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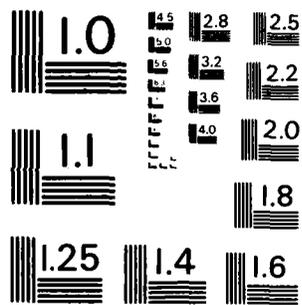
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Guy J. Pauker

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INDONESIA IN 1980: REGIME FATIGUE?*

Guy J. Pauker

In macro-economic terms 1980 was a good year for Indonesia. Foreign exchange reserves amounted to at least \$7.2 billion. The Indonesian Government could obtain commercial loans on the international market at a rate of interest of only 0.5 percent above the London interbank rate (Libor). Following the Bali meeting of OPEC, held in mid-December, the base price of Indonesia's most popular grade of oil, Minas crude, was increased to \$35 a barrel, to which surcharges are being added for part of the volume sold. Ten years ago the same oil sold for \$1.70 a barrel. Although Indonesia remains the world's major rice importer, as per capita consumption continues to increase, in 1980 production reached a record 20 million tons of husked rice, about 10 percent more than in the previous year. After considerable hesitation and internal debate, the Indonesian Government decided to raise substantially the highly subsidized price of domestic fuels without suffering the adverse political effects which some internal security agencies had feared.

The next few years promise to favor sustained economic development, although resource transfers from abroad will still be needed, especially if net oil export earnings decline after 1985 due to reduced production and increased domestic consumption. A World Bank mission reported in February 1980 that, according to its projections, Indonesia's foreign exchange revenue from oil and LNG will amount to \$17 billion in 1985 and earnings from other exports to an additional \$14 billion, estimates which are probably low in view of recent and future price increases for oil and gas.

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Unlike other exporters of petroleum who have been using their unexpected affluence to finance economically unsound development schemes and to buy sophisticated weapons in excess of their security needs and their technological capabilities, the Indonesian Government is using its growing resources with prudence and restraint. Both the sectoral distribution of development expenditures and specific projects are carefully pondered by President Suharto and his economic aides.

Although the political power base of the New Order regime created after the political upheaval of 1965-66 is the military establishment, the weapons acquisition program of the services has been restrained and the size of the Armed Forces has been substantially reduced. President Suharto, himself an Army general, convinced the officer corps early in the New Order period that economic development was the most efficient method to achieve and strengthen national security. Only in the last few years, prompted first by the emergence of Vietnam as a military power superior to the combined capabilities of Indonesia and its ASEAN partners--Malaysia, Philippines, Singapore, and Thailand--and then by the Vietnamese military invasion and occupation of Cambodia followed by the punitive campaign of China against Vietnam, did Indonesia take steps to improve its military capabilities. But the modernization program of the Indonesian Armed Forces is still modest compared with the military expenditures of some other petroleum-exporting countries.

The good luck and good judgment which has shaped the economic policy of the Suharto regime were desperately needed after a long period of neglect and mismanagement of the economy. In the last years of the Sukarno regime, the annual rate of inflation exceeded 600 percent, a complete paralysis of the country's productive forces had set in, insolvency precluded further credits from abroad, and unemployment reached epidemic proportions. The situation seemed hopeless. After four years of armed struggle against Dutch colonialism, from 1945 to 1949, during which Indonesian guerrillas resorted to scorched earth tactics, destroying many valuable economic assets, Indonesia wasted the first two decades of its independent existence due to widespread incompetence and lack of interest at the top in economic development.

The infrastructure of public facilities inherited from the pre-1942 Dutch colonial period crumbled and the country was losing its modest economic assets as rice field irrigation systems deteriorated, plantations were neglected, and manufacturing and transportation equipment broke down.

By 1966 annual exports were as low as \$500 million. Discarding chauvinistic ideology, the Suharto regime decided to create exceptionally favorable conditions for foreign capital investments, hoping to increase rapidly the only available source of foreign exchange revenue, the export of petroleum, timber, and minerals, and to promote the expansion of manufacturing. Fifteen years later, the results are visible. Economic statistics are confirmed by the impressions of trained observers who had known Indonesia in the 1950s and 1960s and could tell that conditions all across the country were indeed improving.

