



Submission No 91

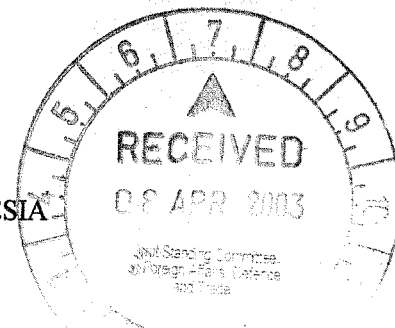
Inquiry into Australia's Relations with Indonesia

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BUILDING AUSTRALIA'S RELATIONS WITH INDONESIA

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Australia's relations with Indonesia have been unusually volatile, strained and unpredictable since the fall of President Suharto in May 1998. They could become even more so in the near future because of our role in the Iraq war. How damaging that volatility might be is currently hard to foretell.

It is possible that extremist Muslim groups and/or some of the more populist politicians in Indonesia's parliament will try to push President Megawati's government towards an anti-American or anti-Australian stance for reasons of local politics. There may even be demands to suspend or break diplomatic relations with us, although they will probably not be strong enough to force the government to that point. But because of the exceptional uncertainties of domestic politics in Indonesia just now, in the run-up to the 2004 elections, the prospects of any major short-term improvement in the official relationship between us look poor, except through a continuation of the Bali bombing investigations.

Hence it is probably most sensible to look more towards the longer-term future of the bilateral relationship. I will focus here rather baldly on just eight points relevant to that.

1 WINNING THE WAR ON TERRORISM

The 'war on terrorism' must now be regarded as a critical factor for Australians to focus on in our current relations with Indonesia (and the countries beyond) – and it is likely to remain so well into the future. It should also be a much higher priority foreign policy consideration overall, in my view, than our participation in the war in Iraq. There are substantial positives to build on in our relations with Indonesia resulting from the war on terrorism, but some highly adverse negatives over Iraq. The Bali bombings last October showed clearly that Australia shares a major interest with Indonesia in tracking down and curbing the spread of al-Qaeda networks into Southeast Asia. No such compelling foreign policy issue has ever brought our two countries as closely together as this.

The extremely successful collaboration of the AFP and other Australian intelligence agencies with their Indonesian counterparts in unravelling the links between the Bali bomb terrorists and their Jema'ah Islamiyah or al-Qaeda backers reveals how much we can achieve together in confronting a common problem. It has put substantial 'ballast' into the relationship between us in a way we have never previously known. We need to build further on that success, not smother any possibility of continuing in that direction by arousing Muslim antagonism towards us by our actions elsewhere.

Australia alone can do little to curb the spread of al-Qaeda and other extremist Muslim groups in Southeast Asia if we cannot rely upon the cooperation of the Indonesian and other regional authorities. Only they can prevent the spread of terrorist groups and doctrines there, not outsiders. For Australia to do anything that might push Indonesia's government, under Megawati or any successor, towards viewing us as an enemy rather than a friend in the war against terrorism would be disastrous folly.

2 AVERTING A 'CLASH OF CIVILISATIONS' SCENARIO IN SOUTHEAST ASIA

The worst-case security scenario Australia could face in the years ahead, affecting our relations with the entire Asian region, not just with Indonesia, would be the kind of split between the Muslim world and the West that Samuel Huntington has depicted as a 'clash of civilisations'. Australia has a more profound national interest than any other country in ensuring that nothing like that should eventuate -

and above all that the 'war on terrorism' should not have the effect of pushing the world further in that direction - because of our location next to the country with the largest Muslim population in the world.

Moreover, we must at all costs succeed in convincing our Asian neighbours that we are still making progress towards reconciling our geography and our (post-1788) history as an outpost of European civilisation located just off the fringes of Southeast Asia. Australia was making impressive progress after 1945 towards resolving that quandary, especially by becoming a more inclusive, multiracial and multicultural society, until the shift in our policy orientations towards the US and Europe after 1996, which has led to serious doubt in many parts of Asia that we have the will and staying power to continue down that track.

