

# **Communities in Conflict and Implications for U.S.-Indonesia Relations**

by

**Mr. Meidyatama Suryodiningrat and Mr. Matthew Daley**

**Meidyatama Suryodiningrat:** Good afternoon everybody. I'm very happy that you've taken time out of your busy schedule to come here and listen to us. First of all, before beginning, I'd like to thank the Sasakawa Peace Foundation, of course, the Asia Society, the United States-Indonesia Society and the Open Societies Institute for allowing a young Indonesian to present his humble views.

First of all, I am a journalist, so I'd like to begin with a rather topical subject. And I'd like to make a statement in that the truth is, I don't believe we've detected or are aware of any terrorist groups in Indonesia of the scale, for example, of the plot uncovered in Singapore where Al-Qaeda people were planning a repeat of the U.S.S. Cole attack in Yemen. I'd like to add that if Indonesia were to go bad, it would go spectacularly bad. If you follow the news, you would know that this is not my statement. This was made by someone whom Indonesians regard as a good friend, and that is Ambassador Wolfowitz.

## **Terrorism a Threat to Indonesia**

I don't want to read too much into the meaning of these two simple quotes but I thought I would begin with it because I believe it clearly reflects the underlying issues and assumptions currently dominating the Indonesia relations. The first obviously relates to the issue of terrorism which has now become a global preoccupation. Terrorism really has always been a threat to Indonesia and Indonesians have lived with terrorism for the past four years. But post-9/11, with the U.S. leading the charge of terrorism, it has gained more global pronouncements, so to speak.

The ups and downs of the relationship between Washington and Jakarta in the past eight months have been spurred by this war on terrorism. It has affected, in Indonesia's view at least, the United States' perception of how to engage with Indonesia which is experiencing the various juvenile tantrums and mixed emotions of a nascent democracy. The most immediate and current impact in this respect is, of course, the future military ties, its impacts on military reform and consequences towards Indonesia's democratization process. The second part of Ambassador Wolfowitz's statement underpins the importance of the continuing need to engage the Indonesian nation and, in particular, an unfragmented political Indonesia.

In following with the theme of yesterday's discussion in New York, I'd like to share with you my personal observations on three general issues, which I believe are immediate challenges to Indonesia for the coming year. And it's also of great importance for the United States to at least know or understand.

The first is on, again, the issue of terrorism, democratization and military reform. The second is decentralization; and thirdly, I'd like to touch on, very briefly, possible predictions on political developments in Indonesia in the next coming four or five weeks.

## **Resumption of U.S. Military Ties with Indonesia**

On the first subject, I'd like to say that the prevailing debate being heard at present concerning the resumption of U.S. military ties with Indonesia is not whether or not the U.S. should resume military ties but how far these ties should go. The apparent change in U.S. policy

in just six months has been spurred by the war against terrorism. The cooperation is needed with the TNI (Tentara Nasional Indonesia, or Indonesia Military) to help fight potential terrorist elements across the archipelago. This issue has attained even greater priority following the uncovering of a terrorist plot in Singapore and the arrest of an alleged Indonesian bomb maker in Manila.

Thus, as the situation as it stands now, I believe that without doing much really, the Indonesian military or the TNI is finding itself again in the U.S.'s good books. I would not dare to venture to guess whether the allegations of terrorist elements in Indonesia are true, but combined with the fear that radical religious groups are gaining ground in the political arena, it has apparently prompted the United States to seek closer ties with the military.

I'm not here to advocate whether or not I support the resumption of military ties—we can discuss that later, after dinner. But here, I'd rather like to remind everyone on some basic points, some basic facts, and to put things in a broader perspective.

### **Resumption of Military Ties a Double-Edged Sword**

Firstly, the resumption of full military ties can be a double-edged sword. It has the potential of helping to reform and modernize the Indonesian military but, on the other hand, if it is a narrow focus on merely fighting terrorism at all costs, in the long run it will do more harm than good in maturing Indonesia's democratization. My warning is, do not present an opportunity for security forces by giving them a *carte blanche* to strengthen their role in political affairs and undermine a still fragile democratic process.

Looking at it from another angle, one important point I'd like to highlight—and I cannot highlight enough actually—is that in most discourses or in almost all discourses being con-

ducted on military reform, the focus has always been on the military itself. While enlightening the military is a crucial aspect of reform, I believe that in the very end, it will be the civilian administration, it will be civil society themselves, who will prompt the military to reform. The military will not reform by itself. That is too utopian.

But having said that, I'd like to recall that it was, I believe, civil society or civil administration themselves who, out of some perceived self fear, allow the military to again play a pivotal role in practical politics following the events of 1998.

### **Stronger Civil Society Necessary for Military Reform**

I call you to remember events in 1999 or 2000—I can't get the exact year—during the annual session of the people's consultative assembly, which we call the MPR. There had been an understanding at that point that the military would no longer retain seats within the parliament. But after some back door political deals and this and that, all of a sudden the MPR issued a decree which allowed the military to remain the MPR until at least 2009. So military reform will not occur unless there is a strengthening of civil society. To now present the military with an ace card while civil society still holds a weak hand would not be an even gain.

Another aspect on the fight of terrorism is the perceived potential of Islamic radicalism in the country. I would agree there is the potential there. And yes, it is frightening for everyone, not only American, Europeans, Australians and everyone, to see such kinds of demonstrations in the streets of Jakarta.

But anyone who has the least bit knowledge of Indonesia as a country and the rising growth of Islam in the country knows that Indonesia has a very, very moderate Islam. If Indonesian Muslims were that radical, with a population of over 200 million Muslims, the repercus-

sions would have long been more pronounced. So if you really see demonstrations, if you really see protests on the streets, I really think it is something which is to be expected, especially since we now perceive ourselves as a democracy.

### **U.S. Policies Create Irritants for Indonesia**

Given that, I believe that it should also be understood that several policies of the United States have continued to create irritants in relations with Indonesia, in particular, Washington's perceived uncompromising support for Israel vis-à-vis the Palestinian issue. Despite the best efforts of U.S. officials, including those in the Embassy in Jakarta, to explain that the war on terrorism is not a war on Islam, as a consequence of U.S. policies in the Middle East, the perception remains that Muslims, while not being targeted, are being victimized. I truly believe that the Indonesian government and especially the Indonesian people, in general, support the global fight against terrorism.

Even before September 11, as I pointed out earlier, the Indonesian people have been living with terror for the past three or four years. So if anyone wants to rid the world of terrorism, it is the Indonesian people. But let's view this in practical terms and I bid you to consider this. Radical Islamic groups are and will increasingly be used in a bid to gain greater political and electoral support as the 2004 general elections nears. I don't believe it's a simple question of ideology even though it is something important and which should be considered possibly for another discussion. But I believe that in practical terms, it is more about gaining political support. Muslim based parties cannot compete with secular nationalists such as Megawati's PDIP (Party Democracy Indonesai Perjuangan), or Golkar. Those two parties can get about 60% of the electorate.

As it stands now, they already occupy about 50-60% of the seats in the parliament. So these

Muslim parties need to be different. They cannot get votes by claiming to be nationalist. They need a political bargaining chip; they need a different platform. Thus, at this present juncture, with 2004 around the corner, they cannot afford to be seen alienating Islamic groups, no matter how radical they are. Just like in any democratic system, two years after you're elected, you immediately think about the next election.

