that some and eventually many of them will come around to seeing it could have benefits for them. We must convince them, too, that Australians are not all the hypocrites, decadents, druggies and drunkards that the more vocal among them assert. Yet, it is for them to discover that we may have something of value that they might learn from us and embody among their own beliefs as they see fit, not for us to thrust our views or ideas upon them.

There is a strong case for urging, finally, that any advice, suggestions or warnings we may have in mind here be given indirectly, on a global or multinational basis, not bilaterally, since anything we might want to do to help the ‘moderates’ or ‘liberals’ among Indonesian Muslims can easily be twisted to appear as interference in one of the most sensitive areas of their national life. That would be more likely to hinder, not help, the very people we hope to assist.

But unless we can handle our own problems with our Muslim minorities here a lot better than we are doing at present, neither the carrots nor sticks we can muster are likely to make much impression on Indonesian Muslims who are either well disposed or ill disposed to us. ‘Cure thyself’, said Solon the Wise, long ago, which is not bad advice here.

Chapter 5

Future prospects

‘The past is another country. They do things differently there’, wrote L P Hartley. So is the future, no doubt. ‘It isn’t what it used to be’, observed Arthur C Clarke, the science-fiction writer. And in this century, with technological advances crowding in on us faster than ever, the exercise of trying to think about the state of the world, or just our own part of it, as far as 10 or 20 years ahead (let alone 40, when Indonesia will have not long passed its first century of independence in 2045), is close to mere crystal gazing. But after more than 60 years of interaction with our neighbour we should have some capacity to peer into the hazy mists swirling around us in the hope of catching glimpses of the lie of the land ahead.

In a matter such as Australia’s relations with Indonesia the future will almost certainly not be simply an extension of the conditions currently prevailing, nor just a continuation of recent trends grounded further back in the past (with a few exceptions). Will the ‘war on terror’ have ended by 2020, or the global surge of Muslim activism have ebbed? Will Indonesia by then be ‘another country’ that is ‘doing things differently’? Will it have gone nuclear, for the sake of its long-term energy needs as its oil reserves dwindle or, like Iran, to develop at least the capability to produce an A-bomb if the need arises?¹¹⁴ Will Indonesian nationalism still have much the same character as it did under Sukarno, or Suharto

(in their diverse ways), or will it be significantly different (a question of great importance for Australia, I suspect, as well as for Indonesia)? And what about ‘wild card’ risks rising from climate change or other environmental challenges, or anything else?¹¹⁵ Will globalisation, modernisation or, dare we say it of an Islamic people to whom the thought is anathema, some degree of secularisation have made such an impact there that Indonesia will be following steadily along any of the paths taken by Turkey or Egypt, India or Thailand, each of a very different kind, into the 21st century — or along a path of its own. (It may take several generations for anything like that to occur, assuming optimal circumstances — and if it does not, the future ahead could be looking bleak.) Or are the years and decades we are heading towards too unpredictable altogether for any useful answers?

We would do well to start with the thought that Australia has had a big advantage over all its neighbours over the last 60 years in being well ahead of them, apart from Japan, in having developed many of the skills required to prosper in the modern world. But we are already losing that lead to some of those countries and by 2040 we may remain ahead of only a few.

The broad political strategy Australia will need to follow regarding Indonesia over the decades ahead will have to be based not just on what seems appropriate to the situation today but also on our best guesses about how the long term relationship with Indonesia might be charted, on its likely attitudes towards Australia, and on our reading of the regional international order as it develops over several decades ahead, insofar as we can foresee that.¹¹⁶

What we can usefully do in this situation is take note of the major features of the past few decades and try to assess how far either the continuities or the patterns of change currently observable are likely to persist into the future. We must of course cling to a hope that Australia and Indonesia can grow from being reasonably good (but not very close) neighbours to become much better ones — and try, above all, to ensure that any trends in the opposite direction will not gain strength. But to be realistic, it is unlikely we will ever become very close or cuddly friends and neighbours (of which the world offers few examples, in any

case), although if we put our minds to it together we should be able to do a lot better than we have over the last half-century, especially if East Timor is no longer a source of friction and, with luck, less trouble over Papua. There could be definite benefits for both countries if we can work together more closely and productively.

Indonesia could be a radically different country by 2045, as also Australia, no doubt (although perhaps more predictably so). Will the US alliance then have the same purchase in Canberra, or our relations with China and Japan be very different, once the Iraq war is behind us? Will climate change or other environmental disasters have changed the whole scene? Further, the technologies which are fast reducing the distance between our two countries already, in both a geographical sense and a cognitive one, will also have changed unimaginably. That alone could affect relations between us immensely, increasing the volume of personal contacts and the intensity of the relations they generate between us. So the thinking and policies appropriate to the next half century of our relationship with Indonesia will have to be adapted to whatever circumstances will by then be unfolding.

In order to make some guesses, let us start by recalling the major continuities and patterns of change that have been discernible over the past few decades and ask questions about where they may lead.

Trends, continuities and patterns of change

Indonesia was ruled throughout nearly all of the period 1945-1998 by two autocratic and highly authoritarian presidents, who exerted a dominant control over foreign policy and only marginally less control over domestic politics. This meant that Australia had little choice but to work with them both as best we could, hoping to induce them to pursue foreign policies that conformed with our interests. We had little success on that with Sukarno, because of our basic differences of ideology and world view, but reasonable success with Suharto, except over East Timor, especially over our APEC initiatives. With his four successors it has been a very different story, for none of them has exercised the dominant sway over national policies or politics that the

first two presidents could. The parliament and political parties have exerted much greater influence. The role of the TNI has been somewhat reduced, although not yet fundamentally.¹¹⁷

It looks unlikely that any of Indonesia's future presidents will achieve the sort of dominance exercised by Sukarno and Suharto — even if a military takeover were to occur and Indonesia found itself saddled with a local equivalent of Pakistan's General Musharraf, who is himself a prisoner to domestic (and foreign) political pressures. The dispersal of political power that has occurred in Indonesia since Suharto's downfall looks most unlikely to be reversed in the immediate future — and it could perhaps lead towards something disturbingly close to fragmentation of the unitary state if things go badly wrong. That is currently unpredictable.

The main implication for Australia of these democratisation and decentralisation processes is that we can no longer assume that foreign policy will be made in Jakarta by an all-powerful president, as in the past, who has not had to take much heed of the views of other influential players on the political stage. So let us not delude ourselves that if a more truly 'democratic' and decentralised political system can be created there it will be any more stable, or easier for Australia to relate to, than in recent years. It may be, and we must hope so, but it could become even more difficult.

Political parties and parliament played an active role in the political life of the country between 1945-1959, especially the PKI, and again briefly between 1966-71, but they were heavily constrained over the remaining years of Suharto's last two decades and badly weakened. The New Order maintained the trappings of democracy but opposition and dissent were suppressed vehemently. Golkar, which was essentially a patronage machine and in effect a *staatspartei* (state party), dominated the polls and the parliament with strong backing from the bureaucracy and armed forces.

The flickerings of popular longings for political freedom were never wholly extinguished and they burst into life again vigorously in 1998-9. However, the roots of democratic government and representative political parties had little opportunity to become well established until then and

are still far from healthy even today. With luck they may strengthen in the new climate of freedom, or they may wither again.

The place of Islam in political life in the decades ahead, at a time when an Islamic resurgence is sweeping across the Muslim heartland (although only a minority of the world's Muslim population now lives there), will probably be very different from that of the last half-century.¹¹⁸ As we have seen in chapter 4 the 'war of ideas' within both Indonesian Islam and the global Islamic *ummat* currently appears to be an alarmingly close run thing. Developments since 1998 make it look doubtful whether SBY or any successor will be able to keep the lid on Islam as a political force (or will even try) to the degree the country's first two presidents did.

The economic progress achieved since 1965 has made Indonesia a very different place from what it was then, notably less poor, more urbanised and much more industrialised.¹¹⁹ That trend will probably continue, although less rapidly than in Suharto's time, when the GDP growth rate averaged over 7% for thirty years — and slightly more in the boom years of the 1990s. That sustained accumulation of steady growth brought about an unprecedented transformation in Indonesian society as well as its economy, from one that was basically agricultural to an increasingly industrialising hybrid, with far greater social mobility and economic opportunities opening up in most parts of the country. The increase in oil revenues also provided buoyant budget revenues which enabled the government to fund major improvements in education, health and infrastructure for the first time. The deregulation policies of the late 1980s, most notably in the banking sector, along with the stirring into life of the previously moribund stock exchange and the increasing flow of foreign direct investment from other parts of Asia created a new economic momentum in the early 1990s that made the new capitalist, market-oriented Indonesia a very different place from the flagging 'guided economy' under Sukarno. Productivity was increasing steadily in many sectors, especially textile manufacturing and rice cultivation.¹²⁰

All this had the effect of attracting Australian trade and investment on a scale never previously achieved, with buoyant expectations for the

future. But it all collapsed disastrously when Indonesia was hit by the 1997-8 financial meltdown which quickly developed into a full scale recession as both foreign and domestic capital flight crippled economic life in a cumulative fashion. The growth rate fell into negative figures and it took three or four years of much pain and hardship before the country struggled back to something like the pre crisis level of GDP. The growth rate in 2006-7 has recovered to nearly 6% and although it is hard to imagine that the economy will return to anything like its pre-1997 growth momentum imminently, we can be reasonably confident that the economic progress of the Suharto era will now continue, albeit less rapidly, into the present century.

Four other major trends of the last half century can be projected into the future with reasonable confidence.

Population growth is now slowing steadily. Zero population growth (ZPG) will be not far distant by mid century although it may not be fully achieved until close to the end, at something like 280 million, because of bulges in the age distribution graph. We can be fairly certain of this. The seemingly inexorable increase from about 60-70 million in 1945 has been curbed by Suharto's family planning program and brought within bounds that should be economically manageable.

Box 11

Indonesia's population

Indonesia's population in 2006 was close to 225 million, according to UN figures based on Indonesian Statistical Bureau data. Its rate of growth was less than 1.25% per annum, or slightly below three million annually. The rate has been steadily declining for nearly 30 years as fertility rates have fallen.¹²¹

These estimates are much lower than figures commonly mentioned in Australia. It is not sufficiently realised here that the rate of Indonesia's population growth has been falling substantially ever since a family planning program was

inaugurated by President Suharto in 1968. Fertility levels are now below the replacement rate in many parts of Java. Zero population growth (ZPG) will be reached (or very nearly so) soon after the middle of this century, probably at about 280 million. This dramatic 'demographic transition' was one of President Suharto's foremost achievements, the immense significance of which is not adequately recognised by his critics.

An ANU graduate, Professor Masri Singarimbun, was one of the foremost pioneers in the introduction of the family planning program in the 1970s. The Demographic Institute he set up at Gadjah Mada University had a nation-wide impact upon the success of that program.

A statement by Admiral Barrie reported in the *Weekend Australian* on 28-9 October 2006, that Australia will need strong military forces because Indonesia will have a population of 400 million by 2050, a wildly erroneous guesstimate, shows how fears of Indonesia can cloud Australian judgments.

The transport and communications network that binds the country together has been transformed by the combination of air, shipping, radio, satellite and IT services that have been introduced since the 1950s. The single national banking, monetary and fiscal system (set in place earlier by the Dutch, but much stronger now) has had similar effects. Indonesia's economy is now far more tightly integrated than it was a century ago, or even in 1970. How much further similar processes will go towards binding the various regional economies together — or, alternatively, will fray as a result of *desentralisasi* — is hard to guess. But it may be that further technical changes alone will no longer make much difference either way, since political factors will be far more critical.

The spread of basic education and literacy was one of the most striking achievements of newly independent Indonesia in its early decades. Suharto's *Inpres* program to establish primary and secondary schools across the rural areas came close to making the possibility of access to education nearly universal.¹²² Teachers' colleges and universities were

established in every province, although the quality often left much to be desired. Financial problems later impeded that early progress and they will have to be overcome if that earlier momentum is to be maintained into this century. But the achievement so far has brought about significant social changes which will probably continue.¹²³

Most strikingly, the number and quality of graduates with higher degrees from foreign universities and much greater technological sophistication than in previous decades has increased dramatically over the last 20 years or so. They could have a big impact on the quality of intellectual life and public policy in the years ahead, as did the early 20th-century increase in educational opportunities. They will also make a difference to what might be called the intellectual terms of trade between Indonesians and Australians as the catch up effect reduces some of the earlier obstacles to communication between us — with potentially interesting psychological and political consequences on both sides. The old neo-colonial attitudes of patronage and arrogance are fast becoming outdated (although unfortunately not eliminated).¹²⁴

Finally, the remarkable nation-building achievement of 1945-2000 must not be forgotten. It was brought about initially by the spirit of nationalism engendered by the 1945-59 struggle for independence against stubborn Dutch resistance and by President Sukarno's dominant leadership and inspiring rhetoric, although the machinery of government was ramshackle and regional dissidence a constant threat. Then President Suharto imposed much tighter central control over both dissident provinces and the loosely integrated armed forces from the late 1960s onwards. Moreover, by generating steady economic progress he reduced the incentives to regional separatism greatly.¹²⁵ But the other side of the coin was the gross over-centralisation of the administrative system and the power structure he maintained, which gave rise to a backlash in the opposite direction — perhaps excessively so — soon after his downfall.

