

October 12, 1982

INDONESIA AND THE U.S.

INTRODUCTION

When Indonesia's President Soeharto arrives in Washington on October 12, the occasion will mark only his second state visit to the U.S. since assuming power in 1966. Throughout the Soeharto years, the United States has been very supportive of Indonesia's development plans and today relations are generally characterized as close and cordial, but this was not always the case. During the 1950s and early 1960s, strains in U.S.-Indonesian relations developed that reached a rupture point during the administration of Lyndon B. Johnson.

A new era began in 1965 following the abortive communist coup and the emergence of General Soeharto as the preeminent leader in Indonesian politics. U.S.-Indonesian relations have improved significantly during the past sixteen years. But certain tensions and differences recently have become manifest that give great point to the 61-year-old president's visit. Among the issues that probably will be discussed by President Reagan and President Soeharto are: bilateral trade; North-South relations; the Law of the Sea negotiations; Communism in Asia; and the embarrassing absence of an American ambassador in Jakarta for over a year. If the strains that exist over some of these issues are permitted to grow, relations between the two states might seriously erode, as in the past, and jeopardize the security of Southeast Asia and the Pacific. The visit of President Soeharto provides instead a timely opportunity to foster mutual understanding and expand cooperation between the countries, through high level discussions of these common concerns.

In this regard, the United States should recognize the critical role that Indonesia can fulfill in constructing a broad realistic policy in Asia. Rather than focusing inordinate attention on China, the U.S. must reorient its policies more toward

Southeast Asia in general and the Association of Southeast Asian Nations (ASEAN) in particular. As the largest and most important member of ASEAN, Indonesia should be accorded much more attention than it has in the past fifteen years.

BACKGROUND

Indonesia, formerly the Netherlands East Indies, is the world's largest archipelago, consisting of some 13,677 islands and atolls. Unwinding like stepping stones along the periphery of Southeast Asia and between the continents of Asia and Australia, the islands are strategically situated astride the principal trade routes linking the Persian Gulf/Indian Ocean area and East Asia.

With its thousands of islands and a population estimated today at 155 million (the fifth largest in the world), Indonesia ranks not only as the largest state in the region, but as the nation of greatest natural wealth. In terms of raw materials, Indonesia ranks among the half-dozen richest states in the world. In addition to being the world's twelfth largest oil producer (the third largest among non-Arab states), Indonesia is a storehouse of valuable minerals and tropical agricultural produce. Yet, Indonesia remains a relatively poor country.