### **Potential for Popular Radical Islam Platform**

But it cannot be stressed enough that the great journey towards the democratic path must not be undermined by short term and distorted goals under the guise of fighting terrorism. But out of this, I have to concede that if the economic situation in the country does not improve, more and more middle class educated young Indonesians—I dare say people like myself—will become increasingly attracted to alternative ideologies. And these alternative ideologies will come from the radical ideologies, radical Islamic groups, and other things.

So there is a potential for a radical Islamic platform to become popular. But the shape of the fight against terrorism must not undermine the growth of civil society and democracy in Indonesia. Recently, the government tried to introduce a new law which is, in essence, similar to an anti-terrorism bill or an anti-subversion bill. The law was greeted by a public outcry which, by the way, in many circles in Jakarta, it was also perceived to be something which was almost U.S.-sponsored or almost U.S.-helped. But Indonesians do not need such an internal security act or anti-subversion law akin with those found in neighboring Singapore and Malaysia. The Indonesian people have undergone years of hardship to rid themselves of a regime which employed draconian measures. Now is not the time to bring that back and even legitimize it through a law. The fight against terrorism should be done through the strengthening of civil

society, enhancing legal certainty and through various reforms and rebuilding the Indonesian economy.

I'd like to turn my attention now to the issue of decentralization and for those of you who were in New York yesterday, I apologize because I might be repeating the same things I said yesterday.

On the question of decentralization, I won't go into great detail about regional autonomy, as we'd like to call it. I'm sure many of you are already aware of it. But simply put, in layman's terms, regional autonomy gives the onus of good governments from the hands of the central government to regional administrations. The underlying intention is to quell growing dissatisfaction which arose around 1998 and of another aspect, to quell separatist tendencies.

### **Idea of Decentralization**

I'd like to underline again the point about quelling separatist tendencies in the decentralization idea. This is evident in the fact that power was given directly from the central government to the regencies and not to the provinces because it perceived that if provinces gained too much power, it could be easier for them to separate. However, in this great experiment in the party years, the results have not been that encouraging.

There has been greater confusion for investors and regional administration and, in my belief, has caused some parts of the central government to begin rethinking the whole idea of decentralization. Not to a point where it would be revoked but to review the whole process again. But I believe that at present it would be too hasty to judge it as a failure. From the outset, regional autonomy was doomed to disappoint. There was neither necessary infrastructure nor a reasonable timetable for it to be carried out. Inevitably, there arose disillusionment and frustration on both sides at the country level through the process.

At this juncture, the central government, gripped by a sudden realization of possibly losing a potent reach of affairs in the regions, has, in my view, quietly began to question the merits of the regional autonomy process as it stands at present. It was also unhappy that the devolution of authority was provoking more administrative chaos and uncertainty at a time when it is desperately trying to instill political stability to attract more investors. Not to mention that some in Jakarta were also becoming anxious of its waning hold of profitable ventures in the regions. It was not merely a question of increasing the number of stakeholders in the whole process but now more hands are outstretched waiting to be greased.

On the other side, I also believe that regional administrations were initially expecting too much. They were expecting again the word utopia too much too soon. It did not appreciate its own deficiencies, lack of experience and the inadequate mechanisms available to them to ensure a smooth transition. But to say that these things were not unexpected are again, I think, naive. A dose of realism should be injected by detractors who say that the process is in shambles.

### **Decentralization May Save Indonesia**

I believe that as long as there is a genuine political will from both the people and its rulers for the regional autonomy process, with all its current faults, decentralization will evolve and may yet save Indonesia. However, this is a crucial point again which I would like to stress on. There has to be genuine political will particularly from the central government. The true commitment of the central government at this junction needs to be questioned. There does seem to be growing mistrust by the central elite towards the decentralization and a hasty conclusion that the present mess could be resolved by pushing power back to the central executive.

President Megawati has been lukewarm at best in talking about regional autonomy.

Granted that results of the past twelve and twenty four months have not been encouraging, but if you really notice anytime she talks about regional autonomy, it really is more of a lament of the process. She also repeatedly underlines and stresses more than anything else the need for a unitary state. Such a theme—this unitary state—embodies the two main bills introduced for decentralization. Those were Laws No. 22 and No. 25, 1999. Both laws clearly stress that decentralization is carried out within the context of a unitary state. Now, recently, the government introduced two bills to our parliament, the DPR. These two bills have nothing directly to do with decentralization. These two bills concern mainly political parties and general elections. However, the elements in those bills, I think, accentuate the government's concern over the growing power of the regions. The introduction of the two bills to the DPR at its current form only reinforces this belief: that Jakarta would rather strengthen its political grip than address the power in balances.

Through autonomy law 1999, regional authority has been devolved to the administrations but in terms of real political power, Jakarta still holds the cards. In the two bills introduced two weeks ago, in the proportional representation system, what it does is it really strengthens Jakarta based political parties' grip on the elected representatives in the regions.

### **Regional Politicians Accountable to Jakarta**

So despite politicians being elected in the regions, they are still directly accountable to the central board in Jakarta. The political party central boards have an unchallenged authority not only to nominate candidates to public office but they also retain the right to dismiss them from elected offices. The bill also highlights that political parties will be Jakarta centered. The political party bill proposes that all political parties must be based in Jakarta. Thus the headquarters are in the capital.

It must be noted, however, that in drafting this bill, one of the aims of the government was to reduce the number of political parties due to contest in the 2004 general election. Officially, there are over 200 political parties that are already registered to take part in the election. But the bill as it stands in its current form also serves to discourage the emergence of regionally based parties. These are parties which could potentially serve as a means for the local population to be more wholly represented and have their aspirations better served.

Despite the law, the qualities of major political parties like PDIP and Golkar, along with their charismatic and nation-wide appeal of leaders, the existing political parties remain too Jakarta-centric. Oddly, this was the very cancer which plagued the country in the past. The prevailing system in the past simply failed to hear the voices of the regions and neglected much of their grievances.

One positive point in terms of regional autonomy in this bill is that it supports the introduction of a regional representative council—we call it a DBD. This, dare I say, is akin to something like the senate in which each province would have four representatives. But even in this case, with the strong hedge money of Jakarta-based political parties, the DBD would be nothing more than an arena for political parties to augment their political power.

### **Two Possibilities for Decentralization**

So in terms of decentralization, what will happen in the future? As I pointed out yesterday, I believe there are two possibilities. One is that barring a major uprising which could shake the foundations of the state, the current process will continue as it is. There will be a very, very gradual devolution of real political power to the regions by the central government albeit all in a very confusing and haphazard way.

This gradual devolution will be an excruciating and painful process, not least to investors

who will be plagued by uncertainty. And I stress the word “uncertainty”, not instability, and in the immediate future, greater overhead costs as a result of increased levies and other outlays to smoothen the wheels of production. But over time, and we are talking about many, many years, a clearer framework will begin to appear. The relationships, the rights and responsibilities between the various authorities over time will become clear. As the building blocks are assembled and fortify each other, so will mutual confidence between the center and the regions, not to mention investors.