Under the New Order, real GDP growth had averaged 7.5 percent a year, a rate at which the total GDP doubles in less than 10 years. Some of this growth is of course due to the rising price of petroleum and to international market strength of other Indonesian export commodities, but there is also real growth in productivity. Unfortunately, the distribution of these growing revenues has been far from equitable and, in the words of a 1980 World Bank report, "a significant portion of Indonesia's population remains among the poorest in the world."

Despite remarkable success with government-sponsored birth control especially in the most overpopulated islands, Java and Bali, the rate of population growth still averages 2 percent. Even if high export earnings continue and sustain a GDP growth rate of 7.5 percent, average per capita income would, at best, increase, at 1979 prices, from \$370 in 1979 to \$460 by the end of the current third five-year plan (Repelita III) in 1984.

Naturally, averages do not reveal a skewed income distribution. According to the latest estimates that were available to the World Bank, in 1976 the per capita consumption of 50 million Indonesians was still less than \$90 a year. Other indicators were equally disturbing. Life expectancy at birth is still very low by international standards, only 48 years, which reflects the annual death of 600,000 infants

below one year of age. Over 100 million people have no access to safe drinking water. Almost 30 million people aged 15 and over are illiterate. Daily wages in many parts of Indonesia are less than \$1.00.

To cope with these staggering problems the Indonesian Government has followed a consistent strategy. It devoted a first five-year plan (Repelita I), from 1969 to 1974, primarily to economic stabilization, agricultural development, rehabilitation of the infrastructure, and education. A second five-year plan (Repelita II), from 1974 to 1979, made a modest beginning in seeking to improve the social and economic well-being of the population. The number of health centers was quadrupled and more than 31,000 new schools were built. Even the number of people living below some arbitrarily selected poverty line may have decreased, according to the World Bank report.

Measuring poverty is technically very difficult and lends itself to various statistical manipulations. Using the Fourth and Fifth National Social-Economic Surveys, conducted in 1970 and 1976 and a standard based on capacity to purchase 240 kilos of rice per person per year instead of U.S. dollar income figures, some Indonesian analysts have concluded that the number of those below the poverty line increased from 31.1 million in 1969/70 to 39.4 million in 1976 in the rural areas of Java. Among the village population of Java, those below the poverty line increased from 52 percent to 61 percent.

Fighting poverty and reducing income discrepancies were indeed not discussed as explicit goals of economic development during the first two five-year plans. But a third five-year plan (Repelita III) initiated in April 1979, after lengthy debates among Indonesia's senior economic managers, made *equity*, in addition to *growth* and *national stability* a major goal of what the Indonesian Government chose to call the "Development Trilogy." These words do not merely express the remarkable national proclivity for substituting the shadow of slogans for the substance of action programs, but reflect a genuine concern among the top leadership about the necessity to implement the promise of social justice which independence has until now failed to deliver.

The magnitude of the task of helping a vast majority of 145 million people rise above subsistence level and enjoy some benefits of modernization is staggering. Resources, skills, and leadership are all still in short supply. Indonesia is not a rich country. Foreign exchange reserves of \$7.2 billion amount to only \$50 per capita. Indonesia's recoverable oil reserves estimated, conservatively, at about 10 billion barrels, even at the current price of \$35 per barrel amount only to about \$2400 per capita, ignoring production costs and future population increases. Contrary to the conventional wisdom that Indonesia is one of the world's resource-rich countries, its national patrimony is not large considering the capital investments necessary to create one new job.

And Indonesia needs desperately to provide gainful employment opportunities for the many millions of men and women who are currently unemployed or underemployed. Furthermore, the World Bank estimates that 6.4 million new jobs will have to be created during Repelita III merely to absorb the young people who will enter the labor market during the 1979-1984 period. The 1980 report of the World Bank noted that "the plan does not specify in which sectors they will be employed nor does it draw any inference with respect to real wage developments."

In fairness to Indonesia's economic managers, one should not forget that, despite vastly superior experience and resources, the United States has not been successful in fighting stagflation, that "Maoist economics," so fashionable in some intellectual circles a few years ago, had a disastrous impact on China, and that the Soviet Union and other Eastern European socialist economies live under conditions of permanent crisis, as currently exemplified by the unrest in Poland.

Obviously, despite a few success stories, particularly Taiwan, Singapore, and until recently South Korea, a generation of intellectual efforts and practical experimentation has not yet produced universally valid models, doctrines, or guidelines for the rapid elimination of poverty. Although it has not yet been able to work miracles in reducing poverty, the Suharto Government deserves credit for avoiding the wasteful use of its foreign exchange earnings on extravagant modernization projects, glamour buildings, or the acquisition of sophisticated weapons.

