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Indonesia a country study

Federal Research Division
Library of Congress
Edited by
William H. Frederick and
Robert L. Worden
Research Completed
November 1992



On the cover: Betara Guru, or Manikmaya—the god Shiva—
first among the Hindu deities and well known in Java as the
Lord Teacher. This *wayang* (shadow puppet), which has no
moving parts, has four arms and is riding on his cow, Andini.

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Foreword

This volume is one in a continuing series of books prepared by the Federal Research Division of the Library of Congress under the Country Studies/Area Handbook Program sponsored by the Department of Army. The last page of this book lists the other published studies.

Most books in the series deal with a particular foreign country, describing and analyzing its political, economic, social, and national security systems and institutions, and examining the interrelationships of those systems and the ways they are shaped by cultural factors. Each study is written by a multidisciplinary team of social scientists. The authors seek to provide a basic understanding of the observed society, striving for a dynamic rather than a static portrayal. Particular attention is devoted to the people who make up the society, their origins, dominant beliefs and values, their common interests and the issues on which they are divided, the nature and extent of their involvement with national institutions, and their attitudes toward each other and toward their social system and political order.

The books represent the analysis of the authors and should not be construed as an expression of an official United States government position, policy, or decision. The authors have sought to adhere to accepted standards of scholarly objectivity. Corrections, additions, and suggestions for changes from readers will be welcomed for use in future editions.

Louis R. Mortimer
Chief
Federal Research Division
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Preface

This edition supersedes the fourth edition of *Indonesia: A Country Study*, published in 1983 under the editorship of Frederica M. Bunge. It provides updated information on the world's fourth most populous nation and the world's largest Muslim population. Although much of what was reported in 1983 has remained the same in regard to traditional behavior and organizational dynamics, regional events have continued to shape Indonesian domestic and international policies.

To avoid confusion over the pronunciation of Indonesian names and terms, the revised spelling of Indonesian names, known as *ejan yang disempurnakan* (perfected spelling), generally is used in the book. Although Sukarno used the Dutch spelling of his name—Soekarno—during his lifetime, he himself recognized that official use required the use of “u” rather than “oe” in his name. In keeping with this line of thinking, this edition uses “u,” the pronunciation of which will be more familiar to English-speaking users of this book, instead of “oe” in Sukarno, Suharto, and other personal names. The spelling of contemporary place-names conforms with the system used by the United States Board on Geographic Names. Indonesian spellings are given for all province names, such as Jawa Tengah (Central Java). Similarly, the names Sumatera Utara (North Sumatra) and Sumatera Selatan (South Sumatra) are used to refer to provinces on the island of Sumatra. Conventional spellings of names, such as Java, East Java, Central Java, and West Java, are used when referring to the entire island or its eastern, central, or western regions.

Because of the widespread use of acronyms and contractions in Indonesia, they are listed in a table along with an English translation (see table A). A chronology is also provided (see table B). Measurements are given in the metric system; a conversion table is provided to assist readers unfamiliar with metric measurements (see table 1, Appendix).

Users of this book are encouraged to consult the chapter bibliographies at the end of the book. They include several general and specialized bibliographies that will lead readers to further resources on Indonesia. Additionally, users may wish to consult the annual editions of the Association for Asian Studies' *Bibliography of Asian Studies*, as well as yearbooks listed in the bibliography, for information published since 1992. Another important source for deriving research materials in Indonesian and other languages

is Herman C. Kemp's *Annotated Bibliography of Bibliographies on Indonesia* (Leiden: KITLV, 1990). Those who read Indonesian will find many publications available in that language at the Library of Congress and other major research libraries.

The illustrations on the cover and chapter title pages represent *wayang* (shadow puppets) used to act out traditional Indian epic dramas. *Wayang*, a very popular form of entertainment in Indonesia, come in a variety of forms—some influenced by Islamic traditions. The ones used in this book are based on the Javanese tradition.

The body of the text reflects information available as of November 1992. Certain other portions of the text, however, have been updated: the Introduction discusses significant events that have occurred since the information cutoff date; the Country Profile includes updated information as available; and the Bibliography lists recently published sources thought to be particularly helpful to the reader.

Table A. Selected Acronyms and Contractions

Acronym or Contraction	Organization
ABRI	Angkatan Bersenjata Republik Indonesia (Armed Forces of the Republic of Indonesia)
ADRI	Angkatan Darat Republik Indonesia (Army of the Republic of Indonesia)
AFTA	ASEAN (<i>q.v.</i>) Free Trade Area
Akabri	Akademi Angkatan Bersenjata Republik Indonesia (Armed Forces Academy of the Republic of Indonesia)
ALRI	Angkatan Laut Republik Indonesia (Navy of the Republic of Indonesia)
AMD	ABRI Masuk Desa (ABRI [<i>q.v.</i>] Enters the Village)
APEC	Asia Pacific Economic Cooperation
Apodeti	Associação Populár Democrática Timorese (Timorese Popular Democratic Association)
ASEAN	Association of Southeast Asian Nations (see Glossary)
AURI	Angkatan Udara Republik Indonesia (Air Force of the Republic of Indonesia)
Bais	Badan Intelijens Stratejis (Armed Forces Strategic Intelligence Agency)
Bakin	Badan Koordinasi Intelijen Negara (State Intelligence Coordinating Agency)
Bakorstanas	Badan Koordinasi Bantuan Pemantapan Stabilitas Nasional (Coordinating Agency for National Stability)
Bapeda	Badan Perencanaan Daerah (Agency for Regional Development)
Bappenas	Badan Perencanaan Pembangunan Nasional (National Development Planning Board)
Bimas	Bimbingan Massal ("mass guidance" rice intensification program)
BKKBN	Badan Koordinasi Keluarga Berencana Nasional (National Family Planning Coordinating Agency)

Table A.—Continued

Acronym or Contraction	Organization
BKPM	Badan Koordinasi Penanaman Modal (Investment Coordinating Board)
BKR	Badan Keamanan Rakyat (People's Security Forces)
BPS	Biro Pusat Statistik (Central Bureau of Statistics)
BPUPKI	Badan Penyelidik Usaha Persiapan Kemerdekaan Indonesia (Investigating Committee for Preparatory Work for Indonesian Independence)
Bulog	Badan Urusan Logistik Nasional (National Logistical Supply Organization)
CGI	Consultative Group on Indonesia (see Glossary)
Conefo	Conference of New Emerging Forces
DPR	Dewan Perwakilan Rakyat (House of People's Representatives)
DPRD	Dewan Perwakilan Rakyat Daerah (People's Regional Representative Council)
DPR-GR	Dewan Perwakilan Rakyat-Gotong Royong (House of People's Representatives-Mutual Self-help)
Fretilin	Frente Revolucionária do Timor Leste Independente (Revolutionary Front for an Independent East Timor—see Glossary)
Gestapu	Gerakan September Tiga Puluh (September 30th Movement)
Golkar	Golongan Karya (literally, Functional Groups—see Glossary)
GPK	Gerakan Pengacau Keamanan (Security Disturbance Movement)
Hankam	Departemen Pertahanan dan Keamanan (Department of Defense and Security)
ICMI	Ikatan Cendekiawan Muslim Indonesia (Association of Muslim Intellectuals)
IGGI	Inter-Governmental Group on Indonesia (see Glossary)
IMF	International Monetary Fund (see Glossary)
INGI	International Nongovernmental Group on Indonesia

Table A.—Continued

Acronym or Contraction	Organization
Interpol	International Criminal Police Organization
IPKI	Ikatan Pendukung Kemerdekaan Indonesia (League of the Supporters of Indonesian Independence)
IPTN	Industri Pesawat Terbang Nusantara (Archi- pelago Aircraft Industry)
ISDV	Indische Sociaal-Democratische Vereeniging (Indies Social-Democratic Association)
Kadin	Kamar Dagang dan Industri Indonesia (Cham- ber of Commerce and Industry in Indonesia)
KNIL	Koninklijk Nederlands Indische Leger (Royal Netherlands Indies Army)
KNIP	Komite Nasional Indonesia Pusat (Central Indonesian National Committee)
Kodam	Komando Daerah Militer (Military Regional Command)
Kodim	Komando Distrik Militer (Military District Command)
Kohanudnas	Komando Pertahanan Udara Nasional (Nation- al Air Defense Command)
Ko-Ops	Komando Operasi (Operations Command)
Kopassandha	Komando Pasukan Sandi Yudha (Secret Warfare Commando Unit; also known as the Special Forces Command)
Kopassus	Komando Pasukan Khusus (Special Forces Command)
Kopkamtib	Komando Operasi Pemulihan Keamanan dan Ketertiban (Operational Command for the Restoration of Security and Order)
Koramil	Komando Rayon Militer (Military Subdistrict Command)
Korem	Komando Resort Militer (Military Resort [Gar- rison] Command)
Kostrad	Komando Cadangan Strategis Angkatan Darat (Army Strategic Reserve Command)

Table A.—Continued

Acronym or Contraction	Organization
Kostranas	Komando Strategi Nasional (National Strategic Command)
Kowilhan	Komando Wilayah Pertahanan (Regional Defense Command)
KPM	Koninklijke Paketvaart Maatschappij (Royal Packetship Company)
Lemhanas	Lembaga Pertahanan Nasional (National Defense Institute)
LPHAM	Lembaga Peranhanan Hak Asasi Manusia (Institute for the Defense of Human Rights)
LSM	Lembaga Swadaya Masyarakat (Self-Reliance Group)
Mako Akabri	Markas Komando Akademi Angkatan Bersenjata Republik Indonesia (Command Headquarters, Military Academies of the Armed Forces of the Republic of Indonesia)
Mako Sesko	Markas Komando Sekolah Staf dan Komando (Command Headquarters, Armed Forces Command and Staff Schools)
Manipol	Manifes Politik (Political Manifesto; usually paired with USDEK [<i>q. v.</i>] to read Manipol-USDEK)
MAPHILINDO	Malaya, the Philippines, and Indonesia
Masyumi	Majelis Syuro Muslimin Indonesia (Consultative Council of Indonesian Muslims)
MPR	Majelis Permusyawaratan Rakyat (People's Consultative Assembly)
MPR(S)	Majelis Permusyawaratan Rakyat (Sementara) (Provisional People's Consultative Assembly)
Muspida	Musyawah Pimpinan Daerah (Regional Security Council)
Nasakom	Nasionalisme, Agama, Komunisme (Nationalism, Religion, Communism)
Nekolim	Neo-Kolonialis, Kolonialis, dan Imperialisme (Neocolonialism, Colonialism, and Imperialism)

Table A.—Continued

Acronym or Contraction	Organization
NFZ	Nuclear Free Zone
NGO	nongovernmental organization
NHM	Nederlandsche Handel Maatschappij (Netherlands Trading Company)
NIE	newly industrialized economy
OPEC	Organization of the Petroleum Exporting Countries (see Glossary)
OPM	Organisasi Papua Merdeka (Free Papua Movement)
Opsus	Operasi Khusus (Special Operations Service)
Parkindo	Partai Kristen Indonesia (Indonesia Christian Party)
Partindo	Partai Indonesia (Indonesia Party)
PDI	Partai Demokrasi Indonesia (Indonesian Democratic Party)
Pelni	Perusahaan Pelayaran Nasional Indonesia (Indonesian National Shipping Company)
Permesta	Piagam Perjuangan Semesta Alam (Universal Struggle Charter)
Permina	Perusahaan Minyak Nasional (National Oil Mining Company)
Permigan	Pertambangan Minyak dan Gas Nasional (National Oil and Gas Company)
Pertamin	Pertambangan Minyak Indonesia (Indonesian Oil Mining Company)
Pertamina	Perusahaan Tambang dan Minyak dan Gas Bumi Nasional (National Oil and Natural Gas Mining Company)
Perti	Persatuan Tarbiyah Islamiyah (Islamic Educational Movement)
Perumtel	Perusahaan Umum Telepon (General Telephone Company)
Peta	Pembela Tanah Air (Defenders of the Fatherland)

Table A.—Continued

Acronym or Contraction	Organization
PJKA	Perusahaan Jawatan Kereta Api (Indonesian State Railways)
PKI	Partai Komunis Indonesia (Indonesian Communist Party)
PLN	Perusahaan Listrik Negara (National Electric Company)
PMI	Partai Muslimin Indonesia (Muslim Party of Indonesia)
PNI	Perserikatan Nasional Indonesia (Indonesian Nationalist Union)
PNI	Partai Nasional Indonesia (Indonesian Nationalist Party)
PNI-Baru	Pendidikan Nasional Indonesia-Baru (New Indonesian National Education; often taken to mean New PNI)
Polda	Kepolisian Daerah (Police Regional Command)
PPP	Partai Persatuan Pembangunan (United Development Party)
PRRI	Pemerintah Revolusioner Republik Indonesia (Revolutionary Government of the Indonesian Republic)
PSI	Partai Sosialis Indonesia (Indonesian Socialist Party)
PSII	Partai Serikat Islam Indonesia (Islamic Association Party of Indonesia)
P.T. PAL	Perusahaan Terbatas Pelabuhan Angkatan Laut (Naval Harbor Company)
Puskesmas	Pusat Kesehatan Masyarakat (Community Health Center)
Repelita	Rencana Pembangunan Lima Tahun (Five-Year Development Plan—see Glossary)
RMS	Republik Maluku Selatan (Republic of South Maluku)
RRI	Radio Republik Indonesia (Radio of the Republic of Indonesia)
RUSI	Republik Indonesia Serikat (Republic of the United States of Indonesia, also seen as RIS)
xx	

Table A. —Continued

Acronym or Contraction	Organization
SARA	Suku, Agama, Ras, dan Antargolongan (Ethnicity, Religion, Race, and Social Groups)
SBI	Sertifikat Bank Indonesia (Bank Indonesia Certificate)
SBSI	Serikat Buruh Sejahtera Indonesia (Indonesia Prosperous Labor Union)
SEATO	Southeast Asia Treaty Organization
SPSI	Serikat Pekerja Seluruh Indonesia (All Indonesian Workers Union)
Supersemar	Surat Perintah Sebelas Maret (Executive Order of March 11, 1966)
Susenas	Survey Sosial Ekonomi Nasional (National Socioeconomic Survey)
TNI	Tentara Nasional Indonesia (National Army of Indonesia; made up of ADRI [<i>q.v.</i>], also seen as TNI-AD; ALRI [<i>q.v.</i>], also seen as TNI-AL; and AURI [<i>q.v.</i>], also seen as TNI-AU)
TVRI	Televisi Republik Indonesia (Television Network of the Republic of Indonesia)
UDT	Unio Democrática Timorese (Timorese Democratic Union)
UNTAC	United Nations Transitional Authority in Cambodia
USDEK	Undang-undang Dasar '45, Sosialisme a la Indonesia, Demokrasi Terpimpin, Ekonomi Terpimpin, Kepribadian Indonesia (1945 Constitution, Indonesian Socialism, Guided Democracy, Guided Economy, and Indonesian Identity; usually paired with Manipol [<i>q.v.</i>] to read Manipol-USDEK)
VOC	Verenigde Oost-Indische Compagnie (United East India Company)
Walubi	Perwalian Umat Buddha Indonesia (Guardianship of the Indonesian Buddhist Community)
WHO	World Health Organization
YKEB	Yayasan Kartika Eka Bhakti (Kartika Eka Bhakti Foundation)

Table A.—Continued

Acronym or Contraction	Organization
YLBHI	Yayasan Lembaga Bantuan Hukum Indonesia (Indonesia Legal Aid Foundation)
ZOPFAN	Zone of Peace, Freedom, and Neutrality

Table B. Chronology of Important Events

Period	Description
ca. 1.7 million-500,000 B.C.	<i>Homo erectus</i> living in Java
ca. 500,000-100,000 B.C.	<i>Homo soloensis</i> living in Java
ca. 3000 B.C.	Austronesians begin migrating from the Philippines to Indonesia
First-second centuries A.D.	Hindu and Buddhist culture introduced from India, begin long-term influence
ca. 600	Srivijaya kingdom rises in Sumatra, later spreads to western Java, Malay Peninsula
ca. 732	Rise of Hindu state of Mataram
ca. 824	Sailendra kingdom flourishes in Central Java, Borobudur Buddhist temple complex built
ca. 840	Prambanan Hindu temple complex construction begins in Central Java
860-1000	Srivijaya kingdom flourishes
Tenth-fifteenth centuries	Hindu-Javanese states rival Srivijaya in Java
Late thirteenth century	Golden age of Javanese Hindu-Buddhist kingdoms; Majapahit kingdom established; Islam, introduced centuries earlier, becomes better established
1364	Gajah Mada dies; expanded Majapahit empire throughout much of archipelago
1405-33	Seven Chinese maritime expeditions led by Zheng He to Java, Sumatra, and points beyond as far as East Africa
1522	Portuguese establish base in Maluku Islands
1596	Dutch fleet arrives on Java coast
1602	United East India Company (VOC—see table A) established by Dutch
1605	Large-scale conversions to Islam in Sulawesi; subsequent proselytization in neighboring islands, including Java
1619-1755	Period of heightened VOC activity in Java
1704-08	First Javanese War of Succession
1719-23	Second Javanese War of Succession

Table B.—Continued

Period	Description
1746-55	Third Javanese War of Succession
1799	VOC charter lapses following bankruptcy
1800	VOC holdings taken over by Netherlands government
1811-16	British occupy Java; Thomas Stamford Raffles attempts reforms
1816	Dutch control reestablished
1821-38	Padri War; Dutch expand into Sumatra
1824	Anglo-Dutch treaty recognizes spheres of influence in Malay Peninsula and Sumatra, respectively
1825-30	Java War; last Javanese aristocratic resistance to Dutch rule; Pangeran Diponegoro central figure
1830	Cultivation System introduced
1873-1903	Aceh War
1890	Royal Dutch Company for Exploration of Petroleum Sources in the Netherlands Indies established
1901	Ethical Policy established
1902	Transmigration begins to Outer Islands (see Glossary)
1907	Royal Dutch Shell established through merger of Dutch and British companies
1908	First modern political organization—Budi Utomo (Noble Endeavor)—established
1909	Sarekat Islam (Islamic Association) founded as Sarekat Dagang Islam (Islamic Traders' Associations); shorter name adopted 1912 as mandate is broadened
1911	Indies Party (Indische Partij) founded
1912	Muhammadiyah (Followers of Muhammad) established
1914	Indies Social-Democratic Association (ISDV).

Table B.—Continued

Period	Description
	forerunner of the Indonesian Communist Party (PKI). established
1924	PKI established
1926	Nahdlatul Ulama (Revival of the Religious Scholars) organized
July 1927	Sukarno and others establish the Indonesian Nationalist Union (PNI)
May 1928	PNI renamed Indonesian Nationalist Party (PNI)
December 1929	Sukarno jailed
April 1931	PNI dissolved; Indonesia Party (Partai Indonesia—Partindo) formed soon thereafter
March 1942–September 1945	Japanese occupation; Indonesian nationalism emerges
September 1944	Japan promises independence
June 1, 1945	Sukarno announces the Pancasila (see Glossary)
August 15, 1945	Japan surrenders
August 17, 1945	Sukarno and Mohammad Hatta proclaim independent Republic of Indonesia with Sukarno as president and Hatta as vice president
August 18, 1945	Constitution promulgated
August 31, 1945	PNI reestablished
1945–49	National Revolution period
November 12, 1946	Linggajati Agreement initialled; recognizes republican rule on Java and Sumatra and the Netherlands-Indonesian Union under the Dutch crown
May 25, 1947	Linggajati Agreement signed
July 21, 1947	First Dutch "police action" begins
January 17, 1948	Renville Agreement
September 1948	Madiun Affair
December 19, 1948	Second Dutch "police action" begins

Table B.—Continued

Period	Description
January 1949	United Nations (UN) Security Council demands reinstatement of republican rule
August 23–November 2, 1949	Round Table Conference held at The Hague prepares for formal transfer of sovereignty
December 27, 1949	Dutch recognize sovereignty of Republic of the United States of Indonesia (RUSI)
January–April 1950	Separatist revolts begin in West Java and Maluku Islands
August 17, 1950	RUSI and other states form new unitary Republic of Indonesia under amendment to RUSI constitution. Sukarno confirmed as president
September 29, 1955	First general elections held, PNI wins slim plurality
May 1956	Indonesia leaves Netherlands-Indonesian Union
October–November 1956	Attempted coup d'état by military officers
December 1, 1956	Hatta resigns as vice president in protest against Sukarno's growing authoritarianism; office remains vacant until 1973
March 1957	Sukarno declares martial law
December 1957	Dutch nationals expelled; private companies nationalized; armed forces take greater role in economic affairs
February 1958	Anti-Sukarno revolt in Sulawesi; Sukarno accuses United States of complicity
July 5, 1959	1945 constitution restored
August 17, 1959	Guided Democracy announced
March 1960	New legislature organized with control given to functional groups including the military; PKI emerges stronger
May 1963	Indonesian authority established in West New Guinea (Irian Barat)
September 23, 1963	Sukarno issues statements threatening independence of new state of Malaysia; three-year Confrontation (see Glossary) begins
October 1964	Golongan Karya (Golkar—see Glossary) formed by army leaders

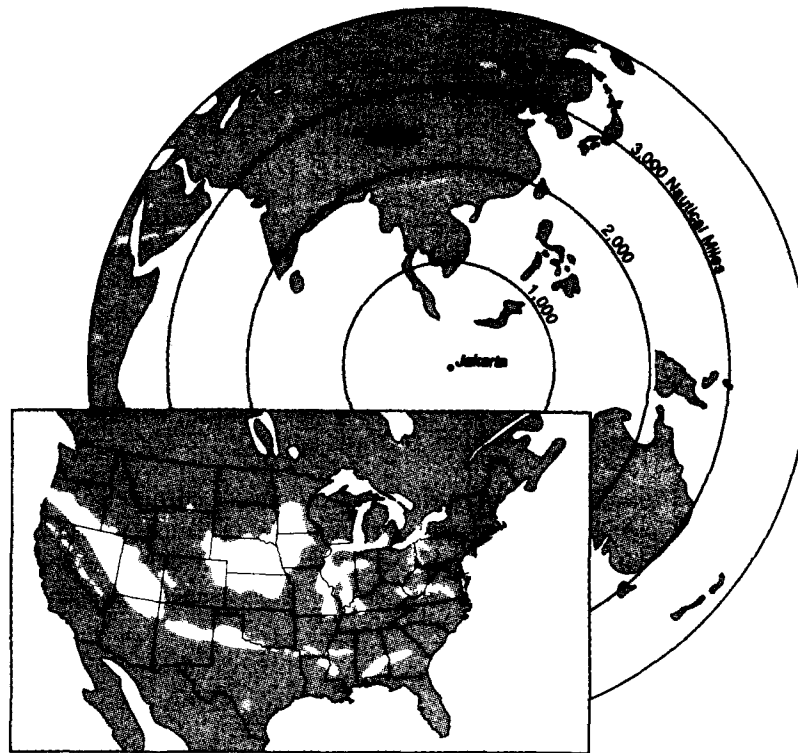
Table B.—Continued

Period	Description
December 1964	Sukarno withdraws Indonesia from the UN
September 30, 1965	Abortive, allegedly communist-inspired coup launched (Gestapu—see Table A)
October 1965-March 1966	Decline of Sukarno, rise of Suharto; Guided Democracy eclipsed
December 1965	Violent anti-communist and anti-Chinese riots ensue
March 11, 1966	Sukarno transfers authority to Suharto
March 12, 1966	PKI formally banned
August 11, 1966	Confrontation with Malaysia ends
September 1966	Indonesia rejoins UN
March 12, 1967	Suharto becomes acting president, New Order era begins; relations with China "frozen"
August 8, 1967	Indonesia joins new Association of Southeast Asian Nations (ASEAN—see Glossary)
October 1967	Demonstrators attack Chinese embassy in Jakarta, diplomatic relations severed
March 27, 1968	Suharto elected president by Provisional People's Consultative Assembly (MPR(S))
September 1969	Irian Barat becomes Indonesia's twenty-sixth province following Act of Free Choice among tribal leaders; name changed to Irian Jaya in 1972
July 3, 1971	Golkar wins majority of popular vote in second general elections
January 1973	United Development Party (PPP) and Indonesian Democratic Party (PDI) formed
March 12, 1973	Suharto reelected to second term as president and Hamengkubuwono IX elected as vice president by People's Consultative Assembly (MPR)
December 7, 1975	Indonesian armed forces invade East Timor
July 15, 1976	East Timor becomes Timor Timur, Indonesia's twenty-seventh province
May 2, 1977	Third general election; Golkar majority confirmed

Table B.—Continued

Period	Description
March 22, 1978	Suharto reelected to third term as president; Adam Malik elected vice president by MPR
May 5, 1980	Petition of Fifty accuses Suharto of one-man, antidemocratic rule; group is suppressed
May 4, 1982	Fourth general election; Golkar majority maintained
March 11, 1983	Suharto reelected to fourth term as president, Umar Wirahadikusumah elected vice president by MPR
April 23, 1987	Fifth general elections; Golkar majority increases
March 10, 1988	Suharto reelected to fifth term as president, Sudharmono elected vice president by MPR
July 1990–October 1991	Paris International Conference on Cambodia, cochaired by Indonesia and France, features Jakarta's role as peacemaker in Cambodia
August 8, 1990	Indonesia and China reestablish diplomatic relations
March 1992	Dutch-chaired Inter Governmental Group on Indonesia (IGGI—see Glossary) disbanded at Indonesia's insistence, replaced with Consultative Group on Indonesia (CGI—see Glossary) without Dutch participation
June 9, 1992	Sixth general elections confirm Golkar majority
September 1992	Indonesia assumes chairmanship of the Non-aligned Movement during Jakarta Summit
March 10, 1993	Suharto reelected to sixth term as president; Try Sutrisno elected vice president by MPR

Country Profile



Country

Formal Name: Republic of Indonesia (Republik Indonesia; Indonesia coined from Greek *indos*—India—and *nesos*—island).

Short Form: Indonesia.

Term for Citizens: Indonesian(s).

Capital: Jakarta (Special Capital City Region of Jakarta).

Date of Independence: Proclaimed August 17, 1945, from the Netherlands. The Hague recognized Indonesian sovereignty on December 27, 1949.

NOTE—The Country Profile contains updated information as available.

National Holiday: Independence Day, August 17.

Geography

Size: Total land area 1,919,317 square kilometers, which includes some 93,000 square kilometers of inland seas. Total area claimed, including an exclusive economic zone, 7.9 million square kilometers.

Topography: Archipelagic nation with 13,667 islands, five main islands (Sumatra, Java, Kalimantan, Sulawesi, and Irian Jaya), two major archipelagos (Nusa Tenggara and Maluku Islands), and sixty smaller archipelagos. Islands mountainous, with some peaks reaching 3,800 meters above sea level in western islands and as high as 5,000 meters in Irian Jaya. Highest point Puncak Jaya (5,039 meters), in Irian Jaya. Region tectonically unstable with some 400 volcanoes, of which 100 are active.

Climate: Tropical, hot, humid; more moderate climate in highlands. Little variation in temperature because of almost uniformly warm waters that are part of the archipelago. In much of western Indonesia, dry season June to September, rainy season December to March.

Society

Population: 195,683,531 in July 1992, with 1.7 percent annual growth rate. Sixty-nine percent in rural areas; high population density—major islands more than 500 persons per square kilometer; 100 persons or fewer per square kilometer in most densely populated Outer Islands (see Glossary). Jakarta largest city with 11.5 million in 1990. Government Transmigration Program (see Glossary) fosters relocation from densely populated to less-populated islands.

Ethnic Groups: Javanese 45 percent, Sundanese 14 percent, Madurese 7.5 percent, coastal Malays 7.5 percent, others 26 percent.

Language: Official language Bahasa Indonesia (see Glossary); 668 other languages also spoken. Languages with 1 million or more speakers (in estimated numerical order): Javanese, Sundanese, Malay, Madurese, Minangkabau, Balinese, Bugisnese, Acehnese, Toba Batak, Makassarese, Banjarese, Sasak, Lampung, Dairi Batak, and Rejang.

Religion: Most (87 percent) observe Islam; 6 percent Protestant, 3 percent Roman Catholic, 2 percent Hindu, 1 percent Buddhist, 1 percent other.

Education: Twelve-year education system (primary—grades one through six; junior high school—grades seven through nine; and senior high school—grades ten through twelve). Mandatory primary level, optional secondary education. System supervised by Department of Education and Culture (nonreligious, public schools—about 85 percent of total enrollment) and Department of Religious Affairs (religious, private, and semiprivate schools—about 15 percent of total enrollment). Adult literacy rate 77 percent in 1991. Emphasis on the Pancasila (see Glossary) in public schools; most religious schools emphasize traditional Islamic values. Some 900 institutions of higher education; University of Indonesia in Jakarta founded by Dutch in 1930s; Gadjah Mada University in Yogyakarta founded by Indonesians in 1946.

Health: In 1990 life expectancy 62.0 years for women and 58.4 for men; infant mortality rate 71 per 1,000 live births; annual population growth rate 2.0 percent. Three-tier community health centers in late 1980s; 0.06 hospital beds per 1,000 population lowest rate among Association of Southeast Asian Nations (ASEAN; see Glossary) members. Traditional and modern health practices employed.

Economy

Salient Features: Economy transformed from virtually no industry in 1965 to production of steel, aluminum, and cement by late 1970s. Indonesia exporter of oil; responsible for about 6 percent of total Organization of the Petroleum Exporting Countries (OPEC—see Glossary) production in 1991. Emphasis in early 1990s on less government interference in private business and greater technology inputs. Agriculture predominates and benefits from infusion of modern technology by government. Indonesia major aid recipient. Major trade partners Japan and United States; trade with ASEAN fellow members increasing.

Gross Domestic Product (GDP): Rp166.3 trillion in 1989 (estimated; for value of the rupiah—Rp—see Glossary). GDP (see Glossary) annual average growth rate 6 percent in 1985-91.

Agriculture: Declining share (20.6 percent) of GDP but employed majority of workers (55 percent of total labor force) in 1989. Only 10 percent of total land cultivated, another 20 percent potentially cultivable. Farming by smallholders and on large plantations

(estates); cropland watered by flooding, and slash-and-burn farming used. Rice dominates production but cassava, corn, sweet potatoes, vegetables, and fruits important; estate crops—sugar, coffee, peanuts, soybeans, rubber, oil palm, and coconuts—also important. Green Revolution technological advances and increased irrigation improved production in 1970s and 1980s. Poverty in rural areas of Java, Bali, and Madura partially ameliorated with government-sponsored Transmigration Program (see Glossary) that moved people to more plentiful farmland in Outer Islands. Animal husbandry, fishing, and forestry smaller but valuable parts of agricultural sector.

Industry: Increasing share (37 percent in 1989) of GDP, but employed only about 9 percent of the work force in 1989. Basic industries: oil and natural gas processing, cigarette production, forestry products, food processing, metal manufactures, textiles, automotive and transportation manufactures, and various light industries. Nearly 50 percent of production in Java, 32 percent in Sumatra.

Minerals: Crude petroleum and natural gas predominant. About 70 percent (about 500 million barrels valued at US\$6 billion in 1989) of petroleum exported. World's largest exporter of liquefied natural gas (20.6 million tons valued at US\$3.7 billion in 1990). Also significant reserves of coal, tin, nickel, copper, gold, and bauxite.

Services: Some 29 percent of GDP projected for 1991, employing about 35 percent of work force in 1989. Government service one of fastest growing sources of employment and with most educated personnel. Mix of modern government-operated utilities, stable private services, and numerous self-employed operators in informal, personal services sector. Interisland maritime transportation crucial; supported by large fleet of traditional and modern boats and ships.

Foreign Trade: Principal export trade with Japan, the United States, Republic of Korea (South Korea), and Taiwan. Most important commodities crude petroleum and petroleum products; natural gas (mostly to Japan), natural rubber, clothing, and plywood also important. About 25 percent of GDP exported in 1980s. Major imports (37 percent of total) from Japan and the United States, primarily manufactured products. Growth in trade with other ASEAN members in 1980s and early 1990s.

Balance of Payments: Positive trade balance throughout 1980s despite oil market collapse. 1990 exports US\$26.8 billion versus

US\$20.7 billion imports. Foreign debt increasing quickly (US\$1.1 billion in 1989; US\$2.4 billion one year later) in late 1980s and early 1990s.

Foreign Aid: Traditionally important part of central government budget. From 1967 to 1991, most coordinated through Inter-Governmental Group on Indonesia (IGGI—see Glossary) founded and chaired by the Netherlands; since 1992 without Netherlands through Consultative Group on Indonesia (CGI—see Glossary). Major CGI aid donors (80 percent) Japan, World Bank (see Glossary), and Asian Development Bank (see Glossary).

Exchange Rate: Rupiah (Rp). US\$1 = Rp2,060 (January 1993), Rp1,998 (January 1992), Rp1,907 (January 1991).

Fiscal Year: April 1–March 31.

Transportation and Communications

Roads: Total 250,000 kilometers national, provincial, and district roads (1989); 43 percent paved; about 32 percent classed as highways. Urban transit dominated by motor vehicles; increasing use of buses, minibuses, and motorcycles.

Maritime: Interisland transportation critical; traditional sailing craft still widely used but increasing motorization. Port improvements underway in 1980s and early 1990s; 300 registered ports for international and interisland trade. Domestic merchant fleet composed of 35 oceangoing vessels, 259 interisland vessels, more than 1,000 modernized local vessels, almost 4,000 traditional vessels, 1,900 special bulk carriers. Nearly 21,600 kilometers of inland waterways.

Airports: Government-owned airline, Garuda Indonesian Airways, with one smaller subsidiary; one private airline. Sukarno-Hatta International Airport opened outside Jakarta in 1985. Major airports in Denpasar, Medan, Surabaya, and Batam Island; 470 airports total in early 1990s, 111 with permanent-surface runways.

Railroads: Track length 6,964 kilometers in early 1990s, all government-owned and -operated by Indonesian State Railways (PJKA— for this and other acronyms, see table A). Some 211 kilometers of roadbed double tracked and 125 kilometers electrified, all in Java. Most used for passenger transportation but increasing use for freight since early 1980s. Modernization program underway with World Bank assistance since late 1980s.

Telecommunications: First Indonesian Palapa satellite launched 1976, replaced in 1987; 130 earth stations; direct dialing among

147 cities, international direct dialing to 147 countries; 226 automatic and 480 manual telephone exchanges; about 800,000 telephones (1990). Television and radio dominated by government networks, but private stations on the rise in early 1990s. Some 11 million television sets and 22 million radios in early 1990s.

Government and Politics

Government: Unitary republic based on separation of powers into executive, legislative, and judicial branches. Constitution of 1945 in force, and power concentrated in presidency; mandate renewed by People's Consultative Assembly (MPR), which meets every five years to elect president and vice president. Unicameral elected House of People's Representatives (DPR) shares legislative authority with MPR, which comprises members of DPR plus others appointed by central government. Supreme Court highest court of land.

Politics: Emphasis on consensus, unity, and controlled political development. Political ideologies other than Pancasila illegal. Since 1973 all political groups identified with three legal political organizations: Golkar (see Glossary), government surrogate party; and two opposition parties, Muslim-oriented United Development Party (PPP) and secularist Indonesian Democratic Party (PDI). DPR elections every five years preceding MPR session. Golkar has held absolute majority since early 1970s.

Administrative Divisions: Twenty-four provinces (*propinsi*), two special regions (*daerah istimewa*), and one special capital city region (*daerah khusus ibukota*). These divisions subdivided into districts (*kabupaten*) and municipalities (*kotamadya*). Lower levels comprise subdistricts (*kecamatan*) and villages (*desa*).

Foreign Relations: Member of United Nations (UN), Association of Southeast Asian Nations (ASEAN), Nonaligned Movement (chair 1992-95—see Glossary), and numerous other international organizations. Relations with all major nations based on principles of nonalignment.

National Security

Armed Forces: Armed Forces of the Republic of Indonesia (ABRI); total personnel on active duty in 1992 approximately 468,000. Component services: army, 217,000; navy, 44,000, of which 13,000 are marines; air force, 27,000, of which 4,000 are "quick action" paratroopers; and national police, 180,000. Numerous active-duty and retired military personnel in civilian government jobs.

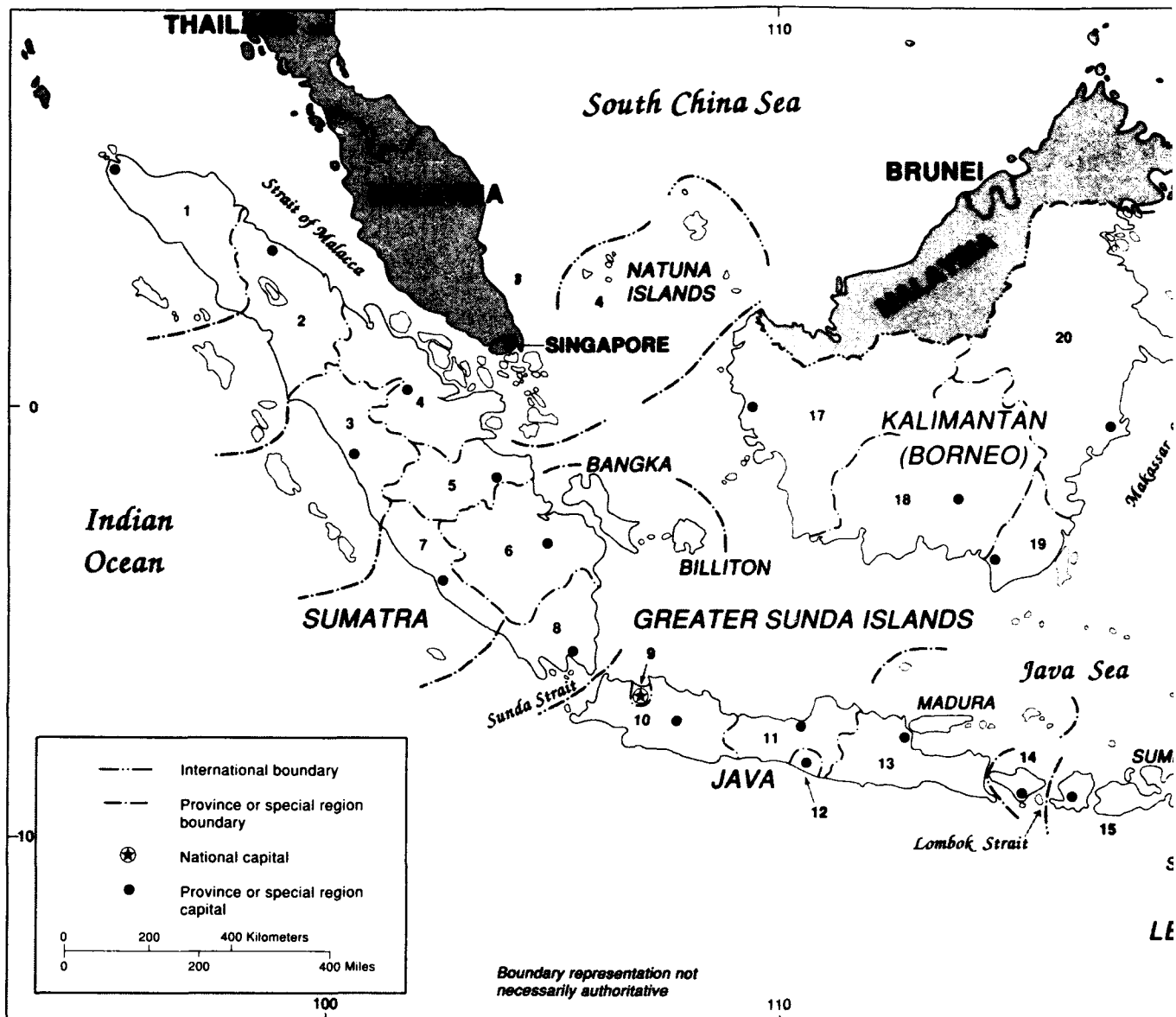
Military Units: Army: 30 battalions under central control, 100 battalions under Military Regional Commands (Kodams), 3 Special Forces Groups, and 2-squadron Aviation Command. Navy: two fleets (Armadas). Air Force: two Operations Commands (Ko-Ops). Police: commands (Poldas) generally coincide with provincial-level boundaries.

Military Equipment: Army: tanks, armored personnel carriers (APCs), towed and self-propelled artillery, fixed-wing aircraft, helicopters, and maritime transport ships. Navy: submarines, frigates, fast-attack patrol craft, amphibious ships, fixed-wing aircraft, helicopters, and marine reconnaissance aircraft and tanks, APCs, artillery, and rocket launchers. Air force: fighters, interceptors, counterinsurgency aircraft, maritime reconnaissance aircraft, transports, trainers, and helicopters. Most major equipment imported from Australia, Britain, France, West Germany, Netherlands, South Korea, and United States. Older equipment from Soviet Union. Increasing emphasis on domestic production of other items: light aircraft, small arms, and ammunition. Helicopters and transport aircraft assembled under license agreements.

Military Budget: Approximately Rp2.02 trillion, or 4 percent in FY 1991.

Foreign Military Relations: In keeping with nonalignment principles, no defense pacts. Indonesian military and police contingents participated in eight UN peacekeeping forces since 1957. Military liaison maintained with ASEAN states, and combined military operations held with Australia, Britain, France, India, New Zealand, and United States. Military aid agreements with United States since 1950; International Military Education and Training (IMET) ceased in 1992. Aid agreements also with Australia, Britain, France, Netherlands, and Germany.

Internal Security Forces: All ABRI elements have internal security missions, army's regional forces and national police in particular. Internal security and intelligence apparatuses also important: Coordinating Agency for National Stability (Bakorstanas), State Intelligence Coordinating Agency (Bakin), and Armed Forces Strategic Intelligence Agency (Bais).