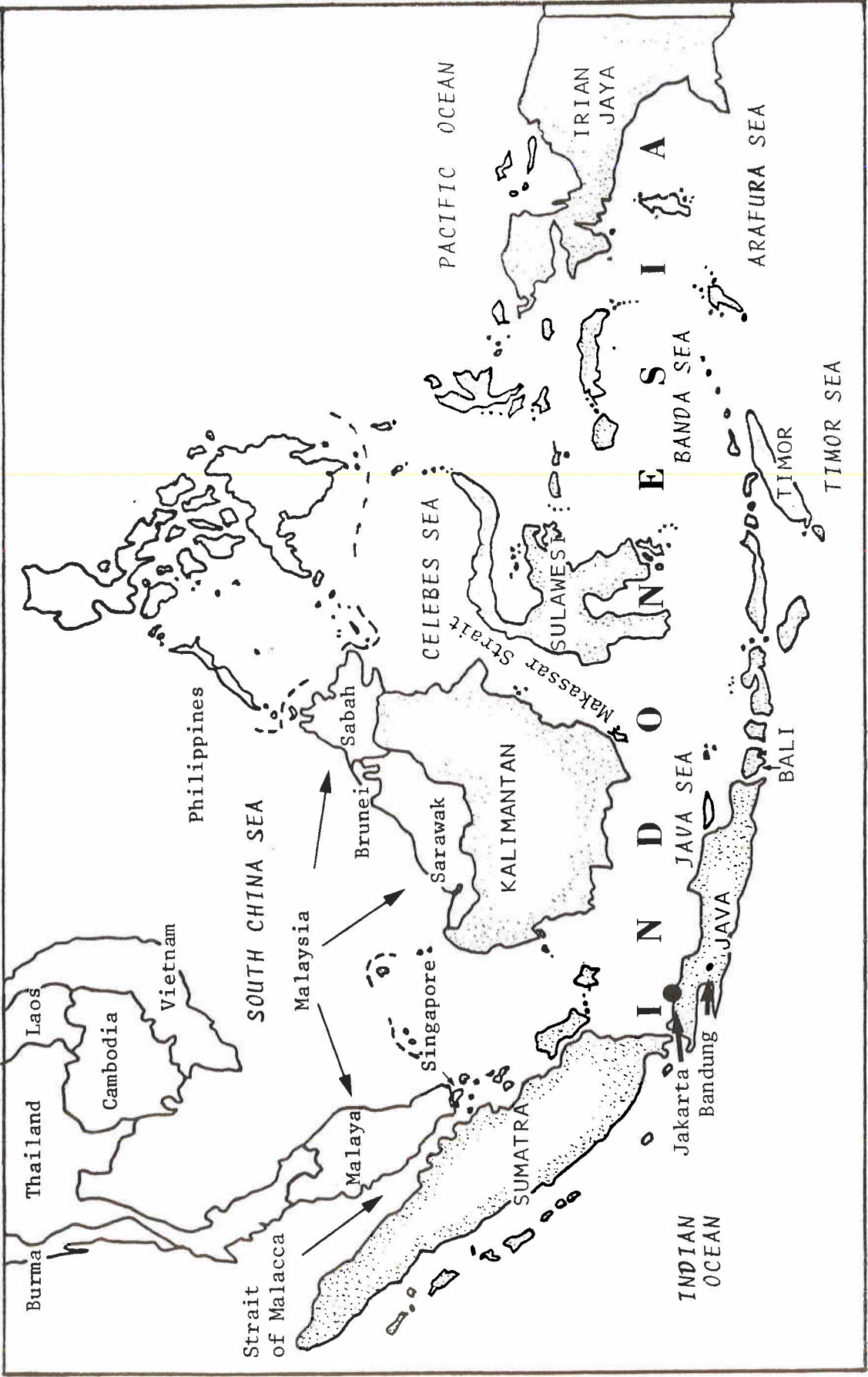
The root of Indonesia's poverty lies principally in the twenty-odd years of political and economic mismanagement following the Second World War. Instead of focusing upon slow and steady incremental economic growth, the government emphasized foreign policy issues, mass mobilization, and displays of military power. Overnight, under the charismatic but mercurial leadership of Soekarno, Indonesia became a regional military power and potent political force. Economically, the state moved rapidly toward collapse.

Following the abortive communist coup of 1965 and the advent of the Soeharto government in 1966, emphasis was shifted to economic development. Scarce domestic resources and foreign aid have been used to increase the national product; military expenditures have been kept to a minimum; market forces have been given considerable freedom to operate; and foreign investments have been eagerly sought.

Despite some recent serious mistakes, a variety of obstacles encountered from both ideological and interest groups, and the current adverse worldwide economic situation, the basic development policy has been consistently implemented and has generally succeeded.

U.S.-INDONESIA RELATIONS SINCE 1945

On August 17, 1945, three days after Japan's surrender, a small group of Indonesian nationalists led by Soekarno and Mohammed



Hatta proclaimed independence and established the Republic of Indonesia under a constitution providing for a strong executive. The new republic strenuously resisted efforts by the Dutch to re-establish control; after four years of warfare and negotiations, a settlement was finally achieved in the autumn of 1949. On December 27, 1949, Queen Juliana of the Netherlands formally transferred sovereignty to the United States of Indonesia.

Though the United States played a major role in helping Indonesia finally secure its independence from the Netherlands, support for the nationalist movement was slow to develop at first. The rehabilitation and reintegration of Western Europe and the corresponding desire to present a solid front against the Soviet Union were the most critical foreign policy priorities for Washington; the nationalist struggle in Indonesia was necessarily secondary. By December 1948, however, the U.S. shifted to an increasingly pro-Republic position; support for the nationalist movement was now considered the best vehicle for keeping Indonesia out of Communist control.