The second scenario for decentralization, I believe, will be a subtle push back towards decentralization but still under the guise of regional autonomy. President Megawati, next to staunch nationalist military generals, is probably the single strongest proponent of a unitary system. There are even the remote suggestions that Indonesia could be anything else than a unitary state. Ironically, while her father in the twilight of his career introduced the idea of a guided democracy, I believe that Megawati’s administration, consciously or not, is subtly pushing for a process of guided decentralization.

In this case, the central government will not publicly revoke the decentralization; that would be too obvious. This will be brought about by a delicate introduction of bills and regulations such as the example above. These bills will prevent regional administrations from truly maturing and consolidating their power.

On the final topic, Jakarta is really just like Washington and many people during lunches, drinks and dinners, like to talk about politics. There are other speakers who will be able to touch on issues on decentralization so I would like to talk briefly about possible political developments in the coming six weeks. Why do I say “six weeks”? On August 1st, the annual session of the MPR will begin to convene for about one week or two weeks. This will be a very key event in the Indonesian

political process, not least because one of the main agendas will be finalizing the constitutional amendments.

The agenda for the constitutional amendments will primarily, at this juncture, be focused on the general elections that Indonesia may, hopefully in 2004, have direct presidential elections. And after fifty something years, we might be able to at last elect our president. But we’ll see in the next six weeks.

### **Pivotal Meeting with Megawati’s Husband**

Another point why I’d like to bring this up is a very pivotal, in my opinion, meeting between Megawati’s husband—Taufik Kiemas—who happens to be a very important PDIP politician and who also happens to be Megawati’s husband, who met with Galkor. The symbolic meeting between Taufik Kiemas and former President Abdurrahman Wahid should really, in my opinion, had been no more of a surprise than a meeting between Vice President Hamzah Haz and Umar Thalib about three months ago.

The much publicized meeting between Taufik Kiemas and Gus Dur on June 5th, which literally really saw the most powerful man in the country bow down and kiss the hand of the fallen ex-president is, in my opinion, small baby steps for PDIP which is focusing its eyes firmly on 2004. But instead of a shift of allegiance as some have said, I believe it is more of a case of PDIP covering all the political bases.

PDIP or Kiemas’ move in this case looks more like something out of Golkar’s book of political gambits or even something which has touches of Amien Rais. Wahid himself claims that the meeting was initiated by Taufik Kiemas, while revealing little of the content of the meeting. Wahid was unabashed and he really is to claim that this is all part of a political process. Given that, I think we have to take this into consideration when we view Indonesia in the next one or two years.

## **PDIP Displays Growing Political Acumen**

But what was actually said or promised during that meeting, for me, is peripheral at this juncture. The stakes will change as new challenges arise. The fact that PDIP is now slowly and ready to kiss the hand that it bit a few months earlier, like it or not, displays a growing political acumen, something the party lacked in 1999. PDIP has learned to compromise and avoid over-confidence which stung them in the presidential election in October 1999. It is now doing its homework and shoring up support to ward off any turbulence in August against Megawati's administration in 2002 and in 2003.

With the mechanics of the presidential election still in the balance and the role of the MPR in the presidential selection in 2004 still remaining crucial, these are important things to keep in mind. By showing signs that it is not shy to coalesce with PKB—PKB is Abdurrahman Wahid's party—it is showing that it is willing to do whatever it takes. In many respects, it needs PKB with its strong Ulama roots to balance the potential salvo from a coalition of Muslim based parties which will definitely plague the Islamic trump card either in the coming six weeks or in 2004.

Events in the past month have shown that PDIP have not gone on the offensive and irritated potential cohorts. On the contrary, what it's done is it has made a calculated move in shoring up its defenses. Thus, despite the odd disruption, I believe that political stability in the next six months will remain good. This can be reinforced really if PDIP in some manner can play Golkar in the Bang Bali scandal. My belief is reinforced by the fact that the new army chief, General Ryamizard Ryacudu was installed three weeks ago and this really ensures stability and allows Megawati a guarantee that the army may back her up in times of political instability.

So notwithstanding the static noise of normal Indonesian politics, the coming annual session

of MPR and after, I don't expect a new crisis and it really is just politics as usual. Thank you very much.

**Matthew Daley:** Thank you much for inviting me here, Bob Radkte, Keiji Iwatake. I'm delighted to be here. I'm conscious of the fact that we're already past the time when I should have been speaking, so instead of going to the last page of my remarks, what I'll do is cut out a lot of the stuff in between.

## **Indonesia Will Not Break Up**

Maluku, Sulawesi, Aceh, Papua - all are parts of Indonesia that suffered from community or separatist violence but their situations are very different. The challenges in each are quite distinct but the one common threat that runs through them and indeed throughout Indonesia is weakness in the rule of law and systems and accountability. It's become a ritual at this point, almost obligatory for government spokesman to say that despite these concerns, we don't think Indonesia is going to break up and indeed, I don't.

I think that democracy and decentralization are taking root. President Megawati and her government are slowly becoming more effective. I also will state that it is clearly in the interest of the United States that Indonesia be a united—not necessary unitary—but a united, prosperous, democratic Indonesia. And we're going to repeat that mantra so often that in future addresses people will just be able to say "UPDI" (United Prosperous Democratic Indonesia) and you're all going to know what we're talking about. We won't have to go through the whole length, but we're serious about it. We unequivocally support the territorial integrity of Indonesia.

## **Internal Security Act Not Necessary**

I talked about the common threat of weakness in rule of law in systems, accountability, and for us the most troubling symptom of this is Laskar Jihad. I understand recently that

they're moving into Papua and wherever they go, violence seems to follow. I would submit that Indonesia does not need an internal security act to address the kind of violence that this organization has perpetrated and has tried to incite in more than one corner of the country. Existing legislation on the books will do quite nicely. And for our part, we have not asked Indonesia to pass an internal security act.

I think we're in danger as we very understandably focus on the changes in American policy of attaching too much importance to them. It's very normal to focus on the changes—that's what gets on the newspapers, that's what gets in the efficiency reports of Foreign Service officers. And it's probably what produces generous grant proposals or proposals for grants that are generously funded.

#### **U.S. Assistance to Indonesia Increasing**

So I'm not docking change but I want to keep it in perspective as we talk about what the United States is doing. We are trying to help Indonesia peacefully address its problems. Our assistance program for Indonesia has doubled since 1999. That was not the September 11 calculation. In 2002, we're looking at \$129 million; in 2003, we've requested \$142 million—a 9% increase. In 2004, we're hoping that will go up to almost \$200 million. And included in this are elements relating to the rule of law, accountability and economic development.

Now on the security side, we've got money in our budget to assist the police in Indonesia. Currently, that's running at \$22 million for this fiscal year; we're looking at another \$10 million for next and probably the year after that. That money is being spent to help improve the management capabilities of the police department which were recently separated from the military, and also to provide training and civil disturbance managing.

I would agree with the proposition that reform of the military in Indonesia is going to require

a substantial stimulus from civil society, among other sectors. We're putting \$21 million into democratization, including civil society in Indonesia this year. We hope that will go up to \$34 million next year. Of course, when I say we hope, those who understand the way money works in Washington, it has to come from the Congress.