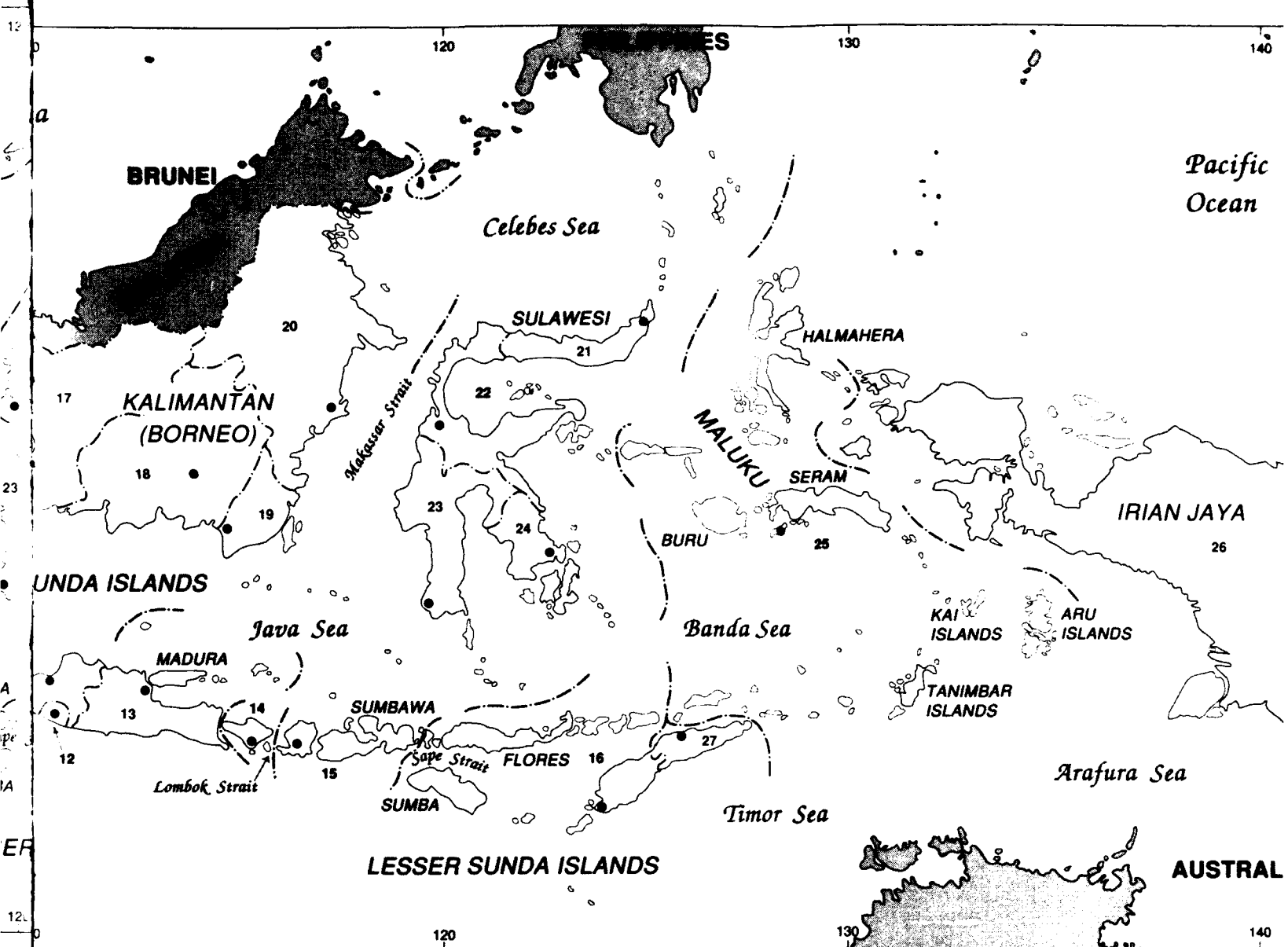


Provinces, special regions, and their capitals:

- | | | |
|--|--|---|
| 1. SPECIAL REGION OF ACEH
<i>Banda Aceh</i> | 5. JAMBI
<i>Jambi</i> | 9. SPECIAL CAPITAL CITY REGION OF JAKARTA
<i>Jakarta</i> |
| 2. SUMATERA UTARA
<i>Medan</i> | 6. SUMATERA SELATAN
<i>Palembang</i> | 10. JAWA BARAT
<i>Bandung</i> |
| 3. SUMATERA BARAT
<i>Padang</i> | 7. BENGKULU
<i>Bengkulu</i> | 11. JAWA TENGAH
<i>Semarang</i> |
| 4. RIAU
<i>Penkanbaru</i> | 8. LAMPUNG
<i>Tanjungkarang-Telukbetung</i> | 12. SPECIAL REGION OF YOGYAKARTA
<i>Yogyakarta</i> |

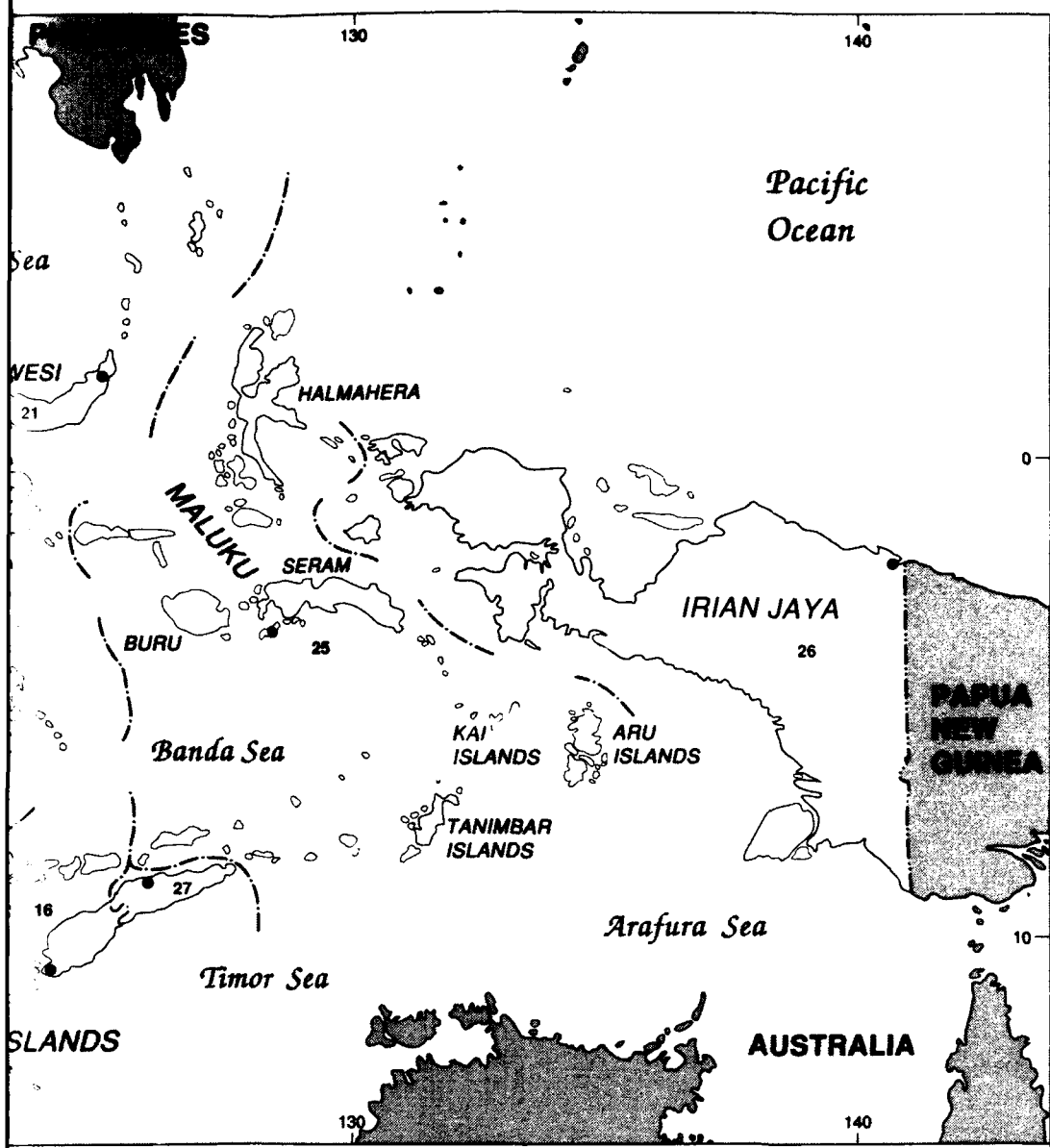
Figure 1. Administrative Divisions of Indonesia, 1992

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|---|---|--|---|----|
| 9. SPECIAL CAPITAL CITY REGION OF JAKARTA
<i>Jakarta</i> | 13. JAWA TIMUR
<i>Surabaya</i> | 17. KALIMANTAN BARAT
<i>Pontianak</i> | 21. SULAWESI UTARA
<i>Manado</i> | 25 |
| 10. JAWA BARAT
<i>Bandung</i> | 14. BALI
<i>Denpasar</i> | 18. KALIMANTAN TENGAH
<i>Palangkaraya</i> | 22. SULAWESI TENGAH
<i>Palu</i> | 26 |
| 11. JAWA TENGAH
<i>Semarang</i> | 15. NUSA TENGGARA BARAT
<i>Mataram</i> | 19. KALIMANTAN SELATAN
<i>Banjarmasin</i> | 23. SULAWESI SELATAN
<i>Ujungpandang</i> | 27 |
| 12. SPECIAL REGION OF YOGYAKARTA
<i>Yogyakarta</i> | 16. NUSA TENGGARA TIMUR
<i>Kupang</i> | 20. KALIMANTAN TIMUR
<i>Samarinda</i> | 24. SULAWESI TENGGARA
<i>Kendari</i> | |

1 (2)



- 17. KALIMANTAN BARAT
Pontianak
- 18. KALIMANTAN TENGAH
Palangkaraya
- 19. KALIMANTAN SELATAN
Banjarmasin
- 20. KALIMANTAN TIMUR
Samarinda

- 21. SULAWESI UTARA
Manado
- 22. SULAWESI TENGAH
Palu
- 23. SULAWESI SELATAN
Ujungpandang
- 24. SULAWESI TENGGARA
Kendari

- 25. MALUKU
Ambon
- 26. IRIAN JAYA
Jayapura
- 27. TIMOR TIMUR
Dili

RA BARAT
RA TIMUR

Introduction

ON MARCH 25, 1992, precisely twenty-eight years from the day on which his predecessor told the United States to "Go to hell with your aid," Indonesia's president Suharto, in a polite but firm note, told the government of the Netherlands to do essentially the same thing. He also forced the quarter-century-old aid consortium known as the Inter-Governmental Group on Indonesia (IGGI—see Glossary), chaired by the Dutch, to disband and regroup as the Consultative Group on Indonesia (CGI—see Glossary) without Dutch participation. Although tensions had been building for several years between Indonesia and its former colonial ruler, mostly over the latter's propensity for taking what Indonesian officials frequently considered a neocolonial and excessively critical approach to the country's development and human rights issues, Jakarta's announcement caught many Indonesia-watchers by surprise. It seemed to them thoroughly uncharacteristic for the Suharto government—widely viewed as the antithesis of the old Sukarno regime and its policies—to take such a stand and stick to it. The Suharto government had been thought to be beholden to, if not dependent upon, Western aid, pragmatically self-interested and self-aggrandizing, and unmoved by emotional nationalism.

For at least three distinct reasons, the disbandment of IGGI serves as an important marker on the road of modern Indonesian history, and may in time be viewed as a genuine watershed. First, the degree to which the announcement of March 25, 1992, startled even serious observers suggests how inadequately—especially considering its size and world importance—outsiders understood Indonesia. The American public, if it recognized Indonesia at all, generally confused that country with Malaysia or "Indochina," and drew mostly a factual blank. In the early 1990s, Indonesia was the world's fourth most populous nation (more than 195,000,000 people), with a territory stretching more than 5,000 kilometers from east to west and comprising more than 7.9 million square kilometers of land and sea and some 13,667 islands. It also possessed the world's largest Muslim population; contained the largest tropical rain forest in Asia; was a world-class producer of oil (and a member of the Organization of the Petroleum Exporting Countries (OPEC—see Glossary)), natural gas, rubber, tin, coffee, tea, plywood, and other products; and, for the period from 1965 to 1989, enjoyed the world's eighth fastest-growing economy. Yet these indications of Indonesia's

importance went almost entirely unmentioned in American textbooks and the media.

Jakarta's ambitious Festival of Indonesia, the 1991-92 effort to promote an acquaintance with Indonesia's cultural and economic strengths, appeared not to have been particularly effective in improving public awareness or even in disseminating basic, up-to-date information. It is not altogether clear why this state of affairs has continued for so long, although presumably the cause is the persistence of a basically colonial paradigm and a more or less undifferentiated popular view of what has come to be called the Third World, as well as, perhaps, the Southeast Asian region.

Academics and other professionals with expertise in Indonesian affairs were a great deal better informed, of course, but their opinions about important issues in Indonesia's past and present were remarkably varied and often severely polarized. Although a great deal of information about Indonesia had been amassed since the end of World War II, there was little agreement as to what it all meant; consensus on any substantive question was lacking. Under such conditions, it was understandably difficult to generalize satisfactorily—at either the “general public” or “expert” levels—about such topics as Indonesian history, politics, economics, society, or culture. In addition, this lack of agreement on Indonesian matters made it nearly impossible to view them, and Indonesia in general, comparatively. As a result, the study of Indonesia became to a very large extent encapsulated and lacking in the perspective necessary for realistic assessments.

Second, the reaction to and analysis of the March 25, 1992, announcement and surrounding events also served to illustrate the severity with which discourse on contemporary Indonesia had become polemicized, often in ideological terms. Nations naturally enough find themselves the subject of occasional controversy, but it may not be an exaggeration to say that in the early 1990s Indonesia stood alone among major nations (save, perhaps, the United States) for the severity and all-inclusiveness of the polemic that had swirled about it for nearly three decades. Nor was the debate merely an academic exercise. By mid-1992 the polemic pervaded Indonesian foreign relations at the highest level, troubling relations with the European Community and the United States, and threatening both Indonesia's chairmanship (1992-95) of the Nonaligned Movement (see Glossary) and its position in the United Nations (UN).

The principal cause of the difficulty lay deeply imbedded in sharply opposed views of the New Order led by the Suharto government, which had ruled Indonesia since the debacle of 1965-66. The

Suharto government had come into power following the alleged communist coup attempt of September 30, 1965. In the aftermath of that coup attempt, hundreds of thousands were killed, tens of thousands imprisoned, the Indonesian Communist Party (PKI—for this and other acronyms, see table A) destroyed, and military control extended over the country. For some observers, these cataclysmic events signalled, in addition to mass murder and violation of human rights, nothing less than the end of freedom; the collapse of a vigorous, hopeful Indonesian nationalism (personified by the flamboyant and defiant Sukarno); and the death of the promise of genuine social revolution that would lead Indonesians to a better future. In the eyes of Suharto's critics, military rule was not only illegitimate but inept and fascist in character as well, and these critics began a long and painful watch for its demise, either by self-destruction or other means.

Others, however, saw the upheaval of 1965 more as the predictable end to a disastrous era of capricious dictatorship, and, whatever might be thought of the enormous loss of life, they saw society-wide forces rather than simply military hands at work, and celebrated the turn from economic and political folly. These observers believed that the Armed Forces of the Republic of Indonesia (ABRI), although certainly not without its faults, had indeed saved the nation, and they began a patient vigil for signs of success, particularly economic ones.

During the 1970s and 1980s, the debate over the events of 1965-66 widened and deepened, affecting even casual, tour-book outlooks on Indonesia. It is probably fair to say that, on the whole, the anti-New Order viewpoint gained ground and eventually dominated. Although the foreign diplomatic corps and the international business world did not subscribe, a great many others, especially academics, adopted this perspective, which penetrated discussions of even rather unlikely facets of Indonesian studies such as motion pictures and precolonial literature. Indeed, some larger historical interpretations along this line appeared to become more or less standard fare. For example, Suharto's New Order was characterized as essentially a throwback to the colonial state, and its leader himself became, if not a precolonial Javanese ruler in a charcoal-gray suit, then a co-opted and sycophantic Javanese aristocrat at the beck and call of Western powers. Indonesian society was said to be undergoing a kind of refeudalization and re-Javanization of the kind promoted by the Dutch in the nineteenth century, and the government was said to be reviving Dutch policies toward, among other things, Islam, activist nationalism, and political activism.

Similarly, the National Revolution (1945-49) was increasingly viewed in the light of post-1965 events, becoming for many critics a social failure and even a betrayal of the Indonesian people as a whole. In it they saw the dangerous spores of the New Order: in the Madiun Affair of 1948, a precursor of anticommunist rage; in the deflating of populist nationalism and communist activism, a fatal bourgeois mentality; and in the role and attitude of ABRI, a glimpse of the future a generation hence. The promise of social liberation, as well as political and economic freedom, was depicted as having been bargained away to foreigners or compromised at home by those determined to save their own class and privileges.

But the principal struggle was over the true character of the New Order and its chances for survival. Curiously enough, neither detractors nor defenders of the Suharto government thought to ask in any great detail why and how the regime had lasted as long as it had, although this might have seemed a logical course of inquiry, but only to argue about whether or not and why its dissolution was imminent. Entire conferences on the future of Indonesia, involving members of the academic, diplomatic, and intelligence communities, were reduced to wrangling over a single question: was the country stable? There was no consensus.

Three issues stood out. The first was whether Indonesia was economically viable and had in fact made progress toward development. The critics thought not, arguing that the nation was totally dependent on foreign aid and that only a small and unproductive elite had enriched itself as a result of modernization policies. The rich were getting richer and the poor poorer; genuine change was illusory. Other observers were less sure. They spoke of the government's conservative fiscal management, investment in infrastructure, and concern for the village. Although not every economic problem had been solved, they said, there was improvement for most Indonesians, and the majority of the Indonesian population had in fact credited the government for this improvement.

A second important issue was social viability. From the critic's perspective, the impact of ten or fifteen years of New Order regimen had been to tighten rather than loosen social hierarchies, and to prevent any significant modern social change. What was more, the government—heavily staffed with military personnel—and its policies were distinctly antipopulist, intent on improving the New Order's own position by keeping the village populace sealed off from change and power, and taking advantage of the poor and weak generally. There was still no middle class, just as there had been none in colonial days, and for remarkably similar reasons. Social modernization was ephemeral in Indonesia: remove outside money

and one also removed the fiction of changing social ideas and realities. Others, however, argued that changes had indeed taken place throughout Indonesian society that were not tied to the influence of foreign capital. Villagers, despite being conceived as a "floating mass" by an officialdom eager to protect them from politicization, were nevertheless being changed by radio, television, and other media; by a variety of forms of education; and by the economy. The military itself was being influenced by civilian and bourgeois attitudes, and a complex, varied, and expanding middle class not only existed but also was coming into its own. Signs of a genuinely modernizing social order and consciousness were everywhere.

Finally, there was the issue of political viability. The critics believed the New Order to be politically doomed because of its authoritarian and, some emphasized, fundamentally violent and coercive nature. The military, they argued, did not intend to and would not democratize Indonesia, however gradually; any thought that military rule might metamorphose itself into an even moderately acceptable democratic government with adequate respect for human rights and basic freedoms was the merest wishful thinking. On this topic too, however, there was disagreement. Proponents argued that the New Order was not held in place primarily by coercion and suggested that, in fact, a surprisingly broad consensus supported its political form and format. These observers pointed out that ABRI's opinion on democratization was anything but monolithic, and that in any case there was little if any public backing for thoroughly Western-style democracy. In addition, the government was, if nothing else, pragmatic enough to comprehend that economic and social development led inexorably to political development.

By the early 1990s, there had been no closure on any of the major issues. But for the first time genuinely detailed information on independent Indonesia—quantitative data—began to accumulate. It suggested clearly that at least some of the critics' assumptions were mistaken. Against overwhelming expert forecasts, Indonesia had achieved something very close to self-sufficiency in rice. UN and World Bank (see Glossary) statistics showed a shrinking socioeconomic upper class, better nutrition and availability of education, and increasingly improved income distribution. The drop in oil prices during the 1980s, although it slowed the rate of growth, resulted in neither fiscal collapse nor political chaos. Suharto remained in power and in late 1992 appeared certain to serve a sixth five-year term. How and why all this should be so remained inadequately explained and certainly not agreed upon, but the sharpest critics

seemed both muffled and puzzled. Some interest emerged in speculating about a noncataclysmic future for Indonesia and in accounting for the successes of the past twenty-five years.

Then, on November 12, 1991, Indonesian soldiers opened fire on a defenseless crowd attending the funeral of a young Timorese killed in a demonstration against Jakarta's rule of East Timor, which had been incorporated as Timor Timur Province after military occupation in 1975. More than 100 civilians may have died. The incident received worldwide coverage and, justifiably described as a "massacre," was effectively used by critics to argue that their views of the New Order had been correct all along. The Suharto government took unprecedented steps to punish those responsible—steps, which, since they included the discharge, suspension, and court-martialing of both high-ranking officers and soldiers, were unpopular in the military. Few Western governments were satisfied, however. The Dutch, followed by the United States and other nations, began suspending or threatening to suspend aid, and new international pressures against Indonesian rule in East Timor built up rapidly.

A great deal has been and doubtless remains to be written about the Dili killings and their aftermath, including the range of Indonesian responses to the event itself and to foreign reactions (one of which, of course, was Jakarta's decision to break all economic aid ties with the Dutch). Here it is sufficient simply to note that one important effect was to revive and intensify the old polemic over the Suharto government. The debate now seems likely to continue to shape thinking and writing about Indonesia far into the 1990s.

Suharto's rejection of Dutch economic aid on March 25, 1992, had a third significance. It marked unmistakably Indonesia's emergence from the status of basketcase nation, prompting changes in the way outsiders viewed Indonesia and likely to provoke changes in the way Indonesia viewed itself. In a sense, Jakarta's message was a second declaration of independence, and with it, after more than forty years of freedom from colonial rule, Indonesia had "joined the world" as a power intent on—and now for the first time strong enough to demand—being taken seriously. Certainly the Suharto government had, beginning in the early 1980s, earned credibility and even respect from major world powers and international bodies for its prudent fiscal management; for its conservative and effective development policies, especially in agriculture; and for its stabilizing, constructive role in the international arena, particularly regarding the Cambodia question. And although not without its weaknesses, Indonesia in the early 1990s

was demonstrably more powerful economically and militarily than it had been twenty-five years earlier.

Such was the foundation of the new sense of self that appeared in the wake of the East Timor incident of late 1991. Long frustrated by its inability to silence or at least mollify critics of its authoritarian military rule and human rights record, and suddenly faced with what appeared to be the makings of a determined international effort to link reform in these areas to development aid, Jakarta moved swiftly and boldly. A diplomatic offensive in early 1992 prepared the way for the March announcement, which not only attempted to isolate the Dutch from other donor nations, but also dealt the Netherlands an economic blow because the precise form of their aid meant that cessation would bring losses rather than savings to the Dutch. In September Suharto delivered polite but strong speeches to the Nonaligned Movement summit in Jakarta and the UN General Assembly in New York, arguing that North-South relations were in need of egalitarian reform, and suggesting that southern—Third World, developing, and industrializing—nations might well take a more prominent role in resetting the balance, and in helping themselves. Suharto pinpointed North-South relations as the central world problem, now that the Cold War was over, and indicated clearly that the problem could not be solved by the industrial nations and their international institutions attempting to dictate, implicitly or otherwise, social and political values. The style was neither angry nor unrestrained (perhaps in deliberate contrast to the more noisy and extreme statements made by Mahathir bin Mohammad, the prime minister of neighboring Malaysia), but the game was hardball.

In late 1992, it appeared that it would be some time before the outcome of Suharto's challenge became clear. Indonesia's tougher stance brought perhaps unexpectedly chilly responses. For example, Portugal and the Netherlands raised serious obstacles to Indonesia's aid and trade relations with the European Economic Community; the United States moved to reduce aid to Indonesia substantially; and, possibly in reaction to self-congratulatory advertisements depicting full-page portraits of Suharto, the *New York Times* snubbed Indonesia's leader and barely mentioned his speech at the UN. But even at close range, it was obvious that Suharto critics and supporters alike would in the future find it necessary to reassess the way they viewed and understood Indonesia, for it was plainly not the same country or society they knew in 1965, 1975, or even 1985. Although the polemic framed in the mid-1960s continued thirty years later, its object was in many important ways

different, and, like it or not, both sides found it increasingly difficult to avoid considering new realities.

Foreign observers were not the only ones pressed in the direction of reassessment, however. Behind the international drama over the events of the early 1990s lay a more complex and subtle question: did Jakarta itself understand the changes that the New Order had—wittingly or otherwise—brought about in the social composition and thinking of the Indonesian people? A varied body of evidence suggested to many intellectuals (civilian as well as military), for example, that an increasingly strong and vocal middle class was coming into existence; that public support was growing for a loosening of New Order political constraints and movement toward certain kinds of democratic reforms; and that some of the old standby philosophies of state and society that had served Indonesia well in earlier years were now either worn thin or inadequate to the demands of the times. With respect to East Timor, it was apparent that those agitating against Indonesian rule were not the products of pre-1975 society but precisely of the period following, when Indonesia controlled the schools, the media, and the administration. Society had seemingly moved faster than the New Order's capacity to fully comprehend it; "joining the world" had brought unimagined, or at least not yet understood, consequences.

Thus, in the early 1990s Indonesia entered a new stage in its national history, characterized, on the one hand, by new powers and international presence and, on the other, by new problems. The New Order's nearly exclusive focus on economic development and its formula of "dynamism with stability" were being challenged by new combinations of forces. These forces were both internal—new social and political concerns—and external—new international pressures, especially in human rights, and new influences of media technology, including, beginning in 1990, cable news service. Difficult as it might be to speak confidently of even the near future, one thing appeared certain: any effort to understand contemporary Indonesia must be as alert to change as to continuity, and must appreciate in all its complexity the rapid transformation that that nation has experienced in the years since Sukarno's political demise.

November 1, 1992

William H. Frederick

* * *

After the manuscript for this book was completed in the fall of

1992, a number of important events took place. Two scandals unsettled Jakarta financial circles. In November 1992, Bank Summa, one of Indonesia's largest and most active banks, was suspended from clearing operations. The principal owners, the Soeryadjaya family, sold their equity share in the Astra Group, Indonesia's second largest company, in an unsuccessful attempt to save the bank, which in April 1993 was slated to be liquidated and had begun selling its assets to cover debts estimated at about US\$500 million. The Bank Summa failure was only the most spectacular of a number of other similar failures, and Jakarta moved quickly to try to tighten procedures and loan policies. In late March 1993, sales of fake shares scandalized the Jakarta stock market. About US\$5 million worth of false stocks appeared to have been involved; the perpetrators escaped to Hong Kong. The scandal raised concerns about the stability of the Jakarta Stock Exchange, and efforts were begun to establish a clearing house and a security exchange commission to prevent such occurrences.

Tensions between and among Muslims and Christians rose in late 1992. There was a spate of vandalism of churches and mosques; brawls among Muslim students in the capital; quarrels over aggressive missionizing by fundamentalist Christian groups; and unrest because of army involvement in elections of the leader of the Batak Protestant Congregation in Sumatra. In early December, Suharto felt constrained to remind citizens to show religious tolerance.

The unstable tectonics of Indonesia were proven again in early December 1992 when the island of Flores suffered what was said to be Indonesia's worst earthquake in modern times. The earthquake, which was 6.8 on the Richter scale, reportedly killed up to 2,500 people and destroyed 18,000 homes.

In early December 1992, government forces captured Jose Alexandre (Xanana) Gusmao, the leader of Fretilin, in a hiding place near Dili in Timor Timur Province. Gusmao appeared in a television interview in which he appeared reconciliatory toward the Suharto government, but some pro-Fretilin observers claimed the appearance had been forced. Gusmao went on trial beginning in February 1993, and on May 21 was sentenced to life imprisonment for having, according to the presiding judge, "disturbed the life of East Timorese." Gusmao was cut off after a few moments into reading his twenty-seven-page defense statement; it was the first time in memory that a court had refused to listen to a defense statement by the accused. East Timor thus continued in the world spotlight, despite Jakarta's effort to remove it. Foreign pressure

on Jakarta grew, and some Indonesia-watchers concluded that independence for East Timor was now a genuine possibility.

In March 1993, Indonesia experienced a shift in Washington's policy toward Jakarta. The United States decided to support critics of Indonesia's rule in East Timor. As a result, the United Nations Human Rights Commission, for the first time, adopted a resolution expressing "deep concern" at human rights violations by Indonesia in East Timor. In May the administration of President Bill Clinton placed Indonesia on a human rights (especially labor rights) "watch" list, threatening to revoke the nation's low tariffs under the United States Generalized Scheme Preferences. When Suharto met Clinton and United States secretary of state Warren Christopher in Tokyo in July 1993, concerns were raised about the East Timor human rights issue.

The United States' pressure on Indonesia was only partly occasioned by the hardening of Washington's position on East Timor. In August 1993, the United States was also critical of the Indonesian government's refusal, in late July, to allow the country's largest independent trade union—Indonesian Prosperous Labor Union (SBSI)—to hold its first congress, ostensibly because it was not founded by workers and thus not representative of them. Officials in Washington threatened to revoke Indonesia's trading privileges with the United States if there were no improvement in the situation within six months' time.

Arms proliferation was another issue that was discussed at the July 1993 Suharto-Clinton meeting and was likely to have serious implications for Indonesian-United States relations. The United States expressed concerns about reports that an Indonesian arms sale to Iran might be in the offing. Within the month, the United States blocked the sale of F-5 fighter aircraft from Jordan to Indonesia, giving the human rights and arms proliferation issues as reasons for not approving Jordan's request. Renewal of the stalled United States arms sales to Indonesia continued to be linked to the human rights issue.

American critics of the new hard line expressed concern that the hard-line approach would do more damage than good and in the end would hurt the cause of human rights and democratic advancement in Indonesia. Those who supported the policy of pressuring the Suharto government pointed to the government's July 1993 founding of a Human Rights Commission and its August 1993 announcement that bank loans would henceforth be linked to the environmental impact of the projects involved, as examples of what could be achieved by applying pressure.

On the domestic political front, in March 1993, as expected, Suharto was elected to his sixth term as president. Try Sutrisno, who had retired the previous month as commander in chief of ABRI, was chosen vice president; a strong nationalist and backer of the military, he was also identified with Muslim interests. Not long after the elections, the new cabinet was announced. Initial Jakarta reaction was that, on the whole, civilians had gained over military, Muslims had gained over Christians, and those with technological expertise had gained over the now aging generation of "technocrats" with economic expertise (although the most important of the "Berkeley Mafia" economic planners, Widjojo Nitisastro and Ali Wardhana, were retained).

In August 1993, government health officials spoke frankly for the first time about a burgeoning acquired immune deficiency syndrome (AIDS) problem. The first official case of human immunodeficiency virus (HIV) infection dates only from 1987, and government figures listed only 144 HIV carriers and 33 full-blown AIDS cases. But in fact, a Department of Health spokesman said that even the estimates of international health organizations, which ranged from 2,500 to 16,000 HIV infections, were too low. A more accurate estimate, he said, would be about 20,000, and Indonesia might well be on the verge of a large-scale AIDS epidemic. (The World Health Organization estimated a year earlier that there might be as many as 500,000 cases.)

As the mid-1990s approached, Indonesia faced political pressure from other nations over human rights, arms sales, labor relations, the environment, and other issues. Domestic politics were only temporarily settled with Suharto's reelection to the presidency in 1993; the succession question was sure to require close watching as his five-year term progressed. At the same time, the country's large labor force, rich mineral resources, and increasingly diversifying business sector had brought Indonesia to the rank of thirteenth among the world's economies, just behind Canada. Indonesia, which played a prominent role as a peacemaker in the Cambodian situation, which apparently had been resolved in 1993, appeared poised to play an important part in regional and global affairs in the waning years of the twentieth century.

October 1, 1993

William H. Frederick
and Robert L. Worden

Chapter 1. Historical Setting



Bima (right) and Arjuna (left), two of the five Pandawas—heroic sons of Prabu (king) Pandu, a descendant of Betara Guru—who represent the rise of a new mankind. Bima, who symbolizes the sense of hearing, is known as a courageous but impulsive defender of society. Arjuna—an incarnation of Wisnu (Vishnu)—who represents the sense of sight, is known for his great beauty, intelligence, and refinement.

AT THE TIME OF EUROPEAN INTRUSIONS into the islands by Portuguese, Spanish, and Dutch seeking to monopolize the lucrative trade in spices and other marketable products, the more than 13,000 islands constituting the Republic of Indonesia were home to a blend of indigenous beliefs and a diverse array of cultures and civilizations that had been influenced by Hindu-Buddhist ideas from India and by Islam. Although the Portuguese and Spanish presence in the archipelago had limited impact, the Dutch United East India Company (VOC; for this and other acronyms, see table A) established a trading post on the north coast of Java—that later became known as Jakarta—seized control of the spice trade, and gradually asserted military and political control over the archipelago. This process of colonization was well advanced on Java by the mid-eighteenth century and largely completed in the rest of the archipelago by the first decade of the twentieth century.

Under both the VOC and, after 1816, the Netherlands Indies government, Dutch policies served essentially economic goals, namely the exploitation of Indonesia's rich endowment of natural resources. Indeed, during the mid-nineteenth century, the *Cultivation System* on Java—the forced growing of cash crops—brought the Netherlands considerable profits. At the same time, however, a cycle of poverty and overpopulation emerged among Java's rural population. Modern scholars have debated the degree to which this cycle can be attributed to the *Cultivation System*. As a result of the cycle of poverty and overpopulation, by the beginning of the twentieth century, the Dutch government sought to improve the welfare of the people under what was known as the Ethical Policy. But, although education and welfare facilities were expanded, the Dutch did little to promote self-government and did not recognize the people's aspirations for independence.

Indonesia was territorially a creation of Dutch imperialism: with the exception of Portuguese (East) Timor, it encompasses all the territories of the old Netherlands Indies. Intellectually, however, Indonesia was a creation of early twentieth-century nationalists who sought cultural, linguistic, and social bases for national unity. Although deeply immersed in Javanese culture, Sukarno (1901-70), the most important pre-World War II nationalist and long-time president, envisioned a new republic reaching far beyond the Netherlands Indies—a Greater Indonesia (Indonesia Raya)—which would include northern Borneo and the Malay Peninsula.

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The Japanese occupation in the early 1940s shattered the Dutch colonial regime and opened up new opportunities for Indonesians to participate in politics, administration, and the military. Although Tokyo's primary goal was exploitation of natural resources, especially oil, vitally necessary for the war effort in other parts of Asia, the Japanese tolerated political movements by Sukarno, Mohammad Hatta (1902-80), and others, especially on Java. With the cooperation of some Japanese military officers, Sukarno and Hatta declared Indonesia's independence on August 17, 1945, two days after Japan's surrender to the Allies. A revived Dutch administration, however, was determined to reimpose colonial control or as much colonial rule as they could manage. This not being possible, the Dutch sought to ensure that an independent Indonesia was regionally fragmented and maximally amenable to Dutch economic and other interests. This renewed oppression led the nationalists to wage a bitter war of independence—the National Revolution—between 1945 and 1949, which resulted in the short-lived federal Republic of the United States of Indonesia (RUSI) in 1950.

The new state faced ethnic, religious, and social divisions throughout the archipelago. Early 1950s' practices of parliamentary democracy ended with Sukarno's adoption of Guided Democracy in the 1959-65 period. Sukarno had a vast mass following, but his power base rested on the support of two antagonistic groups: the Armed Forces of the Republic of Indonesia (ABRI) and the Indonesian Communist Party (PKI). What has been officially described as a PKI attempted coup d'état on September 30, 1965, resulted in Sukarno's displacement from power, a massacre of PKI supporters on Java and other islands, and the rise of General Suharto to supreme power.

Suharto's New Order regime placed ABRI firmly in control of Indonesia's political system and, to an extent, its economy as well. Friendly ties were restored with Western countries and Japan, and Indonesia accepted large amounts of Western and Japanese aid and private investment. Under rational economic planning policies, the country experienced orderly development and increases in the standard of living for most of the population. But Suharto's strong anticommunism and insistence on using the Pancasila (see Glossary) as the ideological foundation of all groups in society contributed to a tightly controlled, centralized system. The regime's occupations of West New Guinea (which became Indonesia's Irian Jaya Province) and East Timor (which became Timor Timur Province) were a focus of international criticism, stemming from charges of human rights violations. Reelected repeatedly to the presidency, Suharto was regarded by many observers as

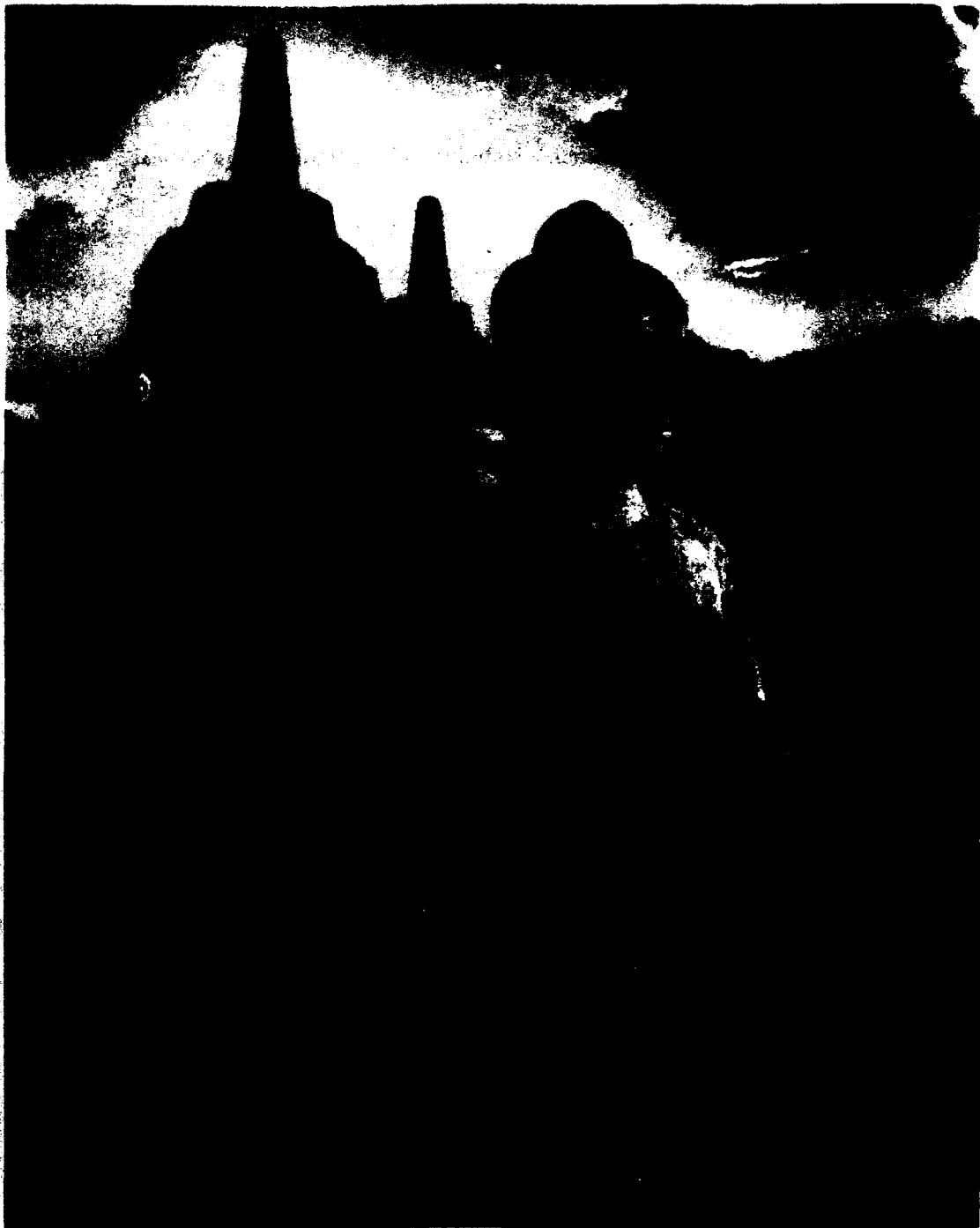
indispensable to the system's stability and continuity (see *Political Dynamics*, ch. 4).