New directions 1998-2006 — and beyond

Half a dozen or so major changes since the fall of Suharto highlight the break with the past in recent years and give us some clues about likely future trends, at least in the years immediately ahead.

The swing towards *demokrasi dan reformasi*, resulting in a revival of political parties and parliament as significant players on the political scene, has been a popular move which currently looks likely to continue unless some unexpected crisis occurs. The direct election of the president and of provincial governors and *bupatis* (local regents and mayors) has had beneficial effects on political life, although grumbling and criticism has inevitably occurred and the patrimonial aspects of socio-political life still persist. Any return to a New Order style of government looks almost inconceivable. Golkar is still a major party, but has nothing like the dominance locally or nationally that it had under Suharto. The political influence of the armed forces has declined perceptibly, although by no means definitively. To expect a complete 'return to the barracks' and withdrawal from the traditional *dwifungsi* doctrine of the TNI as guardian and preserver of the state in the near future would probably be unrealistic. Equally so, so would any attempt by ambitious military officers to exert direct political pressures or revive the former influence of the TNI.

Decentralisation of administrative authority to the 450-odd 'second-level' units of self-government (*kabupaten* and *kotamadya*) has brought about a major shift in the balance of power between Jakarta and the regions; but because it has been in some respects an over-reaction to the excessive centralisation of power under Suharto it is hard to foretell whether it will last or gradually be whittled back.¹²⁶ Something of that kind was certainly long overdue — and an essential prerequisite to warding off separatist demands in places like Aceh and Papua. It has made regional politics far more alive and local than previously, with vastly greater funds than ever before. But it is unclear whether the formula devised so far will persist or be significantly modified in the light of current experiences. Some parts of the country will probably benefit from the change but others are likely to be net losers. The

redistributive effects of Suharto's policies were at this level generally beneficial to the poorer regions.

East Timor's achievement of independence in 1999 had the effect of raising hopes and encouraging separatist demands in Aceh and Papua which in turn generated fears of national disintegration and a strong-arm response in TNI circles, with intensified military conflict in Aceh until 2005-6, strongly backed by Megawati. The more conciliatory policies adopted by SBY after the 2004 tsunami disaster in Aceh have been an important factor in the negotiation of a peace settlement with GAM which seems to be holding, at least for the present. It may also have enhanced the chances of easing tensions in Papua, although other factors have also come into play there and it is probably too soon to be confident on that score.¹²⁷

The recovery of the economy from the depths it plumbed in the 1997-8 financial crisis was painfully slow at first. Very little FDI has come into Indonesia since 1997 and the speed of recovery towards 1990s rates of growth levels has been sluggish until very recently.¹²⁸ Export markets for Indonesia's manufactured goods which were flourishing a decade ago have collapsed in many cases and there is nothing like the optimism of those years for a bright future in the manufacturing sector. Moreover, 'money politics' remains as rampant and pernicious (in its economic and administrative effects, if not scale) as in Suharto's time.¹²⁹

Hence the prospects of an early return to the high growth record of the Suharto years are currently not very bright unless those great engines of economic growth can be revived, or others found. Not until 2003-4 did Indonesia's growth rates recover to around 4-5% (at a time when more than 6% was needed simply to ensure that sufficient jobs would be created to soak up the rising unemployment). Only in 2005-6 did they creep up to the crucial 5-6% level, mainly under the stimulus of domestic demand, largely government-induced, rather than from exports and capital inflow as before. Over the last decade, Indonesia has fallen even further behind Malaysia and Thailand in terms of growth rates and per capita incomes, let alone booming Singapore, whereas earlier Indonesia had been catching up with them. The political implications

of these trends for ASEAN solidarity and Indonesia's standing in the region in the decades ahead could become very important.

It is not out of the question that Indonesia might regain the 7-8% rates of GDP growth attained under Suharto in due course; but the odds currently look unpromising. On the other hand long term predictions on matters of this kind are often not simply wrong but rarely on target at all. We must not rule out surprises. No one would have thought in 1965-6 after the disasters of the Sukarno era that Suharto could transform Indonesia's economy as dramatically and profoundly as he did. All one can say today with any confidence is that if the current return to above 6% GDP growth rates can be maintained and gradually improved, aggregate GDP and per capita incomes will tend to rise over the next few decades, slightly narrowing the wide gap between Indonesia and Australia on these fronts, but falling even further behind Malaysia and Thailand.

Box 12

Estimated per capita income levels in Asia 1990-2040

	PPP, \$US constant 2000			
	1990	2005	2020	2040
Indonesia	2238	3404	4597	8154
Malaysia	5537	9752	15 571	24 487
Thailand	4552	7694	11 069	16 312
Vietnam	1212	2683	4763	8575
Singapore	14 750	26 950	41 303	53 962
China	1569	5817	12 235	22394
India	1701	5817	12 235	22 394

Source: Japan Economic Research Centre, Long-term Team, Demographic change and the Asian economy, March 2007.

Finally, the other important set of questions hanging over Indonesia's future revolves around the development of Islam, as discussed above in chapter 4. Will the distinctively Indonesian character of Islam remain much as it has been since 1945, in particular the essentially personal, tolerant, almost quietist Sufi mystical tradition described by Julia Howell, or will it all be radically altered by *Salafi* influences from the Middle East or the radical *jihadis* inspired by Al Qaeda? Some foreign scholars of Islam look towards countries like Indonesia and Malaysia to provide new ideas and a more flexible model that might counter the thrust of the hard liners in the world wide 'war of ideas' within Islam. Soedjatmoko, Indonesia's foremost intellectual of the late 20th century and a rather heterodox Sufi Muslim, harboured a dream that the Islamic world would return one day to the creativity and intellectual vigor of the earliest Muslim civilisations which had outshone the West throughout the millennium prior to the Renaissance in Italy.¹³⁰ But which of these paths is likely to be followed remains to be seen.

Regional developments ahead: Southeast and East Asia

The international politics of our region and the global power balance within which it has been developing (the Cold War bifurcation initially, then a multipolar pattern with the emergence of China and Japan, the unipolar hegemony of US after 1990 and latterly a hybrid mix of all these since the Iraq debacle) has never been easy to foresee — or even to categorise with confidence in the present. But some hypothetical scenarios that could come about over the next decade are worth looking at with reference to the responses of Jakarta and Canberra respectively and their likely implications for bilateral relations between us.

First, let us take some worst-case possibilities. Imagine a weakening of ASEAN cohesion and solidarity (never very robust, but one of the most promising developments there over the last 20 years), combined with either an increase in China's political assertiveness in Southeast Asia or more intense Sino-Japanese antagonism to the north, or more serious intrusions of the 'war on terror' into our region, or an erratic resort towards unilateralism (or isolationism) in the US. If any

combination of these were to lead to a sharp division within ASEAN into a pro China camp and a Japan-US-Australia camp (with an openly re-arming Japan, possibly going nuclear to counter North Korea), the question of whether Indonesia and Australia would be on the same sides or opposing ones could cause us some horrible nightmares. Canberra would no doubt be inclined to adhere to the US alliance, which might not endear us to Jakarta. Indonesia would presumably try to remain as non-aligned as possible, looking for a balance between the great powers if it could be engineered.

How far Australia would go along with Indonesia's approach in such circumstances, or the broader question of whether we and Indonesia would find ourselves on seriously divergent or convergent trajectories overall, could become very tricky questions. The scope for building a stronger regional international architecture around the promising 2005 ASEAN-East Asian Summit initiative might come under severe strain.

The relatively benign international environment we have enjoyed over the last 20 years, which has been an important factor in our improved relations with Indonesia at times, could then become far more problematic in the years ahead.

At the other extreme, let us consider a more optimistic scenario, in which the ASEAN-East Asian Summit initiative bears fruit in the form of a more stable multilateral power balance across our region and gradual progress towards a rules-based international architecture rather than a power-based one. That could in turn strengthen the cohesion and sense of purpose of ASEAN — and also offset the risks implicit in the widening economic discrepancies between its wealthier and fast growing three, Singapore, Malaysia and Thailand, and the rest. With luck it could also have a beneficial effect on US policies towards our region, reducing paranoia about China in the US and so making it easier for Australia to handle our dilemmas about the US alliance and engagement with Asia. It should help to bring Australia and Indonesia towards convergent rather than divergent paths and make cooperation between us on international issues easier and more rewarding for both. How the 'war on terror' would fit into such a scenario is hard to foresee, however, since so much will depend on what happens in the Middle

East, especially on the Israel-Palestine issue. But it is something we should be talking to Indonesians about, not just in government circles but well beyond also, as much as we can.

Various intermediate scenarios, short of the optimistic and less dire than the most pessimistic, could no doubt be imagined and may well be much closer to the course of events that will in fact come about. There are too many possible combinations to go into here. It is sufficient to conclude by saying that Australia should be aiming to avoid the worst-case scenarios and work towards achieving the best in close conjunction with Indonesia. Ideas may be as important in that process as military clout, or political and economic muscle. More frequent public dialogue with Indonesians within Australia could help to draw us closer together (almost none has been held over the last half century) even on issues where our aims and national interests are not identical. It will always be worth remembering how fruitful was our collaboration on regional, international problems around 1990 over Cambodia and the early stages of APEC, not only in terms of strengthening the regional international architecture but also in promoting more cordial relations between Canberra and Jakarta.

Chapter 6

Strengthening the relationship

The dramatic improvement in Australia's relations with Indonesia in the 1990s was due in part to the stress Paul Keating put on 'engagement with Asia' as a long term goal and on 'the big picture' surrounding Indonesia's crucial part in that process. John Howard shifted the emphasis after 1996 towards more practical steps directed towards immediate benefits to such an extent that we have almost lost sight of 'the vision thing' along those earlier lines. Yet without some such vision, or a clearer idea about how we in Australia may hope to find a more assured place in the life of our region in the broadest sense, especially in the eyes of our largest close neighbour, in more than just security, business or political arrangements, we will merely be drifting aimlessly at the mercy of events largely beyond our control, instead of charting our own course purposefully into the world ahead of us.

Returning to some vision of our future place in the region would benefit Australia greatly, especially if we could enlist the support of our neighbouring countries in a joint pursuit, as we did with conspicuous success over APEC and the Cairns Group in the 1980-90s. One aim could well be to create a shared notion of what a region living in harmony with itself and with its numerous traditions and cultures (with Australia accepted as a recognised part of the region) might hope to be

like in, say 2020 or 2040, when the world is likely to be a very different place. We should be trying to shape those changes ahead together as we want them to be, instead of letting events push us around in directions we may not want to go.

The ideas that will constitute the basis of such a vision will have to come not just from Australians alone but also from Indonesians and other Asians too, on a collaborative basis. Above all, this matters most for the younger generations in both countries; so they must be included in the process by talking through the most appropriate ideas. It would be beneficial if as many options as possible could be discussed fully to ensure it will be a genuinely bilateral initiative.

The proposal for a *Dewan Jembatan* (Bridging Council), or some similarly named body, as outlined below could well serve as a starting point. Whatever ideas are embodied in it should aim to build on the unique assets each country can bring to the chemistry (or alchemy) of such a process — ‘things of the spirit’ from the Indonesian side, as Graeme Dobell has aptly put it, and their tradition of *musjawarah dan mufakat* (in effect, consensus building); things of the mind from our side, of a more analytical and trouble-shooting type, plus some kinds of technical skill and, hopefully, solid educational systems.¹³¹ We in Australia might also want, on occasions, to proffer our knowledge and experience of the ancient British traditions we have inherited about the rule of law and how to keep kings, prime ministers, presidents or other rulers subject to the will of the people, or how to hold governments accountable to their elected representatives in parliament in a reasonably effective way. It could even be useful for both countries to share our experiences of coping with our very different patterns of ethnic diversity, on which each of us has some good stories to tell each other as well as bad. Something along those lines could be a good start.¹³²

So much for the vision thing, a high priority for the long term, but not something to be dashed off quickly in a few glib phrases. On the more immediate question of how best to improve our relations with Indonesia as soon as possible, there are three basic points we need to keep in mind which are interrelated but operationally quite distinct.

One, as mentioned earlier, is to keep as closely in step with Jakarta as we can on our overall foreign policy trajectories, especially regarding regional issues, but also on others that bear upon our respective national interests (e.g. the ‘war on terror’, and perhaps also problems like illegal immigrants, which the transnational talks in Bali, mentioned above, have handled well), while trying to maintain a reasonable balance in the priorities of ranking our diverse policy objectives, as outlined in Chapter 2. The second is to ‘add more ballast to the relationship’, as Gareth Evans put it, by building and strengthening the bridges that connect us by way of people-to-people contacts, institutional linkages and commercial interchange. A third is to improve popular attitudes towards each other in order to create better understanding and greater goodwill.

Simply to concentrate on strengthening the relationship in vague terms like promoting goodwill and better understanding will not in itself get us far — and should not be regarded as more important than the first and second set of objectives. Governments, and the voters behind them, are generally inclined to give priority to security considerations, long term and even far-fetched though they often are or seem to be, and at times to other national interests deemed important. That is understandable and necessary, provided the reasoning behind any such aims is well informed and balanced. Yet all three objectives have to be pursued simultaneously.