As Indonesia moved into the post-independence period, diplomatic relations with Washington appeared to be firmly based. However, during the 1950s and early 1960s, U.S.-Indonesian relations became strained and ultimately broke down during the Johnson Administration. Both parties bear responsibility.

On the one hand, Soekarno's growing reliance on Soviet aid, his tolerance of the Indonesian Communist Party (PKI), and his adventurist/militarist policies, particularly with respect to Malaysia, contributed to tension with Washington. On the other hand, Washington seriously misperceived the nature and depth of Indonesian nationalism. A 1952 U.S.-Indonesian military assistance agreement, for example, was seen throughout Indonesia as a direct threat to an independent foreign policy and a violation of nationalist values.

A serious obstacle throughout the 1950s was the inability of Washington to understand Jakarta's virtual obsession with the West Irian (now Irian Jaya) controversy. The Dutch showed no inclination to relinquish control of the territory. The United States found itself in the middle, with both sides actively courting its support. The dispute, which was not settled until 1962, remained a divisive issue between the United States and Indonesia all during the 1950s.

Another serious difference between Washington and Jakarta was American dismay with Indonesia's self-styled "active and independent" foreign policy. Indonesian "neutralism" directly clashed with Secretary of State John Foster Dulles' strategy of forming regional defense pacts as a means of solidifying the anticommunist forces around the globe. Indonesia, in this case, opposed the formation of the Southeast Asia Treaty Organization (SEATO) in 1954; and, almost as a countermove, Indonesia was instrumental in assembling a conference of the Afro-Asian nations at Bandung the following year.

Strain developed during the Eisenhower years because of Soekarno's increasing reliance on Soviet aid and his growing tolerance of the Indonesian Communist Party; the PKI's strength and influence increased dramatically during the 1950s. Fearful of a Communist takeover, the United States chose to provide covert assistance to rebellious dissidents in Sumatra and Sulawesi in mid-1956. Washington apparently hoped that these rebellious forces, if successful, would serve as a counterweight to Soekarno and the Communists, whose stronghold was on the main island of Java. The rebellion not only failed but was seen by Jakarta as another attempt by the United States to impose its own values and beliefs on Indonesia.

Though the Kennedy Administration was instrumental in mediating the West Irian dispute, bilateral relations continued to deteriorate. The principal cause was Soekarno's vow to "crush" the British-sponsored Federation of Malaysia, consisting of Malaya, Singapore, and the British crown colonies of North Borneo. The U.S. rallied to Malaysia. During the Johnson Administration, the President offered unequivocal military aid to Malaysia, while Congress suspended all American aid to Indonesia. On March 25, 1964, in the presence of the American Ambassador, Soekarno delivered a speech in which he told the United States to "go to hell with your aid." The downward spiral in the U.S.-Indonesian relations appeared to have no end.

A new era opened in 1965, when the army, led by Generals Soeharto and Nasution, crushed an attempted coup by "progressive revolutionary" military officers backed by PKI leadership. Though Soekarno's role during the coup remains puzzling and ambiguous, it nevertheless seriously discredited him. Under the firm leadership of Soeharto, the army gradually began to strip Soekarno of his powers. In March 1966, Soekarno delegated power to Soeharto; a year later Soeharto became acting President and in 1968 President.

The "New Order" government of President Soeharto dramatically shifted foreign and domestic policies away from the radical, confrontational ideology predominant during the previous regime. Stressing economic rehabilitation and development as its primary goals, the Soeharto government has pursued its policies through an administrative structure dominated by the military, but with advice from Western educated economic experts. Though Indonesia still espouses an "active and independent" foreign policy, i.e., non-alignment, the Soeharto government has deliberately swung away from the strident anti-Western, and anti-American policies of the Soekarno years.

American policy towards Indonesia since 1966 has, for the most part, been "low profile," stressing primarily economic aid to the agricultural, health, and educational sectors, as well as substantive amounts of aid under PL-480 (Food for Peace Program), and a modest military assistance program aimed at improving Indonesia's air and naval forces.

