

**PERSPECTIVES**

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**AUSTRALIA-INDONESIA ROUNDTABLE**

**OUTCOMES REPORT**

**DR MALCOLM COOK**

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**AUGUST 2006**

**The Lowy Institute for International Policy** is an independent international policy think tank based in Sydney, Australia. Its mandate ranges across all the dimensions of international policy debate in Australia – economic, political and strategic – and it is not limited to a particular geographic region. Its two core tasks are to:

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- promote discussion of Australia’s role in the world by providing an accessible and high quality forum for discussion of Australian international relations through debates, seminars, lectures, dialogues and conferences.

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## **OUTCOMES REPORT**

### *Australia-Indonesia Roundtable*

**held on**

**Tuesday, 4 June, 2006**

**at the**

**Lowy Institute for International Policy**

**31 Bligh Street, Sydney**

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#### **Rationale:**

On 4 July 2006 the Lowy Institute, with the assistance of Professor Jamie Mackie, organised a roundtable on the future of the Australia-Indonesia relationship, focusing primarily on the Australian side. The roundtable brought together over 20 people with deep knowledge of Indonesia and the bilateral relationship, from academia, the media and government, and a few non-Indonesianists with particular interest in Australian international policy. It was run under the Chatham House rule of non-attribution to ensure frank discussion.

The goal of this brainstorming session was to gain a better understanding of present-day Indonesia and the bilateral relationship, and to help guide the Institute's future work on Indonesia. Following directly from the half-day event, the Lowy Institute has asked Professor Mackie to write a Lowy Institute Paper on the nature and future of the bilateral relationship.

Three questions guided the discussion and related it directly to Institute interests in Indonesia: 1) why is the bilateral relationship particularly vulnerable to political crises and recriminations, 2) how has democratisation changed Indonesia and its international policy and 3) what can be done to manage the relationship better. Reflecting these questions, the discussion covered three general and overlapping issues: 1) the nature of the bilateral relationship, 2) domestic changes in Indonesia, and 3) changes in Australia's understanding of Indonesia, our closest Asian neighbour.

## **Nature of the bilateral relationship**

As might have been expected, there was unanimity among this group that the bilateral relationship was a very important one for Australia and one of its most complex. In many ways, good bilateral relations are more important for Australian international policy interests as Indonesia holds a powerful, partial veto on our greater diplomatic integration into East Asia. Sydney would not be hosting APEC next year, nor would Australia be a member of the East Asia Summit, without Indonesia's strong support.

This fact means that it is essential that we understand the regional and global dimensions of bilateral relations and how the health of this bilateral relationship affects Australia's regional and global policy ambitions. From 1950-1966 Australia and Indonesia held divergent ideological views and global policy goals, which hindered bilateral relations.

Yet in the late 1980s and early 1990s, cooperation over the formation of APEC and the Cambodian issue assisted greatly in fostering a period of strong and stable bilateral relations, highlighted by a large number of ministerial visits and a government commitment to deepening cultural diplomacy and "people-to-people" ties. The Australia-Indonesia Institute, with its mission to "add ballast" to the bilateral relationship, was established in 1989. In today's world of the global war on terror, the rise of China and new questions about the American role in East Asia, it is unclear how convergent Australian and Indonesian worldviews are.

These regional and global dimensions are particularly important given the significant differences between the two countries and the lack of a vibrant bilateral commercial relationship. Indonesia and Australia are not major trading partners and trade has largely stagnated in the last decade. Belying political rhetoric about "shared values," Australia and Indonesia are fundamentally different countries culturally, economically, historically and geographically. We share few cultural, historical or socio-economic reference points. Yet relations with Indonesia are frequently subject to intense public debate in Australia, and to a lesser extent relations with Australia are a domestic political issue in Indonesia, particularly in its newly empowered parliament. Some participants argued that getting to know each other better will not naturally bring us closer together or develop a sense of community or common purpose.

Others in the roundtable, though, argued that the bilateral relationship, particularly at the non-political level, is very resilient and has continued to develop despite (or partially due) to these differences and periods of diplomatic tension. Relations that take place outside the glare of either media are often much healthier and more stable than those top-level political relations that dominate the media coverage.

However, the permanent differences between the two countries have long contributed to firmly held suspicions of the other country at both the popular and elite levels. In Australia such attitudes towards Indonesia and the Australian government in power are often packaged in the use of the word “appeasement.”