Even the major financial scandal of the New Order, the near-collapse of Pertamina, in 1975, under the burden of \$10.5 billion debts was settled for a fraction of the initial commitments. Although ill-advised and probably crooked, the projects which got Pertamina to the verge of bankruptcy were mostly for capital investments, not for frivolous expenditures. Nevertheless, corruption in Indonesia is a disturbing and complex problem.

The Indonesian Government has initiated an anti-corruption campaign (*OPSTIB*) but caught only a few small fish. Petty corruption is in essence a socially harmful form of indirect taxation, which obstructs the economic process and many other aspects of public life. It is the result of inadequate salaries. Discussing the 1980-81 state budget, Minister J. B. Sumarlin told the press in early 1980 that \$3.2 billion (Rp 2 trillion) were budgeted for the salaries of 2.5 million civil servants. He added that this provided for the livelihood of a total of 12.5 million people.

If so, the average per capita income of all civil servant families would amount to only \$256, which is less than 70 percent of the 1979 national average of \$370. Understandably, those who have "wet" jobs, which in Indonesian slang signifies the possibility of extracting some money from the public, in contrast with "dry" jobs which do not offer such opportunities, supplement their income by delaying the normal performance of their duties until they are paid off, or creating obstacles, to force the public to "grease the wheels."

Paradoxically, the morally most offensive forms of big time corruption, namely the symbiotic relationship between political power and economic entrepreneurship, may be less harmful to the economic system. Western standards of conflict of interest are relatively new. Traditionally, power and wealth went together at some stage in the development of all societies. At present, in Indonesia, politically influential military and civilians, who often lack business skills, help authentic entrepreneurs, who are often foreigners or ethnic Chinese, to implement projects which would otherwise be obstructed by the graft-seeking lower bureaucracy. They also help obtain credits from official sources for those most capable to use the money productively.

Although incompatible with present Western business ethics, such partnerships probably have a positive impact on the process of economic growth.

Commissions and fees which are illicit under American law can also be viewed as a form of growth-inducing capitalist accumulation, if the proceeds of such transactions are reinvested in the national economy rather than deposited abroad or wasted on conspicuous consumption. Similar practices have played a significant role in the early economic development of the advanced industrial democracies. Their social cost has been considerably less than that of the practices prevailing in countries with centrally planned economies guided by Marxism-Leninism, and the ultimate social benefits have been much greater.

The harm done by corruption in high places is not so much economic as socio-political. It erodes the authority of the ruling elites and creates distrust in government. That negative mood spreads like cancer through the body politic, lowering its resilience to radicalism. Unlike primitive capitalist accumulation in Western societies, which occurred before revolutionary techniques had been perfected, contemporary large-scale corruption carries the risk of inducing either destabilizing radical political upheavals or increasingly harsh repression of its critics by the government.

If the facts were publicly known and lucidly analyzed, it would probably appear that big-time corruption has only a marginal impact on Indonesia's total process of economic growth. But a few notorious cases keep feeding the rumor mills and lend themselves to harmful generalizations. Actually, through a judicious allocation of public funds by the National Planning Agency (*BAPPENAS*) and considerable leeway given to free market forces, the mixed economy of the New Order is gradually overcoming the legacies of the country's unhappy economic past.

Those impressions are confirmed by a public opinion poll conducted by the respected Indonesian newsweekly, *TEMPO*, before the 35th anniversary of the proclamation of independence, in August 1980. *TEMPO* obtained 495 responses from almost all parts of Indonesia. Those polled had at least junior high school education. Sixty-four percent

of the respondents were between 15 and 30 years of age. Only 25 percent of the total sample were female. *TEMPO* warned its readers that the lowest layers of the people in the rural areas had not been reached, but did not explain why it had failed to sample the poorest members of the community.

Asked to compare the economic condition of their household with previous years, 71.78 percent answered that it was better than 15 years ago, 67.11 percent said that it was better than 10 years ago, 55.85 percent that it was better than 5 years ago, and 31.92 percent that it was better than 1 year ago--a clear trend.

About the future of the Indonesian economy in general, opinions were more divided: 30.17 percent rated it "bleak and disturbing," 29.52 percent did not know, 26.93 percent considered it "bright and good," and 13.36 saw no difference.

