

DR CLINTON FERNANDES
SPEAKING NOTES, AUGUST 2007 CONFERENCE

I've been asked to speak on the subject of "Australia's foreign policy towards Indonesia, especially West Papua".

When we investigate "Australia's foreign policy towards Indonesia, especially West Papua", we find, initially, an official doctrine that attributes honorable intentions to policymakers. When we investigate further, we uncover a rich historical record that diverges sharply from the official doctrine. When we investigate even further, we find that Australian policy has been pursued and defended at the official level by policymakers, think-tanks and many academics, and that the official policy has often been challenged by coalitions of citizens who worked in difficult circumstances to change that policy, with occasional success.

We find that the latter's occasional success was a function of three factors:

their ability to act as the little wheel inside the bigger wheel of public opinion; their ability to capitalize, by virtue of intelligent and patient organizing, on events that were out of their control; and the fracturing of a previously-existing bi-partisan consensus that had protected the official line.

I cannot establish the above conclusions in the allotted time of 20 minutes, so I'll just trace the main outlines of what you will find if you examine the evidence for yourselves, as I hope you all will.

Independence
Outer Islands Rebellion
Destruction of the PKI
East Timor
Terror/West Papua/debt

The official doctrine that proclaims the honorable intent of policymakers may be found in the 2003 White Paper on Foreign and Trade Policy (Advancing the National Interest). It says (pp 81-2):

Australia has a fundamental national interest in Indonesia's stability.
We strongly support Indonesian unity and territorial integrity.
Indonesia's creation of a robust and functioning democratic system is crucial to achieving these goals... Our political relationship with Indonesia has endured some difficult periods, including when Australia led the INTERFET operation in East Timor in 1999. The Government will continue its efforts to build a productive relationship, building on the underlying strength of our commercial and people-to-people links... Even without the threat of terrorism, Indonesia's economy is vulnerable and requires sustained international financial support through organisations such as the IMF, World Bank and Paris Club. It is important that the Indonesian Government use the opportunity this support provides to press ahead with domestic economic reform. This is the only viable option to create a foundation for sustainable long-term growth.

As mentioned just now, however, there is a rich historical record that diverges sharply from the official doctrine.

The dynamic of official policy and popular challenge was present at the dawn of Indonesia's birth as an independent state. During World War II, Indonesia had come under Japanese occupation. When Japan surrendered, the Dutch tried to regain control by force. At this vital moment, Australian unions, a few religious leaders, and other members of the public began to support the Indonesian cause. The Australian Waterside Workers' Federation (WWF), for instance, prevented

Dutch ships - laden with troops, munitions, and other supplies - from leaving Australian ports. Starting in Brisbane, the embargo soon attracted wide support from workers in other major Australian ports including Sydney, Melbourne, and Adelaide. Initially, the unions simply refused to load Dutch cargo and repair Dutch ships, but later imposed a total boycott of Dutch transport, stores, and depots. Thirty-one Australian trade unions and four Asian trade unions directly involved. Between them, they immobilized 559 ships that were supposed to supply the Dutch effort. As late as March 1946, for example, 1000 Dutch trucks, intended for shipment to Indonesia, still remained in Australia.

These efforts were condemned by sections of the Australian media, and the Opposition leader at the time, Robert Menzies, complained that the 'Indonesian natives' in Australia had been 'constantly indoctrinated ... with a few superficial ideas of a revolutionary kind'.

But the government of the day realized the kind of mass public pressure it was coming under, and had also formed its own view that the Dutch colonial era was coming to an end. Certain key Australian policymakers such as John Burton sympathized with Indonesia's independence cause, but also wanted to contain the growth of a communist movement that was heavily involved in the fight for Indonesian independence. Burton, while genuinely sympathetic to Indonesia's independence cause, warned that if Indonesia's republicans were unsuccessful, 'a Left Wing militant movement [would] soon gather strength throughout Indonesia'. If Australia did not assist in bringing about a settlement, Indonesia would be 'lost to a potentially hostile Republican Left Wing movement.

Commercially and in every other way this should be avoided at all costs.'

There were many contacts between Indonesians and Australians during World War II, including several marriages. Religious figures and academics were active in the Australia-Indonesia Association, which was formed on 3 July 1945 at a public meeting in Sydney. The Anglican Bishop of Sydney, George Cranswick, the University of Sydney anthropologist Adolphus Elkin, the trade union leader Guy Anderson, and other notables served on its executive.