It is the goal of strengthening relations at the people-to-people and institutional level that comes most readily to the minds of Australians faced with the question: ‘What can we do to improve matters?’ It must of course be given as much attention and as many resources as can be spared, since it could be crucial to the long-term achievement of lasting peace and deeper understanding between us. However, it is unlikely to succeed unless our basic foreign policies are on broadly convergent or parallel tracks rather than seriously divergent ones.

Moreover, the gap between elite and popular attitudes to Indonesia in Australia must be reduced as far and fast as possible if we are to respond effectively to the challenge of making the relationship more successful and rebuilding trust between us. In this regard, it is worth recalling the

transformation of Europe since World War II from deep and ancient enmities to something much better, albeit still imperfect, which shows how much can be achieved along these lines. Our problems with our neighbour should prove far less formidable than those.

Government policies will be very important in all this, but by no means the whole of it. Commerce, investments and markets, will be equally crucial for any effective bridge building process, as we saw in the 1990s, as well as for closer institutional connections and even media links. Whether our respective values come into it, or the complex moral and political issues involved in promoting democracy or human rights, ‘better governance’ and the rule of law, are vexed questions, for they are matters where Australian and Indonesian views, values and traditions will often differ sharply. There can be no easy answers. However, the more we can keep open minds about such issues — and keep talking to each other about them — the better.

Keeping in step in our foreign policy thinking

A primary aim of any country’s policies towards its neighbours must be to avoid or at least minimise the risk of overt conflict and to reduce the intensity of the frictions or tensions which are bound to arise from time to time over issues of lesser importance. As the aftermath to the near crisis that flared up over East Timor in 1999 has shown us, the antagonism that can be generated by even a minor clash could prove extremely damaging to broader relations and the levels of trust prevailing between us. It will not always be possible to avoid such tensions, of course.

That does not mean Australia must be prepared to cave in to Indonesian pressures or assertions of its national interests every time matters arise on which we believe our core values or central principles are involved. (Our willingness to intervene militarily in East Timor to curb the militia violence in September 1999 was one clear example of that, as was our decision to side with Malaysia against Indonesia over *Konfrontasi* in 1963-6.) Good sense in this regard is not a matter of ‘grovelling’ to Jakarta or trying to ‘appease’ Indonesians, as some

critics of our policies will probably try to depict it. It means avoiding situations, as far as possible, where our overall policy towards Indonesia is determined solely or unduly by the requirements of a single issue.

The assessments Australian governments will have to make on which way to lean, or how far, when conflicts arise between our overall national interests and the moral commitments we proclaim to our professed values, as over human rights issues and especially the highly contentious problem of the right to secede, as asserted by pro separatist groups regarding Papua, will often be acutely difficult and delicate matters of judgment. Since much will depend on the circumstances of the day and the reliability of the information available to us, it is impossible to lay down any clear cut rules or ordering of priorities. But this is where the gap between elite opinion and popular attitudes, between relatively well informed policy-makers in Canberra and the often prejudiced, ill informed media and general public, is likely to be critically important at times.

On the other side of the ledger, the more closely we can keep in step on matters to do with the regional security architecture of Southeast and East Asia the better. Indonesia’s support for Australia’s attendance at the East Asian Summit has been immensely valuable to us, as also was Suharto’s backing for APEC in its early years. But the tensions that developed between us over *Konfrontasi* in the mid 1960s and for several years after 1999 made it difficult to cooperate closely on other issues — although not impossible, as the post-2001 ‘Bali process’ of transnational cooperation has shown. On matters to do with the ‘war on terror’, however, our basic interests are far from identical; so the more closely we can keep more or less in step in the regional policies we each pursue, as we have done recently, the better.

Foreign aid to Indonesia has been an important element in our overall policies ever since the early Colombo Plan years of the 1950s. The funds and technical assistance we provided initially were of considerable help to Indonesia at a time when it badly needed them. The human connections established thereby were also of benefit to both countries. Our leading role in the establishment of IGGI in 1966-7 won us much goodwill in Jakarta in those early days of Suharto’s New Order. But the

relative value to Indonesia of our aid contribution has diminished greatly since then, as other donors have come to provide much greater sums, the World Bank and ADB especially, while private capital and technical expertise can easily be obtained on commercial terms these days.

AusAID now tends to concentrate on a few specific sectors where our aid and expertise is most likely to be effective — and preferably very visible, it seems — such as health, road construction, education (including Islamic schools) and some aspects of agriculture and forestry. Our offer of \$A1 billion in financial and technical assistance as part of a five year scheme after the December 2004 tsunami, through the Australia Indonesia Partnership for Reconstruction and Development (AIPRD), marked a dramatic expansion of our aid program.¹³³ Not all that money will be spent in Aceh, but it has enabled AusAID to make a significant contribution to emergency help and reconstruction in the devastated areas. We now rank second only to Japan among Indonesia's bilateral aid donors, above the US and Germany.

The problem of how best to prioritise the various foreign policy and other objectives we are trying to achieve in our relations with Indonesia and how to strike the most appropriate balance between them, as discussed in chapter 2, is a matter on which there is always likely to be diverse and conflicting views within the Australian community. It seems in principle to be something that one of our parliamentary committees would best be placed to consider effectively, if it could be divorced from party political point scoring and a narrowly instrumentalist approach. What also matters greatly is that the rationale behind the balances we strike here needs to be made known as fully as possible to ordinary Australians — and equally to the Indonesian government and parliament. There could be fewer conspiracy theories, misunderstandings and baseless fears about each other if that can be done better, along the lines suggested in chapter 2. Such an approach might make a useful contribution to popular understanding of how the policy priorities have to be assessed and decided.

Our respective attitudes to the 'war on terror' is a matter on which it is difficult to see how the future will unfold or what more we could do by way of cooperation with the Indonesian authorities than has been

achieved already by the AFP and our intelligence agencies in tracking down the Bali bombers and others. Numerous terrorists have been arrested and brought to trial, to a point where JI cells seem to be fairly effectively contained, for the present. This has been an outstanding success story of cooperation in a very sensitive area. But little is known about that by the Australian public.

Public opinion and Australian popular attitudes to Indonesia

On the problem of adverse popular attitudes in Australia towards Indonesia two recent comments provide a pertinent summary of what we are up against. Noting that our relations with Indonesia were 'a hostage to public perceptions', Wesley has pointed out that despite a more positive trajectory at the government to government level, public perceptions in both countries have soured recently, having been initially driven

by mutual disgust and resentment over the East Timor crisis ... The lesson of recent months is that no amount of bureaucratic bridge-building will reverse the negative spiral of popular perceptions in both countries.¹³⁴

David Reeve refers to the dangerous disjunction between élite and popular perceptions towards Indonesia in Australia (and to a lesser extent in Indonesia).

There is much goodwill and cooperation at senior levels of government on both sides ... sound and increasing people-to-people contacts. But as Patrick Walters wrote ... 'a strange paradox continues to afflict [the relationship]. While people-to-people links strengthen year-by-year, opinion polls show an increasing proportion of Australians now nominate Indonesia as our principal long-security threat'.¹³⁵

How informative opinion polls really are in measuring the seriousness of the current situation is arguable. When people are asked questions about possible threats they are apt to respond in terms of whichever country has been most prominently (and alarmingly) in the headlines recently. And unless the poll results are interpreted carefully they may compound the problem by contributing to a belief that there really is a threat from Indonesia to be worried about, whereas in fact, if there is any such, it is a long way off, in the very distant future. Reeve cites polling figures which show that while the view that Indonesia poses a potential threat to Australia had declined from 17% to 10% among an 'élite' group of respondents (i.e. candidates for election in 1996, 2001 and 2004) the results from the ordinary voting public showed an increasing and much higher figure, about 30% by 2004.¹³⁶ That disjunction between the well informed and the ill informed in their attitudes to Indonesia is a problem we badly need to overcome, although it is hard to see any quick or easy solutions.

Opinion polling in Australia and Indonesia undertaken by the Lowy Institute in 2005 and 2006 provides the basis for what should in time become a most valuable data set for assessing the ups and downs of popular attitudes in both countries. Murray Goot, an experienced assessor of opinion polling, has provided some useful conclusions, in general fairly optimistic ones, about how the results from the two countries compare. But the 2006 figures leave no doubt that Australian respondents were 'suspicious of Indonesian governance and fearful that Indonesia presents a potential military threat'; they were inclined to rank it above only Iraq, Iran and North Korea on a scale of warm to cold feelings, with China, Japan, India, Singapore and Malaysia all rated far more favorably.¹³⁷

In themselves a single set of figures such as this does not tell us much since opinions are strongly influenced by the circumstances of the time and the way in which the question is asked. Responses to statements such as 'Australia is right to worry about Indonesia as a military threat' (6.2 out of 10 the mean response) and 'Indonesia is a dangerous source of Islamic terrorism' (6.5 out of 10) indicate that popular attitudes are far from ideal (but in 2006 they might have been expected to be

worse), although those figures are not very informative until we set them into a future time series of similar questions. Goot noted that the respondents' feelings about Indonesia were noticeably more positive in 2005 than in 2006; yet he was mildly optimistic that while the views of both Australians and Indonesians to the other country were 'certainly not warm ... neither were they cold'. So until we have a longer time series of responses to comparable questions — and hopefully a wider spread of more detailed ones — it is risky to rest too much significance on the scattered figures available so far.

It is the vehemence of the more negative opinions expressed about Indonesia in the extreme cases, however, that is most disturbing, and the starkly ignorant, insulting quality of it, which is rarely heard about other countries. They are seriously damaging in two ways: first, through their impact on the opinions of the newspaper readers, television viewers or radio listeners whom they reach in Australia and, second, through the likelihood that their comments will be picked up and widely quoted in Indonesia, then remembered as if they are characteristic of the views of all Australians, who are all branded as racists or bigots, ignorant and contemptuous of their neighbours. It is enough to mention here just one of the more appalling shock jocks quoted by Reeve who referred to Indonesia's president as 'Wham Bam ... Yiddiyono' (in full, it was even worse) and said of the judges in Indonesian courts that they 'don't even speak English ... they're straight out of the trees ... they look like the three wise monkeys'.¹³⁸ He may have been an exceptionally bad case, but quite enough to illustrate the extremes of attitudes to Indonesia and Indonesians that we are up against here. So long as that sort of talk continues, it will be hard to make much progress elsewhere.

What can be done to modify such crude attitudes in anything less than the (very) long run is hard to imagine. The barrage of hostile and bizarre media comments on the Indonesian judiciary during the Schapelle Corby trial was an example of much the same mind set. The few lone voices in Australia giving the other side of the story, such as Professor Tim Lindsey of the Asian Law Centre at the University of Melbourne, who kept pointing out that the Indonesian judicial

system works on basically different principles from ours, being based on the Continental (Napoleonic) code — and who received death threats and hate mail for his pains — would rarely have reached far beyond the eyes and ears of people who least needed to have their views modified.

The problems of adverse Australian press and other media reporting on Indonesia more generally are immense and not susceptible to easy remedies. The Australia–Indonesia Institute has been trying for 18 years to bring about improvements here, with some success among the better informed journalists, but very little overall. Headline writers seem to be the main offenders in appealing to the most ignorant and prejudiced views abounding in the community, but news reports about Indonesia are too often presented in a sensationalist and adverse way; one rarely encounters stories of good news coming out of the country. Yet Australia has had a handful of well informed and very competent foreign correspondents in Indonesia over recent decades whose reporting has often been of the highest quality. One has to wonder, however, if their reports are ever read by most of their colleagues in Australia — or if they are, why they have so little effect.

It is hardly surprising to read a heart felt cry about ‘the pain of disrespect’ from Dewi Anggraeni, one of Indonesia’s foremost writers now living in Australia.¹³⁹ One of the most dismaying aspects of this problem is the litany of unfavourable impressions of Australian attitudes to their country from Indonesians who have studied here, as cited by Reeve. Such intangibles can be very important in shaping attitudes of this kind.

There are similar problems on the Indonesian side, of course, in the misperceptions of Australia conveyed by the press, sometimes quite grotesque, but generally less offensive to the other side than the Australian variety. Also, they seem to have less impact on government policy there than do ours.

Box 13

Australia in Indonesian eyes

How do Indonesians view Australia? No short answer to this question can be remotely adequate. Indonesian perceptions of Australia have varied as circumstances have changed. And different answers will of course be given by different people.¹⁴⁰ Attitudes towards us have ranged widely from the cordiality deriving from Australian support for Indonesia’s independence struggle between 1945-49 to the antagonism aroused by our part in the 1999 East Timor crisis. Suspicions about the motives behind our policies on East Timor or Papua, or church and NGO activities there, have at times been strong even while warm personal friendships and institutional ties of great mutual benefit have been flourishing as well, along with occasional bursts of localised gratitude for financial or technical assistance (as after the 2002 Bali bombing, the Aceh tsunami or the Garuda plane crash in March 2007) or for our foreign aid and scholarships to students. On the other hand resentment over slights, condescending or quasi colonial attitudes or insensitivity in the public statements of our political leaders or our media often gives rise to ‘the pain of disrespect’, which can run deep and is only partially offset (in limited quarters) by appreciation of our technological know how and expertise in useful areas like agriculture, forestry, economic policies and much else.