We think that there's been tremendous progress in this area—the growth of NGO's and civil society has been very impressive. Police Watch, for example, has become a very important player as we look at how we develop programs to work with the Indonesian national police.

I would say that the press in Indonesia has to be one of the freest in the world. It certainly has a fondness for conspiracy theories and I'm told that there is no conspiracy theory which has gone unpublished in the Jakarta press. Nothing personal here; that's the way it is—they seem to make their way into the papers.

We're putting over \$5 million into a very narrow program just on judicial reform. We have, however, done two things in immediate reference or reaction to the events of September 11. We've asked the Congress for \$8 million to fund a police character-risk phonetic unit. We've also asked the Congress for \$8 million to fund a TNI peacekeeping headquarters unit and I want to talk about this for just a second if you'll indulge me.

We think that Indonesia has to confront the challenge of communal and sect oral violence. This violence threatens prospects for economic development. Don't take my word for it—ask anybody who does political risk insurance, ask anybody who provides advice to investors in foreign countries. It can produce the kind of circumstance that in Afghanistan was directly linked to international terrorism and it's almost impossible to address it in the short term without having some kind of dealings with the security services.

## **U.S. Objective to Reform External Security**

In the long term, our objective unequivocally and unambiguously is to see the TNI focused on external security, will be informally under civilian control, professionalized and fully observant of the cannons of the military profession including the laws of land warfare. We would prefer to see a police service that is responsible for internal security. And, as you know, under current circumstances, that is our legislation. We are not allowed to provide assistance to TNI. So we've been trying in each of the areas where we can be active to do something and we're trying to expand the margins of what we can do with TNI.

But I think to be realistic, we have to acknowledge that regardless of the urgency of these tasks, the transformation of the civilian and military security forces is not something that is going to be done in weeks and months. It's going to be a project of years and perhaps decades. In the short term, we have more than once seen situations are pronounced and lawlessness with a lot of violence in which the local police units were either unwilling to act or unable to control the situation.

In those circumstances, the choice available to policymakers is to allow the violence to run its course or to call in the military. This is an unpleasant choice but it is not one which is unfamiliar to leaders in virtually any major country. American policymakers have had to make the same choices and they've had to do that more than once during my lifetime.

### **Trained Military and Police Should Deal with Problems**

In these circumstances, I would submit that it is always preferable to have military and police units that are trained in ways to deal with the problem without recourse to indiscriminate or excessive violence and units that are under firm command and control. Absent command and control, accountability is at best

a question mark and perhaps more often a fiction. And I would say that under almost any circumstances short of an order, implicit or explicit, by senior policy making elements to commit human rights abuses as opposed to abuses that are committed incidental to some other goal.

We're going to be better off if the units in question are under effective command and control and have training and doing something besides the selector switch to full automatic. That in essence is the rationale for our \$8 million request for the TNI supplemental appropriation institute—train and equip the headquarters unit that would provide command and control for tactical units in dealing with communal and sector violence.

If approved by the Congress—and I don't think right now it doesn't look very promising for reasons that had perhaps more to do than internal American politics than with our judgment of what is appropriate for policy in Indonesia—the money will not go for the tactical themselves. We're not going to be buying stun guns and that sort of thing. We're going to be working on command and control mobility and training.

This doesn't amount by any stretch of the imagination to a broad restoration of military relationship. Doing that will require significant steps by Indonesia and, while we have carefully noted the beginning of the ad hoc tribunal on East Timor, I cannot tell you that we are encouraged by progress to date. At best, what I can say is that this remains a work in progress and a lot more has to be done. But we do have to reflect together on how we move forward in this area. When I say "we," I'm not just talking about the United States and Indonesia but the elite public and parts of the government in both countries.

If you compare what it is we're proposing with what it is we are doing in other areas, I would submit that whether democracy succeeds or falters in Indonesia, it is not going to be a

function of the American reaction to the events of September 11. I think that if you focus on America's dealings with Indonesia on current terrorism post September 11 atmosphere, you're missing 90% of the story.

Again, it's interesting because that's where people see the dramatic change and where they see the controversy. But that is not the foundation of the story.

Decentralization, okay. I promised Paul I would talk about decentralization. I'd offered to talk about the influence of Sanskrit on Poly and Balinese culture and music and he kicked me in the shins so I'll talk about decentralization briefly and then we're just going to do the rest of the program.

### **Decentralization Is Inevitable**

It's inevitable; I don't think this is a genie that can be put back in the bottle and like all genies, it's not an unalloyed desirable beauty. It has obviously created uncertainty in the minds of investors and I think you all know about the problems that causes. Some parts of the country are learning that their ability to tax and simultaneously maintain or increase investment is limited.

There can be some real trade-offs here. The Ministry of Finance has identified some one hundred that are problematic; I think only one has really been changed. It has impacted on Jakarta's ability to raise revenue, to meet budget goals. Some privatization plans have been stymied by local opposition. It's going to be a messy process for a long time to come.

Not only has political power and economic power been evolved but so are opportunities for corruption. We also are concerned in this process of desegregation—about the possibility of political units fragmenting and in narrower areas of extremeness and asserting itself, we think that is a problem that Indonesia has to deal with. If it manifests itself, for example, in the application of *sharia* law—

that's an area where I'm not going to take a position.

In the long term, we're optimistic about Indonesia. We think it's got a great future. Why don't I just stop there because I've spoken longer than I intended to speak.

**Sidney Jones:** Thanks very much. I guess that I should start by saying that I would like to underscore some of the points by Suryo, particularly in reaction to what Matt laid out about the administration's proposal for this peacekeeping unit. And just very briefly, I would say that to my mind and to the minds of a number of Indonesians that I've talked to in Jakarta, the issue is not a question of training of the military that's called in as back-up to the policy. It's a question of whether or not civilian authority, as Suryo says, make the right political decisions when it comes to, for example, the deployment of Laskar Jihad in Ambon. Having better trained military unit is not going to improve the capacity of Jakarta decision makers to decide to take action against Laskar Jihad. Nor is better training of a peace keeping unit going to be in any way a safeguard against the complete lack of discipline and against the leakage of arms and ammunition into private hands in all of the conflict areas.

### **U.S. Should Not Fund Military**

So not only do I not think it's the solution, I think it also sends a very wrong signal about the military's involvement in internal security. If the Indonesians want to do it, if they want the training, let them find the funding for it. But particularly in the context of the war against terrorism, for the United States to fund such units in some ways raises more suspicions in large segments of the Indonesian population than otherwise. And I think it would be an undesirable move to take.

That said, let me just say a word about decentralization. Because the feeling that you get when you go outside Jakarta is that this is a country not only in ferment but in great

optimistic ferment. That people are seeing a chance of actually taking hold of the government in a local area and taking part in the local government in a way that they've never had a chance to take part in before.

And even when you raise concerns—and I think there are real serious concerns—about some of the fragmentation process that's taking place, and I'll give you a quick example in a moment. Nevertheless, there still is a belief that somehow democratization is going to be furthered even by fragmentation and even by fragmentation along ethnic lines.

I think that in some ways the United States should be focusing on some of the ramifications of that fragmentation policy which I think to some extent is taking place. But a lot of the grant making taking place by USAID, for example, at the moment is taking place in areas where existing conflict has broken out or in Jakarta and is not focusing so much on the areas of potential conflict that are emerging as a result of this decentralization process.