3 ISLAM IN INDONESIA: HOW TO ENGAGE WITH IT BETTER?

Islam has not loomed large as a factor affecting the course of the bilateral relationship between us hitherto, but there are real dangers that it could do so in very troublesome ways in the future. We must do whatever we can to prevent that. Indonesia has been relatively easy to deal with as a Panca Sila state in which 'political Islam' was marginalised under both Sukarno and Suharto. But that may no longer be the case, especially if overtly Islamic parties do well in the 2004 elections, or a Pan-Islamic response to the Iraq war generates a sharp swing in public opinion towards more militant Islamic politics there. The doctrine of Panca Sila no longer carries the same weight of authority as it did under Sukarno and Suharto, whereas Islam has gained ground in recent decades.

Opinions differ among analysts on the question of whether the essentially 'moderate', accommodating character of Islam in Indonesia has been overestimated in the past and the growth of frustrated, angry, extremist or 'fundamentalist' elements unduly disregarded. That has not been the case, in my view. The foundations of Islamic belief dominant in Java and Sumatra differ significantly from the harsher forms of Wahhabi puritanism found in other countries, while radical extremists have been few and not very influential prior to the recent spread of al-Qaeda networks.

But we need much deeper and broader understanding of these matters in Australia and more dialogue on them between Indonesian Muslims and Australians of all faiths, in place of the wide gulf of ignorance that exists now. How Australia should best go about achieving such understanding is too complex an issue to take up here. Yet it is clear that we should be cautious about excessive suspicions of Islam as an irremediably hostile faith, about overstating the extent of 'fundamentalist' or 'fanatical' adherence to Islam there, and, conversely, any simplistic assumption that 'Islamic moderates' can easily be won over towards our side in the war of terrorism (or on any other issues arising between us), by offering, for example, educational aid or money to win friends there to our side. If we are thinking about any such policies, there is a strong case for considering an even-handed approach towards both moderates and radicals, not just siding with one camp against the other in a way that might compromise the standing of the moderates.

4 CAN THE CULTURAL DIFFERENCES BETWEEN US BE BRIDGED?

Problems are bound to keep arising between Australia and Indonesia over various matters where differences of values and cultural traditions are unavoidable, such as our approaches to human rights, legal and property rights and the role of the military in political life. The extent of cooperation between Australian military forces and Indonesia's brings such issues to the fore, but the strong arguments on both sides cannot be dealt with adequately in this brief paper. The scope for reforming Indonesia's judicial system or eliminating corrupt practices in business-government relations is another such and needs much fuller treatment. It will probably take many years before the reformists in Indonesia will be able to achieve significant change. We in Australia will just have to be patient

about that, while trying to provide what technical assistance or advice we can where it might be useful.

Some bridges may be built and a degree of convergence may eventually occur between our Australian ideas of democratic forms of government and theirs, or about rule-based systems of justice, human rights or judicial practice, but the issues mentioned above are bound to persist. On the other hand, the same could be said about Japan or Singapore, which we do not see as especially problematic, and China, in particular. Yet how much convergence are we looking for there?

Meanwhile, it is very much in our interests to ensure that many more Indonesians should learn to recognize and value the fact that Australia is a politically diverse place (as some do already), that dissent is tolerated here to a high degree and that the views of our governments are not automatically supported by all or even most Australians. Bridge-building is thereby made a two-way process.

5 WHAT SOLUTIONS TO THE PAPUA PROBLEM?

Apart from policy differences between Indonesia and Australia over Iraq and the terrorism problem, which bring religion into the picture in a quite central way, the issue most likely to create major difficulties between us over the next few years is the future status of Papua (formerly West Irian), which also has a religious dimension. Church and human rights groups have been vigorous in protesting about episodes of brutality there and disseminating the evidence of it to the outside world, thereby arousing hostility in Muslim circles in Indonesia who challenge the right of Christian churches to be there at all. It is widely suspected that Australians secretly aim to detach Papua from Indonesia.