The Chifley Labor government eventually referred the dispute to the UN Security Council as a 'breach of the peace' under Article 39 of the UN Charter. Indonesia's leaders greatly appreciated this support, even nominating Australia as their representative on the United Nations Good Offices Committee. Indonesia's foreign minister, Dr Subandrio, would later describe Australia as the 'midwife' of the Indonesian Republic.

Activists who supported democracy and freedom in Indonesia had made a difference because of three factors:

their ability to act as the little wheel inside the bigger wheel of public opinion; their ability to capitalize, by virtue of intelligent and patient organizing, on events that were out of their control; and the fracturing of a previously-existing bi-partisan consensus that had protected the official line.

The Dutch came under overwhelming international pressure and agreed in August 1949 that all its territory except West Papua would be transferred to an independent United States of Indonesia. As for West Papua, its political status would be determined through negotiations. Australian policymakers considered the territory to have great economic potential. They saw it as 'occupying a position of great strategic and tactical importance, guarding as it does the western approaches to Torres Strait and the northern approaches to Darwin. Its western and northern coasts particularly contain a number of first-class harbours and airfield sites. Accordingly, some policymakers believed that West Papua 'should not become subject to the control of any Asiatic authority', but should 'remain a colonial possession of the Netherlands'. The source of the previous statement is P. Dorling (ed.), Document 82, *Diplomasi: Australia and Indonesia's independence*, DFAT, AGPS, 1994. Emphasis in the original. When Indonesia's then foreign minister Ali Alatas spoke at the launch of *Diplomasi*, he discussed Document 82 only. Evidently, Indonesian policymakers have never forgotten Australia's early preference for non-Indonesian rule over West Papua.

However, as the Cold War developed during the 1950s, the Australian government realised that, if it wanted to avoid enmity with Indonesia, it would have to rethink its support for Dutch control of West Papua. In December 1961, therefore, Australia's minister for external affairs finally abandoned support for the Dutch in a statement that referred to Australia's 'great interest in the ability of the indigenous people of West New Guinea to have the ultimate choice of their own future, whether it be for integration with Indonesia or for independence'. Although this was not a call for an Indonesian takeover, it was a clear signal that Australia's unambiguous support for the Dutch had ended.

The headquarters of Australia's Department of Foreign Affairs and Trade are named after Richard G. Casey, a former Australian foreign minister who was an ardent advocate of a fragmented Indonesia. The R.G. Casey building in Canberra was inaugurated on 29 November 1996 by the newly appointed foreign minister, Alexander Downer. Downer called the new building:

a fitting tribute to Richard Casey and to a tradition and pattern of engagement with the region that he set in train ... The naming of this building after him is one small way of acknowledging his contribution and of recommitting ourselves to the Casey tradition.

Once again, we see that there are official pieties, and a historical and documentary record, and they don't have anything to do with each other.

In the years following Indonesian independence, the Indonesian Communist Party (Partai Komunis Indonesia, or PKI) was in opposition, but it was rapidly gaining support among landless peasants because it defended the interests of the poor. However, it was no tool of China or the Soviet Union. According to the political analyst Harold Crouch, the PKI 'had won widespread support not as a revolutionary party but as an organization defending the interests of the poor within the existing system'. The danger, as the United States warned, was that 'Indonesia would provide a powerful example for the underdeveloped world'. By the mid-1950s Indonesia's non-alignment, coupled with the growing popularity of the PKI, was a matter of serious concern to Western policymakers. US president Dwight Eisenhower asked, 'Why the hell did we ever urge the Dutch to get out of Indonesia?' As a consequence, the US and Australia tried to break up Indonesia by encouraging rebellions on the islands of Sumatra and Sulawesi.

This has been covered in a number of sources, including Reluctant Indonesians: Australia, Indonesia and the future of West Papua.

Australia's foreign minister, Richard Casey, who was in Washington for an ANZUS meeting, later reported to prime minister Menzies that he had met US secretary of state John Foster Dulles and his brother, Central Intelligence Agency (CIA) director Allen Dulles, and that they shared his concern at the growing politicisation of the Indonesian people and their support for the Indonesian Communist Party. Casey therefore suggested that it might be prudent to start thinking about breaking Indonesia up. The CIA director agreed that it had to remain an option, although of course the central objective was to prevent the success of the Indonesian Communist Party. In his view, the US and Australia ought to do everything they could to help provincial leaders defy president Sukarno's policies and to strengthen their anti-communist positions. By helping provincial leaders in this manner, 'Java by itself would become economically non-viable'; and, because Java depended on the Outer Islands for much of its export earnings, the possibility 'of pressure being exerted on it by leaders in the outlying areas' would be opened up. Casey endorsed the CIA's view. Allen Dulles dispatched the US Navy's Seventh Fleet to Singapore, hoping to give the central government's forces 'a bloody nose' if the Indonesian military bombed the American-run Caltex oil fields at Pekanbaru in Central Sumatra.