### **Case Study of Decentralization: Luwu**

The case study that I'll just run through as rapidly as I can is in Luwu which is in the northern part of South Sulawesi. In 1999, that was one district. It was called Luwu; it was famous for being an old kingdom; it was famous as the site of the Inco nickel mine and it was famous as being the birthplace of a lot of the leaders of the regional rebellion called Darul Islam in South Sulawesi in the 1950s.

In 1999, it broke into two districts: Luwu and North Luwu, and the primary reasons for that break up were economic. But then people in Luwu started thinking, wouldn't it be great if we became a province because up till now it's been South Sulawesi and people from the Makassar area that have dominated the government. If we have a province of our own, we could have the same kind of influence but in our own province. So they got together a people's congress of Luwu. They declared

themselves to be of Bangsa Luwu or the Luwu ethnicity in some ways, the Luwu nation. And they decided that they would make a move to form their own province.

But in order to form a province, you need three districts and there were only two: Luwu and North Luwu. So they thought, let's bring in Toraja. Tanah Toraja being the neighbor to the west; only Toraja was Christian and Luwu and North Luwu were heavily Muslim and there have been several episodes of Torajaan Luwu violence. Since 98 five episodes have broken out of fairly serious communal violence in this area. So some Torajans reluctantly agreed, maybe also for economic purposes and looking at the Inco nickel mine.

But in the meantime, there was an effort to take one city in North Luwu called Polopo, turn that into a district and then you had your three districts all in the Muslim area and you could leave Tanah Toraja aside. So there's a move now to form Luwu Raya as a province gathering steam. It has gone through several processes already and is on its way to approval.

In the meantime, however, the district of North Luwu which is the place where the nickel mine is, people there are suddenly decided on one side of North Luwu but they weren't getting the benefits of the community development fund from the Inco nickel mine so they decided that it would be good if they split off and became East Luwu. In that way they could get the benefit of the mine and it would leave the other part of Luwu to fend for themselves.

So there's this move toward fragmentation taking place in this very relatively small area. As Luwu moves forward to form its own province, people of the Mandar ethnic group to the west decided they wanted to form West Sulawesi so now there is a movement to form West Sulawesi so the Mandar ethnic group can have its share of power in a way where they will not be dominated either by people from Makassar

or by people from Toraja or by people from Luwu. And you can get a sense in talking to the people who were in this movement to form West Sulawesi that they're in fact not doing it out of economic grief; they're doing it out of a chance for once to come into their own and have a chance to control their own government and control their own affairs. And it's a very almost leveling process that's going on.

The concerns are yes, it's dividing by ethnic group and yes, there are concerns that there's a possibility of outside parties coming into this mix and manipulating the process as we have seen being manipulated in Poso, as we have seen being manipulated in Ambon. And the question is to define some of these areas where the fragmentation is taking place. Where the potential for communal conflict exists but hasn't broken out yet and perhaps focus on those areas for strengthening the civil society institutions, strengthening police, strengthening the courts, and so on, and not try to focus the efforts primarily at the national level.

Thank you.

**Riwanto Tirtosudarmo:** I just want to follow what Sidney already mentioned. I quote from an observer. She's an anthropologist from Singapore. She says and I quote here, "the impressions of chaos to an outside observer convey through to the international media derived from this increasing multiplicity where there is a lack of clarity of what constitutes the center, the periphery and the relationship between them."

As I reflect to my own work as a researcher when I went to the field, interviewing the local official or informal leaders, I found that the previous typical image of powerful hegemonic central governments is debunking into a seemingly blurred and fragmented state where people, I mean here the local elites either formal or informal at the regional level—are either in the state of confusions and disorientations or, on the other hand, believe that the future of the region is now totally in their hands.

Assessing the political development of Indonesia today, I think it is fair to say—as I already heard from the first speaker—that Megawati should be praised for her success in consolidating her political reign as shown by a relatively stable government in comparison to her previous predecessor, Habibie Wahid. Yet, the likely cost that Megawati had to pay for her achievement could be enormous as political conflict at the national level apparently transfers into the various conflicts borne by the communities in the peripheries.

### **Conflict in Peripheries Linked to New Regional Law**

The communal conflict in the peripheries, with ethnic or religious in many instances, is very closely linked or being emphasized by the implementation of new regional law. I think there is no secret that the new law on regional autonomy and decentralization is a product of a political rush in which dubious motives are sneaked into the draft law. Habibie and Wahid, under strong pressures to accommodate the reform movement, clearly expressed by the radical student demonstrations, on the one hand, and to secure political agenda in order to survive in the upcoming presidential elections, on the other hand, dictated the birth of the law. The formulation of the law therefore should be understood within the political context in which Habibie desperately needed support and legitimacy, particularly from region outside Java. This in turn makes the law as an abrupt product, lack of clarity and embedded with many deficiencies.

Many observers in Indonesia also argue that in fact the confusions on the implementation of the new law partly resulted on the wrong assumptions that political will occurs swiftly and orderly and such assumptions reflect an awareness on the transitional nature of the political circumstances following the step down of Suharto in May 1998. The wrong assumptions and the abrupt creation of the regional autonomy law proved to be the source of many uncertainties and disputes on the

substance as well as in the implementation ability of the law.

As an abrupt political creation, I think it reminds us to the Indonesian Constitution which is also very confusing. The regional autonomy law is into controversies and prone to manipulations by contending political actors. The law is therefore becoming a new game in politics. In the current Megawati presidency which is strongly supported by the military the law has been perceived as the source of evil particularly as the district level government had become very assertive in using the opportunities provided by the law to claim their grievances for their local benefits.

These two contending powers, namely the central government supported by the military and the provincial governments, and the district government supported by the local people and consults, have to have confrontations in arguing the continuations of the provisions of the law. Actually I have planned to talk about who are the actors within these two terms but maybe the time does not allow me to talk in detail so I will maybe jump to what I said as contestations on this distant relation politics.

### **Three Divergent Camps Contesting Decentralization**

So generally speaking, there are currently three divergent camps that have been contesting with regard to the notion of decentralization, particularly in connection to the implementations and the direction of the new regular law, the law number 22. The first camp, although, consists of two diverging views, however is having similarity in respect of their format of the Indonesian state as a unitary state. For people within this camp, the form of the state is final and the idea of federations or creating a separate state is out of the question.

The view that Indonesia should go beyond the current debate on the implementation of the regular law is indeed another view that per-

haps is best represented by the Free Grand Merdeka and the Free Papua Organization, the OPM and both GAM. And the OPM therefore represent, in my view, the second camp. As stated earlier, within the first camp the group that is around the center government most clearly is represented by President Megawati and the military. And the other group is best represented by the now very popular association in Indonesia, the Association of the Bupati in Indonesia, the APKASI, which is strongly backed up by Mr. Rashid and his group. Mr. Rashid is the architect of the law.

Even though the possibility of establishing the federal state is very remote but judging from the extremity of these two camps, I think federalism hypothetically is a middle ground of the solutions to end the intractable armed conflicts emanating from the separationist movement within Aceh and Papua.

