



## **Indonesia: U.S. Policy Issues**

The following commentary is drawn from a June 2001 Transition Indonesia report by Columbia University's East Asian Institute which predates but anticipates the recent leadership change in Indonesia.

Southeast Asia is more volatile today than at any time since the Vietnam war. The region, which is home to 530 million people and ranks as our fifth or sixth largest trading partner, is plagued by political turbulence and economic fragility. Throughout recent American history, when we have not paid sufficient attention to Southeast Asia, we have paid a price for it. As recent events have made clear, there can be no stable and developing Southeast Asia without a stable and developing Indonesia. This would go without saying were it not for the lack of knowledge of Indonesia that is widespread in U.S. government, particularly in the Congress, but also in parts of the executive branch. Friends of the United States in countries such as Australia and Japan deplore this situation and are inclined to view it as severely limiting the effectiveness of U.S. influence in Indonesia.

As the U.S. undertakes its review of policy toward Indonesia, it faces difficult choices on several important issues. One element of continuity expected in the substance of U.S. policy in the George W. Bush administration is support for Indonesia's national unity. The U.S. has preferred a negotiated settlement of the separatist rebellion in Aceh, and at Indonesia's request is facilitating contacts and discussion. A more nationalist-minded leadership in Jakarta, however, could decide to increase military pressure on the separatists in Aceh. The U.S. government therefore should use every opportunity to urge patience and a continued commitment to negotiations on the part of the government in Jakarta.

The United States also needs to be prepared to find this position challenged. How far is the United States prepared to go in its support of the national unity of Indonesia? Rights abuses must be expected if military activity is stepped up. And rights activists from the East Timor experience, now monitoring the Indonesian military in Aceh, can be expected to press the Congress to levy added sanctions. Unfortunately, there is no reason to think that American aims will ever triumph if they run at cross-purposes to Indonesian nationalism.

Military-to-military relations are going to be a key issue facing the administration. At present, the United States has virtually no contact with the Indonesian military. Relations are governed by the Leahy amendment, which was enacted in the wake of the Indonesian military rampage in East Timor. It suspends all U.S. military sales and training programs with Indonesia and sets conditions for the resumption of American ties. The most important of these include accountability for military abuses in East Timor. Attention has focused on the prosecution of military

figures. In addition, Indonesia must cooperate with the United Nations and facilitate the return of refugees to East Timor.

Until recently, it could be argued that Indonesia was making progress toward meeting the conditions contained in the Leahy amendment. Indonesian criminal law did not provide an acceptable basis for the prosecution of such crimes, so parliament had to issue new laws and enact new rules to create the courts to prosecute such crimes. Indonesia did so. The attorney general announced that he was seeking to prosecute 24 members of the armed forces and although the government is still in the process of appointing justices to the new courts, it appeared that the justice process was moving forward.

Recent events indicate otherwise. At the end of April, a leader of a pro-Indonesian East Timorese militia, a man linked to two massacres, was found guilty of incitement to violence and sentenced to six months in jail. This tap on the wrist of a major military figure shocked sensibilities in Washington, Canberra, and at the U.N. Moreover, six men accused of killing three U.N. aid workers in West Timor last September were convicted and sentenced to 20 months in jail. The U.N. High Commissioner for Refugees rightly called this a mockery of justice.

In the near term, then, it is hard to foresee a scenario under which the conditions of the Leahy amendment could be met and normal military-to-military relations restored. While some may argue that this was as it should be, others believe it is critical for the U.S. to have contact with the Indonesian military at such a critical juncture in Indonesia's political development. The problem with the Leahy amendment, in this view, is that it is rooted in the conditions of September 1999. Since then, Indonesia has had a new president [and now two new presidents], a new parliament, and power has drained from Jakarta to the regions. Religious and ethnic violence has broken out in many parts of the archipelago. The Indonesian defense minister has argued that the country's inability to purchase spare parts for its transport planes has delayed its ability to quell the violence, leading to higher civilian casualties. Moreover, the military has studiously tried to avoid becoming directly involved in the battle over the presidency. It opposed Gus Dur's desire to declare a state of emergency and contended that the political process must remain constitutional. Similarly, the military warned Megawati supporters against taking to the streets in an attempt to make Megawati president through an exercise of "people power" of the type that led to Joseph Estrada's replacement by Gloria Macapagal-Arroyo in the Philippines. How can the U.S. help encourage the Indonesian military's recent moves away from direct political involvement when it cannot speak to key military figures?