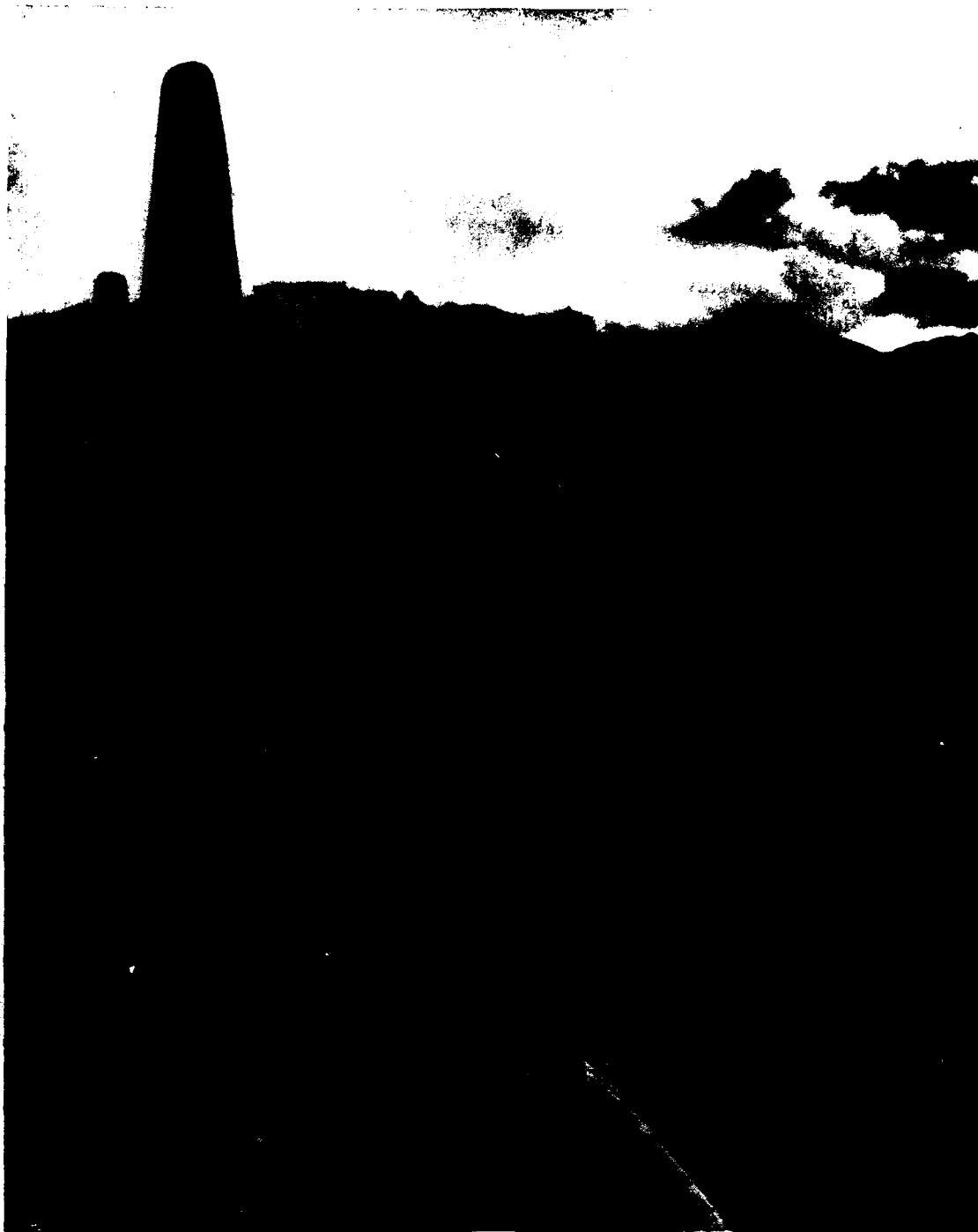
Early History

Beginning in the 1890s, paleontologists discovered fossil remains of creatures on the island of Java that, although probably not the direct ancestors of modern humans, were closely related to them. These Javan hominids, known by scientists as *Homo erectus*, lived 500,000 years ago and some possibly as long as 1.7 million years ago. Their remains are identified as Jetis—the earlier specimens found in eastern Java—and Trinil—later specimens found in Central Java, including the Solo River area. Evidence of probable descendants of the Trinil *erectus*, known as *Homo soloensis* or Solo Man, was found at Ngandong, also in Central Java; these descendants are thought to have evolved between 500,000 and 100,000 years ago. Assemblages of stone tools have not clearly been tied to *Homo soloensis*, but there is evidence that these early *Homo sapiens* had a rudimentary social organization (small hunting and gathering bands) and used simple tools around 40,000 years ago.

Many observers agree that the modern inhabitants of Indonesia may be descended from *Homo erectus*. Although insufficient paleographical information makes it impossible to determine precisely the dates of migrations by modern *Homo sapiens*, contrary to earlier hypotheses of migration from the Malay Peninsula, many experts believe that Indonesia's early population—comprised of the ancestors of most of its present inhabitants—was the product of continued hominid evolution within the archipelago. There was, of course, continuing seepage of other populations into the gene pool, contributing to the complex ethnographic picture of Indonesia (see *The Emerging National Culture*, ch. 2). That the archipelago may have developed its own *Homo sapiens* line has not been ruled out by some scholars.

Although Indonesia is extremely diverse ethnically (more than 300 distinct ethnic groups are recognized), most Indonesians are linguistically—and culturally—part of a larger Indo-Malaysian world encompassing present-day Malaysia, Brunei, the Philippines, and other parts of insular and mainland Asia (see *Language*, ch. 2). Early inhabitants had an agricultural economy based on cereals, and introduced pottery and stone tools during the period 2500 to 500 B.C. During the period between 500 B.C. and A.D. 500, as the peoples of the archipelago increasingly interacted with South and East Asia, metals and probably domesticated farm animals were introduced.





*Partially dismantled Buddhist stupa on upper terrace of
Borobudur, built ca. A.D. 800
Courtesy Dirk Bakker © 1988 and Festival of Indonesia*

The Spread of Indian Civilization

During the early centuries A.D., elements of Indian civilization, especially Hinduism and Mahayana Buddhism, were brought to Sumatra and Java and stimulated the emergence of centralized states and highly organized societies. Scholars disagree on how this cultural transfer took place and who was involved. Apparently, traders and shippers, not just Indian but Indonesian as well, were primarily responsible. Small indigenous states existed in the coastal regions of western Indonesia at a time when Indian Ocean trade was flourishing.

But, unlike the Islamic culture that was to come to Indonesia nearly 1,000 years later, India in the first centuries A.D. was divided into a rigid caste hierarchy that would have denied many features of Indian tradition to relatively low-caste merchants and sailors. Historians have argued that the principal agents in Indianization were priests who were retained by indigenous rulers for the purpose of enhancing their power and prestige. Their role was largely, although not exclusively, ideological. In Hindu and Buddhist thought, the ruler occupied an exalted position as either the incarnation of a god or a bodhisattva (future Buddha). This position was in marked contrast to the indigenous view of the local chief as merely a "first among equals." Elaborate, Indian-style ceremonies confirmed the ruler's exalted status. Writing in Sanskrit brought literacy to the courts and with it an extensive literature on scientific, artistic, political, and religious subjects.

Some writers are skeptical about the role of priests because high-caste Brahmins would have been prohibited by Brahmanic codes from crossing the polluting waters of the ocean to the archipelago. Some must have gone, however, probably at the invitation of Southeast Asian courts, leading to the hypothesis that Hinduism may indeed have been a proselytizing religion. In the early nineteenth century, the British faced mutinies by their high-caste Indian troops who refused to board ships to fight a war in Burma. Perhaps such restrictions were less rigid in earlier times, or the major role in cultural diffusion was played by Buddhists, who would not have had such inhibitions.

Although the culture of India, largely embodied in insular Southeast Asia with the Sanskrit language and the Hindu and Buddhist religions, was eagerly grasped by the elite of the existing society, typically Indian concepts, such as caste and the inferior status of women, appear to have made little or no headway against existing Indonesian traditions. Nowhere was Indian civilization accepted

without change; rather, the more elaborate Indian religious forms and linguistic terminology were used to refine and clothe indigenous concepts. In Java even these external forms of Indian origin were transformed into distinctively Indonesian shapes. The tradition of plays using Javanese shadow puppets (*wayang*—see Glossary), the origins of which may date to the neolithic age, was brought to a new level of sophistication in portraying complex Hindu dramas (*lakon*) during the period of Indianization. Even later Islam, which forsakes pictorial representations of human beings, brought new developments to the *wayang* tradition through numerous refinements in the sixteenth to eighteenth centuries.

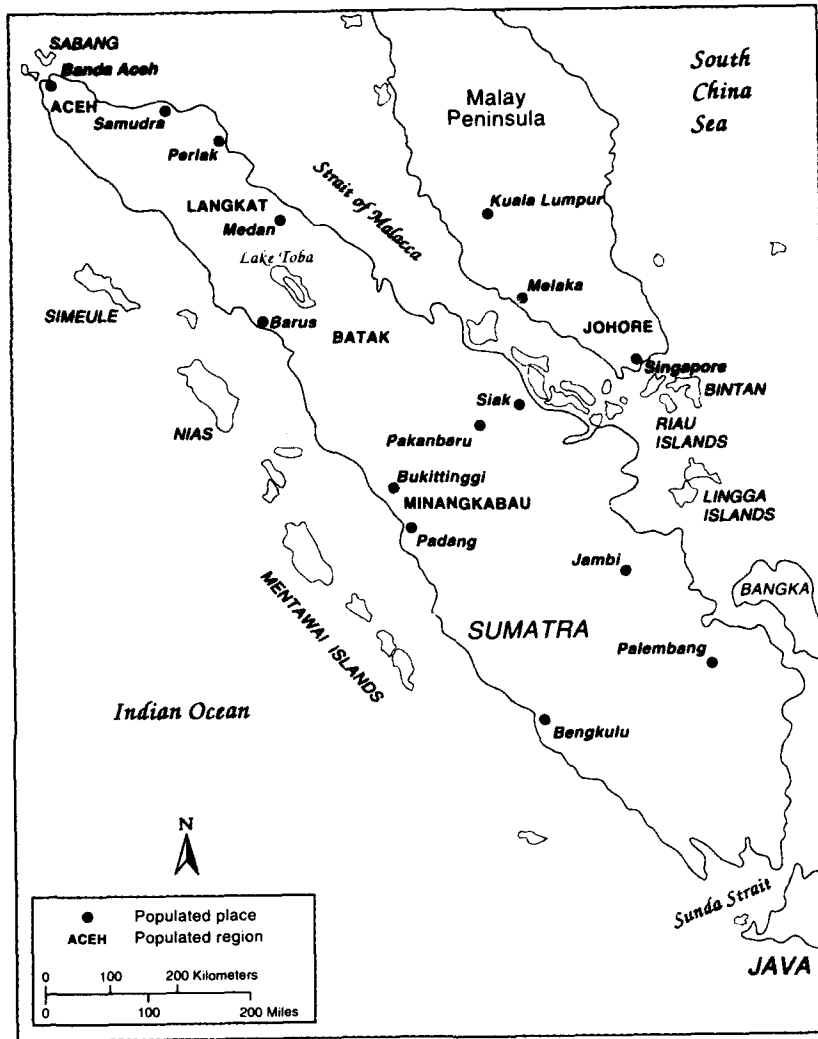
Indianized Empires

Although historical records and archaeological evidence are scarce, it appears that by the seventh century A.D., the Indianized kingdom of Srivijaya, centered in the Palembang area of eastern Sumatra, had established suzerainty over large areas of Sumatra, western Java, and much of the Malay Peninsula (see fig. 2). Dominating the Malacca and Sunda straits, Srivijaya controlled the trade of the region and remained a formidable sea power until the thirteenth century. Serving as an entrepôt for Chinese, Indonesian, and Indian markets, the port of Palembang, accessible from the coast by way of a river, accumulated great wealth. A stronghold of Mahayana Buddhism, Srivijaya attracted pilgrims and scholars from other parts of Asia. These included the Chinese monk Yijing, who made several lengthy visits to Sumatra on his way to India in 671 and 695, and the eleventh-century Buddhist scholar Atisha, who played a major role in the development of Tibetan Buddhism.

During the early eighth century, the state of Mataram controlled Central Java, but apparently was soon subsumed under the Buddhist Sailendra kingdom. The Sailendra built the Borobudur temple complex, located northwest of Yogyakarta. Borobudur is a huge stupa surmounting nine stone terraces into which a large number of Buddha images and stone bas-reliefs have been set. Considered one of the great monuments of world religious art, it was designed to be a place of pilgrimage and meditation. The bas-reliefs illustrate Buddhist ideas of karma and enlightenment but also give a vivid idea of what everyday life was like in eighth-century Indonesia. Energetic builders, the Sailendra also erected *candi*, memorial structures in a temple form of original design, on the Kedu Plain near Yogyakarta.

The late ninth century witnessed the emergence of a second state that is noted for building a Hindu temple complex, the Prambanan,

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Source: Based on information from M.C. Ricklefs, *A History of Modern Indonesia: c. 1300 to the Present*, Bloomington, 1981, 311.

Figure 2. Sumatra and the Malay Peninsula in the Seventh Century A.D.

which is located east of Yogyakarta and was dedicated to Durga, the Hindu Divine Mother, consort of Shiva, the god of destruction. From the tenth to the fifteenth centuries, powerful Hindu-Javanese states rivalling Srivijaya emerged in the eastern part of the island. The kingdom of Kediri, established in eastern Java in 1049, collected spices from tributaries located in southern Kalimantan and

the Maluku Islands, famed in the West as the Spice Islands or Moluccas. Indian and Southeast Asian merchants, among others, then transported the spices to Mediterranean markets by way of the Indian Ocean.

The golden age of Javanese Hindu-Buddhist kingdoms was in the late thirteenth and fourteenth centuries. Although the eastern Javanese monarch Kertanagara (reigned 1268–92) was killed in the wake of an invasion ordered by the Mongol emperor Khubilai Khan, his son-in-law, Prince Vijaya, established a new dynasty with its capital at Majapahit and succeeded in getting the hard-pressed Mongols to withdraw. The new state, whose expansion is described in the lengthy fourteenth-century Javanese poem *Nagara-krtagama* by Prapanca, cultivated both Shivaite Hinduism and Mahayana Buddhism. It established an empire that spread throughout much of the territory of modern Indonesia.

The empire building was accomplished not by the king but by his prime minister, Gajah Mada, who was virtual ruler from 1330 to his death in 1364. Possibly for as long as a generation, many of the Indonesian islands and part of the Malay Peninsula were drawn into a subordinate relationship with Majapahit in the sense that it commanded tribute from local chiefs rather than governing them directly. Some Indonesian historians have considered Gajah Mada as the country's first real nation-builder. It is significant that Gadjah Mada University (using the Dutch-era spelling of Gajah Mada's name), established by the revolutionary Republic of Indonesia at Yogyakarta in 1946, was—and remains—named after him.

By the late fourteenth century, Majapahit's power had ebbed. A succession crisis broke out in the mid-fifteenth century, and Majapahit's disintegration was hastened by the economic competition of the Malay trading network that focused on the state of Melaka (Malacca), whose rulers had adopted Islam. Although the Majapahit royal family stabilized itself in 1486, warfare broke out with the Muslim state of Demak; and the dynasty, then ruling only a portion of eastern Java, ended in the 1520s or 1530s.

The Coming of Islam

The Indian Ocean continued to serve as both a commercial and a cultural link between Indonesia and the countries to the west. Thus Islam, which was established on the Arabian Peninsula by the Prophet Muhammad in the seventh century A.D., followed the Hindu and Buddhist religions into the archipelago. By the late twentieth century, approximately 85 percent of Indonesia's inhabitants considered themselves to be Muslim. Among some Indonesians, Islam is only an element in a syncretic belief system that

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also includes animist and Hindu-Buddhist concepts. Others are intensely committed to the faith (see Religion and Worldview, ch. 2). Like the introduction of Indian civilization, the process of Islamization is obscure because of the lack of adequate historical records and archeological evidence. The archipelago was not invaded by outsiders and forcibly converted. Yet states that had converted to Islam often waged war against those that adhered to the older, Hindu-Buddhist traditions. Religious lines, however, do not appear to have been clearly drawn in Javanese statecraft and war.

Over the centuries, merchants from Arabian Sea and Indian Ocean ports and mystics and literary figures propagated the faith. Because commerce was more prevalent along the coasts of Sumatra, Java, and the eastern archipelago than in inland areas of Java, it is not surprising that Islamization proceeded more rapidly in the former than the latter. According to historian M.C. Ricklefs, legends describe the conversion of rulers to Islam in coastal Malay regions as a "great turning point" marked by miracles (including the magical circumcision of converts), the confession of faith, and adoption of Arabic names. Javanese chroniclers tended to view it as a much less central event in the history of dynasties and states. But the Javanese chronicles mention the role of nine (or ten) saints (*wali* in Arabic), who converted rulers through the use of supernatural powers.

Doubtless small numbers of Muslims traveled through and resided in the archipelago at a very early date. Historical records of the Chinese Tang Dynasty (A.D. 618-907) tell of Arab traders who must have stopped at Indonesian ports along the way to Guangzhou and other southern Chinese ports. Yet the conversion of rulers and significant numbers of indigenous peoples to Islam apparently did not begin until around the late thirteenth century.

Many areas of the archipelago resisted the religion's spread. Some, such as Ambon, were converted to Christianity by Europeans. Others preserved their distinctiveness despite powerful Islamic neighbors. These included small enclaves on Java and the adjacent island of Bali, where animist and Hindu beliefs created a distinct, inward-looking culture.

The first reliable evidence of Islam as an active force in the archipelago comes from the Venetian traveler Marco Polo. Landing in northern Sumatra on his way back to Europe from China in 1292, he discovered an Islamic town, Perlak, surrounded by non-Islamic neighbors. An inscription from a tombstone dated 1297 reveals that the first ruler of Samudra, another Sumatran state, was a Muslim; the Arab traveler Muhammad ibn-'Abdullah ibn-Battuta visited the same town in 1345-46 and wrote that its monarch

Historical Setting

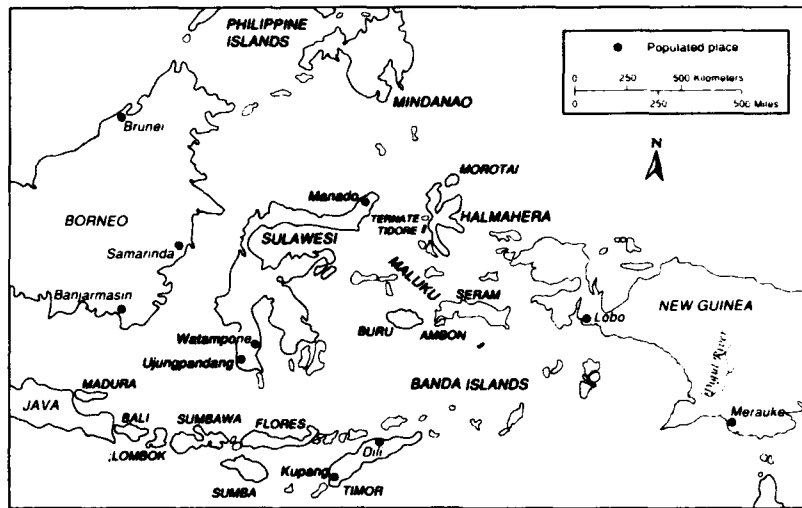
was a Sunni (see Glossary) rather than a Shia (see Glossary) Muslim. By the late fourteenth century, inscriptions on Sumatra were written with Arabic letters rather than older, indigenous or Indian-based scripts.

There also were important Chinese contacts with Java and Sumatra during this period. Between 1405 and 1433, a Chinese Muslim military leader, the Grand Eunuch Zheng He, was commissioned by the Ming Dynasty (1368-1643) emperor to make seven naval expeditions, each comprising hundreds of ships and crews numbering more than 20,000. The various expeditions went from China to Southeast Asia, South Asia, the Arabian Peninsula, and East Africa. Rather than voyages of exploration, these expeditions followed established trade routes and were diplomatic in nature and helped expand contacts among and provide information about the regions visited. Zheng used Java and Sumatra as waystops and, on his first voyage, destroyed a Chinese pirate fleet based near Palembang on the north coast of Sumatra. He also is said to have developed close contacts with Melaka on the Malay Peninsula.

The major impetus to Islamization was provided by Melaka, a rich port city that dominated the Strait of Malacca and controlled much of the archipelago's trade during the fifteenth century. According to legend, Melaka was founded in 1400 by a princely descendant of the rulers of Srivijaya who fled Palembang after an attack by Majapahit. Originally a Hindu-Buddhist, this prince converted to Islam and assumed the name Iskandar Syah. Under his rule and that of his successors, Melaka's trading fleets brought Islam to coastal areas of the archipelago. According to the sixteenth-century Portuguese chronicler Tomé Pires, whose *Suma Oriental* is perhaps the best account of early sixteenth-century Indonesia, most of the Sumatran states were Muslim. The kingdom known as Aceh, founded in the early sixteenth century at the western tip of Sumatra, was a territory of strong Islamic allegiance. In Pires's time, the ruler of the Minangkabau people of central Sumatra and his court were Muslim, but their subjects were not.

In eastern Indonesia, Islamization proceeded through the sixteenth and seventeenth centuries, often in competition with the aggressive proselytization of Portuguese and other Christian missionaries. According to Pires, the island states of Ternate and Tidore, off the west coast of Halmahera in Maluku, had Muslim sultans, and Muslim merchants had settled in the Banda Islands (see fig. 3). In 1605 the ruler of Gowa in southern Sulawesi (Celebes) converted to Islam and subsequently imposed Islam on neighboring rulers. Muslim missionaries were sent from the north coast

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Source: Based on information from M.C. Ricklefs, *A History of Modern Indonesia: c. 1300 to the Present*, Bloomington, 1981, 316.

Figure 3. *The Eastern Archipelago in the Sixteenth and Seventeenth Centuries*

of Java to Lombok, Sulawesi, and Kalimantan until the late seventeenth century.

Because of the antiquity of Java's civilizations and the relative isolation of some of its most powerful kingdoms, the process of Islamization there was both complex and protracted. The discovery of Muslim gravestones dating from the fourteenth century near the site of the Majapahit court suggests that members of the elite converted to Islam while the king remained an adherent of Indian religions. The early focus of conversion was the northern coastal region, known as the Pasisir (Javanese for coast). Melaka's domination of trade after 1400 promoted a substantial Islamic presence in the Pasisir region, which lay strategically between Melaka to the west and Maluku to the east. Muslim merchants were numerous, although their role in the conversion of royal courts is unclear. The north shore state of Gresik was ruled by one of the nine saints. During the sixteenth century, after Melaka had ceased to be an Islamic center following its capture by the Portuguese in 1511, the Malay trading network shifted to Johore and northwest Kalimantan.

In the early seventeenth century, the most powerful state in Central Java was Mataram, whose rulers cultivated friendly relations with the Pasisir states, especially Gresik, and tolerated the

establishment of Islamic schools and communities in the countryside. Tolerance may have been motivated by the rulers' desire to use the schools to control village populations. Muslim groups in the interior were often mutually antagonistic, however, and sometimes experienced official persecution. The greatest of Mataram's rulers, Sultan Agung (reigned 1613-46), warred against various Javanese states and defeated as many as he could. Without shedding the Hindu-Buddhist or Javanese animist attributes of kingship, he sought and received permission from Mecca to assume the Islamic title of sultan in 1641.

Scholars have speculated on why Islam failed to gain a large number of converts until after the thirteenth century, even though Muslim merchants had arrived in the islands much earlier. Some have suggested that the Sufi (see Glossary) tradition—a mystical branch of Islam that emphasizes the ultimate reality of God and the illusoriness of the perceived world—may have been brought into the islands at this time. Given the mystical elements of both Sufism and indigenous beliefs, it may have been more appealing to Indonesians than earlier, more austere, and law-bound versions of Islam. Yet according to Ricklefs, no evidence of the existence of Sufi brotherhoods in the early centuries has been found.

European Intrusions

The Portuguese were the first Europeans to come in significant numbers to the archipelago. The golden age of Portuguese exploration and conquest in Asia began with Vasco da Gama's voyage to India in 1497-99 and continued through the first half of the sixteenth century. Faith and profit, nicely harmonized, motivated these early European explorers. The papacy charged Portugal with converting Asia to Christianity. Equipped with superior navigational aids and sturdy ships, the Portuguese attempted to seize rich trade routes in the Indian Ocean from Muslim merchants. They established a network of forts and trading posts that at its height extended from Lisbon by way of the African coast to the Straits of Hormuz, Goa in India, Melaka, Macao on the South China coast, and Nagasaki in southwestern Japan. The Portuguese came to Indonesia to monopolize the spice trade of the eastern archipelago. Nutmeg, mace, and cloves were easily worth more than their weight in gold in European markets, but the trade had hitherto been dominated by Muslims and the Mediterranean city-state of Venice. Combining trade with piracy, the Portuguese, operating from their base at Melaka, established bases in the Maluku Islands at Ternate and on the island of Ambon but were unsuccessful in gaining control of the Banda Islands, a center of nutmeg and mace production.

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Indonesian Muslim states wasted no time in trying to oust the intruders. During the sixteenth century, the sturdy Portuguese fort of A Famosa (the Famous One) at Melaka withstood repeated attacks by the forces of the sultans of Johore (the descendants of the ruler of Melaka deposed by the Portuguese), Aceh, and the Javanese north coast state of Jepara, acting singly or in concert. The Portuguese were minimally involved in Java, although there were attempts to forge alliances with the remaining Hindu-Buddhist states against the Muslims. The Portuguese goal of Christianizing Asia was largely unsuccessful. Saint Francis Xavier, a Spaniard who was an early member of the Society of Jesus (Jesuits), established a mission at Ambon in 1546 and won many converts whose lineal descendants in the early 1990s were Protestant Christians. The small enclave of Portuguese (East) Timor, which survived three centuries surrounded by Dutch colonialism only to be formally absorbed into Indonesia in 1976, was largely Roman Catholic.

Given Portugal's small size, limited resources, and small labor pool, and its routinely brutal treatment of indigenous populations, Portugal's trading empire was short-lived, although remnants of it, like Portuguese Timor, survived into the late twentieth century. Although numerically superior Muslim forces failed to capture Melaka, they kept the intruders constantly on the defensive. Also, the dynastic union of the Portuguese and Spanish crowns in 1580 made for Portugal a new and increasingly dangerous enemy: the Dutch.

The United East India Company

The United Provinces of the Netherlands was, in a sense, the world's first modern state. It was a republic dominated by middle class burghers rather than a dynastic monarchy. Winning independence from Spain in 1581, the Netherlands became a major seafaring power. During the seventeenth century, Amsterdam emerged as Europe's primary center for commerce and banking. Largely Protestant and Calvinist, the new state, unlike Portugal, did not reflect the crusading values of the European Middle Ages.

A four-ship Dutch fleet entered Indonesian waters in 1596, visiting Banten on the western tip of Java as well as north-coast Javanese ports and returning home with a profitable cargo of spices. There followed a few years of "wild" or unregulated voyages, when several Dutch trading concerns sent out ships to the islands. In 1602, however, these companies merged to form the United East India Company (VOC) under a charter issued by the Dutch parliament, the Staten-Generaal.

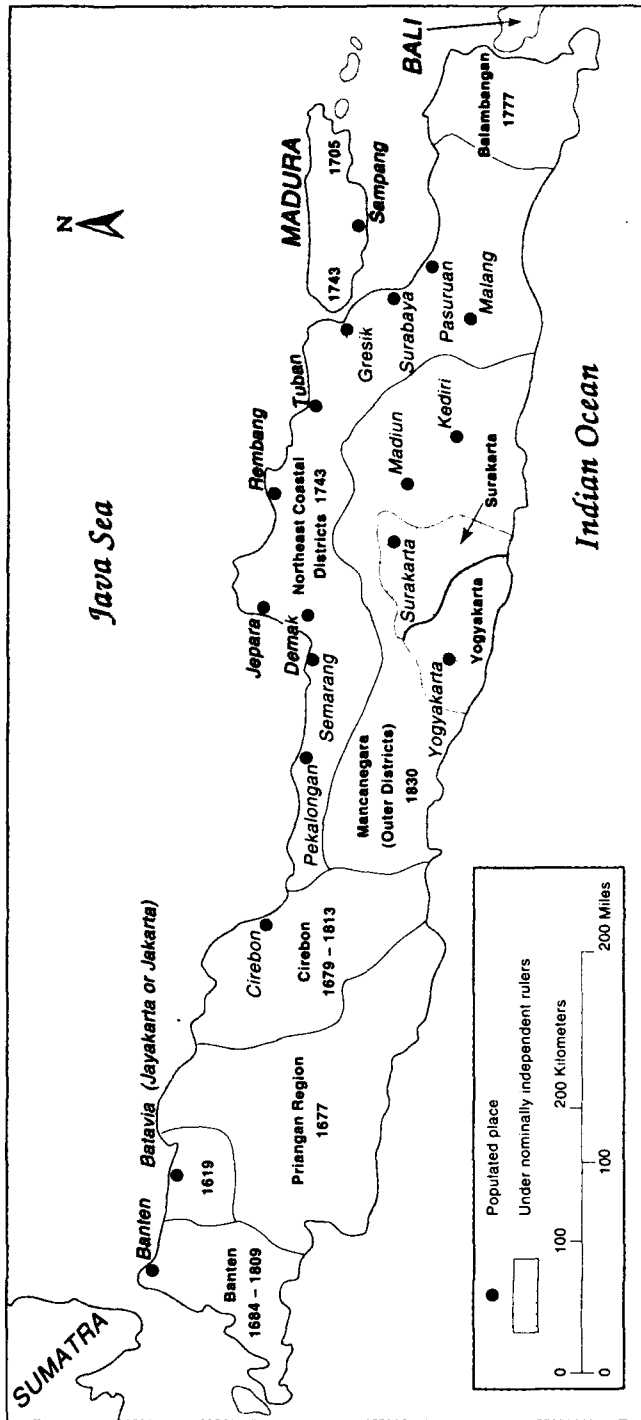
Although its directors, the Heeren Zeventien (Seventeen Gentlemen), were motivated solely by profit, the VOC was not simply

a trading company in the modern sense of the word. It had authority to build fortresses, wage war, conclude treaties with indigenous rulers, and administer justice to subject populations. In the early years, the Heeren Zeventien attempted to direct their operations from Amsterdam, but this proved impossible and in 1610 the post of governor general of the VOC was established. Jan Pieterszoon Coen, governor general from 1619 to 1623 and again from 1627 to 1629, was the most dynamic VOC chief executive. He seized the port of Jayakarta (modern Jakarta, also known as Batavia during the colonial period) from the sultan of Banten in western Java and established the trading post at Sunda Kelapa. Since then, Jakarta served as the capital of the VOC, of the Netherlands Indies after 1816, and of the independent Indonesian state after World War II.

Coen was determined to go to almost any lengths to establish and reserve a VOC monopoly of the spice trade. He accomplished his goal by both controlling output and keeping non-VOC traders out of the islands. Ambon had been seized from the Portuguese in 1605, and anti-Iberian alliances were made with several local rulers. However, the English East India Company, established in 1600, proved to be a tenacious competitor. When the people of the small Banda archipelago south of the Malukus continued to sell nutmeg and mace to English merchants, the Dutch killed or deported virtually the entire population and repopulated the islands with VOC indentured servants and slaves who worked in the nutmeg groves. Similar policies were used by Coen's successors against the inhabitants of the clove-rich Hoamoal Peninsula on the island of Ceram in 1656. The Spanish were forced out of Tidore and Ternate in 1663. The Makassarese sultan of Gowa in southern Sulawesi, a troublesome practitioner of free trade, was overthrown with the aid of a neighboring ruler in 1669. The Dutch built fortresses on the site of the Gowa capital of Makassar (modern Ujungpandang) and at Manado in northern Sulawesi and expelled all foreign merchants. In 1659 the Dutch burned the port city of Palembang on Sumatra, ancient site of the Srivijaya empire, in order to secure control of the pepper trade.

The Dutch on Java, 1619-1755

The key to Dutch commercial success in Indonesia was the security of its base of operations at Batavia. The security issue involved the VOC in the internal politics of Java. The earliest governor generals had not intended to become involved in Java's politics. They had envisioned the company as primarily a maritime power, consisting of a network of forts and heavily defended trading routes. But during the seventeenth century and especially the eighteenth



Source: Based on information from D.G.E. Hall, *A History of South-East Asia*, New York, 1981, 351; and Geoffrey Barraclough and Norman Stone (eds.), *The Times Atlas of World History*, Maplewood, New Jersey, 1989, 176.

Figure 4. Dutch Expansion in Java, 1619-1830

century, the Dutch found themselves caught up in Java's perennial political instability. Defense of VOC interests required the raising of armies and collection of revenue from rulers and the general population to pay for them (see fig. 4.).

By the 1620s, Sultan Agung of Mataram had conquered Surabaya, a powerful rival state, extended his power on Java as far west as Cirebon, occupied the island of Madura after a bloody campaign, and forced the sultans of Banjarmasin and Sukadana on Kalimantan (known during the colonial era as Borneo) to become his tributaries. Batavia, already threatened by the hostile sultan of Banten, was besieged by Mataram forces by both land and sea in 1628-29. The siege was unsuccessful, and Sultan Agung had to accept the company's continued existence on Java. Royal poets and chroniclers, however, portrayed Dutch diplomatic missions to the Mataram court after 1629 as expressions of humble submission. The ruler turned his attention eastward, devastating the Hindu-Buddhist state of Balambangan but suffering defeat in his attempt to conquer the intrepid Balinese.

A revolt against Sultan Agung's successor, Amangkurat I (reigned 1646-77), in 1671 led the ruler, much resented for his harsh policies, to seek Dutch assistance against the rebels. When his palace was captured by the rebels, Amangkurat I sought refuge on VOC-controlled territory in 1677, where he died. His successor, Amangkurat II (reigned 1677-1703) gave the VOC monopolies over the sugar, rice, opium, and textile trade in Mataram territory in exchange for the VOC's military support in his efforts to regain the throne. Amangkurat II also agreed to the cession of the Priangan Districts south of Batavia. In 1684 the crown prince of Banten, involved in a revolt against his own father, asked for Dutch aid and in return was obliged to make concessions that essentially spelled the end of the kingdom's independence.

In the eighteenth century, Mataram experienced continued struggles for power among royal contenders. The First Javanese War of Succession (1704-08) resulted in Pakubuwona I (reigned 1705-19) assuming the throne with Dutch aid; in return, he gave the VOC the privilege of building forts anywhere it wished in Java, the right to station a VOC garrison at the royal court paid for by the royal treasury, an annual grant to Batavia of a large amount of rice for twenty-five years, and the promise that Javanese ships would not sail east of the island of Lombok or beyond the bounds of the Java Sea. The Second Javanese War of Succession (1719-23) resulted in the installation of Amangkurat IV (reigned 1719-26) as king, and further concessions were made to the VOC.

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The Third Javanese War of Succession (1746-55) was decisive because it resulted in the division of Mataram into the states of Surakarta and Yogyakarta, each with its own sultan. Two years after Pakubuwona II (reigned 1725-49) had agreed to lease the north coast of Java to the VOC, Javanese princes led by Mangkubumi rebelled in 1745 precipitating war against the Dutch. The war dragged on until 1755, when the Treaty of Giyanti was ratified, recognizing Pakubuwona III (reigned 1749-55) as ruler of Surakarta and Mangkubumi (who took the title of sultan and the name Hamengkubuwono) as ruler of Yogyakarta. In 1757 a new state, Mangkunegaran, was carved from Surakarta territory. Banten, meanwhile, had become a territory of the VOC in 1753. The policy of divide and rule brought a measure of peace to Java thereafter, but the VOC had little time to enjoy the fruits of its many decades of involvement in court politics.

VOC Bankruptcy and the British Occupation

Not only continuous wars on Java but also the VOC's own greed and shortsightedness led to its undoing by the end of the eighteenth century. Its personnel were extraordinarily corrupt, determined to "shake the pagoda tree" of the Indies, to use a phrase popular with its eighteenth-century British contemporaries, to get rich quick. Although the VOC preserved its monopoly over the spice trade, it could not prevent foreign rivals, especially the British and French, from growing spices on their own territories in the West Indies and elsewhere. Thus, European markets were assured a cheap supply. Moreover, the development in Europe of winter forage in the late seventeenth century made spices less of a necessity, since livestock did not have to be slaughtered in autumn and its meat preserved with spices over the cold season. War between the Netherlands and Britain in 1780-84 also prevented the VOC from shipping its goods.

The VOC turned to new cash crops and products: pepper and textiles from Sumatra, and coffee and tea grown in the mountainous Priangan Districts. In Priangan, inhabited by people of the Sundanese ethnic group, the local rulers collected coffee from cultivators and delivered it to the VOC. Coffee became Java's most profitable crop from the early eighteenth to the mid-nineteenth century. But despite such diversification, the Dutch Staten-Generaal in 1789 discovered the company had a deficit of some 74 million guilders. The Netherlands was occupied by French troops in 1795, and a French protectorate established. The new government abolished the VOC by allowing its charter to lapse in 1799. VOC territories became the property of the Dutch government.

Historical Setting

In 1808 Louis Bonaparte, who had been made king of the Netherlands by his brother Napoleon, appointed Herman Willem Daendels as governor general of the Dutch possessions. Daendels, imbued with the ideas of the French Revolution, had scant patience for the intricacies of Java's "feudal" political system and introduced a comprehensive set of reforms. In doing so, he earned the hostility of the Javanese nobility, who had benefited from the old system of indirect rule. But in 1811, a year after the Netherlands had been incorporated into the French empire, the British occupied Java. In August 1811, they seized Batavia and a month later received the surrender of French forces.

Thomas Stamford Raffles was appointed lieutenant governor of Java (1811-16) and its dependencies by the British East India Company in Calcutta. Raffles, best known for being the founder of Singapore in 1819, attempted, like Daendels, comprehensive reform. Many of his ideas were enlightened: abolition of forced labor and fixed quotas for cash crops, peasants' free choice of which crops to grow, salaries for government officials, abolition of the slave trade in the archipelago, and improvement of the lot of slaves (his goal of total opposition to slavery was deemed impractical). Raffles also sponsored the establishment of a subsidiary court, Pakualaman, in Yogyakarta in 1812, further dividing the authority of the Yogyakarta sultanate. But there was little time for these efforts to take root. At the outset of the Napoleonic Wars, the British government had promised the Dutch government-in-exile that at the end of the war occupied territories would be returned to the Netherlands. Over the objections of Raffles, Dutch authority was reestablished in 1816.

The Netherlands Indies Empire

Nineteenth-century Indonesia experienced not only the replacement of company rule by Dutch government rule but also the complete transformation of Java into a colonial society and the successful extension of colonial rule to Sumatra and the eastern archipelago. The modern state of Indonesia is in a real sense a nineteenth-century creation. It was during this century that most of its boundaries were defined and a process of generally exploitative political, military, and economic integration was begun. Some analysts, such as Benedict R. O'G. Anderson, argue that the New Order state of Suharto is a direct descendant of the Dutch colonial state, with similar objectives as summarized in the Dutch phrase *rust en orde* (tranquillity and order). There was, at least, a natural historical continuity between the Dutch colonial and the modern Indonesian state (see The New Order under Suharto, this ch.).

The Java War and Cultivation System

During the VOC period, the Dutch depended on the compliance of the Javanese aristocratic class, which allowed them to rule in an indirect manner. The regents' role of expropriating cash crops from the peasants to deliver to the VOC gave them a comfortable income because they also continued to tax their subjects for rice and labor. Variations on this pattern were found throughout Java, with local adaptations. But the reforms of Daendels and Raffles threatened this arrangement. Moreover, the elite in Central Java were humiliated by a British occupation and partition of Yogyakarta in 1812. As Dutch demands for tax revenues expanded after 1816, many of the elite found themselves short of funds and indebted. The common people also suffered from years of war, disruption, and the exploitation of Chinese farmers employed by the British and the Dutch.

The Java War of 1825-30 constituted the last resistance of the Javanese aristocracy to Dutch rule. Its central figure was Pangeran Diponegoro (ca. 1785-1855), eldest son of the sultan of Yogyakarta. His education and disposition combined both Islamic and mystical elements: he was well acquainted with the teachings of the traditional Islamic schools (*pesantren*) in the rural village where he lived as a child with his grandmother, but he also had experienced a vision in which the Goddess of the Southern Ocean promised that he was a future king. According to M.C. Ricklefs, Diponegoro was in a unique position to mobilize both the elite and the common people against the colonialists: "As a senior prince, he had access to the aristocracy, as a mystic to the religious community, and as a rural dweller to the masses in the countryside."

The immediate cause of Diponegoro's revolt in 1825 was the Dutch decision to build a road across a piece of his property that contained a sacred tomb. Thereupon ensued the Java War, a bitter guerrilla conflict in which as many as 200,000 Javanese died in fighting or from indirect causes (the population of Java at the end of the eighteenth century was only 3 million). Although the revolt was led by Diponegoro and other aristocrats, its considerable popular appeal, based on Islam and Javanese mysticism, created a scenario similar to twentieth-century wars in Southeast Asia. Insurgency was suppressed only after the Dutch adopted the "fortress system": the posting of small units of mobile troops in forts scattered through the contested territory. Diponegoro was arrested in 1830 and exiled for a short time to Manado in northern Sulawesi and then to Makassar where he died. The territories of



*A ninth-century guardian statue near Hindu temple ruins in the vicinity of Prambanan, Jawa Tengah, ca. 1895
Courtesy Prints and Photographs Division, Library of Congress*

Yogyakarta and Surakarta were substantially reduced, although the sultans were paid compensation.

The Java War was not a modern anticolonial movement. Diponegoro and his followers probably did not want to restore an idealized, precolonial past. Nor did they envision an independent, modern nation. Rather they sought a Javanese heartland free of Dutch rule. Because of his anti-Dutch role, Diponegoro is one of modern Indonesia's national heroes.

The Java War gave considerable impetus to a conservative trend in Dutch colonial policy. Rather than reforming their regime in the spirit of Daendels and Raffles, the Dutch continued the old VOC system of indirect rule. As it evolved during the nineteenth century, the Dutch regime consisted of a hierarchy in which the top levels were occupied by European civil servants and a native administration occupied the lower levels. The latter was drawn from the *priyayi* class, an aristocracy defined both by descent from ancient Javanese royal families and by the vocation of government service. The centerpiece of the system was the *bupati*, or regents. Java was divided into a number of residencies, each headed by a Dutch chief administrator; each of these was further subdivided into a number of regencies that were formally headed by a Javanese

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regent assisted by a Dutch official. The regency was subdivided into districts and subdistricts and included several hundred villages. The states of Surakarta and Yogyakarta remained outside this system. However, both they and the local regents lost any remnant of political independence they had enjoyed before the Java War. The sultanates played an important cultural role as preservers of Java's traditional courtly arts, but had little or no impact on politics.

Starting in 1830, a set of policies known as the Cultivation System (*cultuurstelsel* in Dutch) was implemented as a means of covering the high cost of colonial administration in Java and bolstering the Netherlands' weak financial condition following the Napoleonic Wars and a civil war with Belgium, with which the Dutch had united in 1815. Governor General Johannes van den Bosch (served 1830–34), the system's proposer, argued that the Cultivation System would benefit both colonizer and colonized. In fact, it brought the Netherlands handsome profits, increased the conspicuous consumption of the indigenous elite, enriched European officials and Chinese middlemen, but was a terrible burden for Javanese villagers.

The Cultivation System in theory required that participating villages grow export crops to raise funds sufficient to meet their land-tax commitment, which was based on rice production. Export crops—the most profitable being coffee, sugar, indigo, tea, cinnamon, pepper, tobacco, cotton, silk, and cochineal—were sold to the government at fixed prices. A balance was supposed to be established between rice production and export crops, and both the village and the colonial economy—and the Netherlands—would enjoy the benefits.