Australia's foreign minister, Richard Casey, was an enthusiastic supporter of these actions, even if it meant the use of Australian aircraft on bombing operations to support the rebels. It appears that the Australian government also made Christmas Island available as a forward base for US submarines engaged in supplying and transporting the rebels, and the Australian Department of Defence deployed ships to stand off the Sumatran shore to provide logistic and medical support to them.

However, the Indonesian military made swift work of the rebels in a pre-emptive strike three days ahead of schedule, moving 'with a speed and decisiveness that surprised and bewildered both the PRRI military commanders and the United States'. The US was caught unawares and could not save the rebellion. Rebel troops fled the scene, leaving the Caltex installations intact. They also left behind boxes filled with US weapons that had been dropped by the CIA. The boxes were captured and shown to the Indonesian public. Soon afterwards the Sumatran rebels' weakness was demonstrated to the world when an improvised Indonesian invasion fleet commanded by General Ahmad Yani easily recaptured Padang, the centre of PRRI strength in West Sumatra. CIA director Allen Dulles was forced to acknowledge that the Sumatran rebels 'had no fight in them', and denied them air cover. As for the Sulawesi-based Per mestra rebels, they fought on a little longer, receiving air cover from the so-called Revolutionary Air Force (Angkatan Udara Revolucioner, or AUREV). This air force was a CIA front, with aircraft piloted by Taiwanese, Poles, Filipinos, and Americans. It started its campaign by bombing the Makassar and Balikpapan airfields, followed by Ternate, Jailolo, Morotai (in Maluku), and central Sulawesi. But the whole operation came unstuck when a rebel aircraft carrying out a bombing raid against Ambon was shot down and its American pilot, Allen Lawrence Pope, was captured alive. Pope was carrying US military identification papers and substantial evidence of his previous bombing missions, leaving no room for US denials. The US and Australia immediately wound up operations in support of the rebellion.

The Indonesian military had demonstrated its strength by crushing the Outer Islands rebellion. The US ruefully concluded that it would have to find another solution to the problem of Indonesia's president. It therefore decided to develop closer links with the Indonesian military, providing it with limited military aid in order to sustain anti-communist elements in the officer corps. So began the US and Australia's strong support for the Indonesian military.

The destruction of the Indonesian Communist Party in 1965-6 saw massacres in every part of the archipelago. A scholarly consensus has settled on a figure of 400,000-500,000 deaths, although the figure may be substantially higher. This episode has been covered in a number of sources, including Reluctant Indonesians.

Australian ambassador Keith Shann was told that Radio Australia should never suggest that the army was pro-Western or right wing. Instead, credit should be given to other organisations, such as Muslim and youth groups. Radio Australia had an important role to play because of its high signal-strength and huge listening audience. Its listeners included the elite as well as Indonesian students, who liked it because it played rock music, which had been officially banned. The station was therefore told to 'be on guard against giving information to the Indonesian people

that would be withheld by the Army-controlled internal media'. The Australian ambassador worked to ensure that it gave 'prominent coverage' to 'reports of PKI involvement and Communist Chinese complicity' while playing down or not broadcasting 'reports of divisions within the army specifically, and armed services more generally'. Another senior official recommended that Radio Australia 'not do anything which would be helpful to the PKI'; rather, it 'should highlight reports tending to discredit the PKI and show its involvement in the losing cause'.

According to a study by the CIA:

in terms of the numbers killed, the anti-PKI massacres in Indonesia rank as one of the worst mass murders of the twentieth century, along with the Soviet purges of the 1930s, the Nazi mass murders during the Second World War, and the Maoist bloodbath of the early 1950s. In this regard, the Indonesian coup is certainly one of the most significant events of the twentieth century, far more significant than many other events that have received much more publicity.

In the wake of the massacres, Indonesia's pre-eminent cultural and intellectual organisations—the Peoples' Cultural Institute, the National Cultural Institute, and the Indonesian Scholars' Association—were shut down, and many of their members were arrested or imprisoned. All trade union activity was frozen for several years. More than one-and-a-half million Indonesians passed through a system of prisons and prison camps. The PKI was physically annihilated, and popular organisations associated with it were suppressed. The whole of Indonesian society was forcibly depoliticised. In village after village, local bureaucrats backed by the army imposed a control matrix of permits, rules, and regulations. Citizens were required to obtain a 'letter of clean circumstances' certifying that they and their extended families had not been associated with the left before 1965. Indonesian society became devoted to the prevention of any challenge to elite interests.