The recent breakdown in diplomatic relations over the Papuan asylum-seekers, and to a much greater extent over Timor Leste independence in 1999-2000, both exposed and deepened ambivalence in each country towards the other. Polling data indicate that tensions over the independence of Timor Leste heightened Australian threat perceptions towards Indonesia more than either the Schapelle Corby trial or even the first Bali bombing. Australia’s historical opposition to the inclusion of Papua in Indonesia and the incomplete and messy process of special autonomy for Papua promise to keep Papua as a potentially explosive difficulty in bilateral relations, as it has been for the last five decades.

### **Changes in Indonesia**

Most of the morning’s discussion focused on three foundational and ongoing changes in Indonesian society and the political system that represents it; democratisation, decentralisation and Islamisation (broadly defined as the changing role of Islamic identity in politics). It was widely held that there is not enough appreciation in Australia and the wider international community of the depth of the first two changes. Some participants were also quite concerned that outside understanding of Islamisation in Indonesia put too much emphasis on its novelty and impact, and often presents it in negative, threatening terms.

*Democratisation:* Democratisation has fundamentally changed Indonesian society and its political system and is now in a process of consolidation. Democracy is now well-established in Indonesia and the different political actors have learned how to operate in this new, more fluid environment. Through democratisation, there are now many more voices in Indonesian political debate, including a much more diverse and critical media (and more adventurous political cartoonists). Political leaders now must respond and engage with these new players and take significantly more note of public

opinion. The growth of credible polling data on Indonesia is also providing us with a better understanding of what Indonesian public opinion is. Institutionally, democratisation and Indonesia's hybrid presidential system have empowered the previously moribund parliament and limited the president's political latitude.

*Decentralisation:* Indonesia is now undergoing one of the world's most ambitious and complicated processes of decentralisation. Through the decentralisation laws, power is being divested from the central government, not to the provincial level but to the municipal level, including significant transfers of funds and legal power. Indonesia is being transformed from a unitary, highly centralised state into a much looser decentralised state with thousands of influential municipal leaders. Decentralisation, more than democratisation, is weakening the power of the presidency and increasing the number of political actors with whom the central government and, increasingly, bilateral partners need to deal.

*Islamisation:* The more public and political display of Islamic identity since the fall of Soeharto is the change in Indonesia that has garnered the most international attention and concern, particularly with the global war on terror and terrorist activities in Indonesia. These factors have helped focus attention on the links between democratisation and Islamisation, with fears that democratisation will provide new political space for extremist voices. Yet, so far, these fears seem largely unfounded. Islamist parties – particularly more exclusionary ones – have not done well electorally. Islamist parties – exclusionary and inclusive – did not increase their vote tally in the last national elections (the second held in this new era of Indonesian democracy). Platforms based on Islamist politics alone have not proven to be popular, and the traditional statist-nationalist parties (Golkar, PDI-P) and new ones like President Susilo's *Parti Demokrat* maintain the widest appeal.

Islamisation is not a new post-Soeharto phenomenon; democratisation, though, has provided more public political space for its expression. Changes to the education code to promote the study of Islam occurred decades ago, while the 1979 Iranian revolution and the *Dakwah* movement both influenced Indonesian Islam well before 1998.

Decentralisation has created significant new political space for Islamisation and a number of municipalities have adopted *syariah* law provisions, despite this being interpreted as unconstitutional. As of now, the central government and President

Susilo have not actively responded to this growing phenomenon and its challenge to Indonesia's secular, multi-cultural state identity. The empowering of traditional local political leaders and their political support for conservative social practices, including *syariah*, is having a particular impact on women's political and civil rights.

Decentralisation and its links to Islamisation mean that traditional top-down, Jakarta-centred analyses of Indonesia are increasingly limited and miss out on much of the social and political ferment.

### **Australia's understanding of Indonesia**

Many participants were particularly concerned with two divergent trends in the bilateral relationship. On one hand, the number of voices in Australia willing to express their opinions on Indonesia was increasing. This development was partially driven by the diversification of the electronic media (including 24-hour news stations) which could provide instant coverage of events in Indonesia such as the Schapelle Corby trial. Such voices were having a powerful influence in moulding public opinion towards Indonesia.

On the other hand, the stock of deep understanding of, and interest in, Indonesia was declining rapidly. There were now very few academics working full-time on Indonesia, fewer post-graduate students studying Indonesia and fewer media personnel based permanently in Indonesia. At the same time, the budget of the Australia-Indonesia Institute had declined significantly, in real terms, since its founding, while government support for Asian and Indonesian studies has also tailed off. At a time when the bilateral relationship is increasingly caught up in domestic politics and crises of the moment, Australia's wealth of Indonesian knowledge – especially knowledge that can contribute to the public debate – is declining.

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