It is hard to imagine what sort of solution might ever be found to the problem of fuller autonomy for Papua. The Indonesian government is most unlikely to lean as far towards conceding a right of secession there as it did in East Timor – or even as far as it is leaning towards regional autonomy in Aceh – partly because of the rich natural resources of the island, partly because the issues touch on very sensitive nerves of national pride.

One of the most worrying aspects of the whole situation is that the hard-line tactics of the military over recent years have made it almost impossible for the moderate, cooperating elements among the Papuan educated class to retain much political credibility. They are being left little choice but to identify with the Indonesian authorities or go over to the hard-line advocates of a drawn-out struggle for independence. Unless some intermediate option is left to them, a dangerous polarisation of Papuan opinion and loyalties seems inevitable.

If conflict intensifies in Papua, the Australian government will find itself in an extremely difficult predicament, torn between demands from churches and NGOs here to 'do something' to defend the human rights of the Papuans and the need to allay Indonesian suspicions that we are secretly working towards the dismemberment of the country. It will take a lot more than the odd chat between our PM and President Megawati to reassure her and the rest of the Indonesian people on that score. But what other options do we have? To give overt support to the case for West Papuan separatism – or even what Indonesians see as covert backing – would arouse such antagonism in Indonesia as to put the entire bilateral relationship at risk. Can we allow the tail to wag the dog here, as over East Timor?

Calls for a reconsideration of the 1962 New York Agreement by which West Irian (now Papua) was transferred from Dutch to Indonesian hands – and in particular the 1969 Act of Choice confirming it – have been heard increasingly in recent years. It is unlikely, however, that pressure for an international enquiry into those events will succeed in forcing Jakarta to allow Papua to secede, as occurred in East Timor. Yet it could create acutely difficult problems for Australia if an enquiry occurs, because of our role in the events of 1962-3 and 1969. It is almost sure to mean that the issue will not just fade away in

the minds of politically active Papuans – or their supporters in church groups, NGOs and large segments of the press in Australia, and elsewhere.

6 THE DECENTRALISATION PROCESS; INTERNATIONAL IMPLICATIONS

Implementation of the decentralisation process legislated in 1999 is another matter of great importance on which it is essential for Australian policy-makers and the general public to be as accurately informed as possible if we are to handle our relations with Indonesia successfully - quite apart from its bearing on such troublesome issues as Papua and Aceh - for two reasons.

First, it is intimately bound up with the politically sensitive issue of whether Indonesia should be a unitary state or a federal system (or some kind of hybrid). The gratuitous comments often made by Australian commentators that Indonesia would be better off with our kind of federal system arouse irritation and suspicion there that we have separatist aims and motives, largely because of the simplistic or ethnocentric ways in which the issues are often expressed. It is undeniable that Indonesia developed a highly overcentralised system of regional government under Suharto, and that a far greater degree of decentralisation of powers and financial resources is long overdue. The difficult question is: how far to go? – along what lines? - and how to strike an appropriate balance between central authority and regional autonomy? Only through trial and error will solutions be worked out (gradually). The 1999 solution was in many ways not ideal, but for the moment it's what they (and we) will just have to live with.

The second point to mention here is that the decentralisation process deserves our support because it is currently being implemented in nearly all parts of the country, with some beneficial results, without the disastrous effects that had initially been predicted. It is an intrinsic part of the welcome drive towards *reformasi & demokrasi* that gained momentum after Suharto's fall. And it is likely to make Indonesia a very different kind of country in a decade or two, possibly a more democratic one, more responsive to local opinions, local wishes and local pressure groups than the over-concentrated, authoritarian New Order power structure was under Suharto. That is broadly in line with some of the values we espouse. The political parties are also likely to be affected by it in significant ways, ultimately better, it is to be hoped, although perhaps not initially.

7 THE DECLINE IN AUSTRALIA'S INDONESIA EXPERTISE

The decline in Indonesian language teaching in Australian schools and universities in recent years is an extremely important matter because of its adverse implications for the sustainability of our analytical capacities on matters Indonesian. It deserves fuller consideration than I can give it here; but I want to underline one general point.