In practice, however, as some historians have pointed out, there was not a "system." Wide local and regional variations in applying van den Bosch's theory occurred, and, instead, colonial exploitation took place. The growth of export crops became compulsory. The crops themselves were shipped to the Netherlands by the Netherlands Trading Company (NHM), which held a monopoly over Cultivation System trade until 1872, and Amsterdam regained its seventeenth-century status as the primary European market for tropical products. Profits from the system constituted between 19 and 32 percent of the Netherlands' state revenues between the 1830s and 1860. These profits erased the colonial government's deficits, retired old VOC debts, financed the building of the Netherlands state railroad, funded the compensation of slaveholders after the abolition of slavery in the colony of Suriname, and paid for Dutch expansion into Sumatra and the eastern archipelago. The success attributed to the Cultivation System inspired

Historical Setting

a Briton, aptly named James William Bayley Money, to publish a book entitled *Java, or, How to Manage a Colony* in 1861.

A year earlier, however, a former Dutch colonial official, Eduard Douwes Dekker, using the pen name Multatuli, had written another book, *Max Havelaar: or The Coffee Auctions of the Dutch Trading Company*, that exposed the oppression of Javanese peasants by corrupt and greedy officials, both Dutch and Javanese. *Max Havelaar* eventually had an impact on liberal opinion in the Netherlands and, through translations, in other countries similar to that of Harriet Beecher Stowe's *Uncle Tom's Cabin* in the United States. Some twentieth-century historians, such as Bernard Hubertus Maria Vlekke, claimed that the Cultivation System benefited rural Javanese, pointing to the rapid increase of the population from 7 to 16.2 million between 1830 and 1870. But most evidence supports Douwes Dekker's images of harsh exploitation. Even if the compulsory growing of export crops—particularly coffee, which remained the most profitable—did not divert much land from the cultivation of rice, the labor requirements were so great that farmers had little time or energy to devote to staple crops. Moreover, as the prices paid by the government for export crops increased, the Dutch used the increase as justification to raise the land tax assessment. More effort and organization had to be applied to export-crop production to offset the land-tax increases. By the 1840s, rice shortages appeared and famines and epidemics occurred, resulting in dislocation of some segments of the rural population who sought more profitable land. Nevertheless, profits increased but so too had the cost of maintaining the colonial military establishment, and that, in turn, applied pressure for more export-crop development. The colonial government did little to curb corruption and abuses, which made what was in fact a highly organized system of forced labor even more unendurable.

During the early 1860s, a liberal Dutch government began dismantling the Cultivation System, abolishing government monopolies over spices, indigo, tea, tobacco, and cochineal (the spice monopoly had been in effect since the early seventeenth century). In 1870 the Sugar Law provided for government withdrawal from sugar cultivation over twelve years, beginning in 1878. The Agrarian Law, also passed in 1870, enabled foreigners to lease land from the government for as long as seventy-five years, opening Java up to foreign private enterprise. These developments marked the gradual replacement of the Cultivation System and the beginning of an era of relatively free trade, although compulsory cultivation of coffee continued until 1917.

Dutch Expansion in Sumatra and the Eastern Archipelago

Both the British occupation of the archipelago during the Napoleonic Wars and the Java War seriously weakened Dutch authority outside of Java. Pirates flourished in the power vacuum, making Indonesian waters among the most dangerous in the world. In the 1840s, the British established a presence in northern Kalimantan (North Borneo), where James Brooke made himself the first "White Rajah" of Sarawak. Alarmed by such developments, the Dutch initiated policies of colonial expansion in the Outer Islands (see Glossary), which brought all the land area of modern Indonesia, with the exception of Portuguese Timor, under their control.

Dutch expansion began first in neighboring Sumatra. By 1823 the eastern part of the island, including Palembang, was under Dutch control. The Padri War (1821-38) pacified the Minangkabau region. The *padri* were religious teachers committed to the reform and propagation of Islam and were dominant in the region after the assassination of the Minangkabau royal family in 1815. Conflicts arose between them and secular *adat* leaders, and the latter called for Dutch intervention. Between the 1870s and the end of the century, colonial troops also defeated the fierce Batak ethnic group living north of the Minangkabau, and the colonial government encouraged the populace to convert to Christianity.

The 1824 Treaty of London defined a British sphere of influence on the Malay Peninsula and a Dutch sphere on Sumatra, although its provisions placed no restrictions on British trade on the island. Sumatran trade became an issue of contention, however, because the British resented what they saw as Dutch attempts to curtail their commercial activities. One provision of the Treaty of London was the independence of the north Sumatran state of Aceh. But Aceh controlled a large portion of the pepper trade and alarmed the Dutch by actively seeking relations with other Western countries. A new Anglo-Dutch treaty, signed in 1871, gave the Dutch a free hand in Sumatra concerning Aceh. Two years later, talks between the United States consul in Singapore and Acehnese representatives gave Batavia the pretext for opening hostilities. Dutch gunboats bombarded the sultanate's capital, Banda Aceh, and troops were landed. The capital fell under Dutch occupation the following year, but Acehnese forces undertook guerrilla resistance. The Aceh War (1873-1903) was one of the longest and bloodiest in Dutch-Indonesian history.

During the nineteenth century, militant or reformist Islam posed a major challenge to Dutch rule, especially in Sumatra. The *padri* of Minangkabau, for example, were returned pilgrims from Mecca

*Fort Marlborough,
a remnant of the British
occupation of Sumatra,
in present-day Bengkulu
Courtesy Indonesian
Department of Information*



*Part of the palace of the
Sultan of Yogyakarta
Courtesy Indonesian
Department of Information*



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who were inspired by Wahhabism—a Western term given to the strict form of Islam practiced in Arabia—that stressed the unitary nature of God. The *padri* were determined to purge their society of non-Islamic elements, such as the traditional system of matrilineal inheritance and consumption of alcohol and opium. The Acehnese, the most rigorously fundamentalist of Indonesian Muslims, also had close contacts with Mecca.

The principal architect of colonial Islamic policy was Christiaan Snouck Hurgronje, a scholar of Arabic who had gone to Mecca to study Indonesian pilgrims and served as adviser to the Netherlands Indies government from 1891 to 1904. His policy was one of cooptation rather than opposition: instead of promoting the spread of Christianity, he suggested, the government should maintain supportive relations with established Islamic authorities such as the *qadi* or judges of the royal courts. “Established” Islam was no threat, according to Snouck Hurgronje, but “fanatic” Muslim teachers who maintained independent Islamic schools were. He also advised that the government coopt local non-Islamic chiefs, whose source of authority was based on *adat* or local law and custom. This practice was, in fact, Dutch policy in Aceh after the war. Local Acehnese chiefs, the *uleebalang*, were given much the same role as the *priyayi* on Java.

Farther east, the Dutch imposed *rust en orde*, the colonial system, on Madura, where local rulers were assimilated into the regency system in 1887; on Kalimantan, where in 1860 the sultanate of Banjarmasin had been dethroned and replaced by direct colonial rule; in Sulawesi, where wars between the Dutch and the Makassarese and Buginese states of Gowa and Bone continued until 1905–06 and where the headhunting Toraja people were also subjugated; and in the remote western half of New Guinea, which was brought under full control only after World War I. The Dutch had first built a fort at Lobo in West New Guinea in 1828, but abandoned it eight years later.

The Balinese stubbornly resisted Dutch attempts to subjugate them throughout the nineteenth century. This mountainous, volcanic island of great natural beauty, with its own Hindu-animist culture, art, and ways of life, was divided into a number of small kingdoms whose rulers saw no more reason to submit to Batavia than they had to Islamic states during the previous four centuries. Although the northern part of the island came under Dutch control by 1882 and was joined with the neighboring island of Lombok as a single residency, the southern and eastern rulers refused to accept full Dutch sovereignty. Between 1904 and 1908, military expeditions were sent to suppress them. Some of the kings and

their royal families, including women and children, realizing that the independence and self-sufficiency of their ancient world were crumbling, committed suicide by marching in front of Dutch gunners during the height of battle.

Colonial Economy and Society, 1870-1940

The dismantling of the Cultivation System on Java, Dutch subjugation of Sumatra and the eastern archipelago, and the opening of the Suez Canal in 1869 stimulated the rapid development of a cash-crop, export economy. Another factor was technological change, especially the rise of the automotive industry, which created unforeseen markets for tropical products in Europe and North America. Although palm oil, sugar, cinchona (the source of quinine, used in treating malaria), cocoa, tea, coffee, and tobacco were major revenue earners, they were eclipsed during the early twentieth century by rubber and, especially, petroleum. Sumatra and the eastern archipelago surpassed Java as a source of tropical exports, although sugarcane remained important in East Java.

Rubber plantations were established on a large scale in the early twentieth century, particularly around Medan, Palembang, and Jambi on Sumatra, with British, American, French, and other foreign investment playing a major role. A high-yield variety of rubber tree, discovered in Brazil and proven very profitable in Malaya, was utilized. It was during this period that the emergence of small-holder rubber cultivation, which was to play a major role in the Indonesian economy, took place.

Tin had long been a major mineral product of the archipelago, especially on the islands of Bangka and Billiton, off the southeast coast of Sumatra. But petroleum was, and remained, Indonesia's most important mineral resource (see *Petroleum, Liquefied Natural Gas, and Coal*, ch. 3). Oil, extracted from Sumatra after 1884, was first used to light lamps. In 1890, the Royal Dutch Company for Exploration of Petroleum Sources in the Netherlands Indies (Koninklijke Nederlandsche Maatschappij tot Exploitatie van Petroleum-bronnen in Nederlandsche-Indië) was established, and in 1907 it merged with Shell Transport and Trading Company, a British concern, to become Royal Dutch Shell, which controlled around 85 percent of oil production in the islands before World War II. Oil was pumped from wells in Sumatra, Java, and eastern Kalimantan.

Rapid economic development during the late nineteenth and early twentieth centuries profoundly changed the lives of both European residents and indigenous peoples. By 1930 Batavia had a population of more than 500,000 people. Surabaya had nearly

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300,000 people and other large cities—Semarang, Bandung, Yogyakarta, and Surakarta—had populations between 100,000 and 300,000.

Always conscious of its ethnic and cultural diversity, Indonesian society grew more so as the number of Dutch and other Western residents—especially white women—increased and chose to live European-style lives in special urban areas with wide streets or on plantations. There also were increasing numbers of Indonesians who lived in these Western-style urban areas. Nevertheless, the European *trekkers*, as they were known in Dutch, were often not much different from their British counterparts, who were described by George Orwell in *Burmese Days* longing for the home country and looking on the native world around them with suspicion and hostility. An early twentieth century work described Batavia's European quarter as "well planned, it is kept scrupulously clean, and while the natives in their bright colored clothes, quietly making their way hither and thither, give the required picturesque touch to the life in the streets, the absence of the crowded native dwelling houses prevents the occurrence of those objectionable features which so often destroy the charm of the towns in the Orient."

The *trekkers* contrasted with an earlier generation of Dutch colonists, the *blijvers* (sojourners), who lived most or all of their lives in the islands and adopted a special Indisch (Indies) style of life that blended Indonesian and European elements. The *rijsttafel* (rice table), a meal of rice with spicy side dishes, is one of the best-known aspects of this mixed Indonesian-European culture. Eurasians, usually the children of European fathers and Indonesian mothers, were legally classified as European under Netherlands Indies law and played an important role in colonial society; but as *trekkers* outnumbered *blijvers*, the Eurasians found themselves increasingly discriminated against and marginalized. It is significant that a strand of Indonesian nationalism first emerged among Eurasians who argued that "the Indies [were] for those who make their home there."

The Chinese minority in Indonesia had long played a major economic role in the archipelago as merchants, artisans, and indispensable middlemen in the collection of crops and taxes from native populations. They encountered considerable hostility from both Indonesians and Europeans, largely because of the economic threat they seemed to pose. In 1740, for example, as many as 10,000 Chinese were massacred in Batavia, apparently with the complicity of the Dutch governor general. In the late nineteenth century, emigration from China's southern provinces to Indonesia increased apace with economic development. Between 1870 and 1930, the Chinese population expanded from around 250,000 to 1,250,000,

the latter being about 2 percent of the archipelago's total population. Chinese were divided into *totok*, first-generation, full-blooded emigrants, and *peranakan*, native-born Chinese with some Indonesian ancestry, who, like *blijvers* and Eurasians, had a distinct Indies life-style. Overseas Chinese lived for the most part in segregated communities (see Ethnic Minorities, ch. 2). During the early twentieth century, the identity of overseas Chinese was deeply influenced by revolutionary developments in their homeland.

The Growth of National Consciousness

National consciousness emerged gradually in the archipelago during the first decades of the twentieth century, developed rapidly during the contentious 1930s, and flourished, both ideologically and institutionally, during the tumultuous Japanese occupation in the early 1940s, which shattered Dutch colonial authority. As in other parts of colonial Southeast Asia, nationalism was preceded by traditional-style rural resistance. The Java War, joining discontented elites and peasants, was a precursor. Around 1900 the followers of Surantika Samin, a rural messiah who espoused his own religion, the Science of the Prophet Adam, organized passive resistance on Java that included refusal to pay taxes or perform labor service. Militant Islam was another focus of traditional resistance, especially in Sumatra.

Indonesian nationalism reflected trends in other parts of Asia and Europe. Pilgrims and students returning from the Middle East brought modernist Islamic ideas that attempted to adapt the faith to changing times. Other influences included the founding of the Indian National Congress in 1885; the Philippine struggle for independence against both Spain and the United States in 1898-1902; Japan's victory over tsarist Russia in the Russo-Japanese War (1904-05), a major challenge to the myth of white European supremacy; and the success of Kemal Ataturk in creating a modern, secularized Turkey after World War I on the ruins of the Ottoman Empire. The Russian Revolution of 1917 also had a profound impact, reflected in the growth of a strong communist movement by the late 1920s. National consciousness was not homogeneous but reflected the diversity of Indonesian society. Dutch repression and the shock of war from 1942 to 1945, however, forged diverse groups into something resembling a unified whole.

The Ethical Policy

The priorities of both the VOC and the Netherlands Indies state after 1816 were overwhelmingly commercial. Not even in British India was the ledger book such a weighty consideration. But opinion

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in the Netherlands was changing. In 1899 a liberal lawyer named Conrad Théodoor van Deventer published a polemical essay, "A Debt of Honor," in the Dutch journal *De Gids*. Van Deventer, who had long experience in the Indies, argued that the Netherlands had a moral responsibility to return to the colony all the profits that had been made from the sale of cash crops following the Dutch Staten-Generaal's assumption of fiscal responsibility for the islands in 1867. He estimated that this amount totaled almost 200 million guilders, which should be invested in welfare and educational facilities. When a liberal government was elected in the Netherlands in 1901, these ideas became the basis for what was known as the Ethical Policy. Its scope included expansion of educational opportunities for the population as a whole, improvements in agriculture, especially irrigation, and the settlement of villagers from overpopulated Java onto some of the Outer Islands.

Filled with good intentions, the proponents of the Ethical Policy, like Daendels and Raffles before them, generally ignored the "feudal" political traditions that had bound together Dutch officials and Indonesian subordinates since the early days of the VOC. The rationalization and bureaucratization of the colonial government that occurred in the wake of new welfare policies alienated many members of the *priyayi* elite without necessarily improving the lot of the common people. Whereas Sumatra and the eastern archipelago were thinly inhabited, Java at the beginning of the twentieth century had serious population and health problems. In 1902 the government began a resettlement program to relieve population pressures by encouraging settlement on other islands; the program was the beginning of the Transmigration Program (*transmigrasi*—see Glossary) that the Republic of Indonesia would pursue more aggressively after 1950.

One Ethical Policy goal was improvement of education. In contrast to British (or pre-British) Burma and the Philippines under both the Spanish and Americans, the islands were poorly endowed with schools, and literacy rates were low. In 1900 there were only 1,500 elementary schools in the entire archipelago for a population of more than 36 million. In Christian areas such as Ambon, some Batak communities in Sumatra, and Manado in Sulawesi, conditions were better than average because missionaries had established their own schools. In Sumatra there were a large number of village-level Islamic schools. But public education was virtually non-existent until the government established a system of village schools in 1906. By 1913 these schools numbered 3,500 and by 1940, 18,000. Many local people, however, resented having to pay teacher salaries and other school expenses.

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Even members of the Javanese elite, the *priyayi*, had limited educational opportunities at the beginning of the century. A school for the training of indigenous medical assistants had been established at Batavia as early as 1851, and there were three "chiefs' schools" for the education of the higher *priyayi* after 1880. A handful of the elite, some 1,545 in 1900, studied alongside Dutch students in modern schools. But government policy maintained an essentially segregated system on all school levels. Dutch-Language Native Schools (Hollandsche Inlandsche Scholen), with 20,000 students in 1915 and 45,000 on the eve of World War II, have been described by the historian John R.W. Smail as "perhaps the most important single institution in twentieth century Indies history." Through the medium of Dutch, graduates were introduced to the modern world; being "natives," however, their subsequent careers were limited by racial bars, an injustice that stoked future nationalism.

In 1900 the old medical school became the School for Training Native Doctors, whose students also played a major role in emergent nationalism. A technical college was established at Bandung in 1920, and four years later a law faculty was set up at Batavia. A very small but highly influential group of graduates matriculated at universities in the Netherlands, especially the University of Leiden and the economics faculty at Rotterdam.

Raden Ajeng Kartini (1879-1905), daughter of the regent of Jepara on Java, was one of the first women to receive a Dutch-language education. In letters written to Dutch friends, published in 1911 as *Door duisternis tot licht: gedachten over en voor het Javanese volk* (From Darkness to Light: Thoughts About and on Behalf of the Javanese People) and later translated into English as *Letters of a Javanese Princess*, Kartini called for the modern education of Indonesian women and their emancipation from the oppressive weight of tradition. These letters were published for the purpose of gaining friends for the Ethical Policy, which was losing popularity. As a result, a number of Kartini schools for girls were established on Java in 1913 from private contributions.

The Ethical Policy was at best modestly reformist and tinged with an often condescending paternalism. Few Dutch liberals imagined that the islands would ever be independent. Most assumed a permanent, and subordinate, relationship with the Netherlands which was in striking contrast to American "Philippines for the Filipinos" policies after 1900. Thus the Indies' political evolution was extremely tardy. The Decentralization Law of 1903 created residency councils with advisory capacities, which were composed of Europeans, Indonesians, and Chinese; in 1925 such councils were also established on the regency level. In 1918 the People's

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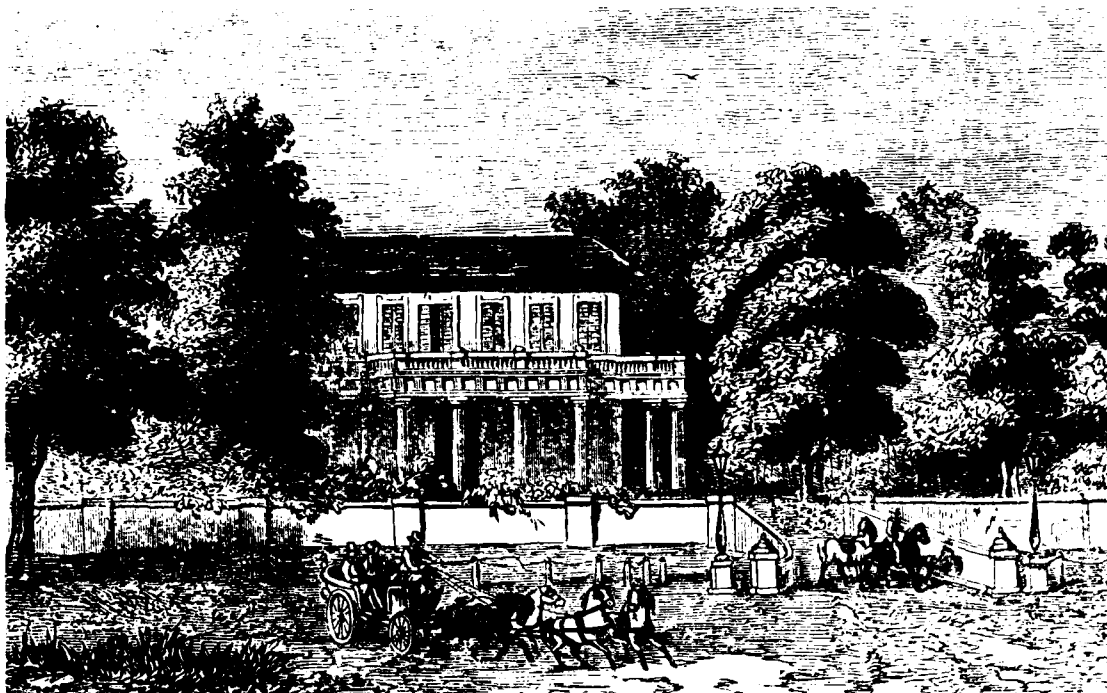
Council (Volksraad), a largely advisory body to the governor general consisting of elected and appointed European and Indonesian members, met for the first time. Although it approved the colonial budget and could propose legislation, the People's Council lacked effective political power and remained a stronghold of the colonial establishment.

Early Political Movements

Centuries of Dutch cooptation made the highest ranking *priyayi* on Java and their counterparts on other islands politically conservative. But lower ranking members of the elite—petty officials, impoverished aristocrats, school teachers, native doctors, and others—were less content with the status quo. In 1908 students of the School for Training Native Doctors in Batavia established an association, Budi Utomo (Noble Endeavor), which is considered by many historians to be the first modern political organization in Indonesia. Java-centered and confined largely to students and the lower *priyayi*, Budi Utomo had little influence on other classes or non-Javanese. Because of its limited appeal and the suspicion of many members of the high-ranking *priyayi*, the organization did not thrive. Similar elite-oriented groups, however, were established during the 1910s both inside and outside Java.

Significantly, Budi Utomo adopted Malay rather than Javanese as its official language. Malay, the lingua franca of the archipelago, became a symbol of its unity and the basis for the national language of independent Indonesia, Bahasa Indonesia (see Glossary). Unlike Javanese, which was laden with honorific language emphasizing status differences, Malay was linguistically democratic as well as free of Java-centeredness, although Bahasa Indonesia itself does not abandon status-conscious forms altogether (see *The Emerging National Culture*, ch. 2).

A more assertive political movement than Budi Utomo appeared with the establishment in 1910 of the Indies Party (Indische Partij) by E.F.E. Douwes Dekker (known after 1946 as Danudirja Setyabuddhi), a Eurasian and descendant of the author of *Max Havelaar*. A veteran of the Boer War (1899–1902) fighting on the Afrikaaner side and a journalist, Douwes Dekker criticized the Ethical Policy as excessively conservative and advocated self-government for the islands and a kind of "Indies nationalism" that encompassed all the islands' permanent residents but not the racially exclusive *trekkers*. In July 1913, close associates of Douwes Dekker, including physicians Tjipto Mangunkusumo and R.M. Suwardi Surjaningrat (known also as Ki Hadjar Dewantara, later founder of the Taman Siswa or Garden of Pupils school movement), established



*Home of the Dutch Resident, Surabaya, Jawa Timur, 1854
Courtesy Prints and Photographs Division, Library of Congress*

the Native Committee in Bandung. The committee planned to petition the Dutch crown for an Indies parliament. In 1913 it also published a pamphlet written by Suwardi, "If I were to be a Dutchman," that gained almost instant notoriety. Regarded as subversive by the colonial government and impudent by Dutchmen in general, the pamphlet, which was translated into Malay, led to the exile to the Netherlands of Douwes Dekker and his two Javanese associates. In exile, they worked with liberal Dutchmen and compatriot students. It is believed that the term *Indonesia* was first used in the name of an organization, the Indonesian Alliance of Students, with which they were associated during the early 1920s.

The responses of Islamic communities to the new political environment reflected their diversity. Hard-pressed by ethnic Chinese competition, especially in the batik trade, Muslim merchants formed the Islamic Traders' Association in 1909. In 1912 this group became Sarekat Islam (Islamic Union) under the leadership of a former government official, Haji Umar Said Cokroaminoto. Sarekat Islam became the first association to gain wide membership among the common people. By early 1914, its membership numbered 360,000. Committed in part to promoting Islamic teaching and community economic prosperity (anti-Chinese sentiment was a major appeal), the organization also drew on traditional Javanese

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beliefs about the return of the "Just King," and Cokroaminoto went so far as to cast himself in the role of a charismatic, if not divine, figure. Cokroaminoto's advocacy of Indies self-government caused the Dutch some anxiety. By 1916 Sarekat Islam had some eighty branches both on Java and in the Outer Islands.

The modernist or reformist trend in Islam was represented by Muhammadiyah (Followers of Muhammad), a group established in Yogyakarta in 1912. It was particularly strong among the Sumatran Minangkabau, and a number of modernist schools were established there. Its importance is reflected in the fact that Minangkabau, such as Mohammad Hatta, were surpassed in numbers only by Javanese among the leadership of the Indonesian revolution. In 1926 the Nahdatul Ulama (Revival of the Religious Scholars and sometimes known as the Muslim Scholars' League) was organized as a conservative counterweight to the growing influence of Cokroaminoto's syncretism and modernist ideas among believers.

In May 1914, Hendricus Sneevliet (alias Maring) established the Indies Social-Democratic Association (ISDV), which became the Communist Association of the Indies (Perserikatan Komunisi di Hindia) in May 1920 and the Indonesian Communist Party (PKI) in 1924. Backed by the Communist International (Comintern) in Moscow, the PKI became active among trade unionists and rural villagers. In 1926 and 1927, despite advice by Tan Malaka, a Comintern agent from Sumatra, to the contrary, local leaders instigated rural insurrections in western Java and Sumatra. The government moved decisively to crush the insurrections and imprison communist leaders. Some, like Tan Malaka, fled into exile. But 1,300 communists were exiled to the grim Boven Digul penal colony in West New Guinea. The PKI all but disappeared, not to be an important actor on the political stage until after independence.

Sukarno and the Nationalist Movement

The late 1920s witnessed the rise of Sukarno to a position of prominence among political leaders. He became the country's first truly national figure and served as president from independence until his forced retirement from political life in 1966. The son of a lower *priyayi* schoolteacher and a Balinese mother, Sukarno associated with leaders of the Indies Party and Sarekat Islam in his youth and was especially close to Cokroaminoto until his divorce from Cokroaminoto's daughter in 1922. A graduate of the technical college at Bandung in July 1927, he, along with members of the General Study Club (Algemene Studieclub), established the

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Indonesian Nationalist Union (PNI) the following year. Known after May 1928 as the Indonesian Nationalist Party (PNI), the party stressed mass organization, noncooperation with the colonial authorities, and the ultimate goal of independence.

Unlike most earlier nationalist leaders, Sukarno had a talent for bringing together Javanese tradition (especially the lore of *wayang* theater with its depictions of the battle between good and evil), Islam, and his own version of Marxism to gain a huge mass following. An important theme was what he called "Marhaenism." Marhaen (meaning farmer in Sundanese) was the name given by Sukarno to a man he claimed to have met in 1930 while cycling through the countryside near Bandung. The mythical Marhaen was made to embody the predicament of the Indonesian masses: not proletarians in the Marxist sense, they suffered from poverty as the result of colonial exploitation and the islands' dependence on European and American markets. Beyond the goal of independence, Sukarno envisioned a future Indonesian society freed from dependence on foreign capital: a community of classless but happy Marhaens, rather than greedy (Western-style) individualists, that would reflect the idealized values of the traditional village, the notion of *gotong-royong* or mutual self-help. Marhaenism, despite its convenient vagueness, was developed enough that by 1933 nine theses on Marhaenism were developed in which the concept was synonymous with socio-nationalism and the struggle for independence. Mutual self-help in diverse contexts became a centerpiece of Sukarno's ideology after independence and was retained by his successor, Suharto, when the latter established his New Order regime in 1966. Considering himself a Muslim of modernist persuasion, like Ataturk in Turkey, Sukarno advocated the establishment of a secular rather than Islamic state. This point of view understandably diminished his appeal among Islamic conservatives in Java and elsewhere.

The Minangkabau Sutan Syahrir (1909-66) and Mohammad Hatta became Sukarno's most important political rivals. Graduates of Dutch universities, they were social democrats in outlook and more rational in their political style than Sukarno, whom they criticized for his romanticism and preoccupation with rousing the masses. In December 1931, they established a group officially called Indonesian National Education (PNI-Baru) but often taken to mean New PNI. The use of the term *education* reflected Hatta's attempt to employ a gradualist, cadre-driven education process to expand political consciousness.

By the late 1920s, the colonial government seemed to have moved a long way from the idealistic commitments of the Ethical Policy.

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Attitudes hardened in the face of growing Indonesian demands for independence. Sukarno was arrested in December 1929 and put on trial for sedition in 1930. Although he made an eloquent speech in his own defense, he was found guilty and sentenced to four years in prison. His sentence was commuted after two years, but he was arrested again and exiled to the island of Flores, later being transferred to the town of Bengkulu in Sumatra. In April 1931, what remained of the PNI was dissolved. To replace the PNI, the Indonesia Party (Partindo) was soon established and, in 1932, Sukarno and thousands of others joined it. Partindo called for independence but was repressed by the Dutch and it dissolved itself in 1934. After Japanese forces occupied the Netherlands Indies in March 1942, however, Sukarno was allowed to reenter the political arena to play a central role in the struggle for independence.

World War II and the Struggle for Independence, 1942-50

The Japanese Occupation, 1942-45

Like their Portuguese and Dutch predecessors, the Japanese occupied the archipelago in order to secure its rich natural resources. Japan's invasion of North China, which had begun in July 1937, by the end of the decade had become bogged down in the face of stubborn Chinese resistance. To feed Japan's war machine, large amounts of petroleum, scrap iron, and other raw materials had to be imported from foreign sources. Most oil—about 55 percent—came from the United States, but Indonesia supplied a critical 25 percent.

From Tokyo's perspective, the increasingly critical attitude of the "ABCD powers" (America, Britain, China, and the Dutch) toward Japan's invasion of China reflected their desire to throttle its legitimate aspirations in Asia. German occupation of the Netherlands in May 1940 led to Japan's demand that the Netherlands Indies government supply it with fixed quantities of vital natural resources, especially oil. Further demands were made for some form of economic and financial integration of the Indies with Japan. Negotiations continued through mid-1941. The Indies government, realizing its extremely weak position, played for time. But in summer 1941, it followed the United States in freezing Japanese assets and imposing an embargo on oil and other exports. Because Japan could not continue its China war without these resources, the military-dominated government in Tokyo gave assent to an "advance south" policy. French Indochina was already effectively

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under Japanese control. A nonaggression pact with the Soviet Union in April 1941 freed Japan to wage war against the United States and the European colonial powers.

The Japanese experienced spectacular early victories in the Southeast Asian war. Singapore, Britain's fortress in the east, fell on February 15, 1941, despite British numerical superiority and the strength of its seaward defenses. The Battle of the Java Sea resulted in the Japanese defeat of a combined British, Dutch, Australian, and United States fleet. On March 9, 1942, the Netherlands Indies government surrendered without offering resistance on land.

Although their motives were largely acquisitive, the Japanese justified their occupation in terms of Japan's role as, in the words of a 1942 slogan, "The leader of Asia, the protector of Asia, the light of Asia." Tokyo's Greater East Asia Co-Prosperity Sphere, encompassing both Northeast and Southeast Asia, with Japan as the focal point, was to be a nonexploitative economic and cultural community of Asians. Given Indonesian resentment of Dutch rule, this approach was appealing and harmonized remarkably well with local legends that a two-century-long non-Japanese rule would be followed by an era of peace and prosperity.

The Japanese divided the Indies into three jurisdictions: Java and Madura were placed under the control of the Sixteenth Army; Sumatra, for a time, was joined with Malaya under the Twenty-fifth Army; and the eastern archipelago was placed under naval command. In Sumatra and the east, the overriding concern of the occupiers was maintenance of law and order and extraction of needed resources. Java's economic value with respect to the war effort lay in its huge labor force and relatively developed infrastructure. The Sixteenth Army was tolerant, within limits, of political activities carried out by nationalists and Muslims. This tolerance grew as the momentum of Japanese expansion was halted in mid-1942 and the Allies began counteroffensives. In the closing months of the war, Japanese commanders promoted the independence movement as a means of frustrating an Allied reoccupation.

The occupation was not gentle. Japanese troops often acted harshly against local populations. The Japanese military police were especially feared. Food and other vital necessities were confiscated by the occupiers, causing widespread misery and starvation by the end of the war. The worst abuse, however, was the forced mobilization of some 4 million—although some estimates are as high as 10 million—*rōmusha* (manual laborers), most of whom were put to work on economic development and defense construction projects in Java. About 270,000 *rōmusha* were sent to the Outer Islands and

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Japanese-held territories in Southeast Asia, where they joined other Asians in performing wartime construction projects. At the end of the war, only 52,000 were repatriated to Java.

The Japanese occupation was a watershed in Indonesian history. It shattered the myth of Dutch superiority, as Batavia gave up its empire without a fight. There was little resistance as Japanese forces fanned out through the islands to occupy former centers of Dutch power. The relatively tolerant policies of the Sixteenth Army on Java also confirmed the island's leading role in Indonesian national life after 1945: Java was far more developed politically and militarily than the other islands. In addition, there were profound cultural implications from the Japanese invasion of Java. In administration, business, and cultural life, the Dutch language was discarded in favor of Malay and Japanese. Committees were organized to standardize Bahasa Indonesia and make it a truly national language. Modern Indonesian literature, which got its start with language unification efforts in 1928 and underwent considerable development before the war, received further impetus under Japanese auspices. Revolutionary (or traditional) Indonesian themes were employed in drama, films, and art, and hated symbols of Dutch imperial control were swept away. For example, the Japanese allowed a huge rally in Batavia (renamed Jakarta) to celebrate by tearing down a statue of Jan Pieterszoon Coen, the seventeenth-century governor general. Although the occupiers propagated the message of Japanese leadership of Asia, they did not attempt, as they did in their Korean colony, to coercively promote Japanese culture on a large scale. According to historian Anthony Reid, the occupiers believed that Indonesians, as fellow Asians, were essentially like themselves but had been corrupted by three centuries of Western colonialism. What was needed was a dose of Japanese-style *seishin* (spirit; *semangat* in Indonesian). Many members of the elite responded positively to an inculcation of samurai values.

The most significant legacy of the occupation, however, was the opportunities it gave for Javanese and other Indonesians to participate in politics, administration, and the military. Soon after the Dutch surrender, European officials, businessmen, military personnel, and others, totaling around 170,000, were interned (the harsh conditions of their confinement caused a high death rate, at least in camps for male military prisoners, which continued to embitter Dutch-Japanese relations even in the early 1990s). Although Japanese military officers occupied the highest posts, the personnel vacuum on the lower levels was filled with Indonesians. Like the Dutch, however, the Japanese relied on local indigenous elites, such as the *priyayi* on Java and the Acehnese *uleebalang*, to

*A Japanese soldier watching
oil tanks near Jakarta set
afire by the retreating Dutch,
March 1942
Courtesy Prints and
Photographs Division,
Library of Congress*



administer the countryside. Because of the harshly exploitative Japanese policies in the closing years of the war, after the Japanese surrender collaborators in some areas were killed in a wave of local resentment.

Sukarno and Hatta agreed in 1942 to cooperate with the Japanese, as this seemed to be the best opportunity to secure independence. The occupiers were particularly impressed by Sukarno's mass following, and he became increasingly valuable to them as the need to mobilize the population for the war effort grew between 1943 and 1945. His reputation, however, was tarnished by his role in recruiting *rōmusha*.

Japanese attempts to coopt Muslims met with limited success. Muslim leaders opposed the practice of bowing toward the emperor (a divine ruler in Japanese official mythology) in Tokyo as a form of idolatry and refused to declare Japan's war against the Allies a "holy war" because both sides were nonbelievers. In October 1943, however, the Japanese organized the Consultative Council of Indonesian Muslims (Masyumi), designed to create a united front of orthodox and modernist believers. Nahdatul Ulama was given a prominent role in Masyumi, as were a large number of *kyai* (religious leaders), whom the Dutch had largely ignored. Many *kyai* were brought to Jakarta for training and indoctrination.

As the fortunes of war turned, the occupiers began organizing Indonesians into military and paramilitary units, whose numbers

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were added by the Japanese to *rōmusha* statistics. These included the *heiho* (auxiliaries), paramilitary units recruited by the Japanese in mid-1943, and the Defenders of the Fatherland (Peta) in 1943. Peta was a military force designed to assist the Japanese forces by forestalling the initial Allied invasion. By the end of the war, it had 37,000 men in Java and 20,000 in Sumatra (where it was commonly known by the Japanese name *Giyūgun*). In December 1944, a Muslim armed force, the Army of God, or Barisan Hizbullah, was attached to Masyumi.

The National Revolution, 1945-49

Unlike Burma and the Philippines, Indonesia was not granted formal independence by the Japanese in 1943. No Indonesian representative was sent to the Greater East Asia Conference in Tokyo in November 1943. But as the war became more desperate, Japan announced in September 1944 that not only Java but also the entire archipelago would become independent. This announcement was a tremendous vindication of the seemingly collaborative policies of Sukarno and Hatta. In March 1945, the Investigating Committee for Preparatory Work for Indonesian Independence (BPUPKI) was organized, and delegates came not only from Java but also from Sumatra and the eastern archipelago to decide the constitution of the new state. The committee wanted the new nation's territory to include not only the Netherlands Indies but also Portuguese Timor and British North Borneo and the Malay Peninsula. Thus the basis for a postwar Greater Indonesia (Indonesia Raya) policy, pursued by Sukarno in the 1950s and 1960s, was established. The policy also provided for a strong presidency. Sukarno's advocacy of a unitary, secular state, however, collided with Muslim aspirations. An agreement, known as the Jakarta Charter, was reached in which the state was based on belief in one God and required Muslims to follow the sharia (in Indonesian, *syariah*—Islamic law; see Glossary). The Jakarta Charter was a compromise in which key Muslim leaders offered to give national independence precedence over their desire to shape the kind of state that was to come into being. Muslim leaders later viewed this compromise as a great sacrifice on their part for the national good, and it became a point of contention because many of them thought it had not been intended as a permanent compromise. The committee chose Sukarno, who favored a unitary state, and Hatta, who wanted a federal system, as president and vice president, respectively—an association of two very different leaders that had survived the Japanese occupation and would continue until 1956.

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On June 1, 1945, Sukarno gave a speech outlining the Pancasila, the five guiding principles of the Indonesian nation. Much as he had used the concept of Marhaenism to create a common denominator for the masses in the 1930s, so he used the Pancasila concept to provide a basis for a unified, independent state. The five principles are belief in God, humanitarianism, national unity, democracy, and social justice.

On August 15, 1945, Japan surrendered. The Indonesian leadership, pressured by radical youth groups (the *pemuda*), were obliged to move quickly. With the cooperation of individual Japanese navy and army officers (others feared reprisals from the Allies or were not sympathetic to the Indonesian cause), Sukarno and Hatta formally declared the nation's independence on August 17 at the former's residence in Jakarta, raised the red and white national flag, and sang the new nation's national anthem, Indonesia Raya (Greater Indonesia). The following day, a new constitution was promulgated.

The Indonesian republic's prospects were highly uncertain. The Dutch, determined to reoccupy their colony, castigated Sukarno and Hatta as collaborators with the Japanese and the Republic of Indonesia as a creation of Japanese fascism. But the Netherlands, devastated by the Nazi occupation, lacked the resources to reassert its authority. The archipelago came under the jurisdiction of Admiral Earl Louis Mountbatten, the supreme Allied commander in Southeast Asia. Because of Indonesia's distance from the main theaters of war, Allied troops, mostly from the British Commonwealth of Nations, did not land on Java until late September. Japanese troops stationed in the islands were told to maintain law and order. Their role in the early stages of the republican revolution was ambiguous: on the one hand, sometimes they cooperated with the Allies and attempted to curb republican activities; on the other hand, some Japanese commanders, usually under duress, turned over arms to the republicans, and the armed forces established under Japanese auspices became an important part of post-war anti-Dutch resistance.

The Allies had no consistent policy concerning Indonesia's future apart from the vague hope that the republicans and Dutch could be induced to negotiate peacefully. Their immediate goal in bringing troops to the islands was to disarm and repatriate the Japanese and liberate Europeans held in internment camps. Most Indonesians, however, believed that the Allied goal was the restoration of Dutch rule. Thus, in the weeks between the August 17 declaration of independence and the first Allied landings, republican leaders hastily consolidated their political power. Because there was no time for nationwide elections, the Investigating Committee

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for Preparatory Work for Indonesian Independence transformed itself into the Central Indonesian National Committee (KNIP), with 135 members. KNIP appointed governors for each of the eight provinces into which it had divided the archipelago. Republican governments on Java retained the personnel and apparatus of the wartime Java Hōkōkai, a body established during the occupation that organized mass support for Japanese policies.

The situation in local areas was extremely complex. Among the few generalizations that can be made is that local populations generally perceived the situation as a revolutionary one and overthrew or at least seriously threatened local elites who had, for the most part, collaborated with both the Japanese and the Dutch. Activist young people, the *pemuda*, played a central role in these activities. As law and order broke down, it was often difficult to distinguish revolutionary from outlaw activities. Old social cleavages—between nominal and committed Muslims, linguistic and ethnic groups, and social classes in both rural and urban areas—were accentuated. Republican leaders in local areas desperately struggled to survive Dutch onslaughts, separatist tendencies, and leftist insurgencies. Reactions to Dutch attempts to reassert their authority were largely negative, and few wanted a return to the old colonial order.

On October 28, 1945, major violence erupted in Surabaya in East Java, as occupying British troops clashed with *pemuda* and other armed groups. Following a major military disaster for the British in which their commander, A.W.S. Mallaby, and hundreds of troops were killed, the British launched a tough counterattack. The Battle of Surabaya (November 10-24) cost thousands of lives and was the bloodiest single engagement of the struggle for independence. It forced the Allies to come to terms with the republic.

In November 1945, through the efforts of Syahrir, the new republic was given a parliamentary form of government. Syahrir, who had refused to cooperate with the wartime Japanese regime and had campaigned hard against retaining occupation-era institutions, such as Peta, was appointed the first prime minister and headed three short-lived cabinets until he was ousted by his deputy, Amir Syarifuddin, in June 1947.