Asked whether they thought that foreign capital helped advance the economy, 45.85 percent said yes, 34.56 percent said no, and 19.58 percent had no opinion. 50.8 percent thought that foreign capital was killing domestic business, but 63.9 percent thought also that it offered job opportunities. 59.46 percent believed that it drained economic resource, but 50.34 percent said that foreign capital taught skills. *TEMPO* concluded that public opinion was ambivalent about the role of foreign capital.

That traditional values are changing in favor of business to the detriment of government jobs was indicated by the fact that 76.66 percent of respondents viewed formal education--the established channel into the civil service--as being unable to guarantee their children's future and 70.05 percent stated that "courage to move ahead" was the determining factor for success. 41.68 percent wanted careers in business and industry for themselves and their children, although 31.68 percent were still favoring government employment.

When asked what they considered the greatest internal threat facing the nation, 43.8 percent singled out "corruption and abuses of power," 21.6 percent "the revival of the Communist Party," 20.2 percent "the indifference of the public," and 12.2 percent "divisions and seizure of power." These replies were reinforced by the responses

to a question concerning what was most urgently needed to give substance to the achievement of independence. 36.8 percent answered "clean government," 26.39 percent "economic improvement," 10.4 percent "upholding of the law," 8.09 percent "education," 7.32 percent "political life," and 4.23 percent "equality and social justice."

Significantly for a society which has lived for almost 15 years under military rule, only 6.48 percent considered becoming a member of the Armed Forces the most desirable profession, whereas 19.4 percent wanted to be economists, 17.36 percent engineers, and 15.26 percent medical doctors.

The decision of the Suharto regime, reached in 1966, to make economic development its major national goal is obviously achieving results, reflected not only in sustained rates of growth but also in the gradual transformation of the national mentality from that of a traditional society in which government jobs carried the greatest prestige into that of a modernizing capitalist society in which status is achieved by success in business. The change has been remarkably fast and may result in profound transformations, beneficial to the masses, before the end of the century. It may also induce, in the intervening years, social and political tensions that could nullify economic achievements if political management is less skillful than economic management and denies the new social forces opportunities to assert themselves.

Besides an economy in shambles, the New Order was also burdened with a disastrous political legacy from the 1945 to 1965 period. Indonesia had first experimented with pseudo-parliamentary democracy, trying to imitate the Dutch political system which was best known to Indonesian politicians. Then, disenchantment with an endless succession of cabinet crises and the paralysis of public administration resulted in the pseudo-authoritarian rule of President Sukarno, who banished the political parties hostile to him, played off against each other those political forces which courted his favor, and provided some compensation for the country's catastrophic economic deterioration by demagogic nationalist agitation and an assertive, personalized foreign policy. But his government lacked purpose and direction and wasted national energies on rhetoric.

Eventually Sukarno lost the capacity to play off against each other the contending political forces. In the final clash between the military and the Communists, Indonesia was drenched in blood, Sukarno lost his position as "President for life," and the new regime controlled by the military inherited a complex and difficult task of political reconstruction.

It is not easy to judge whether the economic technocrats of the New Order were luckier and more competent than the regime's political technocrats, or whether political development is a more difficult task than economic development, but the events of the year 1980 suggest that Indonesia's political future is less promising than her economic future. The government's concern to maintain political stability in order to protect the process of economic development has created a pattern of authoritarian intervention in public life which, although benign by comparison with many other developing countries, is probably amplifying rather than releasing social tensions and political opposition.

The nine political parties which had survived the Sukarno period were forced into forming two artificial coalitions, *PDI* and *PPP*, which have been unable to develop internal cohesion and are prevented by governmental manipulations from acquiring genuine leaders through a process of natural selection.

The dominant political entity, *GOLKAR*, which is not a political party, originated in 1957 from the Army's attempt to mobilize various interest groups on a corporatist basis in opposition to the Communist Party, which at that time was growing rapidly. *GOLKAR* has no deep roots in society and would probably not survive without strong government support. Its function is to provide a common emblem for elected and appointed members of Parliament who have the government's confidence. Political stability in the last 15 years has been the result not of a representative system supporting the government, but of President Suharto's wisdom and moderation in the use of power and of his capacity to retain the loyalty of the officer corps. But civilian political institutions have not developed independent strength that would safeguard continuity despite future leadership changes. The formal structure

of the state would probably survive but the function of its components would change.