Throughout the long rule of President Suharto both the government and popular opinion towards us were basically friendly, apart from occasional frictions, mostly over East Timor and human rights. Australia was then of much less concern to Deplu (the Department of Foreign Affairs) than were the US, Japan, China and even Singapore, in terms of the degree of political leverage exerted by those countries or the niggling problems that arose with them. Since 1999, however, Indonesian

attitudes towards Australia have become much more volatile, largely because of widespread Indonesian suspicions that many Australians, and perhaps even the government too, harbour a secret aim of detaching Papua also from Indonesia and even wanting to bring about a break-up of the country's national unity. Since it will not be easy to allay those suspicions, we must expect that Indonesian views of Australia are likely to remain ambivalent and somewhat suspicious for many years to come unless major changes of attitude can be brought about, which will not be easily accomplished.

It is easy to fall back on the generalisation that the relationship between our two countries is fundamentally asymmetrical, that Indonesia matters much more to Australia than vice versa. But that is an oversimplification. The thinking of some Indonesians, particularly older military officers, is stuck in a time-warp on that point, according to David Jenkins. They used to believe that in the early 1990s, when Indonesia's economic progress and technological sophistication was advancing rapidly; but things have changed a lot since the 1997-8 financial crisis and the relative decline in Indonesia's influence in the region, at a time when Australia's has been growing. And while many other Indonesians may think this way, their actions often seem to contradict their words, since they react angrily to things we do or say in ways that imply that we do in fact matter far more than they are willing to admit. Mutterings about 'the threat from the south' in response to our armament procurement policies or involvement in peace-keeping forces in East Timor seem to confirm this.

There is much more to be said on the subject than this. We know little about the attitudes of the vast bulk of the population and tend to hear only the politically driven criticisms and complaints of ultra-nationalists, especially the members of the parliament's foreign affairs committee. Yet the more objective, cosmopolitan Indonesians are well aware that we have a capacity to be helpful to them in various ways — and also to be

embarrassingly critical at times. They know that Indonesia comes under closer and more intense scrutiny from Australians, both sympathetic and critical, than from people in any other country. More Australian journalists have long been covering Indonesia than those of any other country and their reports often travel world-wide. Australian analyses of Indonesia can at times be influential in Washington, Tokyo, parts of Europe and even in some Asian capitals, depending on the topics involved, be they of an economic, political or security character, or to do with human rights issues, religion or literature, art or music. This can at times have benefits for Indonesia and at other times embarrassing disadvantages. They know that in general it is better to be well understood than badly, and that we can be of help there — but they want the world's understanding to be favourable to them. Yet no other country has the same depth or breadth of expertise on Indonesia in its universities and research centres as Australia does, or comparable numbers of people studying the language and culture of Indonesia in its schools.

Linkages of that kind help to create not only institutional connections, hard-to-find technical advice and better understanding between us but also jobs in the other country and flows of information on a wide range of matters (e.g. forestry, climate, fisheries, even health problems). These can be beneficial to both countries and foster a better understanding of Australia in Indonesia.¹⁴¹ So the better informed Indonesians in policy making circles who are aware of such considerations are likely to have more favourable attitudes towards Australia than those who know little about us — just as the opposite applies in Australia. And the increasing numbers of children of wealthy Indonesian families who have been coming to Australia for schooling over the last 20 years or so (there were hardly any before the 1980s, apart from a few Indonesian Chinese) should on the whole be having a beneficial effect.

On the other hand, generational differences probably play a big part here to a degree that we can currently only guess at.

How do today's Indonesian students with degrees or schooling from Australia feel about this country in comparison with those of 30 or 40 years ago? Some better, some worse, I suspect, but how the proportions of each may have changed in ways we have no way of knowing.

One bright spot in the picture provided by Reeve is the role of cartoonists in both countries, who seem to have similarly sardonic, sceptical attitudes towards authority and pomposity, often expressing them with great good humour and pungency. (Humour is an under-valued weapon in the armouries of diplomats; but it could be a big asset in the building of bridges. Laughter is well known to be an effective means of lancing tensions.) More frequent exchanges and meetings between cartoonists from the two countries might do as much good, or more, as any between journalists, who tend to have more solemn concerns. It would be well worth promoting them as vigorously as possible.

Adding ballast, building bridges

At the nuts-and-bolts level of people-to-people links that will create personal contacts and institutional ties of the sort that the AII has been funding since 1990, much can be done, and has been for 18 years, that is worthwhile and deserves the fullest encouragement. But it needs vastly greater funding, which could be the best start towards achieving much more.¹⁴² Just how to go about that is a question best left for the AII to answer since it has ample experience and expertise behind it. The aim of this paper is not to provide details but rather to suggest new ways of thinking about these problems in the hope of gradually achieving better results overall.

No attempts to improve relations between our two countries will achieve much unless trade, investment and business contacts between us develop much more vigorously, as they did in the mid-1990s for the first time. In earlier decades when there was very little commercial interchange between us, efforts to promote closer relations in other

ways turned out to be little more than the icing on a not very substantial cake. Paul Keating had the great advantage of being able to push for closer engagement with Indonesia and other Asian countries at a time when trade and investment between us was booming. That meant many Australian businessmen and women (and some Indonesians) were highly supportive of his message. There is probably not much that Australian government policy can do on this front until Indonesia succeeds in regaining the solid momentum of growth it achieved in the early 1990s. Hopes are rising that SBY's team of very competent economists are edging closer to that at last, so we should be ready to seize the day when it comes.

One of the most useful things we could do as a first step towards improving our relations with Indonesia would be a high-level stock-taking of our strengths and weaknesses in this area, which could be built upon further in the former case and patched up in the latter. The cooperative relations developed between the AFP and POLRI during the investigations into the 2002 Bali bombings was one of the most impressive examples of the former. Adverse media coverage of Indonesian news (and sheer failure to report much good news in the tabloid press or its television equivalent) is a depressing example of the latter, to which the AII has been giving attention for many years, although without much success.

One of our greatest Australian assets is the expertise on Indonesia that has been built up over the last 50 years in our universities and related institutions. That expertise is a unique national asset, not replicated in any other country outside Indonesia itself. It is something that ought to be appreciated much more highly than it is by our political leaders and policy-makers. The decline in numbers of staff and students involved in the study of Indonesian language and other aspects of Indonesian society, politics, economics, history and much else over the last decade could soon turn into a national disaster, dissipating a valuable asset that has taken half a century to build up. The decline must be reversed as soon and thoroughly as possible, as a matter of high national priority.

Far more deserves to be said about the problems involving the place of Indonesia in Australian education than space limitations permit. There

was an excellent report by the Asian Studies Association of Australia in 2002 on the wider subject of Asian studies generally which makes a dozen or so very sensible and financially modest recommendations that deserve endorsement.¹⁴³ One of these is for 'An Australian Fulbright Scheme for Asia' (it could be named a 'Weary Dunlop Scheme' in honour of that great man, a prisoner of war in the Japanese camp in Bandung in 1942, before they sent him to the Burma-Siam railway), with the aim of bringing young Asian scholars here to work along much the same lines as Fulbright grantees in the US. That could be especially beneficial for Indonesian graduates and would help to strengthen the Australian institutions they would work in.

The highest and most urgent priority here must be to find ways to ensure that we will have enough well qualified Australian graduates with appropriate training and experience of working in Indonesia to replace the many first-generation Indonesia specialists in a handful of our universities who are now close to retirement. It may well be the case that the time has come for some basic rethinking of the ways we have tackled teaching Bahasa Indonesia and research about the country (i.e. not just the language, although that is central to it all in various ways) in our universities and schools over the last half-century. The way we did things in our schools and universities 40 or 50 years ago is perhaps no longer appropriate in the very different world of computers, email and the internet in the 21st century.

Giving school children a smattering of Bahasa Indonesia may no longer be the best approach, or do much more than arouse the interest and curiosity of a handful of students who may or may not continue their studies of Indonesia at the tertiary and postgraduate levels where it really counts for the national interest. The part played by ACICIS, the Australian Consortium for In-Country Indonesian Study, in arranging for more and more Australian undergraduates to spend a substantial period of study at an Indonesian university has been a valuable new initiative, but it needs (and deserves) much stronger financial backing, and less obstruction from DFAT's excessively cautious travel advisory warnings. But many other ideas also warrant examination if Australia is to maintain its international comparative advantage in this sphere of activity.

Questions relating to defence and security cooperation with the TNI have been one of the most controversial aspects of our relations with Indonesia in recent years. Australia has never taken such extreme measures as the US did in suspending arms sales and military cooperation with the TNI in response to human rights violations or episodes like the East Timor violence of 1991 or 1999, but we have many passionate human rights advocates urging us to take action of that sort in order to keep the TNI at arm's length for the sake of our international reputation on such matters.

On the other hand, advocates of military cooperation point out that our participation in the Interfet operation in East Timor in 1999 could easily have turned into a disaster had it not been for the fact that various Australian officers leading our troops in that action had earlier attended officer training schools in Indonesia, knew the language well and also the appropriate ways to interact with their Indonesian counterparts when they first landed in Dili. An even more powerful example of the value of security cooperation was the remarkable success of AFP cooperation with the Indonesian police after the Bali bombings of October 2002, which gave rise to very close and cordial relations between the leaders of the two forces and their subordinates which still persist — and led to the arrest of most of the ring leaders of those bombings. The question at issue here should surely not be simply whether or not Australia should cooperate with TNI or POLRI on security matters but how far and in what forms we should do so.

Knowledge about the Indonesian legal system and judiciary has been very limited in Australia and, until recently, almost non-existent. Much more could be done to remedy this. The development of the Asian Law Centre at the University of Melbourne has demonstrated the value of having a nucleus of experienced Australian lawyers familiar with the complex details of that tricky subject who can reduce the ignorance and prejudice in Australia about Indonesia's radically different legal system based on the Dutch 'continental' or Napoleonic model. More frequent exchanges between Australian and Indonesian lawyers would be well worth promoting, now that Indonesia is at last moving, albeit slowly, in the direction of becoming a *Rechtstaat* (a state based on the rule of law) at last.

Australian expertise on questions of ‘good governance’ or public administration and related technical services could be of some use to appropriate Indonesian organisations. The more readily we can make these skills available there the better. But two caveats are necessary. Such advice must take account of the deeper political dynamics of the post Suharto system of government (and its roots in the New Order also) which will require considerable knowledge of the country and its history and politics. And we must take care not to find ourselves preaching from on high about how Indonesians should be doing things, as in the imperialist and neo-colonialist tradition. We can easily find ourselves talking past each other, not towards, on matters of this kind on the basis of fundamentally different assumptions.

The problem of improving Australian media coverage of Indonesia (and vice versa) is too vast and complex to address here, except to record how important a factor it is in colouring relations between us on both sides. It is depressing to note that despite the improvements in reporting from Indonesia by our foreign correspondents in both the Australian quality newspapers and the Australian Broadcasting Corporation over the last 30 years of so, the general standard of news carried in other Australian papers is so abysmal. In this respect, Paul Kelly’s observation about the inadequacies of our ‘political and media culture’ is disturbingly true — and it is hard to see what can be done about it in anything less than the very long term. Yet some of our reporting from Indonesia has at times been very good. As for the Indonesian side of the problem, an interesting suggestion has been made that if far more Australian TV programs could be made available gratis to the numerous regional TV stations now operating across Indonesia, the spin-offs in terms of greater interest in Australia and more accurate knowledge of conditions here could be immense.

Box 14

Is a successful relationship with Indonesia ‘beyond our intellectual and cultural resources’? Soon after the meeting between John Howard and SBY on Batam island in June 2006 to end the flare up over our acceptance of asylum seekers from Papua earlier in the year, Paul Kelly wrote in *The Australian* on 1-2 July, 2006 that

the Australia-Indonesia relationship is in trouble, with trust at an all-time low ebb ... ties are strong at the top but weak underneath, riven by clashing political cultures. It is a chronic defect ... The creation of a successful relationship appears to be beyond our intellectual and cultural resources.

It is a challenging observation which deserves serious consideration. Are the prospects for creating a successful relationship with Indonesia really as bleak as that last sentence implies? We must endeavour to ensure they are not, although much of his assessment was too close to the truth for comfort. The close personal links between the two leaders had become, he said,

essential to resisting the resentments building up in both political systems. But such dependence cannot provide a foundation for long-term relations ... Australia is kidding itself. It relies on special ties between leaders to sustain a relationship that its political system and media culture are not prepared to sustain.

That would be hard to deny, especially as regards the media culture. And it could be said that Paul Keating’s close relationship with President Suharto ran too far ahead of the Australian people’s willingness to accept, as also did Gough Whitlam’s earlier at the time of the first East Timor crisis. We should beware of

putting too much reliance on the personal chemistry established between our leaders.

But the phrase ‘clashing political cultures’ may be stronger than is warranted. They are very different, of course (as in any neighbouring countries to some degree: think only of Canada and the US, or Japan, China and the two Koreas, or Sweden, Denmark and Norway), yet Indonesia’s and ours have been converging rather than diverging recently, to an encouraging degree, especially since President Suharto’s downfall in 1998 and the swing to *demokrasi dan reformasi* since then, which outweighs the growing influence of Islam in many spheres of life there. Those differences can be bridged in various ways, moreover, and are being bridged. The rapid progress being made in the mid 1990s was strong testimony to that.