### **Decentralization an Elusive Project**

So as I see it now, both in the center and the peripheries, there are multiple actors that are contesting each other according to their similar strategic interests. However, the patron/client relationship still occurs making the decentralization an elusive project. The contestations are therefore no longer between the center and the regions as simplified by many observers, but also between elite actors regardless of their residence.

The ramifications emanating from such a multiple contestation would be the society at large although they are the most separate group. The conflict has been distributed to the regions, as locally they do not perceive themselves as having authority and power. As the regulation on the territory and the territorial borders are not clear, they are stopped to claim their perceived orders that eventually conflict with its neighboring regions.

I think it's very clear when Sidney talked about the Luwu case but also in other places. I think they are now trying to secure the border,

in many cases, based on the ethnicity. The perception that the power is now in the hands of the local people has led to the reassertions that locally there should be an indigenous and rejecting the non-indigenous population to be the leader.

So looking from this perspective, I think the majority of Indonesians at the peripheral communities will still be victimized in such a political limbo as instability lurks in the near future. I think I will end my talk.

### Q & A

**John Ikenberry:** Thank you very much. Well, we have a lot to talk about so what we're going to do now is open it up to the audience and then we'll let our panelists talk to each other and react to each other as they respond to you and read those comments into their remarks. Please raise your hand if you'd like to ask a question or make a comment. Greg Cooper will come to you and give you the microphone and identify yourself. We have about a half-hour for this part of the program before we have a reception.

**Questioner:** I'd like to ask two questions, if I may. Matt Daley, could you say what your intentions were with the distinction the United States and the unitary state and why you distinguish those?

And Mr. Suryo, in regard to this next six weeks that you discussed the political crisis or the critical discussion leading into the MPR, could you comment on the international economic question, especially with the Argentina collapse and the many people seeing that as the IMF's responsibility. What is the impact of that on the very open debate that's now going on among the elites in Indonesia over whether or not to continue with the IMF conditionalities, and do you see some alternative to those being built?

**Daley:** Sure. I had referred to UPDI, the United Prosperous Democratic Indonesia and

I made the distinction only to note that united is different from unitary in that we're not taking a position on supporting it and unitary as being the formula that Indonesia should follow. Indonesia's got to sort that out. We may have our ideas but it's not a policy issue in which we're going to take a position. We're trying to help Indonesia whichever path it goes.

**Suryodiningrat:** I think the gentleman was specifically referring to the current debate on the role of the IMF in Indonesia. First of all, in reference to the next six weeks to the annual session, I don't think it will be a central issue – the IMF. I think the annual session of the MPR will focus one, on the constitutional amendments particularly on the elections; two, there will be a push again towards the inclusion of *sharia* Islam. There will at least quite a few demonstrations, I predict, in the coming weeks. So the table is quite full rather than discussing the IMF.

### Obvious Devil Is the IMF

But the IMF discussion itself is very big at the moment in Indonesia; in particular, it is being sounded out by people like Kwik Kian Gie, one of our state ministers. He's not saying that the IMF should get out of Indonesia; he's saying that once the agreement is concluded—I think in November this year or next year, I forgot—it should not be extended further. But I think at present, among the political elite, especially among the cabinet, he is almost alone in that respect. That argument is, fortunately or not, gaining support outside because a lot of Indonesians after four years are not seeing life improving. So, of course, the obvious devil is the IMF—you know, fuel subsidies; every two or three months, there's a review of oil prices and it goes up a few hundred rupia, and that's all because of the IMF.

I don't know how that will play out. My personal view is that the IMF is an important institution. I'm not an economist and there are a lot of economic fundamentals, but the pre-

capitatory effect is very important. I mean, you need the IMF to gain rescheduling through CGI and other financial institutions, but it is a battle currently among the political elite. Oddly enough, the loudest voices, the most contentious voices, are between two PDIP ministers; in fact, the only two PDIP ministers in the cabinet.

What you might see in the near future which was what they were talking about just before I left—and I have followed events in the past week—is that there could be a cabinet reshuffle on that. It's either they shut up or get out, I think possibly. But where that will turn out, I really can't say because I don't know the events and developments in the past week.

But reshuffle is on the table, and Megawati's party has asked for a reshuffle. Other senior and very respected people like Nurcholish Madjid have said that a reshuffle could be good and has pointed to several people as a liability to the president.

**Questioner:** This is a question for Sidney on decentralization. I was wondering if you could explain a little bit more about the sort of formal process by which this provincial autonomy is attained. You have three separate *kabupaten* that then become a province and then who decides. How does that work? Where does it go?

### **Process of Forming a New District**

**Jones:** As I understand it – and you guys correct me if I'm wrong – to form a new district, there's a request made to the local DPRD at the provincial level. A change made recently to try to discourage more of these districts from emerging but it hasn't worked. There should be a plenary session of the DPRD at the provincial level to agree on the formation of the district. Then, if the DPRD at the provincial level approves the formation, the request gets sent to the Indonesian parliament in Jakarta.

In practice, what happens is that a lot of money changes hands and people get together to effectively buy parliamentary approval for a district. There's supposed to be a certain level of population, economic resources and so on. In practice, some of the new *kabupaten* that have emerged don't meet any normal requirement for an economic threshold but in some cases have the potential or that people campaigning for it see the potential of, for example, large offshore oil deposits, something like that.

To form a province, you have to have at least three districts and the process is somewhat more complicated. I'm not sure what the actual procedures are but ultimately, again, it's the Indonesian Parliament that decides. I think somewhere along the way, the Ministry of Home Affairs has to sign off on the process. Meidi, do you have any other things to add to the procedures?

**Suryodiningrat:** Not on the procedures. Just that I don't think the DPR has ever rejected a request to form a province.

**Jones:** Yes. For example, in March, there were 22 new *kabupaten* districts approved. There are now 33 provinces and there are about five that are pending requests. Some of these are being created simply because a group of politicians see the potential of large returns to them economically but in some cases, it's an attempt to redress what people in that area see as a complete lack of power that they've been denied for the last three decades.

**Questioner:** My question is for Sidney but for anybody else as well. As everyone in Indonesia knows, one of the causes of communal conflict is that the local security forces—and this is the police, the territorial troops and the TNI—are locally recruited and then they are beholden to or influenced by local interests.

So when conflict breaks out, they are not impartial, they take sides, they can be used to pursue local agendas and so on. So if the goal

is to reduce this level of communal conflict and this is a situation, how would not giving the Indonesian government assistance in building up a centrally controlled peace keeping force be rationally defended?

**Jones:** First of all, I think there are examples that you can point to thus far where outside forces sent in without U.S. training have actually performed reasonably creditably. In that sense, I agree with you that outside forces coming in are desirable but in each case, something has happened to enmesh even those outside forces in local economic interests, local political interests or, in some cases, Jakarta political interests. And there is no guarantee, even when you got the outside forces coming in, that in fact appropriate decisions will be made by civilian authority about when and where those forces will be deployed. I'm not saying that it is not a good idea to have an outside force; I'm saying that first of all it's probably an inappropriate set of signals for the United States to send, number one.

And number two, what should be worked on is getting some sense of political will from the civilian authority that some of the underlying political problems that have caused deployment of outside forces to go wrong are going to be addressed. And there's no sign of that political will. Thank you.