The Dutch, realizing their weak position during the year following the Japanese surrender, were initially disposed to negotiate with the republic for some form of commonwealth relationship between the archipelago and the Netherlands. The negotiations resulted in the British-brokered Linggajati Agreement, initialled on November 12, 1946. The agreement provided for Dutch recognition of republican rule on Java and Sumatra, and the Netherlands-Indonesian Union under the Dutch crown (consisting of the Netherlands, the

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republic, and the eastern archipelago). The archipelago was to have a loose federal arrangement, the Republic of the United States of Indonesia (RUSI), comprising the republic (on Java and Sumatra), southern Kalimantan, and the "Great East" consisting of Sulawesi, Maluku, the Lesser Sunda Islands, and West New Guinea. The KNIP did not ratify the agreement until March 1947, and neither the republic nor the Dutch were happy with it. The agreement was signed on May 25, 1947.

On July 21, 1947, the Dutch, claiming violations of the Linggajati Agreement, launched what was euphemistically called a "police action" against the republic. Dutch troops drove the republicans out of Sumatra and East and West Java, confining them to the Yogyakarta region of Central Java. The international reaction to the police action, however, was negative. The United Nations (UN) Security Council established a Good Offices Committee to sponsor further negotiations. This action led to the Renville Agreement (named for the United States Navy ship on which the negotiations were held), which was ratified by both sides on January 17, 1948. It recognized temporary Dutch control of areas taken by the police action but provided for referendums in occupied areas on their political future.

The Renville Agreement marked the low point of republican fortunes. The Dutch, moreover, were not the only threat. In western Java in 1948, an Islamic mystic named Kartosuwirjo, with the support of *kyai* and others, established a breakaway regime called the Indonesian Islamic State (Negara Islam Indonesia), better known as Darul Islam (from the Arabic, *dar-al-Islam*, house or country of Islam), a political movement committed to the establishment of a Muslim theocracy. Kartosuwirjo and his followers stirred the cauldron of local unrest in West Java until he was captured and executed in 1962.

More formidable were the revitalized PKI led by Musso, a leader of the party from the insurgency of the 1920s, and Trotskyite forces led by Tan Malaka. The leftists bridled at what they saw as the republic's unforgivable compromise of national independence. Local clashes between republican armed forces and the PKI broke out in September 1948 in Surakarta. The communists then retreated to Madiun in East Java and called on the masses to overthrow the government. The Madiun Affair was crushed by loyal military forces; Musso was killed, and Tan Malaka was captured and executed by republic troops in February 1949. An important international implication of the Madiun insurrection was that the United States now saw the republicans as anticommunist—rather than "red" as the Dutch claimed—and began to pressure the Netherlands to

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accommodate independence demands. Even though the republican government had demonstrated it could crush the PKI at will and many PKI members had abandoned the party, the PKI painfully rebuilt itself and became a political force to be reckoned with in the 1950s.

Immediately following the Madiun Affair, the Dutch launched a second "police action" that captured Yogyakarta on December 19, 1948. Sukarno, Hatta, who was there serving both as vice president and prime minister, and other republican leaders were arrested and exiled to northern Sumatra or the island of Bangka. An emergency republican government was established in western Sumatra. But The Hague's hard-fisted policies aroused a strong international reaction not only among newly independent Asian countries, such as India, but also among members of the UN Security Council, including the United States. In January 1949, the Security Council passed a resolution demanding the reinstatement of the republican government. The Dutch were also pressured to accept a full transfer of authority in the archipelago to Indonesians by July 1, 1950. The Round Table Conference was held in The Hague from August 23 to November 2, 1949 to determine the means by which the transfer could be accomplished. Parties to the negotiations were the republic, the Dutch, and the federal states that the Dutch had set up following their police actions.

The result of the conference was an agreement that the Netherlands would recognize the RUSI as an independent state, that all Dutch military forces would be withdrawn, and that elections would be held for a Constituent Assembly. Two particularly difficult questions slowed down the negotiations: the status of West New Guinea, which remained under Dutch control, and the size of debts owed by Indonesia to the Netherlands, an amount of 4.3 billion guilders being agreed upon. Sovereignty was formally transferred on December 27, 1949.

The RUSI, an unwieldy federal creation, was made up of sixteen entities: the Republic of Indonesia, consisting of territories in Java and Sumatra with a total population of 31 million, and the fifteen states established by the Dutch, one of which, Riau, had a population of only 100,000. The RUSI constitution gave these territories outside the republic representation in the RUSI legislature that was far in excess of their populations. In this manner, the Dutch hoped to curb the influence of the densely populated republican territories and maintain a postindependence relationship that would be amenable to Dutch interests. But a constitutional provision giving the cabinet the power to enact emergency laws with the approval of the lower house of the legislature opened

the way to the dissolution of the federal structure. By May 1950, all the federal states had been absorbed into a unitary Republic of Indonesia, and Jakarta was designated the capital.

Independence: The First Phases, 1950-65

The national consolidation process had been accelerated in January 1950 by an abortive coup d'état in West Java led by Raymond Paul Pierre "The Turk" Westerling, a Dutch commando and counterinsurgency expert who, as a commander in the Royal Netherlands Indies Army (KNIL), had used terroristic, guerrilla-style pacification methods against local populations during the National Revolution. Jakarta extended its control over the West Java state of Pasundan in February. Other states, under strong pressure from Jakarta, relinquished their federal status during the following months. But in April 1950, the Republic of South Maluku (RMS) was proclaimed at Ambon. With its large Christian population and long history of collaboration with Dutch rule (Ambonese soldiers had formed an indispensable part of the colonial military), the region was one of the few with substantial pro-Dutch sentiment. The Republic of South Maluku was suppressed by November 1950, and the following year some 12,000 Ambonese soldiers accompanied by their families went to the Netherlands, where they established a Republic of South Maluku government-in-exile.

Although Indonesia was finally independent and (with the exceptions of Dutch-ruled West New Guinea and Portuguese-ruled East Timor) formally unified, the society remained deeply divided by ethnic, regional, class, and religious differences. Its unitary political system, as defined by a provisional constitution adopted by the legislature on August 14, 1950, was a parliamentary democracy: governments were responsible to a unicameral House of Representatives elected directly by the people. Sukarno became president under the new system. His powers, however, were drastically reduced compared with those prescribed in the 1945 constitution. Elections were postponed for five years. They were postponed primarily because a substantial number of Dutch-appointed legislators from the RUSI system remained in the House of Representatives, a compromise made with the Dutch-created federal states to induce them to join a unitary political system. The legislators knew a general election would most likely turn them out of office and tried to postpone one for as long as possible.

There was little in the diverse cultures of Indonesia or their historical experience to prepare Indonesians for democracy. The Dutch had done practically nothing to prepare the colony for self-government. The Japanese had espoused an authoritarian state, based

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on collectivist and ethnic nationalist ideas, and these ideas found a ready reception in leaders like Sukarno. Sukarno also was an advocate of adopting Bahasa Indonesia as the national language. Outside of a small number of urban areas, the people still lived in a cultural milieu that stressed status hierarchies and obedience to authority, a pattern that was most widespread in Java but not limited to it. Powerful Islamic and leftist currents were also far from democratic. Conditions were exacerbated by economic disruption, the wartime and postwar devastation of vital industries, unabated population growth, and resultant food shortages. By the mid-1950s, the country's prospects for democratization were indeed grim.

Given its central role in the National Revolution, the military became deeply involved in politics. This emphasis was, after all, in line with what was later enunciated as its *dwifungsi*, or dual function, role of national defense and national development (see *The Armed Forces in National Life*, ch. 5). The military was not, however, a unified force, reflecting instead the fractures of the society as a whole and its own historical experiences. In the early 1950s, the highest-ranking military officers, the so-called "technocratic" faction, planned to demobilize many of the military's 200,000 men in order to promote better discipline and modernization. Most affected were less-educated veteran officers of Peta and other military units organized during the Japanese and revolutionary periods. The veterans sought, and gained, the support of parliamentary politicians. This support prompted senior military officers to organize demonstrations in Jakarta and to pressure Sukarno to dissolve parliament on October 17, 1952. Sukarno refused. Instead, he began encouraging war veterans to oppose their military superiors; and the army chief of staff, Sumatran Colonel Abdul Haris Nasution (born 1918), was obliged to resign in a Sukarno-induced shake-up of military commands.

Independent Indonesia's first general election took place on September 29, 1955. It involved a universal adult franchise, and almost 38 million people participated. Sukarno's PNI won a slim plurality with the largest number of votes, 22.3 percent, and fifty-seven seats in the House of Representatives. Masyumi, which operated as a political party during the parliamentary era, won 20.9 percent of the vote and fifty-seven seats; the Nahdatul Ulama, which had split off from Masyumi in 1952, won 18.4 percent of the vote and forty-five seats. The PKI made an impressive showing, obtaining 16.4 percent of the vote and thirty-nine seats, a result that apparently reflected its appeal among the poorest people; the Indonesian Socialist Party (PSI) won 2 percent of the vote and five seats. The following December, the long-awaited Constituent Assembly

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was elected to draft a constitution to replace the provisional constitution of 1950. The membership was largely the same as the House of Representatives. The assembly convened in November 1956 but became deadlocked over issues such as the Pancasila as the state ideology and was dissolved in 1959.

The PNI, PKI, and Nahdatul Ulama were strongest among Javanese voters, whereas Masyumi gained its major support from voters outside Java. No single group, or stable coalition of groups, was strong enough to provide national leadership, however. The result was chronic instability, reflected in six cabinet changes between 1950 and 1957, that eroded the foundations of the parliamentary system.

In the eastern archipelago and Sumatra, military officers established their own satrapies, often reaping large profits from smuggling. Nasution, reappointed and working in cooperation with Sukarno, issued an order in 1955 transferring these officers out of their localities. The result was an attempted coup d'état launched during October–November 1956. Although the coup failed, the instigators went underground, and military officers in some parts of Sumatra seized control of civilian governments in defiance of Jakarta. In March 1957, Lieutenant Colonel H.N.V. Sumual, commander of the East Indonesia Military Region based in Ujungpandang, issued a Universal Struggle Charter (Permesta) calling for “completion of the Indonesian revolution.” Moreover, the Darul Islam movement, originally based in West Java, had spread to Aceh and southern Sulawesi. The Republic of Indonesia was falling apart, testimony in the eyes of Sukarno and Nasution that the parliamentary system was unworkable.

Guided Democracy

Sukarno had long been impatient with party politics and suggested in a speech on October 28, 1956, that they be discarded. Soon after, he introduced the concept of Guided Democracy. Although the concept was new in name, its various themes had been part of the president's thinking since before the war. In the first years of independence, his freedom of action had been limited by parliamentary institutions. But on March 14, 1957, the liberal phase of Indonesian history was brought to an end with Sukarno's proclamation of martial law. In an unstable and ultimately catastrophic coalition with the army and the PKI, he sought to rescue the fragile unity of the archipelago.

The year witnessed the move of the PKI to the center of the political stage. In provincial elections held in July 1957 in Jawa Barat and Jawa Tengah provinces, the PKI won 34 percent of the vote,

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ahead of the other major parties—the PNI, Nahdatul Ulama, and Masyumi—although Masyumi defeated the PKI narrowly in Jawa Timur Province. The PKI's success was attributable to superior grass-roots organization, the popular appeal of its demand for land reform, and its support for Sukarno's Guided Democracy idea. As tensions between the republic and the Netherlands over West New Guinea grew, PKI-controlled unions led a movement to nationalize Dutch-owned firms: on December 3, 1957, the Royal Packet-ship Company (KPM), which controlled most of the archipelago's shipping, was seized and, two days later, Royal Dutch Shell. Some 46,000 Dutch nationals were expelled from Indonesia, and Nasution ordered officers of the Armed Forces of the Republic of Indonesia (ABRI), which had been involved in economic affairs since the late 1940s, to take a role in managing nationalized firms. This action marked the beginning of the armed forces' role in the economy, a role which grew substantially in later years (see *Participation in the Economy*, ch. 5). Control of the oil industry was seized by ABRI, and Colonel Ibnu Sutowo, Nasution's deputy, was placed in charge of a new national oil company, Pertamina.

On December 1, 1956, Mohammad Hatta had resigned as vice president in protest against Sukarno's growing authoritarianism. Hatta's exit from the political scene did not improve the relations among the central government, Sumatra, and the eastern archipelago, where Hatta was very popular. On February 10, 1958, when Sukarno was out of the country, a group of Sumatran military officers, Masyumi politicians, and others sent an ultimatum to Jakarta demanding Sukarno's return to a figurehead role as president and the formation of a new government under Hatta and Yogyakarta sultan Hamengkubuwona IX. Five days later, the group proclaimed the Revolutionary Government of the Indonesian Republic (PRRI). On February 17, Permesta rebels in Sulawesi made common cause with them. Although the rebellion was not completely suppressed until 1961, decisive action by the military had neutralized it by mid-1958. There were several important consequences: the forced retirement of many officers from Sumatra and the eastern archipelago, making the officer corps proportionately more Javanese (and presumably more loyal to Sukarno); the firm implantation of central authority in the Outer Islands; and the emergence of Nasution, promoted to lieutenant general, as the most powerful military leader. But the army's victory in suppressing regional rebellion caused Sukarno dismay. To offset the military's power, Sukarno's ties with the PKI grew closer.

The PRRI revolt also soured Sukarno's relations with the United States. He accused Washington of supplying the rebels with arms

and angrily rejected a United States proposal that marines be landed in the Sumatra oil-producing region to protect American lives and property. The United States was providing clandestine aid to the rebels, and Allen Pope, an American B-25 pilot, was shot down over Ambon on May 18, 1958, creating an international incident. Deteriorating relations prompted Sukarno to develop closer relations with the Soviet Union and, especially, the People's Republic of China.

In July 1958, Nasution suggested that the best way to achieve Guided Democracy was through reinstatement of the 1945 constitution with its strong "middle way," presidential system. On July 5, 1959, Sukarno issued a decree to this effect, dissolving the old House of Representatives. His action marked the formal establishment of the period of Guided Democracy, which lasted six years. In March 1960, a new legislature, the House of People's Representatives-Mutual Self-help (DPR-GR; later, simply DPR), was established. One hundred fifty-four of its 238 seats were given to representatives of "functional groups," which included the military, which became known as Golkar (see Glossary). All were appointed rather than elected. As many as 25 percent of the seats were allocated for the PKI. Another body, the 616-member Provisional People's Consultative Assembly (MPR(S); later, simply MPR), was established with communist leader Dipa Nusantara Aidit as deputy chairman. In August 1960, Masyumi and the PSI were declared illegal, a reflection of their role in the PRRI insurrection, the MPR(S)'s enmity toward Sukarno, and its refusal to recognize Guided Democracy.

Years of Living Dangerously

During the Guided Democracy years, Sukarno played a delicate balancing act, drawing the armed forces and PKI into an uneasy coalition and playing them off against each other while largely excluding Islamic forces (especially modernists as represented by the prohibited Masyumi) from the central political arena. Two other features of his political strategy were an aggressive foreign policy, first against the Dutch over West New Guinea (Irian Barat, or later Irian Jaya Province) and then against the newly created state of Malaysia; and demagogic appeals to the masses. A flamboyant speaker, Sukarno spun out slogans and catchwords that became the nebulous basis of a national ideology. One of the most important formulas was Manipol-USDEK, introduced in 1960. Manipol was the Political Manifesto set forth in Sukarno's August 17, 1959, independence day speech, and USDEK was an acronym for a collection of symbols: the 1945 constitution, Indonesian Socialism,

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Guided Democracy, Guided Economy, and Indonesian Identity. Another important slogan was *Nasakom*, the synthesis of nationalism, religion, and communism that symbolized Sukarno's attempt to secure a coalition of the PNI, the Nahdatul Ulama (but not Masyumi), and the PKI. In an observation that often bewildered foreign observers, Sukarno claimed to resolve the contradiction between religion and communism by pointing out that a commitment to "historical materialism" did not necessarily entail belief in atheistic "philosophical materialism."

Indonesia's ailing economy grew worse as Sukarno ignored the recommendations of technocrats and foreign aid donors, eyed overseas expansion, and built expensive public monuments and government buildings at home. In late 1960, an eight-year economic plan was published, but with its eight volumes, seventeen parts, and 1,945 clauses (representing the date independence was proclaimed, August 17, 1945), the plan seems to have been more an exercise in numerology than economic planning. Ordinary people suffered from hyperinflation and food shortages. Motivated by rivalry with the pro-Beijing PKI and popular resentment of ethnic Chinese, the army backed a decree in November 1959 that prohibited Chinese from trading in rural areas. Some 119,000 Chinese were subsequently repatriated, a policy that caused considerable economic disruption. Although Washington and the International Monetary Fund (IMF—see Glossary) sought to encourage rational economic policies, Sukarno resisted. A major reason was that IMF recommendations would have alienated his millions of popular supporters, especially those in the PKI.

PKI power in Java's villages expanded through the early 1960s. In late 1963, following Sukarno's call for implementation of land reform measures that had been made law in 1960, the PKI announced a policy of direct action (*aksi sepihak*) and began dispossessing landlords and distributing the land to poor Javanese, northern Sumatrans, and Balinese peasants. Reforms were not accomplished without violence. Old rivalries between nominal Muslims, the *abangan* (see Glossary), many of whom were PKI supporters, and orthodox Muslims, or *santri* (see Glossary), were exacerbated (see Religion and Worldview, ch. 2). The PKI membership rolls totaled 2 million, making it the world's largest communist party in a noncommunist country. Affiliated union and peasant organizations had together as many as 9 million members. PKI leader Aidit pursued his own foreign policy, aligning Indonesia with Beijing in the post-1960 Sino-Soviet conflict and gaining Chinese support for PKI domestic policies, such as unilateral and

reform actions. Some observers concluded that by 1964 it appeared that a total communist takeover was imminent.

Sukarno's Foreign Policy

The international scene was, for Sukarno, a gigantic stage upon which a dramatic confrontation between (as he termed them) the New Emerging Forces and Old Established Forces was played out in the manner of the *wayang* contest between the virtuous Panda-was and the evil Kurawas. With the assistance and support of the PKI, Sukarno attempted to forge a "Jakarta-Phnom Penh-Beijing-Hanoi-P'yöngyang axis" in order to combat Neocolonialism, Colonialism, and Imperialism (Nekolim). Although the Soviet Union was a major supplier of arms and economic aid, relations with China through official and PKI channels were growing closer, particularly in 1964-65.

Continued Dutch occupation of West New Guinea led to a break in diplomatic relations between Jakarta and The Hague in 1960. In December of that year, Sukarno established a special military unit, the Army Strategic Reserve Command (Kostrad), also known as the Mandala Command, based in Ujungpandang, to "recover" the territory. Full-scale war, however, was averted when a compromise was worked out under United States auspices in which West New Guinea was first turned over to UN and then to Indonesian administration. The UN replaced the Dutch on October 1, 1962, and in May 1963, Indonesian authority was established. The so-called Act of Free Choice, a UN-sanctioned and -monitored referendum to discover whether the population, mostly Papuans living in tribal communities, wanted to join the republic, was held in 1969. Community leaders representing the various sectors of society were chosen by consensus at local level meetings and then met among themselves at the village, district, and provincial levels to discuss affiliation. Only these community leaders could vote, and they approved incorporation unanimously. Criticism of the process by foreign observers and suspicions of pressure on the voting leaders threw its legitimacy into question.

Hostility to Malaysia, which was established on September 16, 1963, as a union of states of the Malay Peninsula, Singapore, and the North Borneo states of Sabah and Sarawak, sprang from Sukarno's belief that it would function as a base from which Nekolim forces could subvert the Indonesian revolution. Malaysia's conservative prime minister, Tengku Abdul Rahman, had agreed to the continued basing of British armed forces in the country, and Sukarno could not forget that the government of independent Malaya had given assistance to the PRRI rebels in 1958. In the

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wake of Malaysia's creation, a wave of anti-Malaysian and anti-British demonstrations broke out, resulting in the burning of the British embassy. PKI union workers seized British plantations and other enterprises, which were then turned over to the government.

On September 23, 1963, Sukarno, who had proclaimed himself President-for-Life, declared that Indonesia must "gobble Malaysia raw." Military units infiltrated Malaysian territory but were intercepted before they could establish contact with local dissidents. This action—known as Confrontation (Konfrontasi—see Glossary)—soon involved Britain, the United States, the Soviet Union, and China. When the UN General Assembly elected Malaysia as a nonpermanent member of the Security Council in December 1964, Sukarno took Indonesia out of the world body and promised the establishment of a new international organization, the Conference of New Emerging Forces (Conefo), a fitting end, perhaps, for 1964, which Sukarno had called "A Year of Living Dangerously."

The Coup and Its Aftermath

By 1965 Indonesia had become a dangerous cockpit of social and political antagonisms. The PKI's rapid growth aroused the hostility of Islamic groups and the military. The ABRI-PKI balancing act, which supported Sukarno's Guided Democracy regime, was going awry. One of the most serious points of contention was the PKI's desire to establish a "fifth force" of armed peasants and workers in conjunction with the four branches of the regular armed forces (army, navy, air force, and police; see Organization and Equipment of the Armed Forces, ch. 5). Many officers were bitterly hostile, especially after Chinese premier Zhou Enlai offered to supply the "fifth force" with arms. By 1965 ABRI's highest ranks were divided into factions supporting Sukarno and the PKI and those opposed, the latter including ABRI chief of staff Nasution and Major General Suharto, commander of Kostrad. Sukarno's collapse at a speech and rumors that he was dying also added to the atmosphere of instability.

The circumstances surrounding the abortive coup d'état of September 30, 1965—an event that led to Sukarno's displacement from power; a bloody purge of PKI members on Java, Bali, and elsewhere; and the rise of Suharto as architect of the New Order regime—remain shrouded in mystery and controversy. The official and generally accepted account is that procommunist military officers, calling themselves the September 30 Movement (Gestapu), attempted to seize power. Capturing the Indonesian state radio station on October 1, 1965, they announced that they had formed



*Sukarno, president of Indonesia from 1945 to 1967.
Photograph taken in 1946
Courtesy Prints and Photographs Division, Library of Congress*

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the Revolutionary Council and a cabinet in order to avert a coup d'état by corrupt generals who were allegedly in the pay of the United States Central Intelligence Agency. The coup perpetrators murdered five generals on the night of September 30 and fatally wounded Nasution's daughter in an unsuccessful attempt to assassinate him. Contingents of the Diponegoro Division, based in Jawa Tengah Province, rallied in support of the September 30 Movement. Communist officials in various parts of Java also expressed their support.

The extent and nature of PKI involvement in the coup are unclear, however. Whereas the official accounts promulgated by the military describe the communists as having a "puppetmaster" role, some foreign scholars have suggested that PKI involvement was minimal and that the coup was the result of rivalry between military factions. Although evidence presented at trials of coup leaders by the military implicated the PKI, the testimony of witnesses may have been coerced. A pivotal figure seems to have been Syam, head of the PKI's secret operations, who was close to Aidit and allegedly had fostered close contacts with dissident elements within the military. But one scholar has suggested that Syam may have been an army agent provocateur who deceived the communist leadership into believing that sympathetic elements in the ranks were strong enough to conduct a successful bid for power. Another hypothesis is that Aidit and PKI leaders then in Beijing had seriously miscalculated Sukarno's medical problems and moved to consolidate their support in the military. Others believe that ironically Sukarno himself was responsible for masterminding the coup with the cooperation of the PKI.

In a series of papers written after the coup and published in 1971, Cornell University scholars Benedict R.O'G. Anderson and Ruth T. McVey argued that it was an "internal army affair" and that the PKI was not involved. There was, they argued, no reason for the PKI to attempt to overthrow the regime when it had been steadily gaining power on the local level. More radical scenarios allege significant United States involvement. United States military assistance programs to Indonesia were substantial even during the Guided Democracy period and allegedly were designed to establish a pro-United States, anticommunist constituency within the armed forces.

In the wake of the September 30 coup's failure, there was a violent anticommunist reaction. By December 1965, mobs were engaged in large-scale killings, most notably in Jawa Timur Province and on Bali, but also in parts of Sumatra. Members of Ansor, the Nahdatul Ulama's youth branch, were particularly zealous in

carrying out a "holy war" against the PKI on the village level. Chinese were also targets of mob violence. Estimates of the number killed—both Chinese and others—vary widely, from a low of 78,000 to 2 million; probably somewhere around 300,000 is most likely. Whichever figure is true, the elimination of the PKI was the bloodiest event in postwar Southeast Asia until the Khmer Rouge established its regime in Cambodia a decade later.

The period from October 1965 to March 1966 witnessed the eclipse of Sukarno and the rise of Suharto to a position of supreme power. Born in the Yogyakarta region in 1921, Suharto came from a lower *priyayi* family and received military training in Peta during the Japanese occupation. During the war for independence, he distinguished himself by leading a lightning attack on Yogyakarta, seizing it on March 1, 1949, after the Dutch had captured it in their second "police action." Rising quickly through the ranks, he was placed in charge of the Diponegoro Division in 1962 and Kostrad the following year.

After the elimination of the PKI and purge of the armed forces of pro-Sukarno elements, the president was left in an isolated, defenseless position. By signing the executive order of March 11, 1966, popularly known as Supersemar, he was obliged to transfer supreme authority to Suharto. On March 12, 1967, the MPR(S) stripped Sukarno of all political power and installed Suharto as acting president. Sukarno was kept under virtual house arrest, a lonely and tragic figure, until his death in June 1970.

The year 1966 marked the beginning of dramatic changes in Indonesian foreign policy. Friendly relations were restored with Western countries, Confrontation with Malaysia ended on August 11, and in September Indonesia rejoined the UN. In 1967 ties with Beijing were, in the words of Indonesian minister of foreign affairs Adam Malik, "frozen." This meant that although relations with Beijing were suspended, Jakarta did not seek to establish relations with the Republic of China on Taiwan. That same year, Indonesia joined Malaysia, Thailand, the Philippines, and Singapore to form a new regional and officially nonaligned grouping, the Association of Southeast Asian Nations (ASEAN—see Glossary), which was friendly to the West.

The New Order under Suharto

The transition from Sukarno's Guided Democracy to Suharto's New Order reflected a realignment of the country's political forces. The left had been bloodied and driven from the political stage, and Suharto was determined to ensure that the PKI would never re-emerge as a challenge to his authority. Powerful new intelligence

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bodies were established in the wake of the coup: the Operational Command for the Restoration of Security and Order (Kopkamtib) and the State Intelligence Coordination Agency (Bakin). The PKI had been crushed on the leadership and cadre levels, but an underground movement remained in the villages of parts of Java. The movement was methodically and ruthlessly uprooted by the end of 1968. Around 200,000 persons were detained by the military after the coup: these were divided into three categories depending on their involvement. The most active, Group A, those "directly involved" in the revolt, were sentenced by military courts to death or long terms in prison; Group B, less actively involved, were in many cases sent to prison colonies, such on Buru Island in the Malukus, where they remained under detention, in some cases until 1980; Group C detainees, mostly members of the PKI peasant organization, were generally released from custody. (As late as 1990, four persons were executed for involvement in the coup. Although the delay was explained as due to the length of the judicial appeals process, many observers believed that Suharto wanted to show that the passage of years had not softened his attitude toward communism.)

Communists aside, Suharto generally dealt with opposition or potential opposition with a blend of cooptation and nonlethal repression. According to political scientist Harold A. Crouch, Suharto's operating principle was the old Javanese dictum of *alon alon asal kelakon*, or "slow but sure." Thus, he gradually asserted control over ABRI, weeding out pro-Sukarno officers and replacing them with men on whom he could depend. The army was placed in a superior position in relation to the other services in terms of budgets, personnel, and equipment. Nasution, Indonesia's most senior general, was gently pushed aside after he left the post of minister of defense and security to become chairman of the DPR in early 1966. Although he later retired from public life, Nasution remained a potential rival to Suharto although he never publicly spoke out or exploited his favorable popular image.

Like Sukarno's Guided Democracy, the New Order under Suharto was authoritarian. There was no return to the relatively unfettered party politics of the 1950-57 period. In the decades after 1966, Suharto's regime evolved into a steeply hierarchical affair, characterized by tight centralized control and long-term personal rule. At the top of the hierarchy was Suharto himself, making important policy decisions and carefully balancing competing interests in a society that was, despite strong centralized rule, still extremely diverse. Arrayed below him was a bureaucratic state in which ABRI played the central role. Formally, the armed forces' place

in society was defined in terms of the concept of *dwifungsi*. Unlike other regimes in Southeast Asia, such as Thailand or Burma, where military regimes promised an eventual (if long-postponed) transition to civilian rule, the military's dual political-social function was considered to be a permanent feature of Indonesian nationhood. Its personnel played a pivotal role not only in the highest ranks of the government and civil service but also on the regional and local levels, where they limited the power of civilian officials. The armed forces also played a disproportionate role in the national economy through military-managed enterprises or those with substantial military interests.

Although opposition movements and popular unrest were not entirely eliminated, Suharto's regime was extraordinarily stable compared with its predecessor. His success in governing the world's fourth most populous and, after India, ethnically most diverse nation is attributable to two factors: the military's absolute or near-absolute loyalty to the regime and the military's extensive political and administrative powers. In the mid-1980s, approximately 85 percent of senior officers were Javanese (although the percentage was declining). Suharto wisely averted a problem of many military regimes: the monopolization of the higher ranks by senior military officers who frustrate the aspirations of their juniors. In 1985 he ordered an extensive reorganization of the officer corps in which the Generation of 1945, who had taken part in the National Revolution, was largely retired, the younger generation promoted into command positions, and an extensive reorganization accomplished in order to promote efficiency (see *Transition of Leadership*, ch. 5).

Other factors in stability include the establishment of a large number of corporatist-style organizations to link social groups in a subordinate relationship with the regime. These included organizations of a social, class, religious, and professional nature. Rather than imposing cultural and ideological homogeneity—a virtually impossible task given the society's diversity—Suharto revived the Sukarno-era concept of Pancasila. Suharto's approach to political conflict did not reject the use of coercion but supplemented it with a rhetoric of "consultation and consensus," which, like the Pancasila, had its roots in the Sukarno and Japanese eras.

The State and Economic Development

Apart from rejection of leftism, probably the single greatest discontinuity between the Sukarno and Suharto eras was economic policy. Sukarno abused Indonesia's economy, undertaking ambitious building projects, nationalizing foreign enterprises, and refusing to

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undertake austerity measures recommended by foreign donors because such measures would have weakened his support among the masses. Suharto also used the economy for political ends, but initiated a generally orderly process of development supported by large infusions of foreign aid and investment.

Debt service obligations in 1966 exceeded export earnings, and total foreign debt was US\$2.3 billion. One billion dollars of this amount was owed to the Soviet Union and its East European allies, largely for arms purchases. The following year, talks were initiated with Western and Japanese creditors for aid and new lines of credit. An informal group of major Western nations, Japan, and multilateral aid agencies such as the World Bank (see Glossary), known as the Inter-Governmental Group on Indonesia (IGGI—see Glossary), was organized to coordinate aid programs. Chaired by the Netherlands, IGGI gained tremendous, and sometimes resented, influence over the nation's economic policymaking. Hand-in-hand with aid donors, a new generation of foreign-educated technocrats—economic planners attached principally to the National Development Planning Council (Bappenas) led by Professor Widjojo Nitisastro—designed and implemented a series of five-year plans. The first plan, Repelita I (see Glossary), which occurred in fiscal year (FY—see Glossary) 1969–73, stressed increased production of staple foods and infrastructure development; Repelita II (FY 1974–78) focused on agriculture, employment, and regionally equitable development; Repelita III (FY 1979–83) emphasized development of agriculture-related and other industry; Repelita IV (FY 1984–88) concentrated on basic industries; and Repelita V (FY 1989–93) targeted transport and communications. During the 1980s, these plans also provided a greater role for private capital in industrialization (see Central Government Budget, ch. 3).

Helped substantially by oil revenues after the quadrupling of prices during the 1973 global "oil shock," Indonesia emerged from pauperdom to modest prosperity. The development of new, high-yield varieties of rice and government incentive programs enabled the nation to become largely self-sufficient in this staple crop (see Food Crops, ch. 3). In most areas of the archipelago, standards of nutrition and public health improved substantially.

Oil revenues were vital for the Suharto regime because they provided it with resources to compensate groups whose cooperation was essential for political stability. Government projects and programs expanded impressively. Indonesia is a member of the Organization of the Petroleum Exporting Countries (OPEC—see Glossary). Reflecting OPEC's pricing policies, the state's income from oil, channelled through the state-owned enterprise Pertamina

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(the National Oil and Natural Gas Mining Company), increased 4,000 percent between the FY 1968 and FY 1985. Economic planners realized, however, the danger of depending excessively on this single source of export revenue, particularly when crude oil prices declined during the mid- and late 1980s. As a result, the export not only of manufactured goods but also of non-oil raw and semi-processed materials such as plywood and forest products was promoted. But the oil boom also provided new opportunities for corruption. Pertamina was established in 1968 as a merger of Permina and two other firms. Its director, General Ibnu Sutowo, a hardy survivor of the transition from Guided Democracy to New Order who had been director of Permina, embarked on an ambitious investment program that included purchase of oil tankers and construction of P.T. Krakatau, a steel complex. In the mid-1970s, however, it was discovered that he had brought the firm to the brink of bankruptcy and accrued a debt totaling US\$10 billion. In 1976 he was forced to resign, but his activities had severely damaged the credibility of Indonesian economic policy in the eyes of foreign creditors.

The Pertamina affair revealed the problems of what Australian economist Richard Robison, in a 1978 article, called Indonesia's system of "bureaucratic capitalism": a system based on "patrimonial bureaucratic authority" in which powerful public figures, especially in the military, gained control of potentially lucrative offices and used them as personal fiefs or appanages, almost in the style of precolonial Javanese rulers, not only to build private economic empires but also to consolidate and enhance their political power. Because Indonesia lacked an indigenous class of entrepreneurs, large-scale enterprises were organized either through the action of the state (Pertamina, for example), by ethnic Chinese capitalists (known in Indonesia as *cukong*), or, quite often, a cooperative relationship of the two.

Through the 1970s and 1980s, Indonesia's pervasive corruption became a political issue that the New Order state could not entirely muffle. In January 1974, the visit of Japanese prime minister Tanaka Kakuei sparked rioting by students and urban poor in Jakarta. Ostensibly fueled by resentment of Japanese exploitation of Indonesia's economy, the so-called "Malari Affair" also expressed popular resentment against bureaucratic capitalists and their *cukong* associates. During the 1980s, the ties between Suharto and Chinese entrepreneur Liem Sioe Liong, one of the world's richest men, generated considerable controversy. The Liem business conglomerate was in a favored position to win lucrative government contracts at the expense of competitors lacking presidential ties.

Import licenses were another generator of profits for well-connected businessmen. The licensing system had been established to reduce dependence on imports, but in fact it created a high-priced, protected sub-economy that amply rewarded license holders but reduced economic efficiency. By 1986 licenses were required for as many as 1,500 items. Foreign journals also published reports concerning the rapidly growing business interests of Suharto's children.

The Pancasila and Political Parties

Suharto's regime transformed and marginalized political parties, which, minus the PKI, still retained considerable popular support in the late 1960s. Party influence was diminished by limiting the parties' role in newly established legislative bodies, the DPR and the MPR, about 20 percent of whose members were appointed by the government. Parties were forced to amalgamate: in January 1973, four Islamic parties were obliged to establish a single body known as the United Development Party (PPP) and non-Islamic parties, including the PNI, were obliged to merge into the Indonesian Democratic Party (PDI). Established by the armed forces in 1964, the Joint Secretariat of Functional Groups (Golkar) was given a central role in rallying popular support for the New Order in carefully staged national legislative elections.

Designed to bring diverse social groups into a harmonious organization based on "consensus," by 1969 Golkar had a membership of some 270 associations representing civil servants, workers, students, women, intellectuals, and other groups. Backed both financially and organizationally by the government, it had mastered Indonesia's political stage so completely by the 1970s that speculation centered not on whether it would gain a legislative majority, but on how large that majority would be and how the minority opposition vote would be divided between the PPP and the PDI. In the general elections of 1971, 1977, and 1982, Golkar won 62.8, 62.1, and 64.3 percent of the popular vote, respectively. As the 1980s progressed, Golkar continued to consolidate its electoral dominance (see Political Parties, ch. 4).

In 1985 the legislature passed government-backed bills requiring all political parties and associations to declare their support for the Pancasila as their ideological foundation. Declaring such support was an extremely delicate issue for Muslim groups, including the PPP, since it attacked the basis of their identity (the government demanded that the Muslim parties not be exclusive and allow non-Muslim memberships). Although the Pancasila includes the principle of belief in a "supreme being," use of the term Maha Esa,

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rather than Allah, was designed to encompass diverse religious groups: Christians, Hindus, and Buddhists as well as Muslims. The Pancasila policy aroused strong opposition among politically active Muslims. Riots broke out in the Tanjung Priok port area of Jakarta on September 12, 1984, and a wave of bombings and arson took place in 1985. Targets included the Borobudur Buddhist temple, the palace of the Sunan of Surakarta, commercial districts in Jakarta, and the headquarters of the Indonesian state radio.

Voices of democratic opposition were heard May 5, 1980, when a group called the Petition of Fifty, composed of former generals, political leaders, academicians, students, and others, called for greater political freedom. In 1984 the group accused Suharto of attempting to establish a one-party state through his Pancasila policy. In the wake of the 1984-85 violence, one of the Petition of Fifty's leaders, Lieutenant General H.R. Dharsono, who had served as secretary general of ASEAN, was put on trial for antigovernment activities and sentenced to a ten-year jail term (from which he was released in 1990).

Territorial Continuity: Irian Jaya and East Timor

A connection between the Sukarno and Suharto eras was the ambition to build a unitary state whose territories would extend "from Sabang [an island northwest of Sumatra, also known as Pulau We] to Merauke [a town in southeastern Irian Jaya]." Although territorial claims against Malaysia were dropped in 1966, the western half of the island of New Guinea and East Timor, formerly Portuguese Timor, were incorporated into the republic. This expansion, however, stirred international criticism, particularly from Australia.

West New Guinea, as Irian Jaya was then known, had been brought under Indonesian administration on May 1, 1963, following a cease-fire between Indonesian and Dutch forces and a seven-months UN administration of the former Dutch colony. A plebiscite to determine the final political status of the territory was promised by 1969. But local resistance to Indonesian rule, in part the result of abuses by government officials, led to the organization of the Free Papua Movement (OPM) headed by local leaders and prominent exiles such as Nicholas Jouwe, a Papuan who had been vice chairman of the Dutch-sponsored New Guinea Council. Indonesian forces carried out pacification of local areas, especially in the central highland region where resistance was particularly stubborn.

Although Sukarno had asserted that a plebiscite was unnecessary, acceding to international pressure, he agreed to hold it. The

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Act of Free Choice provisions, however, had not defined precisely how a plebiscite would be implemented. Rather than working from the principle of one man-one vote, Indonesian authorities initiated a consensus-building process that supposedly was more in conformity with local traditions. During the summer of 1969, local councils were strongly pressured to approve unanimously incorporation into Indonesia. The UN General Assembly approved the outcome of the plebiscite in November, and West Irian (or Irian Barat) became Indonesia's twenty-sixth province in 1969 and, to avoid charges of territorial pretensions on the eastern half of the island, was renamed Irian Jaya (Victorious Irian) in 1972. But resistance to Indonesian rule by the OPM, which advocated the unification of Irian Jaya and the neighboring state of Papua New Guinea, continued. Border incidents were frequent as small bands of OPM guerrillas sought sanctuary on Papua New Guinea territory.

East Timor and the small enclave of Oecusse on the north coast of the island of Timor were poor and neglected corners of Portugal's overseas empire when officers of Portugal's Armed Forces Movement, led by General António de Spínola, seized power in Lisbon in April 1974. Convinced that his country's continued occupation of overseas territories, especially in Africa, was excessively costly and ultimately futile, Spínola initiated a hasty "decolonization" process. In Portuguese Timor, local political groups responded: the Timor Democratic Union (UDT) favored a continued association with Lisbon, the Revolutionary Front for an Independent East Timor (Fretilin—see Glossary), demanded full independence, and the Popular Democratic Association of Timor (Apodeti) favored integration with Indonesia.

Although Indonesia's minister of foreign affairs, Adam Malik, assured Portugal's foreign minister on his visit to Jakarta that Indonesia would adhere to the principle of self-determination for all peoples, attitudes had apparently changed by the summer of 1974. Fretilin's leftist rhetoric was disquieting, and Jakarta began actively supporting Fretilin's opponent, Apodeti. Fears grew that an independent East Timor under Fretilin could become a beachhead for communist subversion. At a meeting between Suharto and Australian prime minister Gough Whitlam in September 1974, the latter acknowledged that it might be best for East Timor to join Indonesia but that the Australian public would not stand for the use of force. This acknowledgment seemed to open the way for a more forward policy. External factors relating to the communist subversion theme were the conquest of South Vietnam by communist

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North Vietnam in May 1975 and the possibility of a Chinese takeover of the Portuguese colony of Macao.

Fretilin had become the dominant political force inside East Timor by mid-1975, and its troops seized the bulk of the colonial armory as the Portuguese hastened to disengage themselves from the territory. An abortive coup d'état by UDT supporters on August 10, 1975, led to a civil war between Fretilin and an anticommunist coalition of UDT and Apodeti. Fretilin occupied most of the territory by September, causing Jakarta to give the UDT and Apodeti clandestine military support. On November 25, 1975, Fretilin proclaimed the Democratic Republic of East Timor. Jakarta responded immediately. On December 7, Indonesian "volunteer" forces landed at Dili, the capital, and Baukau. By April 1976, there were an estimated 30,000 to 35,000 Indonesian troops in the territory. On July 15, 1976, East Timor was made Indonesia's twenty-seventh province: Timor Timur.