Yet there is little doubt that trust has been eroded badly even at the highest levels — and far below that — since the troubles over Papuan asylum-seekers in early 2006, so soon after the near-conflict between us over East Timor in 1999 and the chilly phase of deep Indonesian resentment and suspicions over Australia’s role there that followed. We are now a long way from the cordial relations of 1945-49 or the early and late Suharto years when our backing for Indonesia was widely appreciated there.

Despite the goodwill generated in Indonesia by our generous assistance after the 2004 tsunami disaster in Aceh (much over vaunted in a lot of Australian commentary, say some Indonesians), it is clear that repairing the damage done by those episodes and restoring trust between our two peoples will not be easy or quickly accomplished. Yet the substantial progress we have made over the last 60 years can surely be extended much further if we work at it? It should not be beyond our intellectual and cultural resources.

contacts between us. One must suspect, however, that the value per dollar achieved is relatively low, and that this should be seen as merely the icing on the cake rather than a program of any great substance for strengthening relations between us.

Finally, an idea which would be well worth exploring further is the creation of a small, continuing body, comprised of eminent Indonesians and Australians who would serve a purpose similar in some respects to that of the privately funded Australia-America Leadership Dialogue, although constituted on a quite different basis and with an inevitably different set of goals. It would be a nice touch of symbolism to give it an Indonesian name like *Dewan Jembatan* (Bridging Council, or something similar — since *Dewan* connotes something grander than just a committee or council) and with as many trappings of shared, not unilateral, ownership and of common destiny as possible.

Its primary aim would be to help create and maintain a healthy relationship between our two countries on a long term basis, seeking to enhance the connections between us and to minimise the frictions and strains arising from ignorance, prejudice or misunderstanding. It should not attempt to duplicate or displace the work of the AII as an executive agency, but perhaps complement it as a source of ideas and as a kind of collective memory, able to remind us of what has gone wrong or right in our dealings with each other over the first six decades of Indonesia’s first century.

It would be best for this body to consist of approximately 15-20 persons, at least initially, meeting perhaps only once every 2-3 years, yet with a high degree of continuity in its membership along with periodic changes to ensure fresh blood and new ideas. It should ideally be as non-bureaucratic, creative and mentally flexible as possible, and as independent as is feasible from the day to day policies of either government although in frequent contact with both. Its members should be drawn as imaginatively as possible from beyond official circles as well as within, ideally including influential media people and prominent public intellectuals of the calibre of Gunawan Mohamad and David Malouf (who both have refreshingly maverick views on matters of national identity, which would be bound to keep recurring as a central

Youth exchange schemes are often advocated eagerly by politicians and others as an altruistic and popular contribution towards closer personal

concern on both sides) as well as some of our ablest Indonesianists, businessmen and others. Above all, it should be designed in such a way as to ensure that its' thinking and dialogues are fed into the community life of both countries.

Engagement with Indonesia and 'engagement with Asia'

Any discussion of Australia's engagement with Indonesia raises issues that touch on wider questions about our increasingly broad and deep engagement with 'Asia' more generally. Central to these is the controversial but facile question: 'Is Australia an Asian nation?' Or is it too essentially European in origins and culture for any successful engagement with any part of Asia, including Indonesia?

So much has been said on that subject in recent years that it need not be pursued at any great length here. Paul Keating put it as well as anyone in a 1996 speech in Singapore. We were not Asian, he said, and did not seek to be. But we were not European or American either. We could only be Australian. Yet many values declared to be 'Asian' were also Australian: family values, work, education, order and accountability, for example. And 'mateship' was 'an ethic of communitarianism and mutual obligation which in other contexts is called "Asian"'.¹⁴⁴ Howard has touched on the question more cautiously but Peter Costello has called specifically for engagement with Indonesia.¹⁴⁵

One aspect of the matter of our engagement with Indonesia deserves emphasis. While we should avoid resorting to that overused term 'special relationship' with regard to Indonesia, not least because our fast developing relations with China, Japan, India, Thailand, Singapore and the other Southeast Asian nations are also 'special', each in its own way, there are features of our relationship with Indonesia that make it uniquely important for both countries.

First, engagement with Indonesia offers us opportunities to build a strong foothold with one important Asian nation which has the singular advantage that it could prove valuable to Jakarta as well as to Canberra — with multiplier effects in both directions, if that economic jargon may be applied in a broader context. There are things that Australians

can do in Indonesia which may have relatively greater impact there (and back in Australia) than similar efforts might yield elsewhere.

Second, any efforts towards engagement on other than a commercial plane with China, Japan or India are bound to be much more asymmetrical than comparable efforts in Indonesia are, for in the former we are only one small player among many, whereas in the latter the relationship is more evenly balanced. Indonesia has many and wide ranging reasons to regard closer relations with Australia as important to itself which the others do not (including smaller nations like Thailand, Malaysia or Singapore). And our sense of how best to promote engagement with Asia is unlikely to take root with or from any of them, whereas it might, with luck, from Indonesia.

Third, we have already established a significant stake in our relationship with Indonesia by way of our expertise on the country, its society, culture, politics, economics, forestry, mining and many other scientific fields, and the now increasing number of Australians with considerable knowledge of the country and its people. The extent and depth of study in Australia of Bahasa Indonesia and the literature in it as well as of related topics like Indonesian art and drama is unmatched anywhere else in the world. That is not only a valuable asset for Australia, creating jobs and incomes as well as cultural enrichment, but also to Indonesia indirectly, in many ways. Finally, becoming closely associated with Australia on anything more than a commercial level is not much more than an optional extra for other Asian countries, an add-on they can easily do without, whereas that is not the case for Indonesia.

The more cosmopolitan Indonesians know, as we know, that closer engagement between the two countries — from both sides, in the long run — can be highly beneficial to both, almost a necessity, in fact, if the relationship is ever to grow organically and deepen. It is not just that we are neighbours with a shared future in the political health and prosperity of the ASEAN region.

We also have much to sell or exchange or give to each other, for our differences make for complementary economies (and countries) rather than competitive ones. We could eventually become natural trading partners also, as Indonesia becomes more prosperous — not

just because of our proximity, which has little to do with transport costs these days, so much as because we are gradually getting to know each other much better. Like the French and the Italians, we might eventually hope to see the border between us become a dividing line of no great significance, with people from both sides coming and going to and fro constantly for their own pleasure, profit and other benefits.

Such a vision of closer engagement with Indonesia deserves much deeper scrutiny than it has had in recent years. It is worth aspiring to, even if its political implications may cause apoplexy to some Australians of a Hansonite disposition. But Australia has come a long way in its dealings with Asians and their countries in the last 30 or 40 years since the White Australia Policy was abandoned, so far that we need have few fears about how much further we are capable of proceeding down that road towards engagement with Indonesia in the next 30 years or more.

Notes

- ¹ Indonesia's population reached 225 million in 2006, according to the most reliable sources, and is growing at about 3-4 million per annum. But the growth rate is falling steadily and it will probably peak at about 280 million (ZPG) towards the end of this century.
- ² Among the concerns that merit serious consideration, for instance, are worries that if greater numbers of asylum-seekers from Papua were to find their way to Australia we could find ourselves badly entangled in something much worse than our 2006 dispute with Indonesia over that issue. The numbers would not amount to a 'flood of refugees' but such an action would raise problems and tensions which could poison the relationship between the two countries. So also with questions about terrorists from Indonesia (far fewer than sensationalist newspaper headlines often suggest, but not a negligible number) and the trickle of illegal immigrants passing through Indonesia. Not to be exaggerated, nor disregarded.
- ³ There are currently estimated to be about 37 000 Australians living in Indonesia, most of whom presumably work there, a figure much higher than other Australians are probably aware of.
- ⁴ The Indonesian archipelago consists of about 3000 islands, but in effect only the five large ones and about a dozen much smaller ones have significant populations. The rest are tiny.
- ⁵ Robert Pringle, *A short history of Bali*. 2004.
- ⁶ Richard Woolcott AC, Opening address, Indonesia Update 2005, in *Different societies, shared futures: Australia, Indonesia and the region*. John Monfries

- (ed.), ISEAS, 2006. p xvii.
- ⁷ AD Hope, Australia, in *Collected poems, 1930-1970*. Sydney, Angus & Robertson, 1972. Peter Hartcher coined the phrase 'an awkward slab of Europe' in his article, Bipolar nation. *Quarterly Essay*, No. 25, 2007.
- ⁸ Ian McAllister, *Representative views; mass and elite opinion on Australian security*. 2005. pp 13, 15.
- ⁹ Michael Wesley, *The Howard paradox*. 2007.
- ¹⁰ The number of (ethnic) Indonesians resident in Australia (according to the 1996 census) was estimated by Janet Penny and Tuti Gunawan to be about 30 000; see James Jupp, *The Australian people: an encyclopaedia of the nation*. 2001. p 440. Unlike Filipinos, Indonesians have in general been very reluctant to move permanently to other countries, with only a few exceptions.
- ¹¹ TNI is the acronym now used for the Indonesian National Army (*Tentara Nasional Indonesia*) although ABRI (the acronym for Armed Forces of the Republic of Indonesia) was generally utilised for most of the last 40 years. On the security aspects of the relationship, see chapter 2.
- ¹² The support Australia received from Indonesia in the early 1990s over our initiatives towards the Cambodia peace settlement and the creation of APEC were clear examples of this. So was Indonesian support for our bid for inclusion in the East Asian Summit in December 2005.
- ¹³ The province of Papua was called West Irian in Indonesian usage between 1950 and 2001 when President Abdurrahman Wahid made the name change in deference to local dislike of the latter name. In Dutch times it was called Netherlands New Guinea (or West New Guinea in everyday parlance). Independence activists there and their supporters in Australia prefer to call it West Papua, however. It is now in the process of being subdivided, which complicates matters further.
- ¹⁴ In 1964, the US pointedly indicated to Canberra that it would not feel bound to take action under the ANZUS alliance in the event of a military conflict developing between Australia and Indonesia over the *Konfrontasi* issue; see Peter Edwards, *Permanent friends?* 2005. pp 24-5. Washington's policy towards Indonesia at that time took precedence over Australia's security concerns.
- ¹⁵ Gareth Evans and Bruce Grant, *Australian foreign policy in the world of the 1990s*. 1992.

- ¹⁶ Zai'nuddin, Ailsa Thomson (ed.), *Nearest southern neighbour: some Indonesian views of Australia and Australians*. Clayton, Monash University Centre for Southwest Asian Studies, 1986.
- ¹⁷ Richard Woolcott, *The hot seat*, 2003.
- ¹⁸ Paul Dibb, *Review of Australian defence capabilities*. 1986.
- ¹⁹ Don Watson has written that advocacy of engagement with Indonesia 'really meant appeasement ... it was good policy, no doubt, but never less than cowardice as well': Comment. *The Monthly*, June 2006. pp 11-13. One must wonder, however, what more courageous alternative policy or others who share that view would advocate that we adopt. Michael Sexton in, Neighbours, but never the best of friends. *The Australian*, 14 February 2002, refers to a long history of 'attempts to placate various regimes in Indonesia', remarking that 'the Bali bombing undermined the futility of half a century of attempted appeasement by Canberra', to which the same rejoinder applies. A more logical analysis of that word was given by John Hirst in, In defence of appeasement. *Quadrant*, April 1996. pp 10-16, quoting Churchill's observation in 1950 regarding British policy towards Soviet Russia: 'Appeasement in itself may be good or bad according to the circumstances'. In our circumstances, said Hirst, 'appeasement is the correct policy for Australia' in relation to East Timor, since at that time we lacked the power to do anything substantial to alter the situation there. In September 1999, on the other hand, we did not.
- ²⁰ The allusive character of much Indonesian discourse derives mainly from what has been attributed elsewhere in Southeast Asia to a preference for 'smooth interpersonal relations' and a general reluctance (especially among the Javanese) to offend or openly confront someone they disagree with.
- ²¹ Ken Ward, *Dealing with a democratic Indonesia: the Yudhoyono years*. Lowy Institute Perspectives, March 2007.
- ²² 'Wild card' scenarios are those of 'low probability but high impact' according to Alan Dupont and Graeme Pearman, *Heating up the planet: climate change and security*. Lowy Institute for International Policy, 2006. p 63. The 1883 Krakatau eruption has been graphically described in Simon Winchester, *Krakatoa: the day the world exploded: August 27, 1883*. HarperCollins, 2003. The Tambora eruption in 1815, on the western end of Sumbawa, was many times greater than Krakatau and threw so much rubble and dust into