INDONESIAN ECONOMIC PROBLEMS AND U.S. ASSISTANCE

Among the formidable problems inherited by Soeharto was a badly mismanaged economy. Inflation had reached 660 percent annually; foreign debts amounted to around \$2.5 billion (more than half--\$1.3 billion--was owed to the Soviet Union and Eastern European nations, the remainder to the U.S., Japan, and other Western nations). In separate negotiations with Moscow and with other communist states and at a round-table conference in Paris with Western and pro-Western creditors in late 1966, the Soeharto government succeeded in having the Soekarno debts rescheduled. Further negotiations, especially on the long-term aspects, were successfully concluded in April and August 1970. Emergency assistance for necessary imports was also forthcoming. An Inter-Governmental Group for Indonesia (IGGI), formed in 1967 and composed of noncommunist states and international organizations, pumped more than \$3 billion in low-interest, long-term credits into the economy.

In the various gatherings of both creditors and donors, the United States played a significant role of support and assistance for Jakarta. And in providing long-term aid Washington made a major contribution to the island nation. Since 1966, Indonesia has occupied a high priority in the disbursement of U.S. aid. From 1965 to 1970, some \$700 million in aid was provided; this amounted to just \$197 million less than was given in the fifteen years between 1950 and early 1965. Total aid figures, including economic and military assistance, since 1946 and through 1980, amounted to approximately \$3.2 billion (\$2.7 billion in economic aid and \$436 million in military assistance). Indicative of the growing rapprochement between Jakarta and Washington were increases in American private investments and overall trade figures. In 1967, total trade with the U.S. (both imports and exports) amounted to approximately \$250 million; 1980 trade figures are in excess of \$6 billion.

Throughout the 1970s, American policy toward Indonesia has been generally constant and supportive, even during the East Timor crisis.

THE EAST TIMOR ISSUE

Following the overthrow of the Salazar government in Lisbon, Portuguese authorities began abandoning the country's overseas empire, including East Timor. When the Portuguese left, military authorities turned over stocks of NATO-standard weapons to Fretelin, a leftist organization. Fearful of a potential communist penetration of the island, Indonesia began to move against Fretelin.

On December 7, 1975, one day after President Gerald Ford and Secretary of State Henry Kissinger had visited Jakarta, Indonesian "volunteers" equipped with American made weapons invaded the capital of East Timor. The Indonesians soon controlled all major

towns and incorporated East Timor into Indonesia in July 1976, but resistance continued for years. Estimates of total casualties have ranged from a low of 10,000 to as high as 50,000-100,000. Serious charges of brutality, extermination, mass starvation, and other violations of human rights were laid against Indonesia.

Though the Ford Administration suspended for six months the transfers of arms to Indonesia, most observers considered this a perfunctory gesture only. American acceptance of Indonesia's takeover was in part dictated by the realization that little could be done reverse a fait accompli, and in part by fear that Indonesia's permissive policy towards American use of the straits around Timor might be "suddenly" reversed.

From the mid-1960s through the 1970s, American policy towards Jakarta has been more cooperative than confrontational. This can be seen best in terms of a review of U.S. interests in Indonesia and the issues of dispute between the two countries.

THE IMPORTANCE OF INDONESIA TO THE U.S. AND THE REGION

U.S. interests in the Indonesian archipelago generally fall within three distinct but related categories: security, economics, and politics.

Security Interests

Together with Malaysia and Singapore, Indonesia lies astride the Straits of Malacca, one of the world's busiest maritime passageways, serving civilian and military traffic between the Pacific and Indian Oceans.¹ The Straits of Malacca is not, however, geographically the most convenient passageway for all traffic between the two oceans, as it is too shallow for very large tankers and submerged submarines. Other deep or wide passageways lie exclusively within Indonesia's territorial environment. These straits are Sunda, between Sumatra and Java; Lombok, between Lombok and Bali; and Ombai-Wetar, off Timor. Shutdown or restriction on use of these passageways would be enormously detrimental to the economic and security interests of U.S., Australia, and the entire Asian-Pacific Basin community. It would block the petroleum lifeline to Japan and to other nations. Diversion of ships entering from the Indian Ocean or, for instance, of vessels carrying Australian raw materials to Japan would greatly increase delivery time and costs.

In strategic terms, it would mean that American and other surface and subsurface movements from such bases as Subic Bay and

¹ On the importance of the Straits and the current controversy surrounding them, cf. Yaacov Vertzberger, "The Malacca/Singapore Straits," Asian Survey, Vol. XXII, No. 7 (July 1982), pp. 609-629.