Indonesian troops carried out a harsh campaign of pacification that inflicted grave suffering on local populations. Through the late 1970s and 1980s, accounts of military repression, mass starvation, and disease focused international attention on Indonesia as a major violator of human rights. An undetermined number—from 100,000 to 250,000—of East Timor's approximately 650,000 inhabitants died as a result of the armed occupation. However, by the mid-1980s, most of the armed members of Fretilin had been defeated, and in 1989 the province was declared open to free domestic and foreign travel (see *National Defense and Internal Security*, ch. 5).

Foreign Policy under Suharto

Indonesia's foreign relations after 1966 can be characterized as generally moderate, inclined toward the West, and regionally focused. As a founding member of the Nonaligned Movement (see *Glossary*) in 1961, Indonesia pursued a foreign policy that in principle kept it equidistant from the contentious Soviet Union and the United States. It was, however, dependent upon Japan, the United States, and West European countries for vital infusions of official development assistance and private investment. Jakarta's perceptions that China had intervened substantially in its internal affairs by supporting the PKI in the mid-1960s made the government far less willing to improve relations with Beijing than were other members of ASEAN. Although Indonesia differed with its ASEAN counterparts over the appropriate response to the Cambodian crisis after the Vietnamese invasion of that country in 1978, its active role in promoting a negotiated end to the Cambodian civil war through the Jakarta Informal Meetings in 1988 and 1989

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reflected a new sense of confidence. Policy makers believed that since the country had largely achieved national unity and was making ample progress in economic development, it could afford to devote more of its attention to important regional issues.

Given Indonesia's strategic location at the eastern entrance to the Indian Ocean, including command of the Malacca and Sunda straits, the country has been viewed as vital to the Asian security interests of the United States and its allies. Washington extended generous amounts of military aid and became the principal supplier of equipment to the Indonesian armed forces. Because of its nonaligned foreign policy, Jakarta did not have a formal military alliance with the United States but benefited indirectly from United States security arrangements with other states in the region, such as Australia and the Philippines. The New Order's political repressiveness and its pacification of East Timor, however, were criticized directly and indirectly by some United States officials, who in the late 1980s began calling for greater openness.

In terms of international economics, Indonesia's most important bilateral relationship was with Japan. During the 1970s, it was the largest recipient of Japanese official development assistance and vied with China for that distinction during the 1980s. Tokyo's aid priorities included export promotion, establishment of an infrastructure base for private foreign investment, and the need to secure stable sources of raw materials, especially oil but also aluminum and forest products. Jakarta depended on aid funds from Tokyo to build needed development projects. This symbiotic relationship, however, was not without its tensions. Indonesian policy makers questioned the high percentage of Japanese aid funds in the form of loans rather than grants and the heavy burden of repaying yen-denominated loans in the wake of the appreciation of the Japanese currency in 1985. Although wartime memories of the Japanese occupation were in general not as bitter as in countries such as the Philippines, Malaysia, and China, there was some concern about the possibility of Japanese remilitarization should United States forces be withdrawn from the region. In the context of Indonesia's long history, the forces bringing about greater integration with the international community while creating political and economic tensions at home were not unexpected. Historians of the twenty-first century are likely to find remarkably similar parallels with earlier periods in Indonesia history.

* * *

Peter Bellwood's *Prehistory of the Indo-Malaysian Archipelago* is an

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excellent source for understanding the early development of Indonesian society. Jacques Dumarçay's *Borobudur* provides an extensive description of the temple complex and an account of historical developments during one of the earliest periods of Indonesian history. An overview of the ways in which Islam reached and spread through the archipelago is provided by M.C. Ricklefs in his *A History of Modern Indonesia*, which also provides an excellent account of events leading up to the 1965 coup d'état. A good discussion of both the pre-Islamic and Islamic periods is also found in Koentjaraningrat's *Javanese Culture*, although, as the title indicates, it devotes little attention to events outside Java. C.R. Boxer's *The Dutch Seaborne Empire: 1600-1800* describes the adventures and misadventures of the VOC in Indonesia, but also places them in the broader context of worldwide colonial history. *In Search of Southeast Asia*, edited by David Joel Steinberg, places Indonesian historical development after the eighteenth century in comparative perspective with other Southeast Asian countries.

Anthony Reid's "Indonesia: From Briefcase to Samurai Sword," published in Alfred W. McCoy's *Southeast Asia under Japanese Occupation*; and Nugroho Notosusanto's *The Peta Army During the Japanese Occupation of Indonesia* discuss the relevance of the Japanese occupation. A good discussion of the National Revolution period is found in Audrey R. Kahin's *Regional Dynamics of the Indonesian Revolution: Unity from Diversity* and Reid's *Indonesian National Revolution, 1945-50*. Bernard Dahm's *Sukarno and the Struggle for Indonesian Independence* and John D. Legge's *Sukarno* are well-written portraits of this interesting individual. Hamish McDonald's *Suharto's Indonesia* provides an extensive examination of events leading up to the New Order and its subsequent policies. An excellent supplement to the whole course of Indonesian prehistory and history is Robert B. Cribb's *Historical Dictionary of Indonesia*.

Periodicals with extensive coverage on Indonesia include *Asian Survey*, *Journal of Asian Studies*, *Journal of Southeast Asian Studies* [Singapore], *Modern Asian Studies* [London], *Indonesia*, *Pacific Affairs* [Vancouver], and *Southeast Asian Affairs* [Singapore]. The Dutch periodical *Bijdragen tot Taal-, Land-, en Volkenkunde* [Leiden] has numerous articles in English on Indonesia. The weekly *Far Eastern Economic Review* [Hong Kong] and its annual *Asia Yearbook* provide timely updates to the historical record. The *Bibliography of Asian Studies*, published annually by the Association for Asian Studies, and the semiannual *Excerpta Indonesica* [Leiden] also provide additional reference material. (For further information and complete citations, see Bibliography.)

Chapter 2. The Society and Its Environment



*The figure on the right is a cantrik, a student who is servant to a priest.
Here he accompanies a cangik, a maidservant to a princess, or demoness,
who fights on the side of evil.*

INDONESIA'S SOCIAL AND GEOGRAPHICAL environment is one of the most complex and varied in the world. By one count, at least 669 distinct languages and well over 1,100 different dialects are spoken in the archipelago. The nation encompasses some 13,667 islands; the landscape ranges from rain forests and steaming mangrove swamps to arid plains and snowcapped mountains. Major world religions—Islam, Christianity, Buddhism, and Hinduism—are represented. Political systems vary from the ornate sultans' courts of Central Java to the egalitarian communities of hunter-gatherers of Sumatran jungles. A wide variety of economic patterns also can be found within Indonesia's borders, from rudimentary slash-and-burn agriculture to highly sophisticated computer microchip assembly plants. Some Indonesian communities rely on traditional feasting systems and marriage exchange for economic distribution, while others act as sophisticated brokers in international trading networks operating throughout the South China Sea. Indonesians also have a wide variety of living arrangements. Some go home at night to extended families living in isolated bamboo longhouses, others return to hamlets of tiny houses clustered around a mosque, whereas still others go home to nuclear families in urban high-rise apartment complexes.

There are, however, striking similarities among the nation's diverse groups. Besides citizenship in a common nation-state, the single most unifying cultural characteristic is a shared linguistic heritage. Almost all of the nation's more than 195 million people speak one of several Austronesian languages, which—although not mutually intelligible—share many vocabulary items and have similar sentence patterns. Most important, the vast majority of the population can speak Bahasa Indonesia (see Glossary), the official national language. Used in government, schools, print and electronic media, and in multiethnic cities, this Malay-derived language is both an important unifying symbol and a vehicle of national integration (see *The Emerging National Culture*, this ch.).

In the early 1990s, nearly 70 percent of Indonesians lived outside of cities, which, according to the definition used by the government's Central Bureau of Statistics (BPS; for this and other acronyms, see table A), were areas with population densities greater than 5,000 persons per square kilometer or where less than 25 percent of the households were employed in the agricultural sector. Indeed, most Indonesians in the early 1990s, as their ancestors

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before them, were closely associated with agriculture, stockbreeding, or fishing. Whereas some isolated farming communities were composed essentially of subsistence farmers—living off what they grew—most depended to some degree on cash profits earned from selling their produce at mercantile centers. Aside from coffee and rubber plantations, large-scale, highly capitalized agribusinesses, such as industrialized rice farming or chicken farms, remained the exception in Indonesia (see *Agriculture*, ch. 3).

This pattern, however, was changing. Describing Indonesia's cultural and regional variety, American anthropologist Hildred Geertz in 1960 divided the population into three types: wet rice growing (padi) peasants of Java, Bali, and parts of southern Sumatra; coastal Islamic traders in the harbor regions of Sumatra, Kalimantan, and Sulawesi; and isolated inland swidden farmers throughout the archipelago. In following decades, however, a fourth category emerged. It consisted of a largely urban middle class—members of a modern Indonesian national superculture.

Over the course of the 1980s, population mobility, educational achievement, and urbanization increased as Indonesians were exposed to the varieties of their nation's cultures through television, newspapers, schools, and cultural activities. Linkages to native geographic region and sociocultural heritage weakened. Ethnicity became a means of identification in certain situations but not in others. For example, during Ramadan, the Islamic month of fasting, peasants from Java might emphasize their Islamic faith and affiliation, whereas in other settings, they emphasized their membership in the national state by attending school, participating in family planning programs and belonging to village cooperatives, and by invoking the Pancasila (see *Glossary*), the state ideology, as a moral justification for personal and family choices (see *Islam*, this ch.; *Pancasila: The State Ideology*, ch. 4). In a similar way, isolated hill tribes living in the interiors of the islands of Sulawesi, Seram, or Timor might express devotion to ancestral spirits through animal sacrifice at home, but swear loyalty to the Indonesian state in school and church, or at the polls. In the early 1990s, one's identity as an Indonesian was still interwoven with one's familial, regional, and ethnic heritage.

The Geographic Context

Indonesia's variations in culture have been shaped—although not specifically determined—by centuries of complex interactions with the physical environment. Although Indonesians are now less vulnerable to the vicissitudes of nature as a result of improved technology and social programs, to some extent their social diversity

has emerged from traditionally different patterns of adjustment to their physical circumstances.

Geographic Regions

Indonesia is a huge archipelagic country extending 5,120 kilometers from east to west and 1,760 kilometers from north to south. It encompasses 13,667 islands (some sources say as many as 18,000), only 6,000 of which are inhabited. There are five main islands (Sumatra, Java, Kalimantan, Sulawesi, and Irian Jaya), two major archipelagos (Nusa Tenggara and the Maluku Islands), and sixty smaller archipelagos. Two of the islands are shared with other nations; Kalimantan (known in the colonial period as Borneo, the world's third largest island) is shared with Malaysia and Brunei, and Irian Jaya shares the island of New Guinea with Papua New Guinea. Indonesia's total land area is 1,919,317 square kilometers. Included in Indonesia's total territory is another 93,000 square kilometers of inland seas (straits, bays, and other bodies of water). The additional surrounding sea areas bring Indonesia's generally recognized territory (land and sea) to about 5 million square kilometers. The government, however, also claims an exclusive economic zone, which brings the total to about 7.9 million square kilometers (see National Territory: Rights and Responsibilities, this ch.).

Geographers have conventionally grouped Sumatra, Java (and Madura), Kalimantan (formerly Borneo), and Sulawesi (formerly Celebes) in the Greater Sunda Islands. These islands, except for Sulawesi, lie on the Sunda Shelf—an extension of the Malay Peninsula and the Southeast Asian mainland (see fig. 5, Topography and Drainage). Far to the east is Irian Jaya (formerly Irian Barat or West New Guinea), which takes up the western half of the world's second largest island—New Guinea—on the Sahul Shelf. Sea depths in the Sunda and Sahul shelves average 200 meters or less. Between these two shelves lie Sulawesi, Nusa Tenggara (also known as the Lesser Sunda Islands), and the Maluku Islands (or the Moluccas), which form a second island group where the surrounding seas in some places reach 4,500 meters in depth. The term Outer Islands (see Glossary) is used inconsistently by various writers, but it is usually taken to mean those islands other than Java and Madura.

Tectonically, this region—especially Java—is highly unstable, and although the volcanic ash has resulted in fertile soils, it makes agricultural conditions unpredictable in some areas. The country has numerous mountains and some 400 volcanoes, of which approximately 100 are active. Between 1972 and 1991 alone, twenty-nine volcanic eruptions were recorded, mostly on Java. The most

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violent volcanic eruptions in modern times occurred in Indonesia. In 1815 a volcano at Gunung Tambora on the north coast of Sumbawa, Nusa Tenggara Barat Province, claimed 92,000 lives and created "the year without a summer" in various parts of the world. In 1883 Krakatau in the Sunda Strait, between Java and Sumatra, erupted and some 36,000 West Javans died from the resulting tidal wave. The sound of the explosion was reported as far away as Turkey and Japan. For almost a century following that eruption, Krakatau was quiet, until the late 1970s, when it erupted twice.

Mountains ranging between 3,000 and 3,800 meters above sea level can be found on the islands of Sumatra, Java, Bali, Lombok, Sulawesi, and Seram. The country's tallest mountains, which reach between 4,700 and 5,000 meters, are located in the Jayawijaya Mountains and the Sudirman Mountains in Irian Jaya. The highest peak, Puncak Jaya, which reaches 5,039 meters, is located in the Sudirman Mountains.

Nusa Tenggara consists of two strings of islands stretching eastward from Bali toward Irian Jaya. The inner arc of Nusa Tenggara is a continuation of the chain of mountains and volcanoes extending from Sumatra through Java, Bali, and Flores, and trailing off in the Banda Islands. The outer arc of Nusa Tenggara is a geological extension of the chain of islands west of Sumatra that includes Nias, Mentawai, and Enggano. This chain resurfaces in Nusa Tenggara in the ruggedly mountainous islands of Sumba and Timor.

The Maluku Islands (or Moluccas) are geologically among the most complex of the Indonesian islands. They are located in the northeast sector of the archipelago, bounded by the Philippines to the north, Irian Jaya to the east, and Nusa Tenggara to the south. The largest of these islands include Halmahera, Seram, and Buru, all of which rise steeply out of very deep seas. This abrupt relief pattern from sea to high mountains means that there are very few level coastal plains.

Geographers believe that the island of New Guinea, of which Irian Jaya is a part, may once have been part of the Australian continent. The breakup and tectonic action created both towering, snowcapped mountain peaks lining its central east-west spine and hot, humid alluvial plains along the coast of New Guinea. Irian Jaya's mountains range some 650 kilometers east to west, dividing the province between north and south.

Climate

The main variable of Indonesia's climate is not temperature or air pressure, but rainfall. The almost uniformly warm waters that

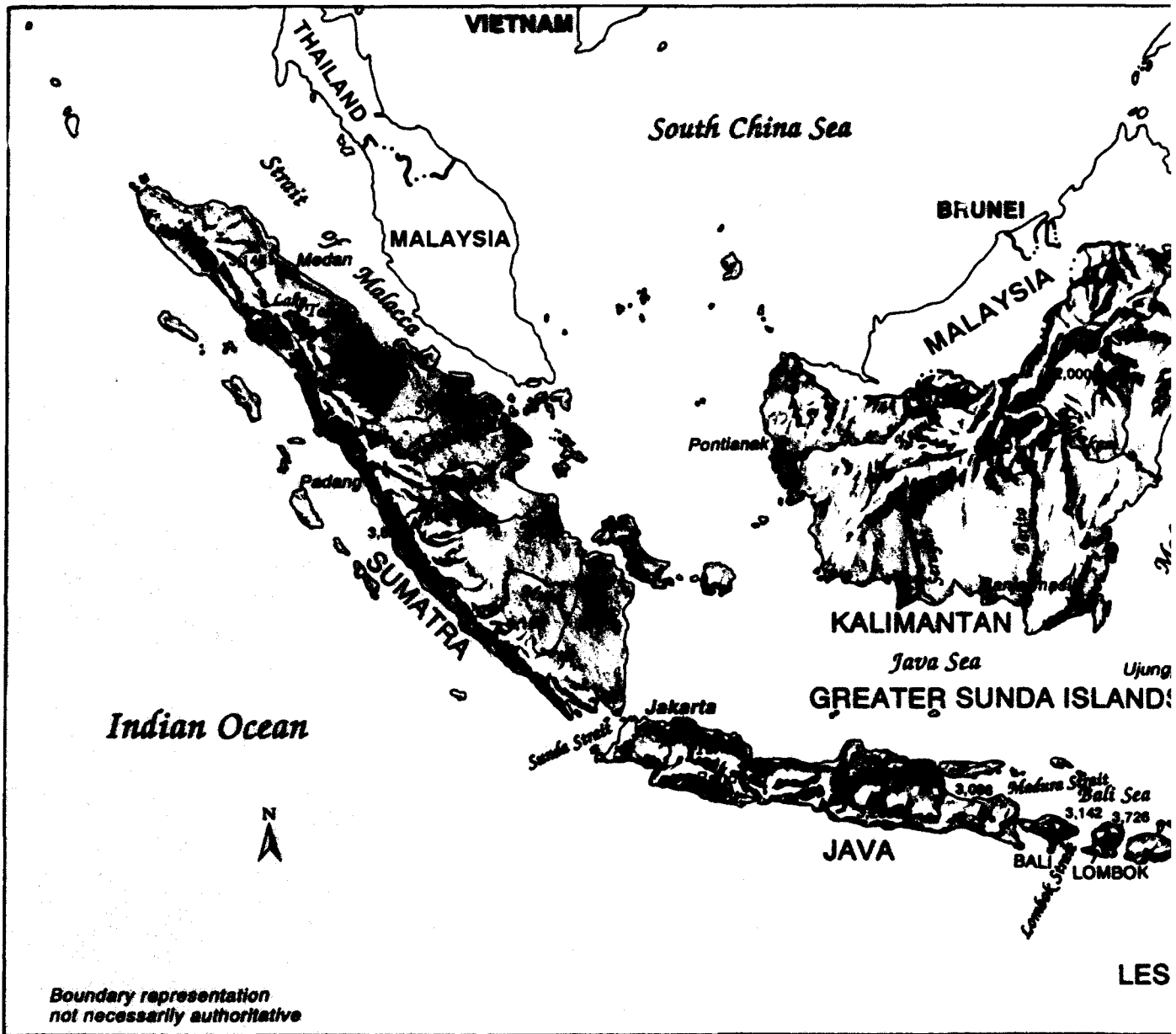
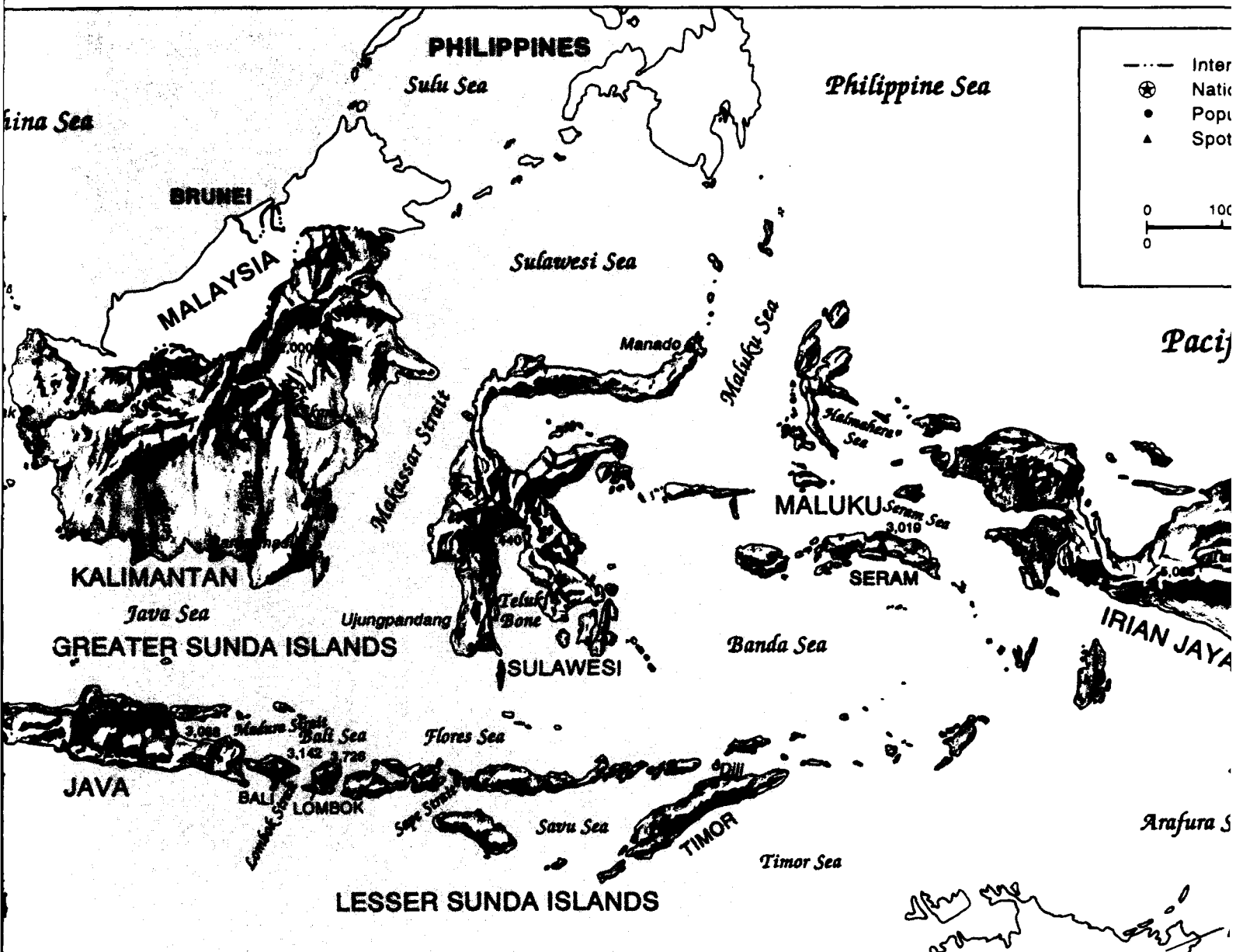
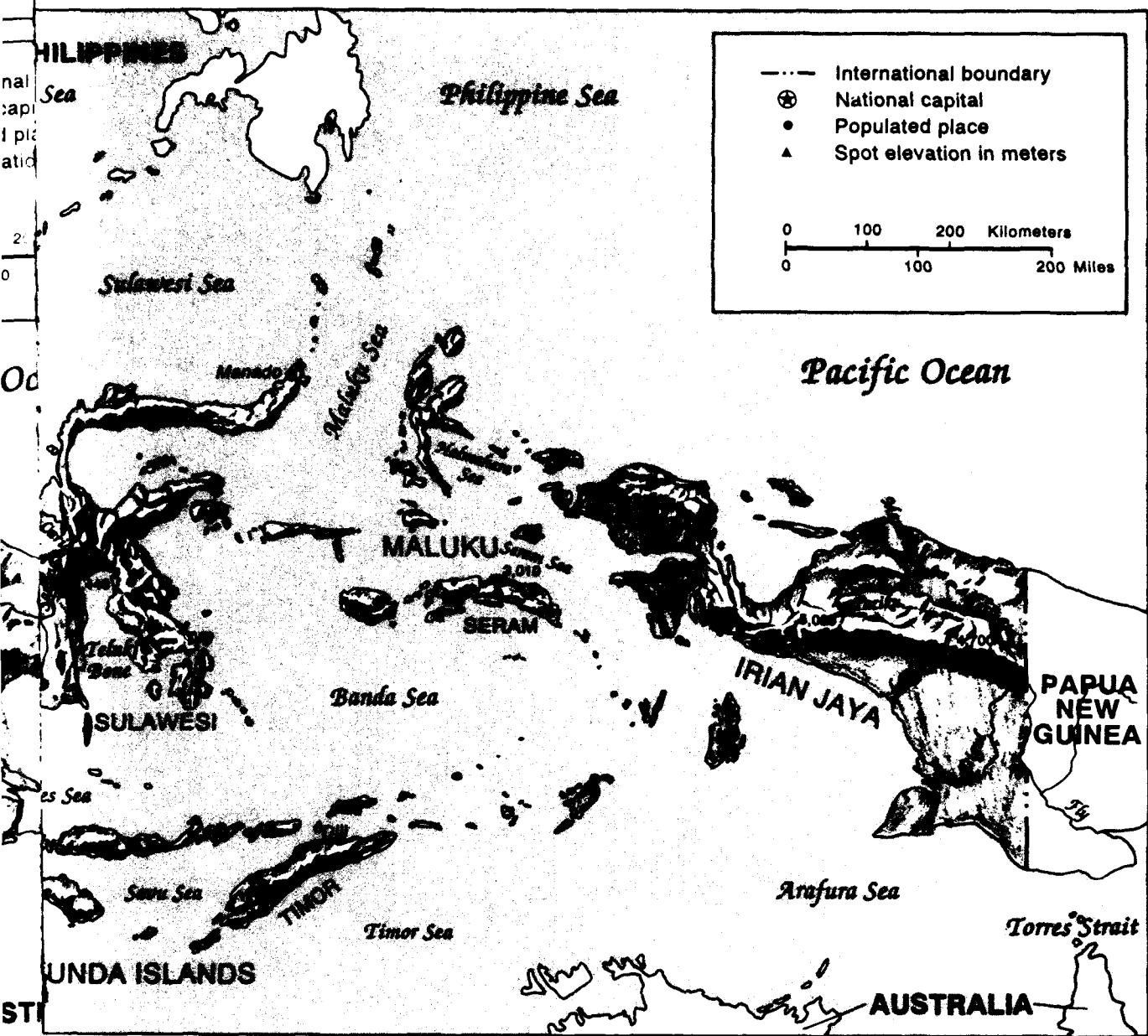


Figure 5. Topography and Drainage





2



make up 81 percent of Indonesia's area ensure that temperatures on land remain fairly constant (see table 2, Appendix). Split by the equator, the archipelago is almost entirely tropical in climate, with the coastal plains averaging 28°C, the inland and mountain areas averaging 26°C, and the higher mountain regions, 23°C. The area's relative humidity ranges between 70 and 90 percent. Winds are moderate and generally predictable, with monsoons usually blowing in from the south and east in June through September and from the northwest in December through March. Typhoons and large-scale storms pose little hazard to mariners in Indonesian waters; the major danger comes from swift currents in channels, such as the Lombok and Sape straits.

The extreme variations in rainfall are linked with the monsoons. Generally speaking, there is a dry season (June to September), influenced by the Australian continental air masses, and a rainy season (December to March) that is the result of mainland Asia and Pacific Ocean air masses. Local wind patterns, however, can greatly modify these general wind patterns, especially in the islands of central Maluku—Seram, Ambon, and Buru. This oscillating seasonal pattern of wind and rain is related to Indonesia's geographical location as an archipelago between two large continents. In July and August, high pressure over the Australian desert moves winds from that continent toward the northwest. As the winds reach the equator, the earth's rotation causes them to veer off their original course in a northeasterly direction toward the Southeast Asian mainland. During January and February, a corresponding high pressure system over the Asian mainland causes the pattern to reverse. The resultant monsoon is augmented by humid breezes from the Indian Ocean, producing significant amounts of rain throughout many parts of the archipelago.

Prevailing wind patterns interact with local topographic conditions to produce significant variations in rainfall throughout the archipelago. In general, western and northern parts of Indonesia experience the most precipitation, since the north- and westward-moving monsoon clouds are heavy with moisture by the time they reach these more distant regions. Western Sumatra, Java, Bali, the interiors of Kalimantan, Sulawesi, and Irian Jaya are the most predictably damp regions of Indonesia, with rainfall measuring more than 2,000 millimeters per year. In part, this moisture originates on strategically located high mountain peaks that trap damp air. The city of Bogor, near Jakarta, lays claim to having to world's highest number of rainstorms per year—322. On the other hand, the islands closest to Australia—including Nusa Tenggara and the eastern tip of Java—tend to be dry, with some areas

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experiencing less than 1,000 millimeters of rainfall per year. To complicate the situation, some of the islands of the southern Maluku experience highly unpredictable rainfall patterns, depending on local wind currents.

Although air temperature changes little from season to season or from one region to the next, cooler temperatures prevail at higher elevations. In general, temperatures drop approximately 1° per 90 meters increase in elevation from sea level, with some high-altitude interior mountain regions experiencing night frosts. The highest mountain ranges in Irian Jaya are permanently capped with snow.

Located on the equator, the archipelago experiences relatively little change in the length of daylight hours from one season to the next; the difference between the longest day and the shortest day of the year is only forty-eight minutes. The archipelago stretches across three time zones. Western Indonesian Time—seven hours in advance of Greenwich Mean Time (GMT)—includes Sumatra, Java, and eastern Kalimantan; Central Indonesian Time—eight hours head of GMT—includes western Kalimantan, Nusa Tenggara, and Sulawesi; and Eastern Indonesian Time—nine hours ahead of GMT—includes the Malukus and Irian Jaya. The boundary between the western and central time zones—established in 1988—is a line running north between Java and Bali through the center of Kalimantan. The border between central and eastern time zones runs north from the eastern tip of Timor to the eastern tip of Sulawesi.

Environmental Concerns

For centuries, the geographical resources of the Indonesian archipelago have been exploited in ways that fall into consistent social and historical patterns. One cultural pattern consists of the formerly Indianized, rice-growing peasants in the valleys and plains of Sumatra, Java, and Bali; another cultural complex is composed of the largely Islamic coastal commercial sector; a third, more marginal sector consists of the upland forest farming communities, which exist by means of subsistence swidden agriculture. To some degree, these patterns can be linked to the geographical resources themselves, with abundant shoreline, generally calm seas, and steady winds favoring the use of sailing vessels; and fertile valleys and plains—at least in the Greater Sunda Islands—permitting irrigated rice farming. The heavily forested, mountainous interior hinders overland communication by road or river, but fosters slash-and-burn agriculture.

Each of these patterns of ecological and economic adaptation experienced tremendous pressures during the 1970s and 1980s from



*Mount Arjuno, the highest point in Jawa Timur Province
Courtesy Indonesian Department of Information*

rising population density, soil erosion, river-bed siltation, and water pollution from agricultural pesticides and off-shore oil drilling. In the coastal commercial sector, for instance, the livelihood of fishing people and those engaged in allied activities—roughly 5.6 million people—began to be imperiled in the late 1970s by declining fish stocks brought about by the contamination of coastal waters. Fishermen in northern Java experienced marked declines in certain kinds of fish catches and by the mid-1980s saw the virtual disappearance of the *terburuk* fish in some areas. Effluent from fertilizer plants in Gresik in northern Java polluted ponds and killed milkfish fry and young shrimp. The pollution of the Strait of Malacca between Malaysia and Sumatra from oil leakage from the Japanese supertanker *Shōwa Maru* in January 1975 was a major environmental disaster for the fragile Sumatran coastline. The danger of supertanker accidents also increased in the heavily trafficked strait.

The coastal commercial sector suffered from environmental pressures on the mainland, as well. Soil erosion from upland deforestation exacerbated the problem of siltation downstream and into the sea. Silt deposits covered and killed once-lively coral reefs, creating mangrove thickets and making harbor access increasingly difficult, if not impossible, without massive and expensive dredging operations.

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Although overfishing by Japanese and American "floating factory" fishing boats was officially restricted in Indonesia in 1982, the scarcity of fish in many formerly productive waters remained a matter of some concern in the early 1990s. As Indonesian fishermen improved their technological capacity to catch fish, they also threatened the total supply.

A different, but related, set of environmental pressures arose in the 1970s and 1980s among the rice-growing peasants living in the plains and valleys. Rising population densities and the consequent demand for arable land gave rise to serious soil erosion, deforestation because of the need for firewood, and depletion of soil nutrients. Runoff from pesticides polluted water supplies in some areas and poisoned fish ponds. Although national and local governments appeared to be aware of the problem, the need to balance environmental protection with pressing demands of a hungry population and an electorate eager for economic growth did not diminish.

Major problems faced the mountainous interior regions of Kalimantan, Sulawesi, and Sumatra. These problems included deforestation, soil erosion, massive forest fires, and even desertification resulting from intensive commercial logging—all these threatened to create environmental disaster. In 1983 some 3 million hectares of prime tropical forest worth at least US\$10 billion were destroyed in a fire in Kalimantan Timur Province. The disastrous scale of this fire was made possible by the piles of dead wood left behind by the timber industry. Even discounting the calamitous effects of the fire, in the mid-1980s Indonesia's deforestation rate was the highest in Southeast Asia, at 700,000 hectares per year and possibly as much as 1 million hectares per year. Although additional deforestation came about as a result of the government-sponsored Transmigration Program (*transmagrasi*; see Glossary) in uninhabited woodlands, in some cases the effects of this process were mitigated by replacing the original forest cover with plantation trees, such as coffee, rubber, or palm (see Migration, this ch.). In many areas of Kalimantan, however, large sections of forest were cleared, with little or no systematic effort at reforestation. Although reforestation laws existed, they were rarely or only selectively enforced, leaving the bare land exposed to heavy rainfall, leaching, and erosion. Because commercial logging permits were granted from Jakarta, the local inhabitants of the forests had little say about land use; in the mid-1980s, however, the government, through the Department of Forestry, joined with the World Bank (see Glossary) to develop a forestry management plan. The efforts resulted in the first forest inventory since colonial times, seminal forestry research, conservation and national parks programs, and development

of a master plan by the Food and Agriculture Organization (FAO—see Glossary) of the United Nations (UN).

National Territory: Rights and Responsibilities

The legal responsibility for Indonesia's environment continued to be a matter of controversy in the early 1990s. Among the continuing concerns were those expressed in 1982 during the UN Conference on the Law of the Sea. In this conference, Indonesia sought to defend its March 1980 claim to a 200-nautical-mile exclusive economic zone. Based on the doctrine of the political and security unity of archipelagic land and sea space (*wawasan nusantara*), the government asserted its rights to marine and geological resources within this coastal zone. In all, the area claimed the government, including the exclusive economic zone, was 7.9 million square kilometers. Indonesia also claimed as its territory all sea areas within a maritime belt of twelve nautical miles of the outer perimeter of its islands. All straits, bays, and waters within this belt were considered inland seas by the government and amounted to around 93,000 square kilometers. The Strait of Malacca—one of the most heavily traveled sea-lanes in the world—was considered by Indonesia and Malaysia to be their joint possession, and the two countries requested that other nations notify their governments before moving warships through these waters. The United States and several other nations rejected those claims, considering the strait an international waterway.

During the 1980s and early 1990s, Indonesia was involved in territorial disputes. One controversy concerned Indonesia's annexation of the former colony of Portuguese Timor as Timor Timur Province in 1976, an action which came under protest in the UN and among human rights activists (see Human Rights and Foreign Policy, ch. 4).

Another dispute involved Indonesia's conflict with Australia over rights to the continental shelf off the coast of Timor. This problem was resolved in 1991 by a bilateral agreement calling for joint economic exploitation of the disputed area in the so-called "Timor Gap." Still other controversies arose regarding overflight rights in Irian Jaya (disputed with Papua New Guinea) and conflicting claims to the Spratly Islands in the South China Sea by Brunei, China, Malaysia, the Philippines, Taiwan, and Vietnam. Indonesia played the role of mediator in the Spratly Islands controversy (see Foreign Policy, ch. 4).

Even as Indonesia extended its claim to territory, international environmental groups were pressing Jakarta to accept environmental responsibility for those territories. Indonesia was encouraged

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to monitor pollution in its territorial waters and take legal action to prevent the destruction of its rain forests. Since the late 1960s, the government addressed increasing environmental problems by establishing resource management programs, conducting environmental impact analyses, developing better policy enforcement, and enacting appropriate laws to give government officials proper authority. Despite these efforts, overlapping competencies among government departments and legal uncertainties about which department had what authority slowed progress made against environmental degradation.

The Emerging Framework for the Indonesian Nation Population

There was widespread agreement within the Indonesian government and among foreign advisers that one of the most pressing problems facing the nation in the early 1990s was overpopulation. Although Indonesia still had high fertility rates, there were significant reductions in these levels in the 1980s. The overall population annual growth rate was reduced to an estimated 2.0 percent by 1990, down from 2.2 in the 1975-80 period. The crude birth rate declined from 48.8 births per 1,000 in 1968 to 29 per 1,000 in 1990. Although the widely publicized goal of 22 per 1,000 by 1991 was not achieved, the results were impressive for a country the size of Indonesia. The effect of the programs of the National Family Planning Coordinating Agency (BKKBN; for this and other acronyms, see table A) was particularly dramatic in Java, Bali, and in urban areas in Sumatra and Kalimantan, despite cutbacks in funding. The success of the program in these areas seemed to be directly linked to the improved education of women, their increasing tendency to postpone marriage, and, most important, to a growing awareness and effective use of modern contraceptives.

The reason behind Indonesia's overall decline in fertility rates was a matter of debate in 1992 because it was not clear that economic conditions had improved for most Indonesians during the 1970s and 1980s (the middle class did experience some improvement). Indeed, although the number of poor decreased in the 1970s and 1980s, landlessness, malnutrition, and social and economic inequality may have increased for many of the rural poor. However, some observers argued that, despite the lack of social and economic improvements among Indonesia's poor, easy availability of birth control procedures, mass education, and more mobile family structures may be sufficient to explain this impressive change.

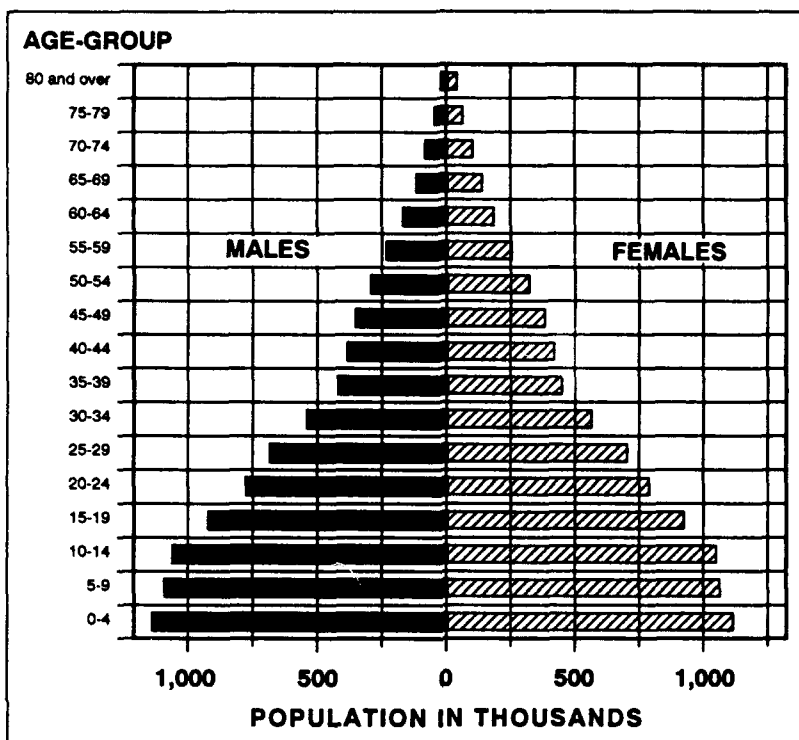
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Even though Indonesia's growth rate had decreased over the decades since independence, the population continued to grow and population density increased significantly, particularly on the main islands (see table 3; table 4, Appendix). By July 1992, Indonesia's population had reached 195,683,531, with an annual growth rate of 1.7 percent, according to United States estimates. The Indonesians themselves claimed 179,322,000 in their 1990 census, and various foreign estimates for 1992 ranged between 183 million and 184 million, with a 1.7 percent growth rate. Population growth placed enormous pressures on land, the education system, and other social resources, and was closely linked to the dramatic rise in population mobility and urbanization. At such rates of growth, the population was expected to double by 2025. Even if birth control programs in place in the early 1990s succeeded beyond expectations and each Indonesian woman had only two children, Indonesia's population was still so young that huge numbers of women would reach their child-bearing years in the first decades of the twenty-first century (see fig. 6). This tremendous ballooning of the younger population groups virtually ensured that overpopulation would continue to be a major source of concern well into the next century. By the year 2000, Indonesia's population was projected to reach at least 210 million, with the country maintaining its position as the fourth most populous nation on earth.

Although Indonesia's demographic situation was cause for great concern, in this regard the country had much in common with the situation in other Third World nations. Indeed, in some respects Indonesia was slightly better off than other developing countries in the early 1990s because it had initiated some of the world's most ambitious programs to control its population problem. The key features of these initiatives were the national birth control program and the massive Transmigration Program, in which some 730,000 families were relocated to underpopulated areas of the country.

The population problem was most dramatic among the rice-growing peasants of Java and Bali and in cities, particularly Jakarta, Surabaya, Bandung, and Medan. In 1980 the islands of Java, Madura, and Bali, which comprised 6.9 percent of the nation's land area, were home to 63.6 percent of Indonesia's population. These major islands had a population density of more than 500 persons per square kilometer, five times that of the most densely populated Outer Islands.

The inability of these islands to support ever larger populations on ever smaller plots of land was apparent in 1992, particularly to the farmers themselves. Although the intensification of padi agriculture had for decades permitted the absorption of this rising



Source: Based on information from United Nations, Department of International Economic and Social Affairs, *Global Estimates and Projections of Population by Sex and Age*, New York, 1989, 210.

Figure 6. Population by Age and Sex, 1988

labor force, the rural poor from Java, Bali, and Madura were leaving their native areas to seek more land and opportunity elsewhere. Attempts at significant land reform, which might have improved the peasants' lot, were stalled—if not abandoned—in many areas of Java because of riots and massacres following the alleged communist coup attempt of 1965 (see *The Coup and its Aftermath*, ch. 1). Reformers were cautious about raising the issue of land redistribution for fear of being branded communists.

Urbanization

One of the most significant trends in Indonesian society in the 1970s and 1980s was urbanization. Although cities in Indonesia were not a new phenomenon, from 1971 to 1990 the percentage of the population living in urban areas rose from 17 percent to nearly

31 percent nationally. Surveys showed that the movement toward urban areas, particularly to West Java and to southeastern Sulawesi, Kalimantan, and other islands, stemmed not from the innate lure of the cities but from the lack of employment in the countryside. Migrants seemed to view the pollution, crime, anonymity, and grinding poverty of the city as short-term discomforts that would eventually give way to a better life. For high-school and college graduates with no prospects for employment in the rural areas, this may in fact have been a correct assumption. But for those migrants without capital or qualifications, the main hope for employment was in the so-called "informal sector": street vending, scavenging, and short-term day labor. Many migrants also cultivated tiny but nutritionally important gardens.