- the atmosphere that crops were ruined even in Europe over the next two years.
- ²³ Note also that we cannot yet be entirely confident that since East Timor (now called Timor Loro Sae) achieved independence it is no longer an issue likely to cause problems between Australia and Indonesia. If political and social instability persist there, the danger of a split between a pro-Indonesian grouping and a pro-Australian one cannot be disregarded.
- ²⁴ While occasional conferences organised by CSIS in Jakarta dealing with ASEAN relations with China and Japan have been attended by some of Australia's leading specialists on those countries, there is a strong case for much more frequent and regular dialogue between Indonesian and Australian specialists on these countries (and others).
- ²⁵ Tim Lindsey, Relaxed, comfortable and risible. *The Australian Literary Review*, 7 March 2007.
- ²⁶ *Advancing the national interest*. Foreign Policy & Trade White Paper, 2001. p vii.
- ²⁷ Ibid. p 81. Creating a 'robust and functioning democracy' would surely not have been mentioned as a top priority national interest by any Australian government during the Suharto era, however. We might have hoped for it, but it would have been most impolitic to refer to it in that way.
- ²⁸ Joseph S Nye, *The paradox of American power*, 2002.
- ²⁹ By far the best discussions on the issues involved here, in my view, are those in the collection of papers in *Different societies, shared futures*. John Monfries (ed.), 2006. Some useful but now rather outdated papers can be found in *Indonesia: dealing with a neighbour*. Colin Brown (ed.), Allen & Unwin, 1996, and the papers by Walters 1997 and MacIntyre 1991 cited below. Little else of value has been written on this subject recently, although my own much earlier examination of the problem in JAC Mackie, Australia's relations with Indonesia: principles and prospects, I & II. *Australian Outlook*, Vol. 28 No. 1 & 2 still has some relevance as one of the earliest such ventures.
- ³⁰ The statement is cited in Cotton & Ravenhill, (eds) *Australia in world affairs: the national interest in a global era*, 2001. pp 230-31. It was made on 21 September 1999, just after Australian troops in the UN Interfet force had landed in Dili, so it is unlikely that Jakarta would have interpreted or expressed our actions in such a way.
- ³¹ Indonesian views of our alliance relationship with the US tend to be

- ambivalent. Most well-informed observers there accept it more or less as a fact of life, even though it runs counter to their preference for non-alignment and the avoidance of military pacts as a dominant principle in the Southeast Asian region
- ³² Michael Wesley, Setting and securing Australia's national interests in, *Australia's choices: options for a prosperous and fair society*. Ian Marsh (ed.), 2002. p 26.
- ³³ 'Because of the critical role that national interests play, they must be carefully justified, not merely assumed ... We need to rank them because they often conflict with one another, and because the resources to deal with them are limited', according to Robert J Art, *A grand strategy for America*, 2003. p 45. He argues that the US has one vital national interest, security, which is essential and if not achieved will bring catastrophic costs, plus two 'highly important' ones which can bring great benefit but if denied will incur costs that are severe although not catastrophic, as well as several other 'important ones'.
- ³⁴ The idea of 'the national interest' is often misleadingly reified or elevated to the status of an essentialist, indisputable dogma or set of unchallengeable propositions. Lord Palmerston's much quoted statement in 1848 that Britain has 'no eternal allies and ... no perpetual enemies. [But] our interests are eternal and perpetual and those interests it is our duty to follow', was splendid rhetoric but would not really stand up to close critical scrutiny. Britain's most enduring national interests have changed greatly since then. All sorts of essentially sectional interests are often presented rhetorically as central to the national interest, often in quite misleading ways, while dubious utterances in a ponderous tone about why this or that aspect of our relations with Indonesia matters greatly to Australia are frequently wrapped up in it also.
- ³⁵ Hedley Bull, Foreign policy options for Australia in, *A foreign policy for Australia*, 1973.
- ³⁶ Michael Leifer, *Indonesian foreign policy*, 1983.
- ³⁷ Dibb, *Review of Australia's defence capabilities*. 1986.
- ³⁸ Hugh White, The new Australia-Indonesia strategic relationship: a note of caution, in *Different societies, shared futures: Australia, Indonesia and the region*. John Monfries (ed.), ISEAS, 2006. p 45.
- ³⁹ Ibid. p 49.

- ⁴⁰ Ibid. p 49. ‘We find it hard to take seriously the idea that another country — especially one as large as Indonesia — regards us as threatening. This is the first time, I think, in our short strategic history that we have ever been regarded in this way by anyone. We have not worked out how to respond. ... Even someone as intelligent and well-informed about us as Marty Natalegawa [the former *Deplu* official spokesman, once an ANU graduate student] apparently believes that Australia’s peaceful intent towards the region cannot be taken for granted’. Those suspicions may be due as much to the prime minister’s rhetoric about ‘preemptive strikes’ against terrorists in neighbouring countries as to the legacy of East Timor in 1999, but both probably played a part.
- ⁴¹ White *op. cit.* p 49.
- ⁴² White *op. cit.* p 43.
- ⁴³ The quotation is from an authoritative account of how the AMS came to be negotiated in Allan Gyngell, *Australia’s security relations with Indonesia*. 2007. Early in 1994, Keating had remarked that Australia already had security links with Singapore-Malaysia, New Zealand and Papua New Guinea; so why not Indonesia? It was he who took the initiative in suggesting it to Suharto in June and negotiations between officials (including Gyngell) reached agreement on the wording (with only a passing reference to the phrase ‘territorial integrity, it is worth noting’) by December 1995.
- ⁴⁴ For the full text of the Treaty of Lombok, see the DFAT website. www.dfat.gov.au
- ⁴⁵ For the official text of the treaty, see www.dfat.gov.au/geo/indonesia/brief.html-55k
- ⁴⁶ General Peter Cosgrove gives a graphic account in *My story*, 2006. pp 180-88 of the preparations that were made to ensure that the first landings of Australian troops in Dili in September 1999 did not provoke a hostile response from ABRI forces controlling the airport; the role of Brigadier Ken Brownrigg, our senior military attaché in Jakarta, who knew most of the key Indonesian officers well and spoke good Bahasa was of crucial importance.
- ⁴⁷ Graeme Dobell, Australia and Indonesia’s military mafia. *Agenda*, Vol. 10 No. 1, 2002.
- ⁴⁸ Nancy Viviani, The sharp deterioration in relations between Indonesia and Australia: an Australian perspective, in *Indonesia in transition: social aspects of reformasi and crisis*. Chris Manning and Peter van Dierman (eds), ISEAS, 2000. p 121.

- ⁴⁹ On maritime boundary questions, see M Tsamenyi and Sam Bateman, Good neighbours at sea? in Brown (ed.), 1996, pp 176-8. They conclude that ‘on balance ... common interests outweigh areas of difference’ in the management of the various maritime issues arising between Australia and Indonesia. But they leave no doubt that ‘maritime issues are going to assume greater significance’ in shaping relations between us. The importance of cooperation in tackling many of the issues arising will be crucial.
- ⁵⁰ Ruth Balint gives a graphic and moving account of the complex legal, social and political problems of Indonesian traditional fishermen in Australian waters *Troubled waters: borders, boundaries and possessions in the Timor Sea*, 2005. See also James Fox, Reefs and shoals in Australia-Indonesia relations: traditional Indonesian fishermen, 1996.
- ⁵¹ On the quarantine problems arising around Australia’s northwest coastline I am indebted to Mr Dennis O’Byrne, formerly an AQIS officer in Darwin, for helpful background information.
- ⁵² For the most comprehensive survey of the working out of the decentralisation reforms, see Edward Aspinall and Greg Fealy, (eds) *Local power and politics in Indonesia: decentralisation and democratisation*. ISEAS, 2003, especially the chapters by Marcus Mietzner, Vedi Hadiz and Michael Malley.
- ⁵³ On Indonesia’s side, the problems arising from contiguity with Australia have been relatively minor, comparing favourably with its sometimes bitter disputes over tiny islands with Singapore, Malaysia and occasionally the Philippines — except, of course, over the West Irian/Papua and East Timor issues, which derived from factors other than just contiguity.
- ⁵⁴ Richard Chauvel, *Australia, Indonesia and the Papuan crises*, 2006. p 1.
- ⁵⁵ Patrick Walters, Australia and Indonesia, in *Australia and Asia*, 1997. p 156.
- ⁵⁶ A good survey of the current state of affairs in Papua and future prospects there is given in Rodd McGibbon, *Pitfalls of Papua*. Lowy Institute for International Policy, 2006; for Australia’s part in the earlier stages of the dispute between 1950-1962, see also the various writings of Richard Chauvel, our foremost authority on the West Irian issue between 1950-1962 as well as on subsequent developments there.
- ⁵⁷ No historical survey of the relationship since 1945 has yet been written, although some phases have been addressed in the classic account by Margaret George (1980) of the 1945-49 period, by Mackie (1963) on 1945-

1961, Viviani on popular attitudes to Indonesia between 1950-1965, Morris (1977) and DFAT (Moreen Dee) on the *Konfrontasi* years, and Catley & Dugis more generally. None of our Indonesianists have addressed the subject systematically, and almost no Indonesians have done so either.

⁵⁸ Rodd McGibbon, *Pitfalls of Papua*. pp 89-116.

⁵⁹ For a detailed account of the early and recent phases of the West Irian/Papua issue, see Richard Chauvel, *Australia, Indonesia and the Papua crises*; and Rodd McGibbon, *Pitfalls of Papua*. For East Timor, the fullest treatment can be found in Greenlees and Garran, *Deliverance: the inside story of East Timor's freedom*; and two DFAT volumes of official documents, *Australia and the incorporation of East Timor 1974-1976*; and *East Timor in transition 1998-2000*.

⁶⁰ The fullest and best account of Australia's relations with the Republic of Indonesia and the Dutch during the 1945-49 years is that of Margaret George, *Australia and the Indonesian revolution*. The three volumes of DFAT documents on Australia and Indonesia's independence in the series of *Documents on Australian foreign policy, 1937-1949*, provide valuable supplementary details; see also Lockwood, *Black Armada*; and Molly Bondan, *In love with a nation: Molly Bondan and Indonesia*. Sydney, Picton, 1995 for more personal accounts of those years and J D Legge, (ed.) *New directions in Australian foreign policy, 1945-1949* for some retrospective views 50 years later by participants in those events. No later phase of the relationship has yet been examined as thoroughly.

⁶¹ Menzies paid an official visit to Jakarta in late 1959, when he was reportedly quite impressed by Sukarno and struck by the magnitude of the nation-building task he was facing. Sukarno never visited Australia.

⁶² While US support for the PRRI rebels was overt and almost explicit from the outset (see George Kahin and Audrey Kahin, *Subversion as foreign policy: the secret Eisenhower and Dulles debacle in Indonesia*.), Australia's was very similar although more covert. (An RAAF officer, asked at a press conference in Singapore in April 1958 about reports that a plane with RAAF markings was used to ferry arms to the PRRI, is said to have replied: 'Nonsense. Its markings had been painted over'.) Because of the rebellion, ambitious plans to establish an Australian medical faculty in an Indonesian university were abandoned and never again resumed.

⁶³ Australia's relations with Indonesia during *Konfrontasi* have received very

little attention from scholars, apart from a 1977 MA thesis at Monash by John Morris and Catley and Dugis, 1998. The DFAT volume of official documents on those years, edited by Moreen Dee provides a comprehensive background on official thinking.

⁶⁴ JAC Mackie, *Konfrontasi: the Indonesia-Malaysia dispute 1963-1966*. For the most substantial Indonesian interpretation of this episode that stresses the role of the Soviet Union in the shaping of Indonesian foreign policy at that time, see Soedjati Djiwandono, *Konfrontasi revisited: Indonesia's foreign policy under Soekarno*. Jakarta, CSIS, 1983.

⁶⁵ For the international politics of the Bandung Conference, see Jamie Mackie, *Bandung 1955: non-alignment and Afro-Asian solidarity*, 2005; and Roeslan Abdulgani, *The Bandung connection: the Asia-Africa Conference in Bandung in 1955*, 1981. Australia was not invited to the conference, having indicated prior disdain for it, although two unofficial observers, John Burton and Professor C P Fitzgerald, were present (and made welcome by Nehru in the hope of full participation on future occasions).

⁶⁶ Good accounts of Indonesian domestic politics in the early 1960s were written by Herbert Feith, *The politics of guided democracy in Indonesia*, 1963; and President Sukarno, the army and the PKI: the triangle changes shape, 1964.

⁶⁷ The chapter entitled The coup, in Harold Crouch, *The army and politics in Indonesia*, is still the most balanced and judicious Australian account of the murky politics behind it all; it is almost matched by Elson's fine chapter 5, in his *Suharto: a biography*. The Cornell Paper compiled by Benedict Anderson and Ruth McVey, *A preliminary analysis of the October 1, 1965 coup in Indonesia*, 1971 is a controversial account and has its analytical problems. However, it provided an amazingly well informed and vivid early analysis of that event. A new account by John Roosa, *Prelude to murder*, 2006, provides an interesting new slant on the entire affair, based on later testimonies.

⁶⁸ Benedict Anderson and Ruth McVey, *A preliminary analysis of the 30 September coup attempt in Indonesia*. 1971.

⁶⁹ Harold Crouch, *The army and politics in Indonesia*, chapters 6-7; and R.E. Elson, *Suharto: a political biography*, chapter 5.

⁷⁰ J Roosa, *Prelude to mass murder: the September 30th movement and Suharto's coup d'etat in Indonesia*. 2006.