### **Arrival of Soldiers Sometimes Worsens Conflict**

**Suryodiningrat:** I'd like to point that while most ethnic, religious, or regional conflicts that occur in Indonesia do have their own history, there is a true reason for it actually occurring. Sadly, more often than not, there is also an outside element which is making it happen. It's not a simple question of black and white—there's a conflict and then you send troops or you send police. Sometimes the conflict—and Maluku is one example, Aceh is another—where the situation just gets worse after the arrival of soldiers or security forces.

**Questioner:** I'd like to ask the two center players there on military assistance. You both have taken somewhat different positions obviously on headquarters training unit. What about IMET (International Military Education and Training Program) and the resumption of IMET. Could you both answer?

**Daley:** Well, we're two-thirds in agreement, according to my notes. I agree with Sidney that providing the kind of assistance that we've proposed to the American Congress will not improve the capacity of civilian decision makers to make right decisions. No question about it. It has nothing to do with that. Nor will it affect the leakage of arms and other things that Sidney pointed to.

It might have some impact on the political will of decision makers to the extent that they are confident that they have in their command units that can do these things using the minimal amount of force selectively, as opposed to using all available force and sorting out the bodies afterwards. All those are political decisions that have different thresholds.

### **Reform of the Military Is Essential for Indonesia**

As to it being the wrong signal, Sidney's had a lot of experience in judgment on these things and I respect her judgment. We have a different view. We think that the signal that we've been sending clearly and consistently to Indonesia is that reform of the military is essential for Indonesia's sake, secondarily it's essential if Indonesia wants to have a broad gauge in its relationship with the United States.

On the question of IMET, I don't know what Sidney's views are. My own view is that the United States makes a mistake virtually any time it says that it is not going to expose foreign military personnel to how we do things professionally within the U.S. military and to what kind of a country we are. I think we also make a mistake when we cut ourselves off from discourse with other political groupings

no matter how obnoxious and objectionable we may find their methods and objectives. And we made that mistake more than once over the course of the decades but in any event we support going ahead with IMET as a matter of principle.

**Jones:** I guess I would say that . . .

**Daley:** Sidney is uncomfortable because I said we're two-thirds in agreement. I take that back.

**Jones:** That could be tomorrow—I'll convince you.

### **IMET Training Could Be Helpful**

I have no problems first of all with including military officials and expanded IMET. An expanded IMET for those of you who aren't familiar, it does include training, for example, in defense planning, include some human rights training, include a range of topics that were particularly designed to deal with countries coming out of periods of past abuses. I think that in principle there are some aspects of regular IMET training that would be very helpful.

I feel very uncomfortable though when the rationale for that is that if only they come to the United States and get exposed to the kind of country we are, that therefore they'll go back and become goodnicks because there are too many examples of people that haven't. But I think there is a rationale just as there is with the People's Liberation Army of expanding exchanges, expanding contacts, knowing who some of the players are, and so on.

However, I also think that if IMET is meant to be resumed, it has to be done in such a way that the pressure for accountability is not lost. And that's the danger; that's the difficult part to figure out because right now the Leahy Amendment has been virtually the only source of continuous pressure on the Indonesian government to try and ensure that the past abuses

particularly in East Timor but elsewhere as well, are accounted for.

To lift that, without finding another means to keep the pressure on, is also going to send the signal that the United States doesn't particularly worry about this any longer and that would do a huge disservice to a lot of people inside Indonesia. I think what we should be doing now is trying to figure out how to balance those two.

**Daley:** May I reply just quickly. I agree again with Sidney but the argument I would make for IMET is that what it does is give us access to these people in the future. It makes it easier to walk in their door and talk to them. It doesn't change their basic make up or character and secondly, I think that Sidney's also right that if we were to have the opportunity to go ahead with an IMET program, we would have to do it in such a way that it reinforces movement towards our concerns and not to seem as gee, the United States was attacked so we're going to write off our concern about human rights. We're not going to do that.

**Questioner:** I personally would see the establishment of some sort of assistance headquarters—what is it—peace keeping assistance because we've been living in terror for the past three years. Any assistance to come should come quick because lives have been taken. If you will be giving assistance, how soon will that happen? Thanks.

**Daley:** Our request is in the supplemental appropriation for this fiscal year which is being considered by the Congress now. Our guess is that Congress will make a decision some time within the next two or three weeks. If that happens, we would hope to move very quickly first, with discussions with the government of Indonesia on the kind of things that we are proposing.

There are a number of concerns that we have in this regard. We would want to make sure that the people who are assigned to such a unit

are people who have the right kind of background and we engage in very broad consultations on that kind of topic. We would want to be able to assure ourselves that there would be a review of the conduct of this unit; that they would be firmly under civilian control; and that the unit's actions would be subject to scrutiny.

All that said, we would hope to move very, very quickly. The other part of the problem though is that I can't say that prospects for getting approval of this money are very good. It's an uphill fight right now.

### **Prospects to Eliminate Military Seats in MPR**

**Questioner:** Thank you. I'd like to ask either or both of our panelists from Indonesia about the prospects for eliminating the earmark that the military has on seats in the MPR—I believe the number is 38. I think I've read that there is a bill either pending or to be introduced that would end the reservation of those 38 seats for the military. Would you give us your assessment of the outlook for enactment of such legislation and tell us whether President Megawati supports it, supports it mildly or emphatically, or not at all.

**Suryodiningrat:** That particular bill does exist. This was the bill I was talking about. I think it will be part of the constitutional amendments which will be discussed in August. It's in there; whether or not it will go through, again we will look at it in the next six to eight weeks.

It's important to point out the context, which I touched on at the end of my presentation. Yesterday, almost all of the presenters during the session sort of touched on the question of military reform. And basically the words were "military reform at present till 2004 is dead." Introduction of the new army chief who is a staunch nationalist, very loyal to Megawati's commander in chief of the military who has been inaugurated, has not

taken command yet since Megawati has only returned yesterday so she wants him to wait until she returns.

These are things, which don't bode well for the kind of reform that many would hope for. But again, it really depends on the politicians themselves. Megawati obviously feels secure with the army. She feels secure with strong men who are loyal to her and that's obvious. I can't say at the moment.

**Questioner:** Does that mean she has not endorsed the bill?

**Suryodiningrat:** She hasn't. But it's been pushed through by the home ministry. It will go through debate and what the government says and what the party says and the MPR will be two different things. There'll be horse trading in the next six or eight weeks. As I pointed out earlier, there are these two other crucial issues which could determine the whole thing. One is direct president elections and two, is still the question of Islamic law being introduced in the constitution.

**Tirtosudarmo:** I think Megawati is very silent in this issue and it's not yet pretty clear what is her opinion. But judging from the previous decisions on the installment of the new army chief, Megawati may endorse this bill. But reactions from the civil society, particularly the students for example, have to be considered because I think the students will be very active again in the near future.

**Jones:** Just one question for Suryu because I talked to one politician who said, nobody will admit this in the DPR but every politician who has any aspirations for 2004 needs those 38 seats. Therefore, it is not in the interest of any current member of the parliament to get rid of them.