During 1980, political tensions increased within the small elite from which national leaders originate: senior military officers, professional politicians, influential journalists and academic commentators, student leaders, selected businessmen, religious figures. Political discussions in Indonesia are traditionally devious and obfuscated. The threat of reprisals by government agencies has amplified these tendencies in the recent past. Suddenly, these cultural barriers seem to have broken down and harsh words are being exchanged.

Lengthy disquisitions about the true meaning of Indonesian democracy, of the official *PANCASILA* ideology, of the 1945 Constitution and of related matters are in reality the overt manifestation of a power struggle between the present regime, which would like to remain in control following general elections to be held in 1982 and the re-election of President Suharto to a fourth term in 1983, and those political figures who are denied a share of governmental power at present but would like "a piece of the action" or are genuinely anxious to promote their moral and religious values or their reformist ideas.

All sides seem to believe that without the support of the Armed Forces the present regime would not be able to retain control of its tame, hand-picked Parliament and of the even more docile People's Consultative Assembly, whose major task is to meet at five year intervals, re-elect the President, and approve the "Guidelines of State Policy" prepared by the Executive.

Much of the political discussions of 1980 revolved around the role of the Armed Forces in the 1982 elections: Should they remain completely neutral or support the government's *GOLKAR* candidates?

Hidden behind this debate, which merely reflects the classic dilemma of an authoritarian regime that wants to maintain democratic appearances, is a deeper, characteristically Indonesian issue, which has plagued the political life of that country throughout its history. Nominally the largest Moslem country in the world, Indonesia is in fact divided among "clerical" and "anti-clerical" elements--to use an analogy from Catholic Western European countries such as France

and Italy. Moslem politicians enjoy genuine popular support among those who truly follow the tenets of Islam. Their potential power is feared by the nominally Moslem "anti-clerical" leaders, who suspect them of harboring secret plans to establish a theocratic state and impose their fanatic beliefs on those who do not wish to comply with the tenets of Islam.

The events of the last two years in Iran may have strengthened these fears, but they go back to the early days of the armed struggle for independence, when Moslem armed units under their own commanders challenged the authority of the secular state and inflicted for many years severe casualties on the Armed Forces in various parts of the archipelago, while fighting for *DARUL ISLAM* (the Islamic State).

The obsessive emphasis on *PANCASILA*, the Five Principles which do include "Belief in One God," is to a large extent an indirect warning and the expression of genuine concern that not only a Marxist state but also an Islamic state is unacceptable to the ruling elite.

Early in 1980 a heated political debate in and around Parliament was focused on the Draft Amendment of the General Election Law introduced in October 1979. On February 20, twenty-six very prominent public figures, including Moslem political leaders, Nationalist Party personalities and highly respected retired military officers, submitted a petition to Parliament and to the Government concerning the general elections.

They stated that "the transition period that has been going on from the birth of the New Order in 1965 up to 1980 is long enough," and that a general election held sincerely, honestly, and clearly "is the one and only legal way [to elect] a legitimate government." Ignoring these and other pressures, the government-controlled majority in Parliament adopted the proposed electoral law on March 2. Avoiding a formal showdown, which they would have lost anyhow, the 50 members of Parliament from the powerful Moslem *Nahdatul Ulama*, elected as part of the government-imposed PPP coalition of four Moslem parties, refused to attend the session. The political parties had fought for greater representation and fewer appointed members and had lost.

On March 27, addressing the Armed Forces Commanders at their annual meeting in Pekanbaru, President Suharto asked them "to enhance vigilance ... to guarantee the survival of political democracy and economic democracy based on Pancasila." He reminded the senior officers that in the past "groups that were greatly influenced by their respective ideologies [tried] to impose their will on other groups by force" and ended his remarks by telling the Armed Forces commanders that in defense of the 1945 Constitution and Pancasila "if necessary we must take up arms."

This call to arms against the opposition was followed on April 16 by another speech, on the occasion of the 28th anniversary of the Army Red Berets (RPKAD) at Cijantung near Jakarta. Denouncing rumors that his wife is receiving commissions and denying gossip that he had had an affair with a well-known movie actress, Suharto remarked: "Probably they think I am being the major obstacle to their political design. So I must be eliminated." He then spoke again about the necessity to defend the 1945 Constitution and Pancasila, and added "We must face the threat of arms with the force of arms."