Guam into the Indian Ocean, and to Australia's west coast and return, would be severely inhibited. Alternative movement around Australia's southern coast would increase reaction time and reduce on-station time for naval units deploying into the Indian Ocean. If submarines were not permitted to pass submerged through such straits as Lombok or Ombai-Wetar, they could be easily detected by Soviet surveillance efforts and far more vulnerable to interdiction. A permissive Indonesian policy toward use of these straits is therefore a high priority of American security policy.

Similarly, Indonesia is a significant source for certain strategic raw materials which the U.S. economy requires, namely tin, natural rubber, and to a certain extent crude oil. In 1977 the United States obtained over 10 percent of its tin imports and over 47 percent of its natural rubber imports from Indonesia, and currently approximately 6 percent of its petroleum imports.

Economic Interests

The U.S. is second only to Japan as Indonesia's largest trading partner. According to Department of Commerce figures, last year American imports from Indonesia, 90 percent of them oil, amounted to \$6.022 billion, up from \$5.217 billion in 1980. U.S. exports to Indonesia, led by transportation equipment, machinery, and chemical products, totaled \$1.032 billion.

American investments in Indonesia, though not as high as in Japan, are nevertheless substantial. Between 1967 and 1981, U.S. investments amounted to approximately \$500 million. This does not include, however, \$1.2 billion in oil ventures as this figure is technically considered production sharing costs rather than investment. Even with numerous investment restrictions imposed by the host government, Indonesia continues to be, as a recent U.S. embassy report notes, an "excellent opportunity for American business."²

Political Interests

Though Indonesia has generally adopted a low profile foreign policy, it nonetheless has remained a staunchly anticommunist voice in the Association of Southeast Asian Nations. And it has continued as a major stabilizing force in the region. Beyond Asia, Indonesia participates in various international economic and political organizations, including the Third World's "Group of 77," OPEC, and the Islamic Conference, in which it has consistently represented a moderate position. In terms of the North-South dialogue, Indonesia has been a leader in seeking reasonable accommodations.

² Quoted in Indonesia Development News, Vol. 5, No. 11 (July 1982), p. 1.

INDONESIA 1982: A PROFILE

Despite the fact that Indonesia is a veritable storehouse of valuable minerals and tropical agricultural produce and has made tremendous economic strides forward under the Soeharto administration, Indonesia today remains a relatively poor country.

Among the major indicators of such poverty:³

- o While GDP per capita income is officially listed at \$530 by the World Bank (1979), most foreign economists estimate that at least 40 percent of the population subsists on less than \$90 a year;
- o On the island of Java, where the bulk of the people live, it is estimated that 10 percent live close to destitution on the consumption equivalent of less than \$34 a year;
- o ~~Infant mortality rate is suspected to be at the rate of 114 per 1,000 live births (in the U.S., the ratio is 13 per 1,000);~~
- o Average life expectancy at birth is estimated at about 53 years (in the other ASEAN countries, it is 10 years more; in the U.S., 20 years more);
- o Physician to population ratio is set at one per 13,600, half that of the U.S.;
- o Potable water is available for only 12 percent of the population;
- o The illiteracy rate is still high, in the neighborhood of 36 percent;
- o There is an effective unemployment rate of between 30 and 40 percent; and
- o Less than 5 percent of households are supplied with electricity.

Among the main causes of Indonesia's poverty is the country's large, growing and maldistributed population. Indonesia today ranks as the fifth largest nation in the world with a population estimated at 155 million. Approximately half the population live on the island of Java, which accounts for about 7 percent of the total land area of Indonesia. Over the next two decades, many analysts expect that Indonesia's population will increase by at least 50 million; some experts say 100 million. This means provi-

³ Agency for International Development, Congressional Presentation Fiscal Year 1983 Annex II (Asia), p. 64ff.

sion must be made to feed, clothe, and house around three million additional citizens every year for the foreseeable future. The government's "transmigration" plan (population resettlement on the outer islands), a carryover from the Dutch colonial days, has been plagued with administrative and technical problems.