- ⁷¹ No comprehensive account of Australia's dealings with the Suharto regime in its early years has been written, except that of Catley and Dugis. Some sidelights can be found in the various writings of H W Arndt, always strongly pro-Suharto, and the well informed, balanced story in *Suharto's Indonesia* by Hamish McDonald.
- ⁷² On the complex economic and political background to the creation of IGGI (made especially difficult by the debts inherited by the Suharto government from Sukarno's extravagances and the refusal of Moscow to agree to debt relief), see Survey of recent developments. *Bulletin of Indonesian Economic Studies*, No. 9. Feb. 1968. It is worth noting that the US was initially lukewarm about the case for an IGGI; it was mainly Australia, Japan and the Netherlands which took the initiative in bringing it about.
- ⁷³ The radical critique of the New Order which developed strongly in Australia in the early 1970s as a house of cards that would soon collapse was most persuasively expressed in *Showcase state: the illusion of Indonesia's accelerated modernization*. Rex Mortimer (ed.), 1973. While that criticism persisted into the 1980s, it soon lost credibility as the Suharto regime's record of economic growth proved clearly undeniable after 1980.
- ⁷⁴ The DFAT volume of official documents on *Australia and the incorporation of Portuguese Timor*. Wendy Way (ed.), 2000 provides the most comprehensive account of Australian government policy throughout that tortuous episode. Apart from the accounts given by Hamish McDonald in *Suharto's Indonesia*; and by Richard Woolcott, then Australian Ambassador in Jakarta, in *The hot seat*, a valiant defence of the Whitlam government's (and his own) policy, and Mackie and Ley (1998) on the Indonesian side of the story, most Australian versions give a strongly pro-Fretilin, anti-Indonesian angle (see Dunn 2002). While Whitlam's stand on the East Timor issue has been widely criticised for being too inclined to allow (or encourage) it to pass under Indonesian control, it is worth recalling that Suharto's assurance to him that he would not use force to acquire the colony was probably the utmost constraint we could exercise. The Opposition Shadow Minister for Foreign Affairs, Andrew Peacock, took essentially the same line as Whitlam prior to the Indonesian invasion; see the report on his meeting in Bali with CSIS leaders in September 1975 in DFAT, 2000. p 358. Even as late as 1995, a relatively quiet time on that front, Colin Brown observed that the

- East Timor problem 'remains the most important issue ever between us' Brown, 1996. p 2.
- ⁷⁵ On the Balibo killings and the Indonesian invasion and annexation of East Timor in late 1975, Hamish McDonald's account in *Suharto's Indonesia*, pp 189-215; and Ball and MacDonald 2005 are the most informative; David Jenkins' account of the actual assault on Dili on 7 December, Day of fear and fury. *The Sydney Morning Herald*, 2 December 1995, provides a lot of local colour.
- ⁷⁶ The Fraser government initially went so far as to oppose Indonesia's invasion of East Timor in two UN resolutions in December-January calling for the withdrawal of Indonesian troops from East Timor, although without any practical effect. It soon had little choice but to accept Indonesia's takeover as politically irreversible.
- ⁷⁷ As a result of the Jenkins article, access to Indonesian officials by the Australian media was sharply restricted, an official visit by a senior minister, B J Habibie, was cancelled and defence cooperation sharply curtailed. Jenkins was denied a visa to Indonesia until 1993. For further details see the special issue of *Australian Outlook*, December 1986 on the impact on the relationship: interesting Indonesian comments concerning this can be found in *Australia di mata Indonesia*, Part 4.
- ⁷⁸ The Dibb report had an 'immediate positive effect on bilateral relations' with Jakarta, according to Walters (1997, pp 166-7), not only by stressing Indonesia's importance to Australia's strategic thinking about Southeast Asia but also, as Kim Beazley put it, in reaffirming the 'first lesson of the fall of Singapore in 1942 — that Australia cannot be secure in an insecure region'.
- ⁷⁹ On the Timor Gap Treaty, see Tsamenyi and Bateman, Good neighbours at sea? in Brown (ed.), 1996. The treaty drew criticism from many Timorese and their Australian supporters (and from Portugal, which challenged it in the International Court of Justice), while public relations photographs of Evans and Alatas toasting the signature of the Treaty in champagne on an aircraft high above the Timor Sea were to haunt Evans for years to come. The timing of that gesture was unlucky for Evans, as East Timorese hopes of mobilising world opinion against Indonesian rule were greatly strengthened by a visit to Dili by the Pope and other foreign dignitaries soon after, which stirred up protests that culminated in the Santa Cruz massacre of 12 November 1991, causing great embarrassment to the Labor government, and Evans.

- ⁸⁰ Walters, *Australia and Indonesia*, 1997. pp 272-3.
- ⁸¹ Indonesia's economic boom in the early 1990s was due to a surge in foreign capital inflow in conjunction with the economic stimulus of deregulation over the previous decade. FDI rose dramatically to \$US40 billion in 1995, an increase of 40% over the previous year and far above pre-1990 levels. Australian investment also increased sharply, mainly in mining and the services sector, although the total was only \$A3billion by 1996. Australian exports to Indonesia rose sharply for the first time, notably of 'elaborately transformed' industrial goods, reaching \$A28 billion in 1995-6, while Indonesian exports to Australia also rose although at lower levels: see Walters, 1997. pp 170-2; and, more generally, Hill, *The Indonesian economy since 1966*; and Prawiro, *Indonesia's struggle for economic development*. Indonesia was reaching GDP growth rates of 5-6% p.a. in 1994-95 and 7% in 1996. If the financial crisis of 1997-8 had not intervened to derail that momentum of growth, it was expected that the country would experience a quadrupling of GDP over the next quarter century. Alas, it was not to be.
- ⁸² Howard ranked our relationship with Indonesia as not the most important of our foreign relations, as Keating had described it, but merely as one of our four most important, along with the US, Japan and China. A series of decisions such as reduction of the AII budget, reduced funding for Asian languages, abandonment of the export insurance scheme, DIFF, and a lukewarm response to the 1997-8 financial crisis in Indonesia amounted cumulatively to a distinct turning away from Keating's approach to Indonesia.
- ⁸³ An informative account of the Southeast Asian financial crisis and the reasons for its heavy impact on Indonesia is given in Arndt and Hill, (eds) *Southeast Asia's economic crisis*, 1999. Australia made a financial contribution to the IMF's modest stabilisation effort at that time, but otherwise gave little specific help to Indonesia.
- ⁸⁴ Fuller accounts of the fall of Suharto can be found in Aspinall, *Opposing Suharto*, ch. 7-8; Geoffrey Forrester and R J May, (eds) *The fall of Soeharto*, 1998 (which includes Forrester's graphic A Jakarta diary, May 1998) and O'Rourke, *Reformasi: the struggle for power in post-Soeharto Indonesia*, 2002; the best Indonesian account is by Abdul Gafur, *Hari-hari terakhir seorang presiden*, 2000.
- ⁸⁵ M C Ricklefs, *Australia and Indonesia*, in Manne, (ed.) 2004. p 271.

- ⁸⁶ On 'the Bali process', see Michael Wesley, Building on Bali. *The Diplomat*, Feb-March 2006. pp 26-28 and *The Howard paradox*. pp 192-200.
- ⁸⁷ The fullest account of major changes that occurred in the early years of *demokrasi dan reformasi* is given in O'Rourke, *Reformasi*. Good short assessments can be found in the ANU's annual *Indonesia Assessment* volumes between 1999 and 2005.
- ⁸⁸ The attempts made by Habibie and Ali Alatas, his foreign minister, to negotiate some sort of compromise settlement in East Timor with various unofficial Timorese groups in the second half of 1998, to which Howard thought he was making a useful contribution with his letter of 19 December to Habibie, are described in some detail in Ali Alatas, *A pebble in the shoe*. 2006.
- ⁸⁹ Gus Dur had often visited this country, knew many Australians and was better acquainted with our political system than any previous Indonesian president.
- ⁹⁰ On the erratic history of his presidency, see Barton, *Abdurrahman Wahid: an authorised biography*.
- ⁹¹ M C Ricklefs, *Australia and Indonesia*, 2004. p 286. He notes that the damage done to Australia's relations with Indonesia by the Tampa incident in August-September 2001 is not widely recognised in Australia. 'Howard lectured Indonesia publicly on the need for it to readmit the Tampa asylum-seekers'. It may have been willing to do so if asked quietly and respectfully, argues Ricklefs, since Indonesia's problems with asylum seekers and policy towards them were much the same as that of Australia. But 'Howard's manner was peremptory and insulting' and he was seen as having simply torn up the joint communiqué. His later references to a right of 'preemptive strikes' against terrorist hide outs in neighbouring countries simply aggravated the offence.
- ⁹² It is not widely realised in Australia how deep was the breach that developed between the two countries over our acceptance of the asylum seekers in 2006 — largely, it is said, because SBY was offended that Howard simply ignored his personal assurance that if they were returned to Indonesia they would not be punished for their actions. In addition to the recall of the Indonesian ambassador to Australia, an unprecedented rebuff, virtually all official relations with Australian agencies were put on hold for several months, with SBY simply refusing to accept telephone calls from Howard

himself. Not until their meeting on Batam Island at the end of June did a significant thaw start to occur.

⁹³ *The Voices of Islam in Southeast Asia* Greg Fealy & Virginia Hooker, (eds) Singapore, ISEAS, 2006. p 14. This is an excellent source of original Muslim ‘voices’ as well as detailed information on the local background, institutions and Islamic political parties. It is worth adding here that the Arabic word ‘Islam’ means or implies ‘submission’ (to the will of Allah) and its cardinal tenet, the basis of its monotheism, is the statement of belief (*shahadat*), usually translated as ‘There is no God but God and Muhammad is his Prophet’. Two other features of Islam that should be remembered are that there are no priests (although local *ulama* and *kiyai* exercise quasi priestly authority) or long established ecclesiastical hierarchy in Islam; all believers can consider themselves equal in the sight of Allah. And the legalistic character of the religion, in conjunction with that relatively egalitarian aspect, made it very different from the older, more mystical Indonesian traditions that it displaced.

⁹⁴ In 1945 Sukarno rejected calls from Muslim leaders to define Indonesia as an Islamic state since he foresaw that this would alienate various non-Muslim ethnic groups who would then be more inclined to side with the Dutch in the struggle for independence ahead. He therefore put forward the idea of the *Panca Sila* (Five Principles) as the philosophy of the new state, the first of which was a belief in *Tuhan yang Maha Esa* (usually translated simply as ‘Belief in One God’), which was later incorporated in the Preamble to the 1945 Constitution. Both Sukarno and Suharto put great stress on the *Panca Sila* although with differing interpretations — and not constantly or consistently.

⁹⁵ *Nahdlatul Ulama* (‘Revival of the Religious Scholars’) was founded in 1926 as an organisation concerned primarily at that time to resist the growing influence of the modernist *Muhammadiyah*, based mainly in urban centres and among the newly emerging educated classes. After 1945, the newly created *Masyumi* emerged as an all embracing Muslim organisation and political party; but the NU withdrew in 1952, prior to the forthcoming general elections and has been the predominant Muslim party ever since, with representatives in almost every government. After the *Masyumi* was banned by President Sukarno in 1960, the *Muhammadiyah*, which was

primarily an educational and social welfare organisation, not a political party, came to be the main voice of the former *Masyumi* constituency. See *Voices of Islam*. pp 208-240 and Feith, Decline of constitutional democracy. pp 134-8, 233-7.

⁹⁶ Bubalo and Fealy, *Joining the caravan*. p 55.

⁹⁷ This section is derived, with minor modifications for the sake of brevity, from the excellent set of definitions provided in *Voices of Islam in Southeast Asia: a contemporary sourcebook* Greg Fealy and Virginia Hooker (eds), ISEAS, 2006. pp 4-5.

⁹⁸ In a *pesanteren* the education is more advanced and more strongly Islamic than in the elementary *madrasah* where the syllabus is usually simpler and broader. IAIN (Institut Islam Indonesia Negeri, Indonesian National Islamic Institutes) are tertiary level religious institutes which are a New Order phenomenon, with usually at least one or two in each province.

⁹⁹ On the ‘war of ideas’, see the extract from Prayitno in *Voices of Islam*. pp 438-9.

¹⁰⁰ The term ‘santri-isation’ of the Muslim *ummat* in Indonesia has been under way for several decades now; see Azyumardi Azra’s explanation of the processes involved in *Voices of Islam*.

¹⁰¹ Fuller information on Saudi educational and missionising activity in Indonesia is given in Bubalo and Fealy, *Caravan*. pp 54-62 and 104-6.

¹⁰² Julia Howell, Sufism and the Islamic revival. *Journal of Asian Studies*, Vol. 60 No. 3 August 2001. pp 702-729.

¹⁰³ See the reports by Sidney Jones on the Ngruki network as the core of JI and its origins among members of families involved deeply in the Darul Islam rebellion in West Java from 1948-1962, in ICG, *Al-Qaeda in South East Asia: the case of the Ngruki network*. Indonesia Briefing, No. 20 August 2002 and other ICG reports listed in the bibliography, especially *Recycling militants in Indonesia: Darul Islam and the Australian Embassy bombing*, Asia Report, No. 92 Feb. 2005.

¹⁰⁴ ICG, *Jemaah Islamiyah in South East Asia: damaged but still dangerous*. Asia Report, No. 63 August 2003.