On May 5 a petition entitled "Expression of Concern," signed by 50 prominent citizens, including some of the signatories of the February 20 petition concerning the electoral law, was submitted to Parliament. Using unusually blunt language, the authors stated that they were disturbed by President Suharto's speeches of March 27 and April 16, which "misinterpret[ed] Pancasila so that it can be used as a means to threaten political enemies," "invite the Armed Forces to take sides, not to stand above all social groups," and "give the impression that someone considers himself the personification of Pancasila, so that every piece of rumor about him is interpreted as an anti-Pancasila attitude."

Some Indonesian newspapers mentioned the petition in guarded words in late May, without revealing its content—a clear indication that the media had been warned not to provide publicity to the critics of the regime, who represented the whole spectrum of legitimate opposition, not merely the Moslem forces. But it was only on July 16 that Jakarta newspapers published the full text of the "Expression

of Concern," after 19 members of Parliament wrote a letter to the President on July 5.

These members of the opposition asked Suharto whether he agreed with them that very important issues had been raised, which ought to get the attention of all parties and that the Indonesian people deserved to receive complete and detailed information and explanations on the matters raised. Two of the signatories of the letter to the President were members of the PDI faction (Indonesian Democratic Party) and 17 were members of the PPP faction (United Development Party).

President Suharto did not answer directly the letter of the opposition members of Parliament. His reply came in the Address of State he gave to the House of Representatives on the eve of the 35th Independence Day, August 17. He stated that "to materialize the progress and prosperity that is our ideal, the one and only way for us to take is to implement development; in order to implement development, we must all be able to maintain dynamic national stability." He explained that by "dynamic stability" he means that "the voice of sovereign and honest people is channeled in an orderly way in keeping with the methods that are made available and that are appointed by the 1945 Constitution."

Later in the Address of State, President Suharto made the following revealing comment:

Political development is a very difficult part of the development of the nation in its entirety! Therefore it calls for the determination and patience of us all. We need to understand that we do not possess a stable tradition yet for giving substance to and for determining the forms of all the important aspects of the practice of the political life. We are still trying to find the right balance between freedom and responsibility, between the interests of the individual and those of the group on the one hand and on the other of public interests and national interests.

The Suharto regime's dilemma is genuine, but the forces of social change stirring in Indonesia will make it increasingly difficult to maintain "dynamic stability," i.e., unchallenged acceptance of the government's policies. During 1980 tensions between university students and the Department of Education and Culture increased, as elected student councils were replaced by representatives appointed by academic authorities,

who were ignored by many students at the country's most prestigious institutions of higher learning. While treating government officials who came to talk to them with contempt, students invited to their campuses prestigious personalities known for their opposition to the government.

Although these incidents did not involve massive use of force and the military seem careful to avoid bloodshed when dealing with students, there is little doubt that bad feelings toward the Suharto regime are prevailing on campuses. On October 25, for instance, a panel discussion at the University of Indonesia student center was broken up by soldiers and plainclothes security guards because General A. H. Nasution, one of the signatories of the February 20 and May 5 petitions to Parliament, had been invited to attend. Fourteen students were injured and the building was damaged.

A more disturbing indicator of social tensions was the anti-Chinese riots which started on November 19 in the city of Solo in Central Java with a fight between the son of a wealthy Chinese and an Indonesian student. For three days thousands of young Javanese terrorized the Chinese business district, wrecking shops, homes, and cars. Indonesian troops tried to quell the riot and one of the youths was killed. The authorities tried to black out all news of the violence, but the riots had spread by November 24 to Semarang, which has one of the oldest and most respected Chinese communities in Indonesia. The troops were unable to protect the 100,000 Chinese, who suffered again property damage, although the only two lives lost were rioters killed by troops that had panicked. Then the riots spread to other Javanese towns, including Pekalongan, Kudus, Magelang, and some smaller towns. Troops were flown in by C130 Hercules transports and night curfews were reinforced through early December, when the situation finally calmed down. The Commander of the Diponegoro Military Region VII (Central Java) stated publicly that not only students but criminal elements, working in groups, got involved, seeking loot.