Indonesia also suffers from inadequate social, physical and technological infrastructure and insufficient cadres of skilled entrepreneurial and managerial talent.⁴

INDONESIAN EFFORTS

Since 1969, in a series of five-year development plans, Indonesia has sought not only to develop its economy, but more importantly to bring about a more equitable distribution of national income, thus alleviating much of its poverty. Though the government has made tremendous strides in the economic sector-- a strong external reserve position, good borrowing capacity on the international level, increasing development of non-oil exports, and near self-sufficiency in rice production--much remains to be done.⁵ Despite recent reports by Chemical Bank and the Bank of America that Indonesia faces serious problems in the near future, most professional analysts remain optimistic about Indonesia's economic future.⁶

Among the major tasks facing Indonesia today are:

- o improvement in agricultural productivity and output;
- o greater generation of nonagricultural jobs; and
- o the need to move from rice self-sufficiency to food self-sufficiency.

Political conditions in the archipelago are similarly a matter of deep concern. The role of the military remains dominant. In the House of Representatives, over 100 seats are "assigned" to the armed forces. Similarly, active and retired military men occupy over half of the 150 top positions in the central bureaucracy. Most of the military figures in the government and bureaucracy represent an older generation which fought during the

⁴ Ibid.

⁵ World Bank, Indonesia Financial Resources and Human Development in the Eighties, Report No. 3795 - IND (May 3, 1982), p. 1.

⁶ Joseph P. Manguno, "Indonesian Economy Retrenches as Oil and Commodity Revenues Plummet," The Asian Wall Street Journal Weekly, September 20, 1982, p. 12.

immediate postwar independence struggle. Though Soeharto has promised that younger military figures would be promoted to higher level position, this has not occurred at any significant levels.⁷ There is also increasing resentment among the youth at the predominant role the military plays in state affairs.

Another potential problem is the emergence of an Islamic fringe element. Though the nation is about 90 percent Muslim, there is a significant cleavage between a minority whose political views are dominated by Islam and what may well be a majority of non-Muslims and nominal, syncretic Muslims, the latter concentrated on Java. The cleavage is reinforced by class and regional distinctions. In general, politics have been dominated by the syncretic Javanese, heavily represented in the traditional nobility and in the modern army. Similarly the opposition parties, particularly the Muslim United Development Party (PPP), beset by internal factional disputes and prohibited from promoting religious issues in the past elections, have been effectively emasculated. Because of this, there seems little threat of a Khomeini-styled Islamic revolution in Indonesia.

While the Indonesian government consistently makes reference to the Communist Party and its involvement in subversive activities, most analysts agree that the PKI is numerically small, relatively weak, and generally insignificant,⁸ though a resurgence is always deemed possible.

CONFLICTING U.S.-INDONESIAN VIEWS

Indonesian foreign policy during the Soeharto New Order has been oriented primarily toward securing the most favorable international climate possible for the achievement of Indonesia's development goals. In practical terms, this has meant an emphasis on reducing tensions in Southeast Asia by minimizing or at least balancing the influence of the great powers in the region and simultaneously establishing trade, aid, and investment relations, particularly with Western industrialized countries and Japan.

Though relations with the United States are generally described as close and cordial, some significant policy differences exist between the two states that could seriously complicate the present harmony. The differences range from fundamental perspectives of political relations in Asia to disagreement over various Third World issues.

⁷ Clayton Jones, "Taking steps now to ensure stability after Suharto era," Christian Science Monitor, August 17, 1982, p. B8.

⁸ For a discussion of recent PKI activities of William R. Heaton, "China and Southeast Asian Communist Movements: The Decline of Dual Tract Diplomacy," Asian Survey, Vol. XXII, No. 8 (August 1982), pp. 793-794.

Communism and Asia

Despite ASEAN's appearance of a united front on the Kampuchean issue, there are in fact significant differences within ASEAN regarding not only the group's policy on Kampuchea, but also on the issue of whether Vietnam, the Soviet Union, or China constitutes the greatest long-term threat to the security of Southeast Asia.