Control of the universities, newspapers, and cultural institutions was handed to conservative writers and intellectuals who collaborated with the New Order's program and did not oppose the jailing of their left-wing cultural rivals. Along with the violence, certain cultural values were strongly promoted—discussion of personal, religious, and consumerist issues was encouraged, while discussion of politics was considered to be in bad taste.

Indonesian history was rewritten by the Armed Forces History Centre; textbooks, films, and official histories were produced to reflect the

approved version of Indonesian history. The ordinary men and women from all walks of life who had played a part in winning independence from the Dutch were written out of history and replaced by Indonesian military personnel, depicted as the alleged heroes of independence. Many Australian politicians, diplomats, and media commentators would come to strike heroic poses regarding human rights atrocities elsewhere in the world, yet remain silent about Suharto for the duration of his 32 years in office. Suharto's rule seriously weakened Indonesian political life for decades, and set the scene for the subsequent emergence of Islamic terrorism in the archipelago.

The next major episode was the invasion of East Timor. There is much to say about this matter, but time constraints prevent me from doing so. Suffice to say that activists were able to make a difference against overwhelming odds because of three factors:

their ability to act as the little wheel inside the bigger wheel of public opinion;
their ability to capitalize, by virtue of intelligent and patient organizing, on events that were out of their control; and
the fracturing of a previously-existing bi-partisan consensus that had protected the official line.

The Asian financial crisis and the fall of Suharto - elaborate.

Today, there are three major issues of great relevance to the Australia-Indonesia relationship: Debt, Terror and Papua.

Once again, there are official pieties, and a historical and documentary record, and they don't have anything to do with each other.

The official pieties run as follows: "In addition to the direct assistance that Australia provides to Indonesia through its development cooperation program, Australia has assisted Indonesia's progress towards economic recovery through other means including debt relief."

However, the record is at odds with these claims. During the Asian financial crisis, Indonesia went from having virtually no domestic public debt to 22.9 percent of GDP in FY1996-97, 61.5 percent of GDP in FY1997-98 and 100.3 percent of GDP in FY2000. It has declined to 66.9 percent of GDP at the end of 2003, 48% in 2005, and 42% in 2006. The

proportional reduction has been at the expense of spending on basic services and development (the development budget has been cut for four years in a row).

Indonesia's debt crisis is not an economic question but an ideological one. If one adopts the principle that the borrower of a loan should pay it back and the lender lends at his/her own risk, much of the debt crisis takes on a different light. The Indonesian people did not participate in the decision to incur the debt, and in fact were prevented by the Suharto regime from having any say in the matter. The borrowers were the now-notorious crony capitalists associated with the Suharto regime.

Of course, they are not paying for the debts they incurred. Instead the Indonesian people are being made to pay for it by sacrificing funds they could instead be spending on health and education. The lenders were First World banks, which are protected from the consequences of their bad loans by the International Monetary Fund. The IMF, which is funded by Western taxpayers, takes on the bad loans made by the banks and makes the Indonesian people pay for them by way of 'structural adjustment policies'.

If you think this is a radical view, you should be aware that I am quoting the IMF's former U.S. executive director, Karin Lissakers. In her book, Banks, Borrowers and the Establishment: A Revisionist Account of the International Debt Crisis (Basic Books 1991), Karin Lissakers accurately described the Fund as the 'credit community's enforcer'.

A growing number of voices both inside and outside Indonesia are calling for the cancellation of Indonesia's debt not only as a question of charity or meeting human needs, but as a question of justice. As Jubilee Australia points out, the 'critical ratio in terms of working out whether you have a debt crisis is a debt service ratio, which is a ratio of how much a country is spending on servicing its foreign exchange compared to how much it is getting through the till in terms of exports. The standard figure that tells you whether you have a debt crisis is 20 percent.' It described Indonesia's current debt service ratio as about 26 percent. Jubilee Australia argued that the situation was one to which Australia should pay heed:

That is relevant to Australia because history tells us that these sorts of debt levels imperil democracy; they are antithetical to stable government. The reason they are antithetical to stable government is that they mean that a government is spending too much of its resources on debt and not enough on its own people. Today Indonesia spends over five times as much every year on servicing debt as it does on its health

budget and its education budget together ... this in a country where 55 percent of people exist on less than \$2 a day.

What has Australia's Department of the Treasury said about all this?