On December 3 General Yoga Sugama, head of BAKIN, the State Intelligence Coordinating Board, briefed a committee of Parliament in closed session, telling them that a total of eight Javanese youth,

but no Chinese, had been killed and 14 had been wounded. More than 680 persons had been arrested; 240 Chinese shops, 230 homes, 23 factories, 32 office buildings, and one school had been damaged.

The same evening the student who had started the fight in Solo and two of his friends appeared on television to explain how the riots began and to apologize for their misdeeds. Unlike many other governments who encourage nationalist excesses against religious, ethnic, or racial minorities, there is no doubt that the present Indonesian Government tries to maintain harmony in the complex Indonesian national community and protects threatened minorities. The New Order has brought more security to Indonesian Chinese than they enjoyed previously.

In March new regulations were issued simplifying the procedures required for Chinese residents to acquire Indonesian citizenship. There are between 3.5 and 4 million persons of Chinese origin in Indonesia, of which about 2.5 million are Indonesian citizens. Concerning the rest, estimates vary considerably on how many are citizens of the People's Republic of China and how many are stateless. The Indonesian Government wishes to reduce the number of those who could invoke Beijing's protection, before normalizing diplomatic relations with the People's Republic of China.

Fear of "the threat from the North," as China has been referred to for many years in Indonesian military circles, is a constant factor in the thinking of Indonesian national security planners and strategic analysts, despite their awareness of China's present military weakness. In the early part of 1980 long-term projections concerning China as a future threat had prompted Indonesia and Malaysia to explore the possibility of some accommodation with Vietnam, as a potentially useful factor in the containment of Chinese hegemonial aspirations in the South China Sea and Southeast Asia.

Strategic analysts in Jakarta were arguing privately that following the disappearance of the American anti-Chinese deterrent and the gradual emergence of a Sino-Japanese-American coalition against the Soviet Union, which might be willing to recognize Chinese hegemony in the region, Southeast Asia might benefit from a Soviet-Supported and Vietnamese-led strong Indochina. These views were rejected by Thailand

and Singapore who viewed Vietnam and the Soviet Union as a more immediate and dangerous threat than China.

Rumors about dissenting threat perceptions within ASEAN ceased following a Vietnamese attack on Thai border areas on June 23. The ASEAN foreign ministers, holding their regular annual meeting in Kuala Lumpur two days after the Vietnamese attack, felt compelled to close ranks and pledge firm support and solidarity to Thailand. The joint diplomatic efforts of ASEAN resulted on October 13 in a vote of 74 to 35 with 32 abstentions in the General Assembly of the United Nations in favor of the continued seating of the Khmer Rouge government as the legitimate representative of Kampuchea.

In his August 16 Address of State, President Suharto spelled out Indonesia's official position:

Whilst the question of Kampuchea is still not finished, conditions have been worsened by blatant disturbances to the integrity of Thailand's territory. No matter what the excuse may be, we cannot justify disturbances by another country to the sovereignty of a state and the integrity of its territory. As a fellow member of ASEAN, we give our fullest support to Thailand's right to defend the integrity of the security of its state. Our stand over the question of Kampuchea is extremely clear, namely all foreign troops should be withdrawn from there.

While Indonesia has abstained from promising military assistance to its ASEAN partners, she is obviously seeking to overcome her own military weakness, to give some teeth to her non-aligned foreign policy. The State Budget for 1980-1981 includes \$2 billion for the Department of Defense, or about 12.8 percent of the total annual budget. The 1979-1983 Strategic Plan (Renstra II) seeks to combine "universal people's defense" (Hankamrata) with professionalism. One hundred Army battalions are to be combat-ready by 1980-1981.

In early February, Defense Minister General M. Jusuf had informed Commission I (Defense-Security and Foreign Affairs) of Parliament that a massive combined military exercise involving 30,000 troops will be held in the South China Sea--"the gate to Indonesia." General Jusuf added that eventually combat in that area may become inevitable,

especially as oil fields had been found from the Natuna Islands to the coast of Sumatra. A few days later, Vietnamese Deputy Foreign Minister Phan Hien stated in an interview with Agence France Presse that Vietnam's conflict with Indonesia on determining the continental shelf boundary between the two countries in the South China Sea will by no means develop into an armed conflict.

The deeper meaning of these two statements is that a regional balance in Southeast Asia can be achieved without having the region remain a conflict arena for the major external powers--if Indonesia can achieve and maintain military parity with Vietnam.

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