A full-scale resumption of military-to-military relations or sales of lethal military equipment would send a signal to the army that it could act with impunity and deliver a blow to the pro-democracy forces in Indonesia. But limited contact with the military as well as sales of spare parts and non-lethal aid could be

considered such contact could begin with the navy and airforce. After all, the Suharto regime discriminated against these forces and they were not responsible for human rights abuses. Moreover, piracy is now a serious problem in the Straits of Malacca and Indonesia lacks the resources to help combat it. Indonesia cannot afford to wait long to purchase new equipment and will likely seek it from other suppliers if necessary.

Now that the police force is separate from the army, should it be supported? After all, how can one expect the army to stay out of domestic issues if the police remain as weak a force as it is today? In the Suharto era, most of the violence and human rights abuses were committed by the military. Today, much of the violence and abuses originate in society. This poses a key dilemma for both Indonesian and American policy-makers: what measures can be taken that will help promote law and order, but prevent further military abuses? There are no easy answers.

The United States might consider preparing a "road map" of what the Indonesian government must do to meet the intent of the Leahy amendment. A practical question is how far back in time the army's behavior in East Timor is to be judged - whether to the referendum of 1999, to the Indonesian armed intervention of 1975, or to some point in between. Another is how accountability is to be satisfied - at what point it would be possible to say that those responsible for the death and destruction in East Timor have met an international standard of justice.

A dialogue among the several American parties to the rights dispute might help narrow the divide in domestic American opinion. The Indonesian government could help improve the environment for discussions by doing something about the light sentences given to those found guilty of killing three U.N. refugee workers in Atambua.

A third policy issue the United States will face in the near future is how to address the economic instability of Indonesia. The second Clinton administration, perhaps out of embarrassment over the Riady scandal, is seen by some as having delegated its economic policymaking toward Indonesia to the International Monetary Fund. The IMF is needed, and has a significant role to play, but there is concern about its ability alone to lead the international community's response to Indonesia's continuing economic woes. The IMF has lost some credibility in Indonesia, in part because of past errors of judgment, and in part for its failure to appreciate the political implications of its demands. Professional opinion in the United States is seriously divided over the breadth of the mandate currently held by the IMF, and this is reflected in opinion about its role in Indonesia. Professional opinion in Japan is seriously of the opinion that the IMF places too much emphasis on the market, which in Indonesia is seen as imperfect, immature, and underdeveloped.

Any policy must rest on analysis that shows Indonesia's economic troubles to be largely self-inflicted, and the international community unable to fill the budget gap in Jakarta with economic aid. Austerity cannot be avoided. Whatever steps the international community takes now will depend on policy decisions in Jakarta that are politically difficult. And these must include efforts to encourage the return of private Indonesian capital, including Chinese Indonesian capital. The United States should work with Japan and the European Union to find common ground with regard to Indonesian economic policy. All three should play an

active role in supplementing the IMF in assessing the political implications of its actions in regard to Indonesia. They might also consider establishing a three-person group of wise men (or women) who could talk with Megawati from time to time to let her know how her program is being received in capital markets abroad.

Finally, style does matter. There has been a proliferation of imperatives in the tone of U.S. policy toward Indonesia in recent years. Policy statements are rife with actions that Indonesia "must," "needs to," and "should" take. The United States often appears to be hectoring Indonesia rather than attempting to persuade Indonesians why they should take an interest in certain issues. It is important that Indonesian leaders obtain ownership of the human rights agenda, the experience in Timor has real implications for its handling of Aceh. The same is true of plans for economic recovery. It seems widely accepted in Washington now that it is time for the United States to adopt a restrained posture with regard to Indonesia. That is a good beginning.

A copy of the complete Transition Indonesia report can be found at [[www.sipa.columbia.edu/eai/publications.html](http://www.sipa.columbia.edu/eai/publications.html)].

PacNet readers are also directed to the Policy Views Series produced by the Indonesian Embassy in Washington and especially to Issue No. 8, "President Megawati Soekarnoputri: off to a good start" by Dino Patti Djalal, available upon request from [[polidiv-kbriwash@erols.com](mailto:polidiv-kbriwash@erols.com)].