Treasury made clear Australia's position on debt relief - 'we will not consider any form of debt relief or debt rescheduling for any country outside the auspices of the Paris Club or the Highly Indebted Poor Countries (HIPC) initiative'. Moreover, Treasury explained, 'under the International Monetary Agreements Act 1947 the Australian Government is only authorised to provide financial assistance, such as debt relief, to another country where that country has an active IMF program.' Treasury advised the Committee that 'during 2003 Indonesia approached a number of creditor governments including Australia seeking debt relief, principally in the form of debt swaps. Our understanding', it added, 'is that only Germany and France have agreed to debt swaps with Indonesia. Since the announcement of its decision to graduate from its IMF program, Indonesia has not approached the Australian Government seeking debt relief.'

QUOTE SOURCE: In July 2003, Indonesia announced its decision not to renew its current IMF program at the expiry of the Extended Fund Facility at the end of 2003. The decision is consistent with what has been described by academics, MacIntyre and Resosudarmo, as a 'quietly growing nationalist mood in politics and public discourse more generally - a sense of concern about Western dominance and an inchoate desire for Indonesians to take greater control of their own affairs.'

QUOTE SOURCE: 'In the debate about the IMF, this nationalist sentiment has been given intellectual embodiment with the emergence of the Indonesia Bangkit group. In addition to its coordinator, former economics coordinating minister Rizal Ramli, the group's members include Sri Edi Swasono of the University of Indonesia, Umar Juoro of the Centre for Information and Development Studies (CIDES), Didik Rachbini of the Institute for Development of Economics and Finance (INDEF) and Elvyn Masasya of Financial Intelligence Research. Having worked behind the scenes lobbying all fraksi (parties) in the parliament late last year, Indonesia Bangkit took a high public profile early in 2003, campaigning strongly for a prompt and complete termination of engagement with the IMF. In essence, the group's argument is that the IMF has served Indonesia poorly, that it constrains the country's future growth prospects, and that with improved macroeconomic circumstances Indonesia can readily afford to repay its outstanding loan obligations promptly (Tempo Interaktif, 26/2/03; JP, 29/4/03). The Indonesia Bangkit position has been seen as a direct challenge to the approach of the dominant group of economic 'technocrats'-the successors of the New Order 'Berkeley mafia' economists led by Widjojo Nitisastro. A closer investigation suggests, however, that the challenge may be more

political than philosophical, given the centrality Indonesia Bangkit seems to give to orthodox macroeconomic management and the absence, for instance, of any grand protectionist industrial strategy.

An alternative Labor policy? According to Senator Bob McMullen, "a Rudd Labor Government will offer to swap \$75 million of Indonesia's debt to Australia for Indonesian health programs to fight Tuberculosis (TB)".

"Under the Debt2Health agreement of the Global Fund to fight AIDS, TB and Malaria (GFATM), Australia would be prepared to forgive a portion of the debt owed from Indonesia, with half of this money to be invested in health programs focusing on TB. All three diseases of AIDS, TB and Malaria are grave health problems in Indonesia, but TB has reached alarming proportions with more than 143,000 deaths arising from the disease in 2003. What is further troubling is the link between HIV/AIDS and TB. TB is one of the biggest killers of people living with HIV and at least one third of the people estimated to be living with HIV around the world are likely to be infected with the TB bacteria. TB remains a global emergency, despite the fact that it is a preventable and curable disease.

Papua: You've heard from many speakers in this conference. Note the problems that are occurring in East Timor. They should give you a reason to pause in some of the rhetoric.

Terror:

It should be remembered that the greatest act of regional terrorism (violence against civilians for political reasons) in recent years was the Indonesian military's campaign of state-sponsored terror against the people of East Timor. Despite this fact, and the TNI's glee at the 'blessing of September 11', it's worth assessing how much merit the justification has. After all, if cooperation with the TNI is the only way to save lives, it should be carried out. In this context, it is sometimes asserted that Indonesia's special forces (Kopassus) will require training to rescue Australians or other foreigners who may be taken hostage in Indonesia.

However, terrorist attacks that actually occur in Indonesia have so far involved the use of bombs, not hostages. Consequently, the TNI could have played no effective role against the Bali bombing of 2002, the Marriott hotel bombing of 2003, the Australian embassy bombing of 2004, or the Bali bombings of 2005. Such terrorist actions are best countered by police investigations and sound intelligence work in the short term,

by international police and intelligence cooperation in the medium term, and by policies that tackle the structural causes of terrorism in the long term. Cooperation between the ADF and the TNI is largely irrelevant to these projects.