Most urban growth was in cities of more than 1 million in size. Jakarta's population—11.5 million in 1990—was projected to rise to 16.9 million by 2000; that figure would make it the eleventh largest city in the world. Although the capital enjoyed a disproportionate amount of the nation's resources—with 30 percent of all telephones in the country, 25 percent of all cars, and 30 percent of all physicians—anthropologist P.D. Milone observed in the mid-1960s that "Jakarta has never been a true 'primate' city in terms of being the only center for economic, political, administrative, higher education, and technical functions" in the way that, for example, Bangkok has been for Thailand. Surabaya has always been a major import-export center and a major naval station, and Bandung has been a center for transportation, higher education, and industry. Nonetheless, in terms of population growth and as a symbol of the centralization of power in the nation, Jakarta has steadily grown in importance.

Migration

Although Indonesians—particularly Javanese—are sometimes stereotyped as highly immobile, rarely venturing out beyond the confines of their village environment, this image may be attributable to a lack of clear data and an extraordinarily complex pattern of movement in the population. By the early 1990s, outmigration had become as common a response to overcrowded conditions caused by rising population as resigned acceptance of impoverishment. Central Javanese, in particular, were leaving their home region in record numbers. The number of all Javanese leaving the island permanently was growing: there was a 73 percent increase in outmigration from 1971 to 1980. Some 6 percent of the population of the other islands was Javanese by 1980. Whereas most Indonesians who moved from one region to another did so on their own,

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some migration was organized by the government-sponsored Transmigration Program. From 1969 to 1989, some 730,000 families were relocated by this program from the overpopulated islands of Java, Bali, and Madura to less populated islands. Nearly half of these migrants went to Sumatra, particularly its southern provinces. Smaller numbers went to Kalimantan, Sulawesi, Maluku, and Irian Jaya. The overall impact on population problems in Java and Bali was limited, however, and there were increasing problems in finding suitable land on the other islands. Land disputes with indigenous inhabitants, deforestation, and problems of agricultural productivity and social infrastructure presented continuing difficulties for this program.

During this period, Indonesians were also engaging in what demographers call "circular migration" and other kinds of commuting in greater numbers than ever before. This trend was linked in part to the exponential increase in the number of motor vehicles, from 3 per 1,000 in the 1960s to 26.2 per 1,000 in 1980 to 46.3 per 1,000 in 1990. With the widespread availability of public bus transportation among cities and villages, many workers commuted fifty kilometers or more daily to work. Other workers lived away from their homes for several days at a time in order to work. The World Bank estimated that 25 percent of rural households had at least one family member working for part of the year in an urban area.

Although the implications of this migration on the social and economic conditions of the nation remained unclear, without question Indonesians of different ethnic backgrounds and occupations increasingly intermingled. They also found themselves in circumstances where they could not rely on kin and village networks for social support, and so looked to government services for help. Two important areas in which government services provided support were education and health care (see Education; Health this ch.).

Social Classes

The experiences of population mobility in the archipelago underscore the continuing importance of social stratification in Indonesia. In 1992 the definition and function of social classes in Indonesia, however, was a matter of considerable controversy. Scholars and policy analysts debated the degree to which social classes could be defined in ethnic, economic, religious, or political terms. Although few would dispute that Indonesia was a highly stratified society, it was nonetheless difficult to identify an "upper class." Hereditary ruling classes and traditional elites—reinforced by their positions in the Dutch colonial bureaucracy—no longer possessed

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unchallenged access to political power and wealth. Indeed, they could not even claim to be an elite culture in the late twentieth century. The powerful generals (mostly Javanese) and capitalists (mostly ethnic Chinese capitalists—*cukong*) of the postindependence period were newcomers to their positions, and, apart from extravagant conspicuous consumption, in the early 1990s they demonstrated few clear institutional and cultural patterns that suggested they were a unitary group (see *Political Dynamics*, ch. 4; *Personnel*, ch. 5).

Defining a lower class in Indonesia is equally difficult. Even before the banning of the Indonesian Communist Party (PKI) in 1965, Indonesia's poor formed alliances that had less to do with class than with economics, religion, and community ties. In some cases, the poor peasantry identified across class lines with orthodox Muslim (*santri*—see Glossary) landowners on the basis of their common religious affiliation. This alliance was particularly evident in lowland East Java. In other cases, small landowners united against both the Islamic right wing and Chinese entrepreneurs. There also were divisions between the indigenous, or long-settled peoples (*pribumi*—see Glossary), and later Chinese and Arab immigrants. The oil boom of the 1970s affected society and income distribution in ways that benefited the landed peasantry and the urban middle class. However, no independent social groups based on lower class affiliations emerged as a major political force. Although income disparities remained a major cause of concern, the number of poor Indonesians decreased in the 1970s and 1980s.

Between the nation's poor and privileged classes lay a complex mosaic of middle-class groups. Although the very existence of a bourgeoisie in any traditional sense was questioned by some, others, like economist Howard W. Dick, argued that there was a middle class united not by any political vision, economic interests, ethnic identification, or even income levels, but by patterns of consumption. This group liked to buy television sets, motorcycles, newspapers, and videocassettes. What set this middle class apart in 1992 was not how *much* its members consumed, but *how* they did it. "Among the *rakyat* [lower class]," reported Dick, "consumer durables are shared: it is anti-social to restrict the access of one's neighbors. Middle class households, by contrast, confine the enjoyment of such goods to members of the household. Fences are raised, doors locked and windows barred." In this view, the middle class of the early 1990s defined itself in relation to lower (not upper) classes, and did so by the way it consumed goods. The role of Islam, women, and regional ethnic identifications in this developing national culture, however, was very poorly understood.

Religion and Worldview

Religion in Indonesia was a complex and volatile issue in the early 1990s, one not easily analyzed in terms of social class, region, or ethnic group. Although Islam, Christianity, Hinduism, Buddhism, and other religions influenced many aspects of life, the government generally discouraged religious groups from playing a political role. The state guaranteed tolerance for certain religions (*agama*) regarded as monotheistic by the government, including Islam, Christianity, Hinduism, and Buddhism, but only as long as these creeds remained outside of politics.

Islam

Islam was the dominant religion by far in Indonesia, with the greatest number of religious adherents: around 143 million people, or 86.9 percent of the population, in 1985. When adjusted for 1992 estimates, the figure represents between 160 million and 170 million adherents (see table 5, Appendix). This high percentage of Muslims made Indonesia the largest Islamic country in the world in the early 1990s. Within the nation, most provinces and islands had majority populations of Islamic adherents (ranging from just above 50 percent in Kalimantan Barat and Maluku provinces to as much as 97.8 percent in the Special Region of Aceh) (see table 6, Appendix).

According to orthodox practice, Islam is a strictly monotheistic religion in which God (Allah or Tuhan) is a pervasive, if somewhat distant, figure. The Prophet Muhammad is not deified, but is regarded as a human who was selected by God to spread the word to others through the Quran, Islam's holiest book, the revealed word of God. Islam is a religion based on high moral principles, and an important part of being a Muslim is commitment to these principles. Islamic law (*sharia*; in Indonesian, *syariah*—see Glossary) is based on the Quran; the *sunna*, Islamic tradition, which includes the *hadith* (*hadis* in Indonesian), the actions and sayings of Muhammad; *ijma*, the consensus of a local group of Islamic jurists and, sometimes, the whole Muslim community; and *qiyas* or reasoning through analogy. Islam is universalist, and, in theory, there are no national, racial, or ethnic criteria for conversion. The major branches of Islam are those adhered to by the Sunni (see Glossary) and Shia (see Glossary) Muslims.

To a significant degree, the striking variations in the practice and interpretation of Islam—in a much less austere form than that practiced in the Middle East—in various parts of Indonesia reflect its complex history. Introduced piecemeal by various traders and

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wandering mystics from India, Islam first gained a foothold between the twelfth and fifteenth centuries in coastal regions of Sumatra, northern Java, and Kalimantan. Islam probably came to these regions in the form of mystical Sufi (see Glossary) tradition. Sufism easily gained local acceptance and became synthesized with local customs. The introduction of Islam to the islands was not always peaceful, however. As Islamized port towns undermined the waning power of the East Javanese Hindu-Buddhist Majapahit kingdom in the sixteenth century, Javanese elites fled to Bali, where over 2.5 million people kept their own version of Hinduism alive (see *The Coming of Islam*, ch. 1). Unlike coastal Sumatra, where Islam was adopted by elites and masses alike, partly as a way to counter the economic and political power of the Hindu-Buddhist kingdoms, in the interior of Java the elites only gradually accepted Islam, and then only as a formal legal and religious context for Javanese spiritual culture.

These historical processes gave rise to enduring tensions between orthodox Muslims and more syncretistic, locally based religion—tensions that were still visible in the early 1990s. On Java, for instance, this tension was expressed in a contrast between *santri* and *abangan* (see Glossary), an indigenous blend of native and Hindu-Buddhist beliefs with Islamic practices sometimes also called Javanism, *kejawen*, *agama Jawa*, or *kebatinan* (see Glossary). The terms and precise nature of this opposition were still in dispute in the early 1990s. On Java, however, *santri* not only referred to a person who was consciously and exclusively Muslim but also described persons who had removed themselves from the secular world to concentrate on devotional activities in Islamic schools called *pesantren*—literally the place of the *santri* (see *Islamic Schools*, this ch.).

In contrast to the Mecca-oriented philosophy of most *santri*, there was the current of *kebatinan*, which is an amalgam of animism, Hindu-Buddhist, and Islamic—especially Sufi—beliefs. This loosely organized current of thought and practice, was legitimized in the 1945 constitution; and, in 1973, when it was recognized as one of the *agama*, President Suharto counted himself as one of its adherents. *Kebatinan* is generally characterized as mystical, and some varieties were concerned with spiritual self-control. Although there were many varieties circulating in 1992, *kebatinan* often implies pantheistic worship because it encourages sacrifices and devotions to local and ancestral spirits. These spirits are believed to inhabit natural objects, human beings, artifacts, and grave sites of important *wali* (Muslim saints). Illness and other misfortunes are traced to such spirits, and if sacrifices or pilgrimages fail to placate angry deities, the advice of a *dukun* or healer is sought. *Kebatinan*, although

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it connotes a turning away from the militant universalism of orthodox Islam, moves toward a more internalized universalism. In this way, *kebatinan* moves toward eliminating the distinction between the universal and the local, the communal and the individual.

Another important tension dividing Indonesian Muslims was the conflict between traditionalism and modernism. The nature of these differences was complex, confusing, and a matter of considerable debate in the early 1990s, but traditionalists generally rejected the modernists' interest in absorbing educational and organizational principles from the West. Specifically, traditionalists were suspicious of modernists' support of the urban *madrasa*, a reformist school that included the teaching of secular topics. The modernists' goal of taking Islam out of the *pesantren* and carrying it to the people was opposed by the traditionalists because it threatened to undermine the authority of the *kyai* (religious leaders). Traditionalists also sought, unsuccessfully, to add a clause to the first tenet of the Pancasila state ideology requiring that, in effect, all Muslims adhere to the sharia. On the other hand, modernists accused traditionalists of escapist unrealism in the face of change; some even hinted that *santri* harbored greater loyalty towards the *ummah* (congregation of believers) of Islam than to the secular Indonesian state.

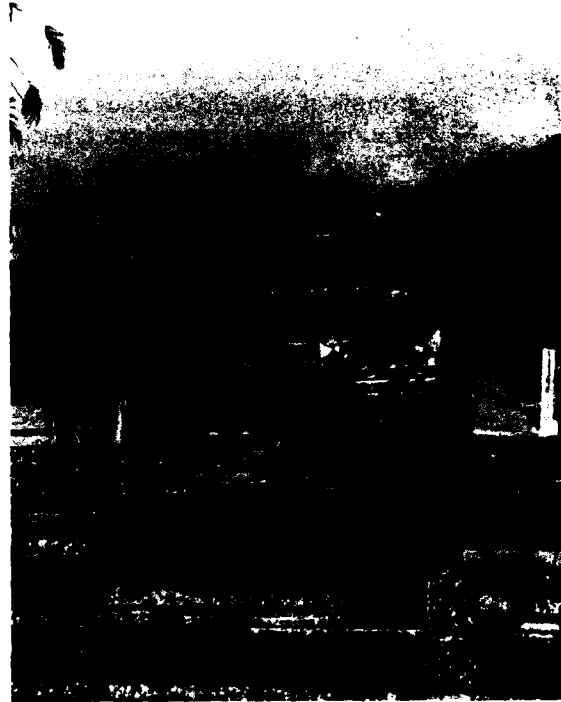
Despite these differences, the traditionalist Nahdlatul Ulama (literally, Revival of the Religious Scholars, also known as the Muslim Scholars' League), the progressive Consultative Council of Indonesian Muslims (Masyumi), and two other parties were forcibly streamlined into a single Islamic political party in 1973—the United Development Party (PPP) (see Political Parties, ch. 4). Such cleavages may have weakened Islam as an organized political entity, as demonstrated by the withdrawal of the Nahdlatul Ulama from active political competition, but as a popular religious force Islam showed signs of good health and a capacity to frame national debates in the 1990s.

Christianity

Although Christianity—Roman Catholicism and Protestantism—was the most rapidly growing religion in Indonesia in the 1980s, its numbers were small compared to Islam (9 percent of the population compared to 86.9 percent Muslim in 1985). Christianity had a long history in the islands, with Portuguese Jesuits and Dominicans operating in the Malukus, southern Sulawesi, and Timor in the sixteenth century. When the Dutch defeated Portugal in 1605, however, Catholic missionaries were expelled, and the Calvinist Dutch Reformed Church was virtually the only Christian influence in the region for 300 years. Whereas the United East Indies Company



*Mosque in Malang, Jawa Timur
Courtesy Hermine L. Dreyfuss*



*A Hindu temple near Ubud, Bali
Courtesy Hermine L. Dreyfuss*

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(VOC) was primarily a secular and not a religious enterprise, and because Calvinism was a strict, austere, and intellectually uncompromising variety of Christianity that demanded a thorough understanding of what, for Indonesians, were foreign scriptures, Christianity advanced little in Indonesia until the nineteenth century. Only a few small communities endured in Java, Maluku, northern Sulawesi, and Nusa Tenggara (primarily Roti and Timor). After the dissolution of the VOC in 1799, and the adoption of a more comprehensive view of their mission in the archipelago, the Dutch permitted proselytizing in the territory. This evangelical freedom was put to use by the more tolerant German Lutherans, who began work among the Batak of Sumatra in 1861, and by the Dutch Rhenish Mission in central Kalimantan and central Sulawesi. In addition, Jesuits established successful missions, schools, and hospitals throughout the islands of Flores, Timor, and Alor.

The twentieth century witnessed the influx of many new Protestant missionary groups, as well as the continued growth of Catholicism and of large regional and reformed Lutheran churches. Following the 1965 coup attempt, all nonreligious persons were labelled atheists and hence were vulnerable to accusations of harboring communist sympathies. At that time, Christian churches of all varieties experienced explosive growth in membership, particularly among those people who felt uncomfortable with the political aspirations of Islamic parties.

In the 1990s, the majority of Christians in Indonesia were Protestants of one affiliation or another, with particularly large concentrations found in Sumatra Utara, Irian Jaya, Maluku, Kalimantan Tengah, Sulawesi Tengah, and Sulawesi Utara. Catholic congregations grew less rapidly in the 1980s, in part because of the church's heavy reliance on European personnel. These Europeans experienced increasing restrictions on their missionary activities imposed by the Muslim-dominated Department of Religious Affairs. Large concentrations of Roman Catholics were located in Kalimantan Barat, Irian Jaya, Nusa Tenggara Timur, and Timor Timur provinces (see Local Government, ch. 4).

Hinduism

Hinduism is an amalgam of related traditions and cults that seeks to explain cosmology in primarily deistic terms. The religion has countless gods but no exclusive creed. One of Hinduism's primary ethical concerns is the concept of ritual purity. Another important distinguishing feature, which helps maintain the ritual purity, is the division of society into the traditional occupational groups, or *varna* (literally, color), of Hinduism: Brahmins (priests, *brahmana*

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in Indonesian), Kshatriya (ruler-warriors, *satriya* in Indonesian), Vaishya (merchants-farmers, *waisya* in Indonesian), and Shudra (commoners-servants, *sudra* in Indonesian).

Like Islam and Buddhism, Hinduism was greatly modified when adapted to Indonesian society. The caste system, although present in form, was never rigidly applied. The Hindu religious epics, the *Mahabharata* (Great Battle of the Descendants of Bharata) and the *Ramayana* (The Travels of Rama), became enduring traditions among Indonesian believers, expressed in shadow puppet (*wayang*—see Glossary) and dance performances.

Hinduism in Indonesia is primarily associated with Bali. Hindu believers in the early 1990s were relatively few outside of Bali, where they made up more than 93 percent of the population. Others were scattered throughout the other twenty-six provincial-level units. Among these non-Bali communities were groups labeled as Hindu by the government—for example, the adherents of the Kaharingan religion in Kalimantan Tengah, where government statistics counted Hindus as 15.8 percent of the population (see Ethnic Minorities, this ch.). Nationally, Hindus represented only around 2 percent of the population in the early 1990s.

It is difficult to describe the Balinese version of Hinduism in the same doctrinal terms as Islam and Christianity, since this unique form of religious expression is deeply interwoven with art and ritual, and is less closely preoccupied with scripture, law, and belief. Balinese Hinduism lacks the traditional Hindu emphasis on cycles of rebirth and reincarnation, but instead is concerned with a myriad of local and ancestral spirits. As with *kebatinan*, these deities are thought to be capable of harm. Balinese place great emphasis on dramatic and aesthetically satisfying acts of ritual propitiation of these spirits at temple sites scattered throughout villages and in the countryside. Each of these temples has a more or less fixed membership; every Balinese belongs to a temple by virtue of descent, residence, or some mystical revelation of affiliation. Some temples are associated with the family house compound, others are associated with rice fields, and still others with key geographic sites. Ritualized states of self-control (or lack thereof) are a notable feature of religious expression among the people, famous for their graceful and decorous behavior. One key ceremony at a village temple, for instance, features a special performance of a dance-drama (a battle between the mythical characters Rangda the witch and Barong the dragon), in which performers fall into a trance and attempt to stab themselves with sharp knives.

Rituals of the life cycle are also important occasions for religious expression and artistic display. Ceremonies at puberty, marriage,

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and, most notably, cremation at death provide opportunities for Balinese to communicate their ideas about community, status, and the afterlife. (The tourist industry has not only supported spectacular cremation ceremonies among Balinese of modest means, but also has created a greater demand for them.)

Balinese religion is hierarchically organized, with one small segment of the aristocracy—the Brahman, or priestly, class—being the most prestigious. A Brahman priest is not affiliated with any temple but acts as a spiritual leader and adviser to individual families in various villages scattered over the island. These priests are consulted when ceremonies requiring holy water are conducted. On other occasions, folk healers or curers may be hired.

Buddhism

Indonesian Buddhism in the early 1990s was the unstable product of complex accommodations among religious ideology, Chinese ethnic identification, and political policy. Traditionally, Chinese Daoism (or Taoism), Confucianism, (*agama Konghucu* in Indonesian) and Buddhism, as well as the more nativist Buddhist Perbuddhi, all had adherents in the ethnic Chinese community. Following the attempted coup of 1965, any hint of deviation from the monotheistic tenets of the Pancasila was regarded as treason, and the founder of Perbuddhi, Bhikku Ashin Jinarakkhita, proposed that there was a single supreme deity, Sang Hyang Adi Buddha. He sought confirmation for this uniquely Indonesian version of Buddhism in ancient Javanese texts and even in the shape of the Buddhist temple complex at Borobudur in Jawa Tengah Province. In the years following the 1965 abortive coup, when all citizens were required to register with a specific religious denomination or be suspected of communist sympathies, the number of Buddhists swelled; some ninety new monasteries were built. In 1987 there were seven schools of Buddhism affiliated with the Perwalian Umat Buddha Indonesia (Walubi): Theravada, Buddhayana, Mahayana, Tridharma, Kasogatan, Maitreya, and Nichiren. According to a 1987 estimate, there were roughly 2.5 million followers of Buddhism, with 1 million of these affiliated with Theravada Buddhism and roughly 0.5 million belonging to the Buddhayana sect founded by Jinarakkhita. Other estimates placed Buddhists at around only 1 percent of the population, or less than 2 million. Buddhism was gaining in numbers because of the uncertain status of Confucianism. Confucianism was officially tolerated by the government, but since it was regarded as a system of ethical relations rather than a religion per se, it was not represented in the Department of Religious Affairs.

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Although various sects approach Buddhist doctrine in different ways, a central feature of the religion is acknowledgment of the Four Noble Truths and the Eightfold Path. The Four Noble Truths involve the recognition that all existence is full of suffering; the origin of suffering is the craving for worldly objects; suffering ceases when craving ceases; and the Eightfold Path leads to enlightenment. The Eightfold Path invokes perfect views, resolve, speech, conduct, livelihood, effort, mindfulness, and concentration.

Buddhism originally was an intellectual creed, and only marginally concerned with the supernatural. However, political necessity and the personal emotional desire to be shielded from the terrors of the world by a powerful deity have led to modifications. In many ways, Buddhism is highly individualistic, with each man and woman held responsible for his or her own self. Anyone can meditate alone; no temple is required, and no clergy is needed to act as intermediary. The community provides pagodas and temples to inspire the proper frame of mind to assist the worshippers in their devotion and self-awareness.

The Emerging National Culture

Living Environments

The government of Indonesia saw itself in the early 1990s as having a responsibility to advance a national culture, a project that was linked to requirements of national development and political integration. Government mandates aside, however, as more and more of the Indonesian population sought employment in large, poorly integrated cities consisting of diverse ethnic groups, the concept of a national culture had great appeal as a way of regulating these changing urban environments. Although the central government attempted to guide the formation of this culture through education curricula, national holiday celebrations, and careful control of the national media (popular art, television, and print media), this emerging culture came about only partly through central planning (see *The Media*, ch. 4). Evidence of an Indonesian national culture also appeared in the far less controlled layout and social organization of cities; routines of social interaction using the official national language, Bahasa Indonesia; patterns of eating and preparing food; the viewing of team sports, such as soccer, badminton, and volleyball; motion pictures; and material displays of wealth.

In most cities, the heart of the urban culture was a commercial sector surrounding a central square. Although the Dutch left a

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legacy of a basic civil architecture and street plans for many cities in Java and a few in Sumatra and Bali, most cities failed to experience a level of improved urban design and services commensurate with their tremendous population growth. As a result, many cities had a rural character, with very simple sanitation, housing, and transportation facilities. Jakarta, Surabaya, and Medan were among the few cities that had modern-looking business districts; in smaller cities, the typical commercial building was still the small, tin-roofed Chinese store with removable wooden doors opening out onto the street.

Indonesian cities in the late twentieth century were internally segmented in complex, overlapping ways that differentiated ethnic groups, income levels, and professional specializations. There were some neighborhoods that tended to house well-to-do business owners, foreign diplomats, and high-level government officials, whereas other areas tended to be home to migrant communities from the rural areas. However, the boundaries between one area and another were often far from clear. For example, although many well-to-do and mid-level civil servants and white collar workers were often presented in motion pictures and television as more closely identified with the national culture than with any ethnic group, affiliations actually cut across class lines in complex and shifting ways (see *Social Classes*, this ch.). Indeed, many recent migrants retained strong ties to their ethnic homelands, viewing their stay in the cities as temporary.

Language

The major languages of Indonesia are Austronesian. Austronesian is a family of agglutinative languages spoken in the area bounded by Madagascar in the western Indian Ocean and Easter Island in the eastern Pacific Ocean. There is a considerable diversity in the languages used in Indonesia. No less than 669 languages—the vast majority are Austronesian, the rest are Papuan and found in parts of Timor, Irian Jaya, and Halmahera—have been accounted for.

Based on very rough estimates that cannot be adequately validated, in the mid-1980s the primary languages spoken by 1 million or more people included Javanese (70 million), Sundanese (25 million), Malay (10 million), Madurese (9 million), Minangkabau (7.5 million), Bahasa Indonesia (or Indonesian, 6.7 million; see *Glossary*), Balinese (3 million), Buginese (2.5 million), Acehnese (2.2 million), Toba Batak (2 million), Banjarese (1.8 million), Makassarese (1.5 million), Sasak (1.5 million), Lampung (1.5

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million), Dairi Batak (1.2 million), and Rejang (1 million). Additionally, some 2 million inhabitants also spoke one of several dialects of Chinese.

Perhaps the central feature of the Indonesian national culture in the late twentieth century was the Indonesian language. Malay was used for centuries as a lingua franca in many parts of the archipelago. The term Bahasa Indonesia, which refers to a modified form of Malay, was coined by Indonesian nationalists in 1928 and became a symbol of national unity during the struggle for independence (see *The National Revolution, 1945-49*, ch. 1). Bahasa Indonesia was spoken in more than 90 percent of households in Jakarta, but outside the capital only 10 to 15 percent of the population spoke the language at home. In Javanese areas, only 1 to 5 percent of the people spoke Bahasa Indonesia in the home. Nationwide, however, some 6.7 million Indonesians used Bahasa Indonesia as a primary language and more than 100 million others used it as a secondary language. In the early 1990s, it was primarily the language of government bureaucracy, schools, national print and electronic media, and interethnic communication. In many provinces, it was the language of communication between Chinese shopkeepers and their non-Chinese patrons.

Although Bahasa Indonesia is infused with highly distinctive accents in some regions (particularly in Maluku, parts of Nusa Tenggara, and in Jakarta), there are many similarities in patterns of use across the archipelago. One widespread feature concerns the variations in speech use depending on the rank or status of the speaking partner. This feature is not as complex as that found in the elaborately hierarchical Javanese language, but it is nonetheless important. Respected elders are typically addressed in kinship terms—*bapak* (father or elder) or *ibu* (mother). The use of second person pronouns in direct address is generally avoided in favor of more indirect references unless speaker and listeners are on intimate terms. A subtle grading of terms is also employed when offering things to someone and when issuing directives. Different ways of saying “please [do something],” for instance, vary in formality. When speaking Indonesian, it is sometimes awkward to make direct negations of factual states, such as “I have no children” (*saya tidak punya anak*); it is preferable to treat certain events as being in process and therefore to say “not yet.” In casual contexts, however, such as when speaking to cab drivers, street peddlers, and close friends, formal textbook Indonesian often gives way to the more ironic, sly, and earthy urban dialects.

Food, Clothing, and Popular Culture

Many foods could be found in nearly every corner of the archipelago in the 1990s. Rice was a national staple, even in areas such as eastern Indonesia, where the main source of most starch was likely to be corn (known as maize in Indonesia), cassava, taro, or sago. On ceremonial occasions—modern weddings, funerals, or state functions—foods such as *sate* (small pieces of meat roasted on a skewer), *krupuk* (fried shrimp- or fish-flavored chips made with rice flour), and highly spiced curries of chicken and goat were commonly served. In public events, these foods were often placed on a table, served at room temperature, and guests served themselves buffet style. Rice was placed in the center of the plate, with meats or other condiments around the edges. Food was eaten—usually quite rapidly and without speaking—with the fingertips or with a spoon and fork. Water was generally drunk only after the meal, when men (rarely women) smoked their distinctive clove-scented *kretek* cigarettes.

In the early 1990s, men wore batik shirts with no tie and outside the trousers on many formal national occasions. A hat was usually a black felt cap, or *peci*, once associated with Muslims or Malays but having acquired a more secular, national meaning in the postindependence period. Indonesian men generally wore sarongs only in the home or on informal occasions. Women, on the other hand, wore sarongs on formal occasions, along with the *kebaya*, a tight, low-cut, long-sleeved blouse. On these occasions, women often tied their hair into a bun, or attached a false hairpiece. In addition, they might carry a *selendang*, a long stretch of cloth draped over the shoulder, which on less formal occasions was used to carry babies or objects.

Urban Indonesian night life in the early 1990s centered around night markets, shopping in Chinese *toko* (stores), food stalls called *warung*, and the Indonesian cinema. American anthropologist Karl Heider described Indonesian motion pictures as violent, rarely sexy, and often Indian and Western in inspiration. Although they were an important part of Indonesian national culture in the early 1990s, films did not necessarily mirror accurately the facts of Indonesian life. According to Heider, most (85.1 percent) Indonesian-made films were set in cities—even though the population was largely rural—and most films employed Bahasa Indonesia even though most viewers were Javanese. There was rarely mention of religion or ethnicity, even though most of the population had a religious affiliation (see Religion and Worldview, this ch.). The social class

depicted was almost always (92 percent) middle class, despite the fact that Indonesia's middle class was relatively small. Heider observed that Westerners were unambiguously presented as modern, as having no tradition whatsoever, and Western women were presented as having no constraints on their sexuality. The audiences for films consisted almost entirely of teenagers and young adults, and were more male than female.

Adults seemed to prefer television over cinema, and the number of television sets in Indonesian households rose dramatically in the 1980s (see table 7, Appendix). Nearly every corner of the archipelago had television relay stations permitting reception of one or more channels of tightly controlled government programs. These programs generally featured education, entertainment, and some subtitled foreign serials such as "Kojak" and "Dynasty" (see Post and Telecommunications, ch. 3). In addition, some advertisements of consumer items appeared on television. National and international news was highly popular, even in remote areas, and contained many descriptions of government development programs. Nearly all of the programming in the early 1990s was in Bahasa Indonesia, although some local arts programs were conducted in regional languages. The most popular televised programs were sports events, such as soccer, boxing, and volleyball.

Sources of Local Identification

Tradition and Multiethnicity

In the early 1990s, Indonesia's society was divided into numerous ethnic groups and minorities (see table 8, Appendix). The largest group were the Javanese at 45 percent of the total population. Sundanese made up 14 percent, followed by Madurese, 7.5 percent, and coastal Malays, 7.5 percent. As a sign of Indonesia's diverse population, fully 26 percent of the population in 1992 consisted of numerous small ethnic groups or minorities. The extent of this diversity is unknown, however, because Indonesian censuses do not collect data on ethnicity.

As this increasingly mobile, multiethnic nation moved into its fifth decade of independence, Indonesians were made aware—through education, television, cinema, print media, and national parks—of the diversity of their own society. When Indonesians talk about their cultural differences with one another, one of the first words they use is *adat* (custom or tradition). This term *adat* is roughly translated as "custom" or "tradition," but its meaning has undergone a number of transformations in Indonesia. In some circumstances,

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for instance, *adat* has a kind of legal status—certain *adat* laws (*hukum adat*) are recognized by the government as legitimate. These ancestral customs may pertain to a wide range of activities: agricultural production, religious practices, marriage arrangements, legal practices, political succession, or artistic expressions.

Despite the fact that the vast majority of Indonesians are Muslim, they maintain very different social identifications. For example, when Javanese try to explain the behavior of a Sundanese or a Balinese counterpart, they might say "because it is his *adat*." Differences in the ways ethnic groups practice Islam are often ascribed to *adat*. Each group may have slightly different patterns of observing religious holidays, attending the mosque, expressing respect, or burying the dead.

Although *adat* in the sense of "custom" is often viewed as one of the deepest—even sacred—sources of consensus within an ethnic group, the word itself is actually of foreign derivation—originally from the Arabic. Through centuries of contact with outsiders, Indonesians have a long history of contrasting themselves and their traditions with those of others, and their notions of who they are as a people have been shaped in integral ways by these encounters. On the more isolated islands in eastern Indonesia, for instance, one finds ethnic groups that have no word for *adat* because they have had very little contact with outsiders.

In the 1970s and 1980s, the notion of *adat* came to take on a national significance in touristic settings such as Balinese artistic performances and in museum displays. Taman Mini, a kind of ethnographic theme park located on the outskirts of Jakarta, seeks to display and interpret the cultural variation of Indonesia. From its groundbreaking in 1971 and continuing after its completion in 1975, the park was surrounded in controversy, not least because its construction displaced hundreds of villagers whose land was seized in order to finish the job. Nonetheless, a 100-hectare park was landscaped to look like the archipelago of Indonesia in miniature when viewed from an overhead tramway. A house from each province represents the vernacular architecture of the region. Distinctive local hand weapons, textiles, and books explaining the customs of the region were sold. The powerful message of the park is that *adat* is contained in objective, material culture, that it is aesthetically pleasing and indeed marketable, but that it is more or less distinct from everyday social life. Furthermore, the exhibits conveyed the impression that ethnicity is a relatively simple aesthetic matter of regional and spatial variations rather than a matter of deep emotional or political attachments. However, the park provided visitors with a vivid and attractive (if not always convincing)

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model for how the Indonesian national motto—Unity in Diversity (Bhinneka Tunggal Ika, a Javanese motto dating to the fifteenth century Kingdom of Majapahit)—might be understood.

When Indonesians talk about their society in inclusive terms, they are more likely to use a word like *budaya* (culture) than *adat*. One speaks of *kebudayaan Indonesia*, the “culture of Indonesia,” as something grand, and while doing so refers to traditions of refinement and high civilization. The Hinduized dances, music, and literature of Java and Bali and the great monuments associated with their religion are often described as examples of “culture” or “civilization” but not “custom.” However, as the following descriptions show, the wide variety of sources of local identification underscore the diversity rather than the unity of the Indonesian population.

Javanese

There were approximately 70 million Javanese in the early 1990s, the majority of whom lived in East Java and Central Java and the rest of whom lived on Sumatra, Kalimantan, Sulawesi, and other islands. Altogether, some 100 million people lived on Java. Although many Javanese expressed pride at the grand achievements of the illustrious courts of Surakarta and Yogyakarta and admired the traditional arts, most Javanese tended to identify not with that elite tradition, or even with a lineage or a clan, but with their own villages (see Early History; the Coming of Islam, ch. 1). These villages, or *kampung*, were typically situated on the edge of rice fields, surrounding a mosque, or strung out along a road.

In the early 1990s, most Javanese villages were differentiated into smaller units known as either *rukun kampung* (village mutual assistance association) or *rukun tetangga* (neighborhood association). *Rukun* is an important Javanese word describing, according to anthropologist Robert Jay, both a “state of being and a mode of action. . . . a state in which all parties are at least overtly at social peace with one another”; “[it is] a process of sharing through collective action.” Anthropologist Patrick Guinness, in 1989, wrote that the neighborhood was the “largest social grouping whose members participate in household rituals, gather for rituals, organize working bees, whose youth band together for sports teams and organizations, who conduct *arisan* (rotating credit associations) and who hold certain property such as funeral equipment.” In rural areas, these groups also sometimes collaborated on harvesting their rice. The *rukun* associations were rooted in the ideal associations of the family. Many of these local communities had organized security arrangements, called *ronda malam* (night watch), in ways that reflected the special concerns of their community. Neighbors watched

closely for any suspicious activity and participated vigorously in the apprehension of thieves, even exacting immediate justice on their own. The heads of these organizations were considered elected or appointed officials of the government.

The differences in social class in the early 1990s were less elaborate and pronounced in Javanese rural villages than in urban areas, in part because rural people shared the basic patterns of making a living by growing rice. In villages where land was more evenly divided, some form of mutual labor exchange was common; in villages where there were large numbers of landless peasants, however, there also were clear patron-like relationships with landowners, who themselves rarely owned more than two hectares. In urban centers and the sultans' courts, the distinctions among a refined, traditional elite, an intermediate-level bourgeoisie sharing patterns of consumption, and a more collectivist peasantry were more apparent.

In both the village and the urban neighborhood, leaders were usually male. Although some leaders were political appointees—appointed by the military or other powerful groups—these leaders were theoretically elected by popular consensus. This consensus system proceeded—ideally—through a discussion of different points of view, after which a senior-level participant made a final decision (see *Political Dynamics*, ch. 4).

Within the Javanese family, kinship ties are traditionally reckoned through both the mother and father equally. Upon marriage, the nuclear family of mother, father, and children is more or less independent. Formal obligations between kin groups are not much greater than in the West, but the high divorce rate (over 50 percent in some areas) in the early 1990s made the shifting of responsibility for children—particularly among the mother's kin—quite likely. There are no clans, or lineages, or other kin-based social groupings that on some other islands form the basis of corporate entities like a family business. Sons tend to treat their fathers with great formality and deference. Although the mother is the focus of the family in many respects—she handles the finances—she is often depicted as suffering the most when the family experiences any loss. She is usually the one who disciplines the children; the father is mostly occupied outside the home.

From the Javanese standpoint, childhood is viewed as a series of shocks. Although the youngest children are much indulged, major transitions can be sharp and radical. Babies are constantly held, and they are nursed on demand; babies must not be disappointed. The process of weaning, however, is a rapid one in which the mother simply leaves the child with a relative and then returns to it a few



*Javanese court dancers with gamelan orchestra in background
Courtesy Rachel Cooper and Festival of Indonesia*

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days later. Once they are weaned, they are released into the care of an older sibling, who indulges and protects the child. Overall, however, a baby's general contentment, its resistance to disease and misfortune, are viewed as dependent on being protected from any form of emotional upset.

As the child gets older, he becomes more and more capable of withstanding the shocks and stresses of life, in part because he or she has become more aware of the rules defining interaction. The rules of etiquette help a child learn self-control. For example, children must learn to address their fathers respectfully, using refined speech. Failure to comply properly with the rules will result in a sharp reprimand. For Javanese, learning the proper degree of shame, according to anthropologist Ward Keeler, is a matter of becoming aware of one's vulnerability in interaction. Children learn that dealing with others in a face-to-face encounter always poses a threat to one's sense of self.

Many of the rules of etiquette center on the proper use of language, which is more problematic in Javanese than in most other languages. When addressing someone, Javanese speakers must choose from several different levels of politeness. These "speech levels" comprise words that have the same meaning, but are stylistically different. For instance, among the Javanese variations of the word "now," *saiki* is the least refined, *saniki* is a little fancier, and *samenika* is the most elegant. Javanese has many such triads—so many that people cannot speak for long in Javanese without having to make a choice, at which point they must decide whether the situation is formal or informal and what the relations among the participants are.

In general, a person uses the highest level to speak to high-status people in formal situations and the lowest levels to speak to people of lower rank or with whom one is most intimate. Although children learn to speak the lowest level first, they gradually are socialized to speak to some of their more distant kin and respected strangers in higher-level forms of Javanese. This formality is particularly common in cities where there are marked distinctions in status. Sometimes, children who go away to college or who live overseas refuse to write letters home to their elders in Javanese because of their fear of making a glaring error. Often they use Bahasa Indonesia because they are no longer sure of the social situation at home. Although Bahasa Indonesia is a neutral medium, it is regarded as a foreign idiom among Javanese.

Although one might expect that women would use the highest levels more than men, this is true only within the domestic environment—and primarily as a way of humbling themselves

among their relatives. Men use more polite features in public than do women. Moreover, in the public sphere, the use of Javanese politeness levels is not so much associated with humility as it is with the effort to raise oneself above another. Men are more likely to see the use of these politeness levels as a strategy for negotiating status.

There is diversity within Javanese religious practices. Although most Javanese are Muslims, the wide variations in Islamic beliefs and practices are associated with complex factors such as regional history and social class. In Jawa Tengah Province, for instance, the spirituality of the ultrarefined Javanese aristocracy has a strong aesthetic, even mystical, element. Religiosity is expressed through plays employing *wayang kulit* (flat leather shadow puppets), *gamelan* (Javanese orchestra) performances, dances, and other arts of the courtly tradition. *Santri*—many of them merchant-farmers in East Java—hold more tightly to the moralistic tone of Islam and express the fundamental universalism of its teachings. They may make a pilgrimage (hajj; *haj* in Indonesian) to Mecca, teach their children the Quran, and work for the social, spiritual, and even political advancement of the *ummah*.

Most Javanese peasants, however, particularly those in Central Java, resist the universalism of Islam and its political connotations. They favor a more moderate blend of Islamic practice with an indigenous Javanism, expressed in household feasts, pilgrimages to local temples and shrines, and belief in local spirits. For many Javanese peasants, the spiritual world is richly populated with deities who inhabit people, things, and places, and who are ever ready to cause misfortune. Believers seek to protect themselves against these harmful spirits by making offerings, enlisting the aid of a *dukun* (healer), or through spiritual acts of self-control and right thinking.

Sundanese

Although there are many social, economic, and political similarities between the Javanese and Sundanese, differences abound. The Sundanese live principally in West Java, but their language is not intelligible to the Javanese. In 1992 the more than 21 million Sundanese had stronger ties to Islam than the Javanese, in terms of *pesantren* enrollment and religious affiliation. Although the Sundanese language, like Javanese, possesses elaborate speech levels, these forms of respect are infused with Islamic values, such as the traditional notion of *hormat* (respect—knowing and fulfilling one's proper position in society). Children are taught that the task of behaving with proper *hormat* is also a religious struggle—the triumph of *akal* (reason) over *nafsu* (desire). These dilemmas are spelled

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out in the *pesantren*, where children learn to memorize the Quran in Arabic. Through copious memorization and practice in correct pronunciation, children learn that reasonable behavior means verbal conformity with authority, and subjective interpretation is a sign of inappropriate individualism.

Although Sundanese religious practices share some of the Hindu-Buddhist beliefs of their Javanese neighbors—for example, the animistic beliefs in spirits and the emphasis on right thinking and self-control as a way of controlling those spirits—Sundanese courtly traditions differ from those of the Javanese. For example, the Sundanese language possesses an elaborate and sophisticated literature preserved in Indic scripts and in puppet dramas. These dramas use distinctive wooden dolls (*wayang golek*, as contrasted with the *wayang kulit* of the Javanese and Balinese). Sundanese courts, however, have aligned themselves more closely to universalistic tenets of Islam than have the elite classes of Central Java.