**Suryodiningrat:** Generally speaking, I'd agree with that. I just remembered one thing about this – when the MPR decree was introduced in 1999 or 2000 which allows the mili-

tary to remain in the house, it was really mooted by PDIP in the sense that the commission which runs this thing, this particular decree, was headed by a PDIP person. That's a possible consideration.

**Ikenberry:** Final question. Let's take a couple and then we'll gather them and let each speaker respond and wrap things up. Gentleman in the back.

### **Measuring Performance of Projects**

**Questioner:** Mr. Daley, I think, said that he hoped that U.S. programs for democracy in civil society would be expending \$21 million to \$36 million in the coming year. Ms. Jones, I think, suggested that some of the money already has been spent has not been spent strategically in Indonesia. I would like to hear Mr. Daley's response to that. I know \$36 million is a small amount of money in a country like Indonesia but it's a big increase and can you have that kind of increase if you identify enough good programs to really have that cost effective and how do you measure the performance of the funding that you made?

**Daley:** Well, give me the first shot at it. \$34 million is the figure we're looking at. We'll see what the Congress ends up giving us. I imagine my office and the AID would wind up with enough good projects to spend that amount of money. Sidney is going to be all over us with a lot of good ideas so I've got absolutely no concern that we will have a shortfall of worthy projects.

The problem is going to be different. The problem is going to be one of taking from among a number of very worthy undertakings and reconciling our concern about the security for the people who will be monitoring. And trying to audit the projects as compared to the need to put projects in areas that do not have the kind of impact we'd like to have which means we're going to have to work in areas that aren't really as safe as you want for your people.

So you have to reconcile the audit requirements with the obvious desirability of being on the cutting edge of things. That's done on kind of a case-by-case manner. It's difficult to apply hard and fast rules but I'm not too worried about finding uses for the money. I think Indonesia can absorb that.

**Ikenberry:** One more question in the back. This gentleman right up here.

**Questioner:** I want to ask something about the idea of peacekeeping forces. I think it's a really good idea but the reality is it's failed so many times. For example, in Poso since the battalion sent back to Minahasa they started bombing again in Poso. My question to Sidney is, you are in New York for a long time and what do you think—is it better that a UN observer team is sent to Maluku to monitor this peace keeping TNI instead of the general in Jakarta. Thank you.

### **UN Forces Not Acceptable to Indonesia**

**Jones:** It's a nice idea but politically it's out of the question. There is no way that Indonesia would accept at this stage, particularly with the independence of East Timor in such a short time in the past. No way it would accept any kind of UN observer team to monitor the performance of security forces or the TNI. So it's going to be hard enough to get international monitors or any kind of credible monitoring system in Aceh and that's on the table for discussions in July but Maluku is out of the question.

**Suryodiningrat:** The gentlemen raised a very nice point. TNI peace keeping forces is a contradiction in terms of international force and international peace keeping force, I don't think it will be only on the politicians but I think Indonesians on a regular level, it's very hard for them to accept. I understand the question about the need to stop the bloodshed, human rights, and so on, but it's a question of national dignity, I think, more than anything else. Right or wrong, it's a question of national

dignity and after the events of the past few years, even though you're poor, you can still be somewhat arrogant sometimes. So I think that's out of the question. That's been discussed a lot especially I think about what Indonesia is willing to discuss is probably some sort of ASEAN peacekeeping or ASEAN force. That's been kicked around in certain circles among the ASEAN group but hasn't really gone anywhere due to some sort of humanitarian interventionism; the discussion hasn't gone anywhere.

Again, I was thinking about the question by this gentleman here about the TNI and the military. That is one point I also forgot to raise and also relates to Sidney's comment. If you don't have the TNI, if you don't have the military and police in the DPR or MPR, then would you have them vote? That hasn't happened in Indonesia since 1955, I think, and I don't know what is scarier—having these men who have guns being allowed to vote and

carry their guns to the ballot box or having them in DPR. That's something that Indonesia still has to work out.

**Jones:** And the military is dead set against it because they think that if they allow the military to vote it will split the military into different political parties and disrupt the unity of the military.

**Suryodiningrat:** That's for another discussion.

**Ikenberry:** On that note, we will continue the discussion next door in the reception just out the back. But let me say in concluding that on behalf of the Sasakawa Peace Foundation, we want to thank the Asia Society and the United States Indonesia Society for co-sponsoring this event and thank you for coming. And I would hope that you would join with me in thanking our panelists for a very stimulating conversation. Thank you very much. (End)

## About the Panelists

**Main Speakers** **Mr. Meidyatama Suryodiningrat** is Managing Editor of *The Jakarta Post*. His previous positions included assignments to the Business, National or City Desk and the Foreign Desk at *The Jakarta Post*. After serving as Deputy Editor and Editor of the National Desk, he became the Managing Editor in 2001. Mr. Suryodiningrat received a B.A. in political science from Carleton University and studied at the graduate school of international development studies, Dalhousie University, Halifax.

**Mr. Matthew Daley** is Deputy Assistant Secretary of the Bureau of East Asian and Pacific Affairs at the U.S. Department of State. He joined the Foreign Service in 1976, and among his numerous assignments, he has been Director of the Office of Philippine Affairs, Deputy Chief of Mission of the American Embassies in Thailand and India, and Senior Advisor on South Asia. He has received the State Department's Meritorious Honor Award and Superior Honor Award and the Secretary of Defense's Meritorious Civilian Service Medal. Mr. Daley attended the University of Paris and the University of Wisconsin and received undergraduate and graduate degrees from Tulane University.

### Discussants

**Ms. Sidney Jones** is the Indonesia Project Director in Jakarta for the International Crisis Group. Focusing on issues of human rights, ethnic conflicts, democratization and development throughout Asia, she has come to be regarded as one of the foremost experts on contemporary Indonesia. Ms. Jones is also a member of the Advisory Committee to the Asia Society's Asian Social Issues Program (ASIP). Some of her publications include *Indonesia: Intersection of Human Rights, Financial Markets and Competition Policy* (co-author) in the *Brooklyn Journal of International Law* and *The Role of Commercial Diplomacy: Human Rights in Asia*.

**Dr. Riwanto Tirtosudarmo** is a Social Demographer and Senior Researcher at the Center of Social and Cultural Studies, Indonesian Institute of Sciences. He received his M.A. and Ph.D. degrees from the Australian National University. He has published extensively on the politics of population mobility in Indonesia, including *The Political Demography of Development in Indonesia; From Riau to East Timor* (1996), *Economic Development, Migration and Ethnic Conflict in Indonesia: A Preliminary Observation* (1997) and *The Geographic Mobility and the Emergence of Ethnic Politics* (forthcoming).

### Moderator

**Dr. G. John Ikenberry** is the Peter F. Krogh Professor of Geopolitics and Global Justice at Georgetown University. In addition, he was a Senior Associate at the Carnegie Endowment for International Peace and a Fellow at the Woodrow Wilson Center for International Scholars. He received a Ph.D. from the University of Chicago. Dr. Ikenberry is the author of numerous publications, including, *State Power and World Markets: The International Political Economy* (2002), *After Victory: Institutions, Strategic Restraint and the Rebuilding of Order after Major Wars* (2000), and *Reasons of State: Oil Politics and the Capacities of American Government* (1988).