Australia has built up a wide and diverse range of in-depth Indonesia expertise in our universities, schools and public service agencies since the 1950s which is unique throughout the world, outside Indonesia. It has given us a degree of international comparative advantage which is a major national asset. Australia is the only country in the world where Bahasa Indonesia is taught widely in schools and tertiary institutions, and where research on many aspects of Indonesian life is strongly backed by good library resources and well-qualified supervisory capacities.

But our existing corps of specialists with real knowledge and experience of Indonesia and good analytical capabilities, never very large, is now shrinking as the older members retire. It is in danger of suffering serious attrition over the next decade or so because the financial squeeze suffered by universities has resulted in fewer junior academics obtaining permanent positions. We have already lost several outstanding young scholars to overseas universities, who are unlikely to return. Hence

our relatively few such people are not being replaced by younger ones coming through the educational system into Indonesia-relevant jobs in numbers and quality sufficient to sustain the critical mass needed for effective interaction.

Australia is therefore in danger of badly eroding a valuable national asset which has taken over forty years to build up. It is one which has helped to enhance our standing in the eyes of Indonesians, as well as many other nations, in very useful ways. How to remedy this state of affairs is a complex issue which I must leave to others to discuss more fully. But it is certainly an urgent and vital issue.

8 FIVE BASIC PRINCIPLES TO BUILD ON

The following five points seem to me to be of primary importance in any search for a 'positive and beneficial' relationship between Australia and Indonesia.

i 'If Australia cannot achieve satisfactory relations with Indonesia, our chances of building up any kind of solid engagement with the rest of our region will be slim' (Macmahon Ball 1965). This basic tenet of our bilateral relationship with Indonesia is still fundamental, and bound to remain so, I think, since closer engagement with our whole region must surely remain a central plank of our foreign policy.

ii A corollary to this is that we should not let our policies towards Indonesia get badly out of kilter with those of other Southeast Asian countries, or of our policies towards them, especially over issues like the war on terrorism, international trade or relations with the major powers, China, Japan and USA. Australia has a strong national interest in regional cohesion on such matters, not in divergent policies. By working in cooperation with Indonesia over them, as we did over APEC with great success, we are most likely to strengthen the bilateral relationship and to enhance our influence in the region more broadly.

In short, our thinking about the bilateral relationship cannot be isolated from our broader foreign policy thinking about the East Asian international system, and the global order as a whole.

iii The maintenance of a unified Indonesia is undoubtedly in Australia's national interest in present circumstances - although preferably in a form that allows greater regional autonomy than in the past. Hence it must remain a central plank of our policies towards her. The prospect of having to deal with a seriously fissured archipelago made up of unstable mini-states - 'several Bangla Deshes, two or three Bruneis and a Solomons or two' as one wit has put it - could prove impossibly difficult for Australia, and might become a source of major difficulties with our other Asian neighbours.

It is conceivable that the circumstances may at some point change to a degree that this principle will need to be reconsidered. If the need to make such a decision ever arises, it should not be done covertly, but openly and explicitly. Until then, however, our official policy and pronouncements will have to remain unequivocal on this matter, as also, one must hope, unofficial Australian comments.

iv We should always remember that 'megaphone diplomacy' and the kind of triumphalist rhetoric of the 'deputy sheriff' variety that members of our government and the press resorted to during the East Timor crisis in August-September 1999 can have extremely damaging effects on our relations with Indonesia. It has also badly eroded the trust between the leaders of our two countries, which should be an essential glue in this bilateral relationship. We were making reasonable progress towards building up considerable trust between us over the decade or so before 1996, but Australia has gone backwards since then.

v While we have no need to fear a conventional military attack on Australia by Indonesia in the foreseeable future, the possibility of terrorist attacks from or through her is worrying, but must be seen in due proportion. They are unlikely to pose any serious threat to our basic national security (although raids against oil installations off our northwest coast could prove damaging). But even minor terrorist attacks within Australian territory, if sponsored from abroad, would pose big political problems for any Australian government. Hence continued close cooperation with Indonesian police and intelligence agencies will be imperative. Without that, unilateral Australian counter-terrorist measures cannot hope to guard against such attacks effectively.