Indonesia has consistently been the least willing participant in the policy of diplomatic and economic attrition against Vietnam currently being carried out by ASEAN, the People's Republic of China, and the United States. Although Indonesia has gone along with the ASEAN consensus that the principle of nonintervention and noninterference in international relations must be maintained in Kampuchea, and that Thailand must be supported as a front-line state against Vietnamese expansionism, Indonesia has strongly resisted the Chinese viewpoint that ASEAN must join in a partisan, global alliance to contain the Soviet Union and its client state Vietnam. In the Indonesian view, such a rigid polarization of the region, with Southeast Asia essentially reduced to a battleground for the competing interests of the great powers, is exactly the scenario ASEAN hoped to avoid with its proposal to make Southeast Asia a Zone of Peace, Freedom, and Neutrality. From the Indonesian perspective, a "viable" Vietnam, less dependent on the Soviets yet strong enough to act as a "buffer" against the PRC, is essential to the future of Southeast Asia. Indonesia shares Vietnam's traditional fear of Chinese economic, military, and political domination, and, in fact, has still refused to normalize relations with Peking since the PKI coup attempt in 1965. In the Indonesian view, the greatest threat is neither Vietnam nor the Soviets, but China. For that reason, Indonesia views with alarm the possible U.S. transfer of military arms and technology to the PRC.⁹

Role of the U.N.

Indonesia stresses more than the U.S. that the U.N. should be utilized to the fullest extent possible for dealing with a wide range of international problems. The Indonesians perceive the major powers as impairing the effectiveness of the U.N. through the use of the veto. Hence, Indonesia has been in the forefront of a movement to reconsider and amend the U.N. Charter. In addition, Indonesian policy emphasizes the need to adjust the structure and reorient the policies of the U.N. economic and social bodies in order to speed up the establishment of the New International Economic Order.

⁹ Jusuf Wanandi, "Conflict and Cooperation in the Asia-Pacific Region: An Indonesian Perspective," Asian Survey, Vol., XXII, No. 6 (June 1982), p. 514.

Israel and the Middle East

Being the most populous Muslim nation in the world, Indonesia has taken a keen interest in the Middle East, contending that the turmoil there poses a serious threat to world peace and security. From the Indonesian perspective, the crux of the conflict is the Palestinian problem. Indonesia demands the unconditional withdrawal of Israel from occupied Arab territories and the restoration of the national rights of the Palestinian people.

Law of the Sea and the Archipelagic Principle

Though Indonesia deeply regrets U.S. opposition to the Law of the Sea Treaty, Jakarta worked, albeit unsuccessfully, with moderate states to find a compromise solution. Indonesia today is advancing the principle that the sea should be treated as if it were land. If so, the area bounded by lines drawn between the outermost points of Indonesia's islands would be recognized as Jakarta's territory, giving the country control of all mineral and maritime resources as well as naval traffic. Given America's insistence on freedom of the seas and safe passage for her fleets, the Reagan Administration has in the past opposed the uniform adoption of such a principle. The possibility remains, however, of a bilateral resolution of the particular conflict.

U.S. Ambassador to Indonesia

Ever since departure of Edward Masters in November 1981, the American ambassadorial post in Jakarta has been vacant. When former ambassador to Thailand, Morton I. Abramowitz, was proposed for that post, a storm of opposition broke out both within and outside the Reagan Administration. Conservatives, particularly, objected to what they considered the detrimental role that Abramowitz played with respect to the Asian policy of the Carter Administration, particularly the handling of residual force deployment in Thailand. Despite this opposition, the nomination went ahead but was withdrawn when Indonesia refused to accept the appointment. In the meantime, Jakarta has sent an extremely capable envoy to Washington, Lt. General Hansan Habib. Washington's failure to name a new envoy by the time of the visit of Soeharto signals to the Indonesians that the U.S. does not devote sufficient attention to relations with the Jakarta government.

Resurrecting The East Timor Issue

One week prior to the Soeharto visit, a bipartisan group of U.S. senators and congressmen, citing reports of widespread hunger and human rights abuses in East Timor, urged the Indonesian government to allow international relief agencies into the area and called upon the Reagan Administration to use its good offices to help mediate the crisis. The lawmakers furthermore called for a Senate inquiry into the impact of the Indonesian takeover seven years ago and the famine and violence that have beset the former Portuguese colony.