¹⁰⁵ The five avowedly Muslim parties in the 2004 parliamentary election won 31% of the vote (and PAN, formally non-denominational but based largely on Amien Rais’ *Muhammadiyah* following, 6.4%), in total roughly the same

- as in 1999 and less than the 1955 total: for details, see Aspinall, 2005. p 15.
- ¹⁰⁶ The PKS (*Partai Keshjahteraan* Social, Social Justice Party, formerly the Justice Party, PK) originated mainly among students and graduates with a strong Islamic orientation from the technical faculties in some of Indonesia's leading universities. It is rather puritanical in its stress on *Salafist* thought in accordance with Islamic rules of personal behaviour, its condemnations of corruption and strict discipline applied to its own members, along with an admirable record of providing help for the poor and for victims of major disasters like the Aceh tsunami (where its members were among the first on the spot with emergency aid). Its vote in national elections rose from ca 2% in 1999 to ca 7% in 2004, but it has had less success in subsequent regional elections and its reputation has suffered from some of the electoral alliances it has made with more dubious parties. For a good account see Collins, *Dakwah and demokrasi*; and Fealy, *Asian Survey*. 2005/6.
- ¹⁰⁷ On JIL, see *Voices of Islam*. pp 402-10, Fealy, A conservative backlash. *Inside Indonesia*, July 2006 and R W Liddle, Islamic liberalism: cause or consequence of the conservative backlash? *Inside Indonesia*, No. 89 April-June 2007. p 37.
- ¹⁰⁸ Ehsan Masood, Islam's reformers. *Prospect*, July 2006. pp 20-26.
- ¹⁰⁹ Malise Ruthven, *Islam in the World*. 3rd ed. 2005. pp 424-6.
- ¹¹⁰ Bernard Lewis, *What went wrong? Western impact and Middle Eastern response*, 2002. p 177.
- ¹¹¹ *Voices of Islam in Southeast Asia: a contemporary sourcebook*. pp 373-387.
- ¹¹² Bubalo and Fealy, *Caravan*. pp. 98-100, remark that there is a tendency in Australia to see the terrorism threat as 'largely a function of the spread of a global ideology ... While the transmission of Islamist and neo-fundamentalist ideas is part of the problem, it is by no means a defining characteristic ... it is not a seed that al-Qaeda planted'.
- ¹¹³ Fealy and Borgu, *Local jihad: radical Islam and terrorism in Indonesia*. pp 82-3.
- ¹¹⁴ Indonesia is already building a nuclear facility near Mt Muria, northeast of Semarang. Plans for further nuclear developments were announced by the Minister for Energy in early 2007 in view of an expected decline in oil reserves soon; but the cost implications of this have aroused some adverse reactions. A useful account of Indonesia's plans for nuclear developments is given by Tom McCawley, Indonesia looks to nuclear future, *Asia Times Online*, 14 May 2007.
- ¹¹⁵ Rising sea levels caused by climate change may have a disastrous impact along the low-lying north coast of Java and on many other islands of the archipelago, although without affecting such large numbers of people as in Java. The impact would not be remotely as serious as in Bangladesh. The movement of population in Java would be very large but probably contained within Java in the form of a shift to the towns where jobs in manufacturing industry have been increasing.
- ¹¹⁶ For very relevant surveys of the current state and future prospects of the regional international order, see Donald Weatherbee, Southeast Asia in 2006: déjà vu all over again, in *Southeast Asian affairs*, 2007; Muthiah Alagappa, *Asia's security order: instrumental and normative features*. Stanford University Press, 2003; and for the broader global context Owen Harries, *Benign or imperial? Reflections on American hegemony*. 2004; Coral Bell, *A world out of balance*. 2003; and Peter Edwards, *Permanent friends? Historical reflections on the Australia-America alliance*. 2005.
- ¹¹⁷ For succinct surveys of political developments between 1998 and 2003 and the declining role of the TNI, see Edward Aspinall, Indonesia's year of elections and the end of the political transition in Resosudarmo, (ed.) 2005; and Marcus Mietzner, Business as usual? The Indonesian armed forces and local politics in the post-Suharto era, in Aspinall and Fealy, (eds) 2003.
- ¹¹⁸ Only about 350-380 million of the world's 1.2 to 1.5 billion Muslims currently live in the Middle East, 'a sizeable minority, but a minority nevertheless', see Bubalo and Fealy, 2006. p 5.
- ¹¹⁹ Agriculture's share of Indonesia's GDP more than halved between 1966 and 1992, while industry increased from about 10% to 30%. The survey of structural changes in Hal Hill, *The Indonesian economy since 1966*. pp 18-24 provides an illuminating assessment of those changes.
- ¹²⁰ The most dramatic productivity gains achieved in the New Order years occurred in rice agriculture where yields rose from about 2 tonnes per hectare to over 6 tonnes, raising farmers' incomes sharply. Textile manufacturers also experienced a dramatic but not easily measured lift in productivity levels, as did many other manufacturing industries. At the other end of the spectrum, the elimination of large numbers of highly time-consuming, low-productivity jobs as people moved from them into slightly better paid ones must have made a significant contribution to total factor productivity by the

1990s. Indonesia was by then a far more efficient, well integrated economy than it had been in the 1960s.

¹²¹ United Nations, *World population prospects*. This source cites figures from the Indonesian Statistical Bureau annual reports. I am indebted to Professor Terence Hull from the Demography & Sociology Program at the ANU for his assistance on the reliability of these estimates.

¹²² *Inpres* programs (*Instruksi Presiden*) were introduced in the 1970s as oil revenues began to enhance the government's capacity to channel increasing sums into the improvement of village infrastructure (roads and bridges etc), health facilities and primary schools at the village and *kecamatan* level. They had the effect of creating significant off-farm employment there and perceptibly increasing purchasing power at the lower levels of rural society, especially in Java, especially the *Inpres Sekolah*.

¹²³ Among the various social changes resulting from the significant economic changes of recent decades have been the decline in the traditional authority of the old *priyayi* élites in regional centres of Java, the rise of the more meritocratic members of regional and national élites, the emergence of a new moneyed class, a reversal in the former drift of the leading members of outer island provincial élites to Jakarta where power, funds and opportunities were previously most highly concentrated and a greatly increased outflow of well trained Muslim graduates from the IAINs.

¹²⁴ The prevalence of old colonial era attitudes that 'the white man knows best' and that 'the natives' still have to learn from foreigners how to cope with the modern world persisted for several decades after 1945, on both sides to some degree, and among many Australians although not all, fortunately. They have diminished greatly since the economic development under Suharto gathered momentum and the success of the 'Asian Tigers' has begun to tilt the balance the other way in some respects.

¹²⁵ For earlier views on national integration and the over-centralisation brought about by Suharto, see Mackie, Integrating and centrifugal forces in Indonesian politics since 1954 in *Indonesia: Australian perspectives*. J J Fox, R G Garnaut, P T McCawley and J A C Mackie (eds), Canberra, ANU Research School of Pacific Studies, 1980; a later study by Christine Drake, *National integration in Indonesia: patterns and policies*. Honolulu, University of Hawaii Press, provides copious statistics on some aspects of the problem but is weak on the political side.

¹²⁶ Instead of decentralising greater power over specific fields of administration and sufficient financial resources to exercise it to the 25 or so provinces, which would have been the logical places to transfer it to, the government by-passed them in the decentralisation legislation of 1999-2000 and decentralised it to more than 300 Level II units of administration (*kabupaten and kotamadya*) which are inevitably too weak to defy the authority of Jakarta. There were fears that some of the provinces might be strong enough to do so, as in the 1950s. A comprehensive survey of how the *desentralisasi* reforms are working out in practice is given in Aspinall and Fealy, (eds) *Local power and politics in Indonesia: democratisation and decentralization*. Singapore, ISEAS, Indonesia Update Series, 2003.

¹²⁷ Foreign direct investment in Indonesia fell catastrophically after the 1997-8 crisis (except in mining where it has continued) from about \$US40 billion in 1995 to below \$15 billion from 1998 to 2003. Since 1997-8 the massive flows of international capital into China have made a return to the buoyant investment conditions of the early 1990s almost prohibitively difficult for Indonesia (and other ASEAN countries): Kelly Bird, Recent trends in foreign direct investment, in *Business in Indonesia: new challenges, old problems*. Chatib Basri and Pierre van der Eng (eds), Singapore ISEAS, Indonesia Update Series, 2004. pp 93-107.

¹²⁸ It is worth remembering that in the 1960s almost no one foresaw the dramatic growth of Taiwan's economy or that of South Korea in the 1970s, or of the other 'Asian Tigers' soon after them — nor, later, the stagnation Japan experienced in the 1990s. Some former colonies in Africa were expected in the 1960s to have a very promising future! I am indebted to Ann Booth, one of the leading economists working on Indonesia and its neighbours, for this warning about the perils of prediction.

¹²⁹ On local 'money politics' an informative account is given by Vedi Hadiz, *Power and politics in North Sumatra: the uncompleted revolution*. 2003; 'those with money and those capable of deploying an apparatus of violence have done best within the new democratic institutions ... [which have been] captured by coalitions of social power and interests' that were earlier nurtured by the New Order's 'vast networks of patronage'.

¹³⁰ Personal communication, Soedjatmoko, 1975.

¹³¹ Personal communication, Graeme Dobell, March 2005, to whom I am

- indebted for much helpful advice in thinking about this topic.
- ¹³² Indonesia is a multi ethnic nation of very different character from Australia; in spite of periodic frictions and even violent clashes at times it has managed to handle most of the problems arising from this quite commendably, with exceptions that are usually *sui generis*. Racial conflict is not endemic, as many Australians are inclined to believe, any more than racism is as deeply entrenched in Australia as many Indonesians believe.
- ¹³³ Scott Dawson, Australia Indonesia partnership for reconstruction and development, in Monfries (ed.), 2006. The \$A 1 billion donated under the AIPRD will supplement existing AusAID programs involving development expenditures of \$A270 million in 2004-5, meaning that total Australian aid to Indonesia over the next five years will reach roughly \$A2 billion.
- ¹³⁴ Wesley, Hostage to public perceptions. *The Australian*, 18 July 2006.
- ¹³⁵ Reeve, Strange, suspicious packages, in Monfries (ed.), 2006. p 69.
- ¹³⁶ Ibid. p 78, citing a 2005 ASPI poll used by Ian McAllister, Representative views: mass and élite opinion on Australian security.
- ¹³⁷ Cook, Ivan. Lowy Poll 2006: *Australia, Indonesia and the world: public opinion and foreign policy*. The Lowy Institute Poll. Sydney, Lowy Institute for International Policy, 2006.
- ¹³⁸ Reeve, pp 79-80
- ¹³⁹ Dewi Anggraeni, The pain of disrespect. *The Griffith Review*, Looking North, Spring 2005.
- ¹⁴⁰ A useful but now outdated treatment of this subject was *Australia di mata Indonesia* Kitley, Chauvel, and Reeve (eds), Jakarta, Gramedia, 1989. A more contemporary study of the same kind (in English) would be most illuminating.
- ¹⁴¹ The benefits resulting from the experiences of Indonesian students who have spent some time here are not insignificant but we should not exaggerate them. AUSAID has long been giving scholarships to thousands of Indonesians to study in Australia, with all sorts of valuable spin-offs for both countries, yet little data is available in either country so far about the outcomes: for example, the outstanding careers of Menko Professor Boediono, Professor Masri Singarimbun, Marty Natalegawa, Dr Chatib Basri, Dr Dewi Fortuna Anwar, Dr Azra Azyumardi. The failure of the Australian authorities to create the sort of Australian alumni association

- that the French and Americans have built up very successfully is a scandalous waste of an important opportunity.
- ¹⁴² Funding for the AII was initially \$A1 million per annum but a series of cuts since 1996-7 reduced it to only \$A 780,000 by 2003-4, and in real terms much less.
- ¹⁴³ The numbers studying Bahasa Indonesia in Australian universities fell by 20 % between 2001-5 to below 5000, at all levels. In our schools less than 1 % of all year 12 students take Bahasa Indonesia, only 1900 throughout Australia. (More than twice as many take Chinese and Japanese.) And many of these were Indonesian born and will probably return home eventually: hence they will not augment our national pool of Indonesian language speakers. The scrapping of the National Asian Languages and Studies in Australian Schools program in 2002 not only cut funding disastrously but undercut a scheme deliberately devised to create a future generation of Asian language specialists and teachers who are already in short supply in various crucial government agencies and business firms. Yet, for the cost of one Abrams tank we could fund that program for five years, according to Director of the ANU College of Asia and the Pacific, Robin Jeffrey in *The Australian*, 8 June 2007. A nationwide survey of Asian language teaching in 2003 by the Asian Studies Association of Australia provides a comprehensive picture of the alarming decline in courses and student numbers in Bahasa Indonesia.
- ¹⁴⁴ Watson, *Confessions of a bleeding heart: a portrait of Paul Keating, PM*. 2002. p 680.
- ¹⁴⁵ Speaking on 'Australia's role in Asia' to an Asia Society dinner a few days after the October 2002 Bali bombing, Peter Costello said 'We must be careful that it does not lead to a withdrawal of Australian engagement with Indonesia. We must not withdraw. We must increase our engagement'.

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