Though the bipartisan group noted widespread human rights abuses, the Department of State in its Country Reports on Human Rights Practices in 1981, noted, by way of contrast, that allegations of torture, widespread disappearances, numerous killing and large scale detentions are "difficult to independently confirm or deny." Furthermore, Dr. Robert Pringle, who served in Jakarta with the Foreign Service during the 1970s, has said:

Much of the detailed information coming out of Indonesia is traceable to educated Communist detainees and their families. In recent years it has been channeled through an organization know by the acronym TAPOL...in which a leading role has been played by Mrs. Carmel Budiardjo, a former member of the British Communist Party, herself a former detainee and the wife of a recently released member of the Indonesian Communist Party. TAPOL's reluctance to acknowledge a Communist role in the violent years of 1965-66 or to distinguish between the detention of leading PKI members and others, combined with its extreme antipathy to the Indonesian government, has reduced its credibility in the eyes of all but the most severe critics of the Suharto regime.¹⁰

The senators would be well advised to consider not only the source of their information, but also its reliability.

Similarly, the senators should ensure that a fair and balanced hearing is conducted. While the bipartisan group noted some progress by the Indonesian government last year in lessening the crisis, the overall implication is that it was minimal and that there was no international presence on the island. Such a conclusion is blatantly false. Consider the following:

- o Since June 1981, the International Red Cross has been permitted to establish an operation in East Timor aimed at tracing missing persons;
- o A program has been instituted by the Indonesian government permitting prisoners to visit with their families;
- o In late May 1982, the Indonesian Red Cross and UNICEF signed an agreement for cooperation on a special project of basic services for children, mothers and their families in East Timor;
- o The U.S. Agency for International Development is involved in two excellent programs there: a malarial project covering the whole island and an East Timor Development project in cooperation with the Catholic Relief Service (CRS);

¹⁰ Robert Pringle, Indonesia and the Philippines, American Interests in Island Southeast Asia (New York: Columbia University Press, 1980), p. 97.

o The U.S. has also sent approximately \$14 million in humanitarian aid since 1977-78.

On the issue of widespread famine, most analysts, including the State Department itself, question the reliability of such allegations. That there is a temporary food shortage in mountain areas all would agree; that there is widespread famine most would disagree.

In the high-level discussions that will take place during the Soeharto visit, President Reagan or possibly Secretary Shultz might suggest quietly that it is in the best interests of Indonesia to permit inspection of detention centers in East Timor by some international body (e.g., International Red Cross), to further aid in the tracing of missing persons, to lift restrictions on exit permits for Timorese, and to lessen travel restraints within the island proper. Quiet diplomacy could go a long way to resolving an already embarrassing issue.

CONCLUSION

Relations between Washington and Jakarta are close, though some bilateral problems need to be settled fully. Among them: the Indonesian "counterpurchase" policy, shipping regulations on government goods, investment restrictions and the critically sensitive issue of the archipelagic principle and free passage of U.S. warships through the Indonesian straits. Cautious but positive negotiations are underway on all these issues.

More important are the serious differences in perceptions of global and regional issues. Though not likely to be settled, they stand to benefit from being aired and more fully understood.

On the one hand, Indonesia's perception of the Chinese threat in the region warrants close scrutiny by President Reagan. The Soeharto government, unlike the Reagan Administration, remains very skeptical of Peking's rhetoric and instead is impressed more by the PRC's recent "incursion" into Vietnam, and its support of and contact with various "national liberation" movements, particularly in Southeast Asia.

Indonesia realizes, as do Singapore and Malaysia, that China historically has played a major destabilizing role in the area based on its policy of ideological expansionism. Thus Indonesia takes a more cautious and balanced view of China than does the U.S. and firmly rejects a growth of power in the region by either Peking or Moscow. The Reagan Administration should follow such realistic Indonesian advice and seek to enhance ASEAN in Asia, rather than build up the role of the PRC. Thus, Washington should furnish increased economic and military aid to Indonesia.

On the other hand, while Indonesia has correctly stated the extent of the Chinese threat in the area, they are too complacent about the growth of Soviet power in Asia and also exaggerate the U.S. military capability to respond.

The occasion of the state visit of President Soeharto provides a unique opportunity not only to strengthen relations between the two states, but also to rectify America's serious neglect of ASEAN.

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