As anthropologist Jessica Glicken has observed, Islam is a particularly visible and audible presence in the life of the Sundanese. She reports that “[t]he calls to the five daily prayers, broadcast over loudspeakers from each of the many mosques in the city [Bandung], punctuate each day. On Friday at noon, sarong-clad men and boys fill the streets on their way to the mosques to join the midday prayer known as the Juma’atan, which provides the visible definition of the religious community (*ummah*) in the Sundanese community.” She also emphasizes the militant pride with which Islam is viewed in Sundanese areas. “As I traveled around the province in 1981, people would point with pride to areas of particular heavy military activity during the Darul Islam period.”

It is not surprising that the Sunda region was an important site for the Muslim separatist Darul Islam rebellion that began in the 1948 and continued until 1962 (see *Independence: The First Phases, 1950-65*, ch. 1). The underlying causes of this rebellion have been a source of controversy, however. Political scientist Karl D. Jackson, trying to determine why men did or did not participate in the rebellion, argued that religious convictions were less of a factor than individual life histories. Men participated in the rebellion if they had personal allegiance to a religious or village leader who persuaded them to do so.

Although Sundanese and Javanese possess similar family structures, economic patterns, and political systems, they feel some rivalry toward one another. As interregional migration increased in the 1980s and 1990s, the tendency to stereotype one another’s *adat* in highly contrastive terms intensified, even as actual economic and social behavior was becoming increasingly interdependent.

Balinese

There is probably no group in Indonesia more aware of its own ethnic identity than the nearly 2.5 million Balinese. Inhabitants of the islands of Bali and Lombok and the western half of Sumbawa, Balinese are often portrayed as a graceful, poised, and aesthetically inclined people. Although such descriptions date back six centuries or more and are at least partially based on legend, this characterization is also partly based on events in contemporary Indonesia. Virtually no part of Bali escaped the watchful gaze of tourists, who came in increasing numbers each year to enjoy the island's beautiful beaches and stately temples, and to seek out an "authentic" experience of this perceived "traditional" culture. The market for traditional carvings, dance performances, and paintings boomed, and many Balinese successfully reinvested their earnings in further development of these highly profitable art forms.

Balinese have a long history of contrasting themselves profitably with outsiders. Although Hinduism had already established a foothold on Bali, the contemporary distinctive Hindu religious practices of the Balinese date back at least to the fifteenth and sixteenth centuries, when Javanese princes from Majapahit fled the advances of Islam and sought refuge in Bali, where they were absorbed into the local culture (see Hinduism, this ch.). Since that time, Balinese, with the exception of a minority of Muslims in the north, have maintained a generally anti-Islamic political stance, preserving a great pride in their own culture. Indeed, segregation between themselves and outsiders has been an organizing factor in Balinese culture.

Like the Javanese, Balinese society is stratified. It possesses the small hereditary Brahman class, as well as small groups of Vaishya and Kshatriya classes that draw on Indian caste terminology. However, the Balinese caste system involves no occupational specializations or ideas about ritual contaminations between the ranks. It does not prohibit marriage between ranks, but does forbid women to marry beneath their class. The vast majority of Balinese, including many wealthy entrepreneurs and prominent politicians, belong to the Shudra (commoner-servant) class.

Unlike most Javanese, Balinese participate enthusiastically in several interlocking corporate groups beyond the immediate family. One of the most important of these is the *dadia*, or patrilineal descent group. This group of people claim descent through the male line from a common ancestor. The group maintains a temple to that ancestor, a treasury to support rituals associated with it, and certain chosen leaders. The prestige of a *dadia* depends in part on how widespread and powerful its members are. However, most

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of these organized groups tend to be localized because it is easier to maintain local support for its activities and its temple. Balinese prefer to draw spouses from within this group. These corporate kin groups can also be the basis for organizing important economic activities, such as carving cooperatives, gold and silverworking cooperatives, painting studios, and dance troupes.

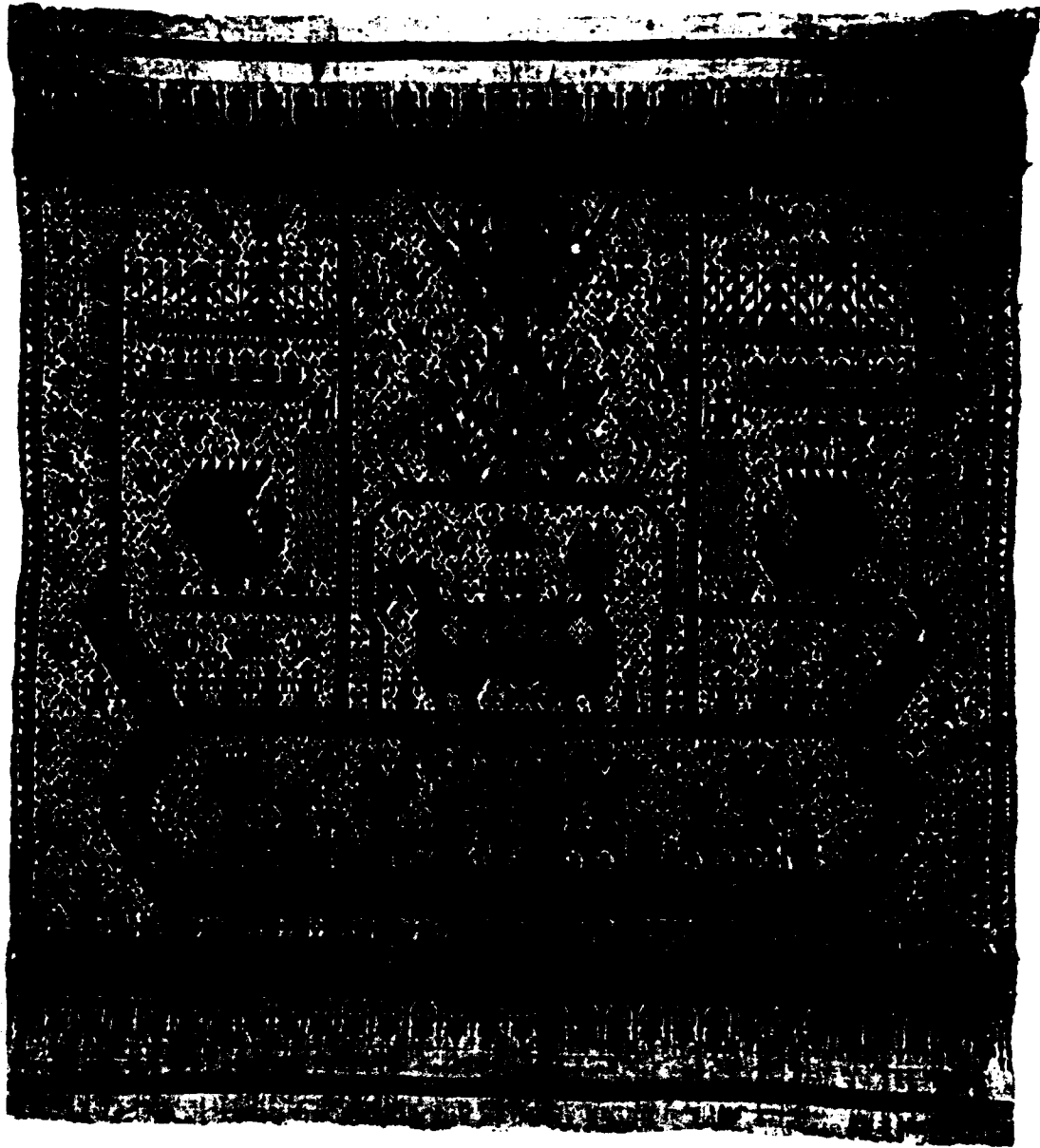
In addition, Balinese are members of a *banjar*, or village compound, which overlaps with, but is not identical to, the *dadia*. The social groups share responsibility for security, economic cooperation in the tourist trade, and the formation of intervillage alliances. The *banjar* is a council of household heads and is responsible for marriage, divorce, and inheritance transactions. In addition, it is the unit for mobilizing resources and labor for the spectacular cremations for which Bali has become increasingly well known. Each *banjar* may have individual orchestra, dance, and weaving clubs.

Yet another important corporate group is the agricultural society, or *subak*, each of which corresponds to a section of wet-rice paddies. Each *subak* is not only a congregation of members who are jointly responsible for sacrificing at a temple placed in the center of this group of rice paddies, but also a unit that organizes the flow of water, planting, and harvesting. Since fifty or more societies sometimes tap into a common stream of water for the irrigation of their land, complex coordination of planting and harvesting schedules is required. This complexity arises because each *subak* has become independent of all the others. Although the government has attempted periodically to take control of the irrigation schedule, these efforts have produced mixed results, leading to a movement in the early 1990s to return the authority for the agricultural schedule to the traditional and highly successful interlocking *subak* arrangement.

The very complexity of Balinese social organization has provided it with the flexibility to adapt to the pressures of modern life and its requirements for the accumulation, distribution, and mobilization of capital and technological resources. Although the Balinese remain self-consciously "traditional," they have been neither rigid in that tradition nor resistant to change.

Peoples of Sumatra

The vast, heavily forested island of Sumatra forms the southern perimeter of the Strait of Malacca. The strait is one of the most important lanes of shipping and commerce in the world, and historically a crossroads of cultural influences from the Middle East, India, China, and elsewhere in Southeast Asia and East Asia. Although nearly all of the approximately twenty ethnolinguistic



*Ceremonial cotton cloth of the Lampung ethnic group of
southern Sumatra
Courtesy Museum Nasional Indonesia and Festival of Indonesia*

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groups of Sumatra are devout practitioners of Islam, they nonetheless differ strikingly from one another, particularly in their family structures.

Acehnese

Situated in the Special Region of Aceh, the northernmost provincial-level unit of Sumatra, the more than 3.4 million Acehnese are most famous throughout the archipelago for their devotion to Islam and their militant resistance to colonial and republican rule. Renowned throughout the nineteenth century for their pepper plantations, most Acehnese were rice growers in the coastal regions in the early 1990s.

Acehnese do not have large descent groups; the nuclear family consisting of mother, father, and children is the central social unit. Unlike the Javanese or Balinese family, the Acehnese family system shows marked separation of men's and women's spheres of activity. Traditionally, males are directed outward towards the world of trade. In the practice of *merantau*—going abroad or away from one's birthplace—young adult males leave their homelands for a time to seek their fortune, experience, and reputation through commerce. This may involve travel to another village, province, or island. This maturation process among males is viewed as growing out of the domestic female-dominated world of sensory indulgence and into the male world of reasoned rationality, whose practice is expressed through trade. One model of Acehnese family life is that a woman sends a man out of the house to trade and welcomes him back when he brings home money. When he has exhausted his money, she sends him out again. Meanwhile, women and their kin are responsible for working the fields and keeping the gardens and rice fields productive.

This oscillating pattern of migration encountered some difficulties in the 1980s as increasing numbers of men failed to return to the Acehnese homeland, but instead remained and married in remote locations, such as Jakarta and Kalimantan. In addition, northern Sumatra experienced important changes because of the influx of temporary workers seeking employment in the oil and timber industries (see Industry, ch. 3).

Batak

The term *Batak* designates any one of several groups inhabiting the interior of Sumatera Utara Province south of Aceh: Angkola, Karo, Mandailing, Pakpak, Simelungen, Toba, and others. The Batak number around 3 million. Culturally, they lack the complex etiquette and social hierarchy of the Hinduized peoples of

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Indonesia. Indeed, they seem to bear closer resemblance to the highland swidden cultivators of Southeast Asia, even though some also practice padi farming. Unlike the Balinese, who have several different traditional group affiliations at once, or Javanese peasants affiliated with their village or neighborhood, the Batak orient themselves traditionally to the *marga*, a patrilineal descent group. This group owns land and does not permit marriage within it. Traditionally, each *marga* is a wife-giving and wife-taking unit. Whereas a young man takes a wife from his mother's clan, a young woman marries into a clan where her paternal aunts live.

When Sumatra was still a vast, underpopulated island with seemingly unlimited supplies of forest, this convergence of land ownership and lineage authority functioned well. New descent groups simply split off from the old groups when they wished to farm new land, claiming the virgin territory for the lineage. If the lineage prospered in its new territory, other families would be invited to settle there and form marriage alliances with the pioneer settlers, who retained ultimate jurisdiction over the territory. Genealogies going back dozens of generations were carefully maintained in oral histories recited at funerals. Stewardship over the land entailed spiritual obligations to the lineage ancestors and required that other in-migrating groups respect this.

The *marga* has proved to be a flexible social unit in contemporary Indonesian society. Batak who resettle in urban areas, such as Medan and Jakarta, draw on *marga* affiliations for financial support and political alliances. Although many of the corporate aspects of the *marga* have undergone major changes, Batak migrants to other areas of Indonesia retain pride in their ethnic identity. Batak have shown themselves to be creative in drawing on modern media to codify and express their "traditional" *adat*. Anthropologist Susan Rodgers has shown how taped cassette dramas similar to soap operas circulate widely in the Batak region to dramatize the moral and cultural dilemmas of one's kinship obligations in a rapidly changing world. In addition, Batak have been prodigious producers of written handbooks designed to show young, urbanized, and secular lineage members how to navigate the complexities of their marriage and funeral customs.

Minangkabau

The Minangkabau—who predominate along the coasts of Sumatera Utara and Sumatera Barat, interior Riau, and northern Bengkulu provinces—in the early 1990s numbered more than 3.5 million. Like the Batak, they have large corporate descent groups, but unlike the Batak, the Minangkabau traditionally reckon

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descent matrilineally. In this system, a child is regarded as descended from his mother, not his father. A young boy, for instance, has his primary responsibility to his mother's and sisters' clans. In practice, in most villages a young man will visit his wife in the evenings but spend the days with his sister and her children. It is usual for married sisters to remain in their parental home. According to a 1980 study by anthropologist Joel S. Kahn, there is a general pattern of residence among the Minangkabau in which sisters and unmarried lineage members try to live close to one another, or even in the same house.

Landholding is one of the crucial functions of the female lineage unit called *suku*. Since the Minangkabau men, like the Acehese men, often *merantau* (go abroad) to seek experience, wealth, and commercial success, the women's kin group is responsible for maintaining the continuity of the family and the distribution and cultivation of the land. These groups are led by a *penghulu* (headman). The leaders are elected by groups of lineage leaders. As the *suku* declines in importance relative to the outwardly directed male sphere of commerce, however, the position of *penghulu* is not always filled after the death of the incumbent, particularly if lineage members are not willing to bear the expense of the ceremony required to install a new *penghulu*.

The traditions of sharia and indigenous female-oriented *adat* are often depicted as conflicting forces in Minangkabau society. The male-oriented sharia appears to offer young men something of a balance against the dominance of *adat* law in local villages, which forces a young man to wait passively for a marriage proposal from some young woman's family. By acquiring property and education through *merantau* experience, a young man can attempt to influence his own destiny in positive ways.

Increasingly, when married couples *merantau*, the women's roles tend to change. When married couples reside in urban areas or outside the Minangkabau region, women lose some of their social and economic rights in property, their social and economic position becomes less favorable, and their divorce rate rises.

Minangkabau were prominent among the intellectual figures in the independence movement of Indonesia. Not only were they strongly Islamic, they spoke a language closely related to Bahasa Indonesia, which was considerably freer of hierarchical connotations than Javanese. Partly because of their tradition of *merantau*, Minangkabau developed a cosmopolitan bourgeoisie that readily adopted and promoted the ideas of an emerging nation-state.

*A traditional Minangkabau
rice-storage building, Sumatra
Courtesy Hermine L. Dreyfuss
and Festival of Indonesia*



Ethnic Minorities

In Indonesia the concept of ethnic minorities is often discussed not in numerical but in religious terms. Although the major ethnic groups claimed adherence to one of the major world religions (*agama*) recognized by the Pancasila ideology—Islam, Christianity, Hinduism, or Buddhism—there were millions of other Indonesians in the early 1980s who engaged in forms of religious or cultural practices that fell outside these categories. These practices were sometimes labelled animist or *kafir* (pagan). In general, these Indonesians tended to live in the more remote, sparsely populated islands of the archipelago. Following the massacre of tens of thousands associated with the 1965 coup attempt, religious affiliation became an even more intense political issue among minority groups (see *The Coup and its Aftermath*, ch. 1). The groups described below represent only a sampling of the many minorities.

Toraja

One minority group that has been successful in gaining national and international attention is the Toraja of central Sulawesi. This group's prominence, beginning in the 1980s, was attributable largely to the tourist industry, which was attracted to the region because

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of its picturesque villages and its spectacular mortuary rites involving the slaughter of water buffalo.

Inhabiting the wet, rugged mountains of the interior of Sulawesi, the Toraja grow rice for subsistence and coffee for cash. Traditionally, they live in fortified hilltop villages with from two to forty picturesque houses with large sweeping roofs that resemble buffalo horns. Before the onset of greater political and economic integration, these villages were politically and economically self-sufficient, partly as protection against the depredations of the slave trade and partly as a result of intervillage feuding associated with headhunting.

The Toraja have strong emotional, economic, and political ties to a number of different kinds of corporate groups. The most basic tie is the *rarabuku*, which might be translated as family. Toraja view these groups as relations of "blood and bone," that is, relations between parents and children—the nuclear family. Because Toraja reckon kinship bilaterally, through both the mother and father, the possibilities for extending the concept of *rarabuku* in several different directions are many. Another important kind of group with which Toraja have close affiliations is the *tongkonan* (ancestral house), which contrasts with *banua* (ordinary house). *Tongkonan* as social units consist of a group of people who reckon descent from an original ancestor. The physical structures of *tongkonan* are periodically renewed by replacing their distinctively shaped roofs. This ritual is attended by members of the social group and accompanied by trance-like dances in which the spirits are asked to visit. A third important kind of affiliation is the *saroan*, or village work group. These groups were probably originally agricultural work groups based in a particular hamlet. Beginning as labor and credit exchanges, *saroan* have since evolved into units of cooperation in ritual activities as well. When sacrifices and funerals take place, these groups exchange meat and other foods.

The flexibility of these affiliations is partly responsible for the intensity of the mortuary performances. Because there is some ambiguity about one's affiliation (that is, one's claims to descent are based not only on blood relationships but also on social recognition of the relationship through public acts), Toraja people may attempt to prove the importance of a relationship through elaborate contributions to a funeral. Such contributions provide an opportunity to prove not only a person's devotion to a deceased parent, but also a person's claim to a share of that parent's land. The amount of land an individual inherits from the deceased might depend on the number of buffalo sacrificed at a parent's funeral. Sometimes people even pawn land to get buffalo to kill at a funeral

so that they can claim the land of the deceased. Thus, feasting at funerals is highly competitive.

The Toraja have two main kinds of rituals. Those of the east—known as rites of the rising sun and the rising smoke—are concerned with planting fertility and abundance. Following the rice harvest are rituals of the west centering on the setting sun, consisting primarily of funerals. Both involve the sacrifice of water buffalo, pigs, and chickens as offerings to the ancestors, and a complex distribution of the meat among the living. Through the distribution of meat, an elaborate network of debts and obligations is established and passed to succeeding generations.

As a result of the oil boom in the 1960s and 1970s, there were massive outmigrations among upland Sulawesi young men looking for jobs in northeastern Kalimantan (see Petroleum, Liquefied Natural Gas, and Coal, ch. 3). During this period, many of these youths became Christians. But when they returned to their villages as wealthy men, they often wanted to hold large status displays in the form of funerals, causing what anthropologist Toby Alice Volkman calls "ritual inflation." These displays provoked intense debates about the authenticity of what some regarded as rituals of the nouveau riche. During this same period, however, Indonesia promoted a policy that encouraged the development of the non-oil-related sectors of the economy. Part of this policy involved the development of the tourist trade, and following coverage by the American media, waves of foreigners came to see the carnage of buffalo slaughter. These numbers swelled in the early 1990s. Because of the successful efforts of highly placed Toraja officials in the central government, their feasting practices were granted official status as a branch of Balinese Hinduism.

Dayak

Another group of ethnic minorities struggling for recognition in the 1980s were the peoples of southern Kalimantan. Traditionally, most of the scattered ethnolinguistic groups inhabiting the interior of the vast island have been labelled collectively by outsiders as Dayak. Among the Dayak are the Ngaju Dayak, Maanyan, and Lawangan. Although they have traditionally resided in longhouses that served as an important protection against slave raiding and intervillage raids, the people of this region are not communalistic. They have bilateral kinship, and the basic unit of ownership and social organization is the nuclear family. Religiously, they tend to be either Protestant or Kaharingan, a form of native religious practice viewed by the government as Hindu. The Dayak make a living through swidden agriculture and possess relatively elaborate

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death ceremonies in which the bones are disinterred for secondary reburial.

A number of the peoples in the region practice the Kaharingan religion. Through its healing performances, Kaharingan serves to mold the scattered agricultural residences into a community, and it is at times of ritual that these peoples coalesce as a group. There is no set ritual leader nor is there a fixed ritual presentation. Specific ceremonies may be held in the home of the sponsor. Shamanic curing, or *balian*, is one of the core features of these ritual practices. Because this healing practice often occurs as a result of the loss of the soul, which has resulted in some kind of illness, the focus of the religion is thus on the body. Sickness comes by offending one of the many spirits inhabiting the earth and fields, usually from a failure to sacrifice to them. The goal of the *balian* is to call back the wayward soul and restore the health of the community through trance, dance, and possession.

Modern recognition of the legitimacy of Kaharingan as a religious practice has been the culmination of a long history of struggle for autonomy. Because the southern coast of Kalimantan has long been dominated by the politically and numerically superior Muslim Banjarese, Christian and Kaharingan adherents of the central interior sought parliamentary recognition of a Great Dayak territory in 1953. When these efforts failed, a rebellion broke out in 1956 along religious lines, culminating in the establishment of the new province of Kalimantan Tengah in May 1957.

The abortive coup of 1965 proved that independence to be fragile. With the unity of the republic at stake, indigenous religions were viewed as threats and labelled atheistic and, by implication, communist. Caught in a no-win situation, the Dayak also were told that they did not have an *agama* and thus became suspect in the anticommunist fever of the late 1960s. By the early 1970s, negotiations began between Kalimantan Tengah and the national government over recognition of the indigenous religion of the peoples of the province. This process culminated in official recognition in the 1980s of Kaharingan as an *agama*.

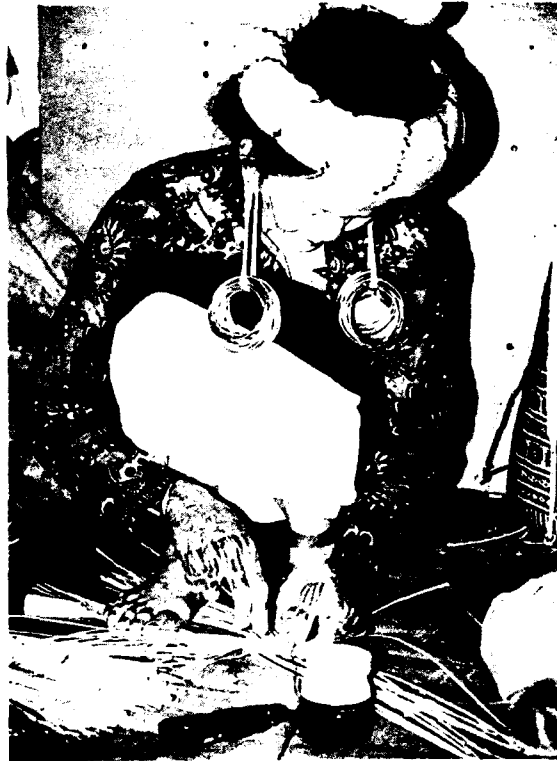
Weyewa

The Weyewa inhabit the western highlands of Sumba, Nusa Tenggara Timur Province, where they cultivate rice, corn, and cassava using slash-and-burn farming methods as well as continuous irrigation of padi fields. They supplement this income through the sale of livestock, coffee, and their distinctive brightly colored textiles.

Until the 1970s, there had been relatively few challenges to the Weyewa notions of political and religious identity. Because Sumba



*Husband and wife in
traditional dress, Nusa
Tenggara Timur Province
Courtesy Indonesian
Department of Information*



*Dayak tribe crafts worker,
Kalimantan Tengah Province
Courtesy Indonesian
Department of Information*

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is a rather dry and infertile island, located away from the ports of call of the spice trade, it was comparatively insulated from the Hindu, Muslim, and later Dutch influences, each of which helped to shape the character of Indonesia's cultures. In the eighteenth and nineteenth centuries, when Sumba was periodically raided for slaves by Muslim traders, the local inhabitants responded by building and living in fortified hilltop villages. Patrilineages, which structured these groups, became powerful units of politically motivated marriage alliances in which women were the currency of exchange. Each lineage was headed by a self-appointed *raja*, or "big man," who, in return for loyalty, cattle, women, and children, offered protection and guarded the sanctity of tradition.

These powerful lineages, symbolized by the spirits of deceased ancestors, remained the focus of Weyewa religious practice and political identity until the 1970s, despite the Dutch military conquest of the island in 1906 and nearly a century of Protestant missionary efforts. In exchange for the fertility of crops, the orderly flow of irrigation water, freedom from misfortune, and continued prosperity, descendants promised to offer ritual sacrifices of cattle, chickens, pigs, and rice. These promises were made in a form of ritual speech.

The Weyewa system of production and exchange began to undergo major shifts in the 1970s, which resulted in a gradual weakening of the authority of lineages. One event that illustrates this process was the construction of an irrigation system and hydroelectric dam at the site of a sacred gushing spring at Waikelo in central-west Sumba in the mid-1960s. Throughout much of the 1960s, this spring watered some 300 hectares of rice fields, whose cycles of cultivation and fallowing were regulated by certain lineage elders carrying out the "words" of the ancestors. By the early 1970s, more than 1,500 hectares were available for continuous irrigation. Traditional leaders were unprepared to oversee and control this increase in the scale of production, and government officials took the initiative by encouraging farmers to abandon the ritual schedule of planting and harvesting and to plant new high-yield, hardy, and fast-growing varieties of rice. These new varieties permitted two or more plantings per year. According to oral accounts of witnesses, the ownership of the new and ambiguous categories of land that emerged from irrigation was often assigned to individuals, not lineages. When disputes arose, government officials, such as police officers, judges, or district heads, rather than the *raja*, increasingly mediated the disputes and enforced the settlements. As a result, when asked to participate, younger farmers were increasingly reluctant to invest in large-scale and expensive ritual feasts honoring

the spirits because the government had more control over their lives than did the spirits.

Meanwhile, government officials put increasing pressure on traditional leaders to give up ritual feasting practices as "wasteful" and "backward." Furthermore, as with the Kaharingan adherents of central Kalimantan, failure to affiliate with an approved religion was regarded as potentially treasonous. Unlike Toraja and the peoples of central Kalimantan, however, the Weyewa and other Sumbanese were not politically organized for the preservation of their native religion. Most people simply converted to Christianity as a symbolic gesture of participation in the nation state. Indeed, whole villages in the late 1980s and early 1990s conducted feasts in which residents settled their debts with ancestral spirits and became Christians. The number of Weyewa professing affiliation with the Christian religion (either Roman Catholic or Calvinist Protestant) jumped from approximately 20 percent in 1978 to more than 60 percent in 1990.

Tanimbarese

In the southeastern part of Maluku Province lived more than 60,000 residents of the Tanimbar archipelago in the early 1990s. They resided in villages ranging in size from 150 to 2,500 inhabitants, but most villages numbered from 300 to 1,000. Nearly all residents spoke one of four related, but mutually unintelligible, languages. Because of an extended dry season, the forests were much less luxuriant than in some of the more northerly Maluku Islands, and the effects of over-intensive swidden cultivation of rice, cassava, and other root crops were visible in the interior. Many Tanimbarese also engaged in reef and deep-sea fishing and wild boar hunting.

Unlike the Weyewa, Toraja, or Dayak, the Tanimbarese do not maintain an opposition between their native culture and an officially recognized Christian culture. Following a Dutch military expedition in 1912, Catholic and Protestant missionaries converted all residents of their archipelago by the 1920s. However, the Tanimbarese tradition is preserved through intervillage and interhousehold marriage alliances. Tanimbarese orient themselves socially toward their villages and their houses. The unity of the village is represented as a stone boat. In ceremonial settings, such as indigenous dance, the rankings and statuses within the village are spoken of as a seating arrangement within this symbolic boat. Intervillage and interhouse rivalry, no longer expressed through headhunting and warfare, continue to be represented through complex ritual exchanges of valuables, marriage alliances, and competitive

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relations between the Catholic and Protestant churches (one or the other of which counts each Tanimbarese as a member).

Tanimbarese are affiliated with *rahan* (houses) that are important corporate units. *Rahan* members are responsible for making offerings to the ancestors, whose skulls are traditionally placed inside the *rahan*. *Rahan* are also responsible for the maintenance and distribution of heirloom property consisting of valuables and forest estates. Tanimbarese recognize a system of patrilineal descent, and hence when a child is born they customarily ask: "Stranger or house master"? Because a male is destined to "sit" or "stay" in the house of his father, he is a "master of his house." If the baby is a girl, the child is destined to move between houses, and thus is a "stranger." The question of which house the girl moves to, and what obligations and rights will go along with the move, is one of the most important questions in Tanimbarese society. There are certain "pathways" of marriage that young women from certain houses are expected to follow, particularly if these interclan alliances have lasted more than three generations. Only if certain valuables are properly received by her natal family, however, is a young woman fully incorporated into her husband's home. Otherwise, her children are regarded as a branch of her brother's lineage.

The Tanimbarese traditionally engaged in both a local system of ceremonial exchange and, for centuries, in a broader Indonesian commerce in which they traded copra, trepang, tortoise shell, and shark fins for gold, elephant tusks, textiles, and other valuables. In the twentieth century, however, Tanimbarese began to exchange their local products for more prosaic items such as tobacco, coffee, sugar, metal cooking pots, needles, clothing, and other domestic-use items. In the 1970s and 1980s, Chinese merchants thoroughly dominated this trade and consequently gained great influence in the local village economy.

Asmat

The approximately 65,000 Asmat people of the south-central alluvial swamps of Irian Jaya Province are descended from a Papuan racial stock. They live in villages with populations that vary from 35 to 2,000. Until the 1950s, when greater numbers of outsiders arrived, warfare, headhunting, and cannibalism were constant features of their social life. Their houses were built along the bends of rivers so that an enemy attack could be seen in advance. In the twentieth century, houses in coastal areas were generally built on pilings two or more meters high to protect residents from daily flooding by the surging tides of the brackish rivers. In the foothills of the Jayawijaya Mountains, Asmat lived in tree houses that were

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five to twenty-five meters off the ground. In some areas, they also built watchtowers in trees that rose thirty meters from the ground.

The Asmat are primarily hunters and gatherers who subsist by gathering and processing the starchy pulp of the sago palm, and by fishing and hunting the occasional wild pig, cassowary, grubs, and crocodile. Although the Asmat population has steadily increased since contact by missionaries and government health workers, the forest continued to yield more than an adequate supply and variety of food in the early 1990s. According to anthropologist Tobias Schneebaum, "[S]ome Asmat have learned to grow small patches of vegetables, such as string beans, and a few raise the descendants of recently imported chickens. With the introduction of a limited cash economy through the sale of logs to timber companies and carvings to outsiders, many Asmat now consider as necessities such foods as rice and tinned fish; most have also become accustomed to wearing Western-style clothing and using metal tools."

Asmat believe that all deaths—except those of the very old and very young—come about through acts of malevolence, either by magic or actual physical force. Their ancestral spirits demand vengeance for these deaths. These ancestors to whom they feel obligated are represented in large, spectacular wood carvings of canoes, shields, and in ancestor poles consisting of human figurines. Until the late twentieth century, the preferred way a young man could fulfill his obligations to his kin and to his ancestors and prove his sexual prowess was to take a head of an enemy and offer the body for cannibalistic consumption by other members of the village.

Although the first Dutch colonial government post was not established in Asmat territory until 1938, and a Catholic mission began its work there only in 1958, the pace of change in this once remote region greatly increased after the 1960s. Many Asmat in the early 1990s were enrolled in Indonesian schools and were converting to Christianity. As large timber and oil companies expanded their operations in the region, the environmental conditions of these fragile, low-lying mangrove forests were threatened by industrial waste and soil erosion. Although Asmat appeared to be gaining some national and international recognition for their artwork, this fame had not resulted, by the early 1990s, in their having any significant political input into Indonesian government decisions affecting the use of land in the traditional Asmat territory.

Chinese

Identifying someone in Indonesia as a member of the Chinese (*orang Tionghoa*) ethnic group is not an easy matter because physical characteristics, language, name, geographical location, and

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life-style of Chinese Indonesians are not always distinct from those of the rest of the population. Census figures do not record Chinese as a special group, and there are no simple racial criteria for membership in this group. There are some people who consider themselves Chinese, but because of generations of intermarriage with the local population, they are less than one-quarter Chinese in ancestry. On the other hand, there are some people who by ancestry could be considered half-Chinese or more, but who regard themselves as fully Indonesian. Furthermore, many people who identify themselves as Chinese Indonesians cannot read or write the Chinese language.

Although the policy of the Indonesian government in the early 1990s favored the assimilation of the Chinese population into the local communities in which they lived, Chinese had a long history of enforced separation from their non-Chinese neighbors. For nearly a century prior to 1919, Chinese were forced to live in separate urban neighborhoods and could travel out of them only with government permits. Most Chinese continued to settle in urban areas of Indonesia even after this "quarter system" was discontinued in 1919. In some areas, such as Pontianak in Kalimantan Barat Province, Chinese even came to form a majority of the population. Although they had settled in rural areas of Java in the 1920s and 1930s, in the 1960s the government again prohibited the Chinese from exercising free choice of residence, requiring them to live in cities.

Nearly all Chinese who immigrated to Indonesia came from either Fujian or Guangdong provinces in southern China. The dominant languages among these immigrants were Hokkien, Hakka, and Cantonese. Although there was great occupational diversity among contemporary Indonesia's Chinese, most were either engaged in trade, mining, or skilled artisanry. In the early 1990s, Chinese continued to dominate Indonesia's private sector, despite policies designed to promote indigenous entrepreneurs. Nonetheless, Chinese were not a monolithic group. Each immigrant group had its own distinctive characteristics—some of which were accentuated overseas. One of the main contrasts among Indonesian Chinese in the 1990s was seen in the differences between the *peranakan* (native-born Chinese with some Indonesian ancestry) and *totok* (full-blooded Chinese, usually foreign born). Although the distinctiveness and social significance of this division varied considerably in different parts of the archipelago, among the *peranakan* community ties to the Chinese homeland were more distant, and there was stronger evidence of Indonesian influence. Unlike the more strictly male-dominated *totok* Chinese, *peranakan* families

recognized descent based on both female and male lines. *Peranakan* were more likely to have converted to Christianity and to have assimilated in other ways to the norms of Indonesian culture. They often spoke Bahasa Indonesia as their first language. Some even converted to Islam.

In the early 1990s, *totok* considered themselves as keepers of Chinese cultural ideals and maintained their traditions through household shrines, reverence for ancestors, and private language instruction in Chinese schools. Highly oriented toward success, they saw themselves as more dedicated to hard work, individual social mobility through the acquisition of wealth, and self-reliance than the *peranakan*. Whereas *peranakan* were more likely to have settled on Java, *totok* were better represented in the other islands.

The government program of assimilation for the Chinese was carried out in several ways. Symbols of Chinese identity had long been discouraged and even occasionally prohibited. Chinese-language newspapers, schools, and public ritual use of Chinese names were all subject to strong governmental disapproval. In the years following independence, nearly 50 percent of Chinese Indonesians failed to seek Indonesian citizenship, however, either because of continuing loyalty to the People's Republic of China or the Republic of China on Taiwan, or because of the prohibitive costs of gaining citizenship papers. To carry out its stated policy of assimilation in a period of rapprochement with China, the Suharto government enacted new regulations in the 1980s designed to expedite the naturalization of persons with Chinese citizenship. The assimilation policy was successful. By 1992 only about 6 percent, or 300,000 out of approximately 5 million Chinese Indonesians, were acknowledged by the People's Republic of China as being Chinese citizens. Regulations announced in June 1992 by the director general of immigration allowed immigrants from China who had lived illegally in Indonesia for decades to receive entry permits and to reside legally in Indonesia once they obtained a Chinese passport.

Education

The character of Indonesia's education system reflects its diverse religious heritage, its struggle for a national identity, and the challenge of resource allocation in a poor but developing archipelagic nation with a young and rapidly growing population. Although a draft constitution stated in 1950 that a key government goal was to provide every Indonesian with at least six years of primary schooling, the aim of universal education had not been reached by the late 1980s, particularly among females—although great improvements

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had been made (see table 9, Appendix). Obstacles to meeting the government's goal included a high birth rate, a decline in infant mortality, and a shortage of schools and qualified teachers. In 1973 Suharto issued an order that portions of oil revenues be set aside for the construction of new primary schools. This act resulted in the construction or repair of nearly 40,000 primary school facilities by the late 1980s, a move that greatly facilitated the goal of universal education.

Primary and Secondary Education

In the early 1990s, Indonesians of between seven and twelve years of age were required to attend six years of primary school following kindergarten. They could choose between state-run, nonsectarian public schools supervised by the Department of Education and Culture or private or semiprivate religious (usually Islamic) schools supervised and financed by the Department of Religious Affairs. However, although 85 percent of the Indonesian population was registered as Muslim, according to the 1990 census less than 15 percent attended religious schools (see table 10, Appendix). Enrollment figures were slightly higher for girls than boys and much higher in Java than the rest of Indonesia.

A central goal of the national education system in the early 1990s was not merely to impart secular wisdom about the world, but also to instruct children in the principles of participation in the modern nation-state, its bureaucracies, and its moral and ideological foundations. Since 1975, a key feature of the national curriculum—also in other parts of society—had been instruction in the Pancasila. Children age six and above learned its five principles—belief in one God, humanitarianism, national unity, democracy, and social justice—by rote and were instructed daily to apply the meanings of this key national symbol to their lives. The alleged communist coup attempt in 1965 provided a vivid image of transgression against the Pancasila. Partly to prove their rejection of communist ideology, all teachers—like other members of Indonesian bureaucracy—swore allegiance not only to the Pancasila, but also to the government party of functional groups, Golkar (see *Political Parties*, ch. 4; *Glossary*).

Inside the public school classroom of the early 1990s, a style of pedagogy prevailed that emphasized rote learning and deference to the authority of the teacher. Although the youngest children were sometimes allowed to use the local language, by the third year of primary school nearly all instruction was conducted in formal Indonesian. Instead of asking questions of the students, teachers followed a standard teaching technique of narrating a historical event



*Elementary school children and
teacher, Jember, Jawa
Timur Province
Courtesy Hermine L. Dreyfuss*



*College students, Jember,
Jawa Timur Province
Courtesy Hermine L. Dreyfuss*

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or describing a mathematical problem, pausing at key junctures to allow the students to fill in the blanks. By not responding to individual problems of the students and retaining an emotionally distanced demeanor, the teacher is said to be *sabar* (patient), which is considered admirable behavior.

Nationally, the average class size in primary schools was approximately twenty-seven; upper-level classes included between thirty and forty students. Ninety-two percent of primary school students graduated, but only about 60 percent of those continued on to junior high school (ages thirteen through fifteen). Of those who went on to junior high school, 87 percent also went on to a senior high school (ages sixteen through eighteen). The national adult literacy rate remained at about 77 percent in 1991 (84 percent for males and 68 percent for females), keeping Indonesia tied with Brunei for the lowest literacy among the six member nations of the Association for Southeast Asian Nations (ASEAN—see Glossary).

In the early 1990s, after completion of the six-year primary school program, students could choose among a variety of vocational and preprofessional junior and senior high schools, each level of which was three years in duration. There were academic and vocational junior high schools that could lead to senior-level diplomas. There were also “domestic science” junior high schools for girls. At the senior high-school level, there were three-year agricultural, veterinary, and forestry schools open to students who had graduated from an academic junior high school. Special schools at the junior and senior levels taught hotel management, legal clerking, plastic arts, and music.

Teacher training programs were varied and were gradually being upgraded. For example, in the 1950s anyone completing a teacher training program at the junior high level could obtain a teacher's certificate. Since the 1970s, however, the teaching profession has been restricted to graduates of a senior high school for teachers in a primary school and to graduates of a university-level education course for teachers of higher grades. Remuneration for primary and secondary school teachers compared favorably with countries such as Malaysia, India, and Thailand. Student-teacher ratios also compared favorably with most Asian nations at 25.3 to 1 and 15.3 to 1, respectively, for primary and secondary schools in the mid-1980s when the averages were 33.1 to 1 and 22.6 to 1 for Asian-Pacific countries.

Islamic Schools

The emphasis on the Pancasila in public schools has been resisted by some of the Muslim majority. A distinct but vocal minority of

these Muslims prefer to receive their schooling in a *pesantren* or residential learning center. Usually located in rural areas and under the direction of a Muslim scholar, *pesantren*, are attended by young people seeking a detailed understanding of the Quran, the Arabic language, the sharia, and Muslim traditions and history. Students could enter and leave the *pesantren* any time of the year, and the studies were not organized as a progression of courses leading to graduation. Although not all *pesantren* were orthodox to the same degree, most were and the chief aim was to produce good Muslims.

In order for students to adapt to life in the modern, secular nation-state, the Muslim-dominated Department of Religious Affairs advocated the spread of a newer variety of Muslim school, the *madrassa*. In the early 1990s, these schools integrated religious subjects from the *pesantren* with secular subjects from the Western-style public education system. The less-than 15 percent of the school-age population who attended either type of Islamic schools did so because of the perceived higher quality instruction. However, among Islamic schools, a *madrassa* was ranked lower than a *pesantren*. Despite the widespread perception in the West of resurgent Islamic orthodoxy in Muslim countries, the 1980s saw little overall increase in the role of religion in school curricula in Indonesia.

In general, Indonesia's education system still faced a shortage of resources in the 1990s. The shortage of staffing in Indonesia's schools was no longer as acute as in the 1950s, but serious difficulties remained, particularly in the areas of teacher salaries, teacher certification, and qualified personnel. Providing textbooks and other school equipment throughout the far-flung archipelago continued to be a significant problem as well.

Higher Education

Indonesia's institutions of higher education have experienced dramatic growth since independence. In 1950 there were ten institutions of higher learning, with a total of 6,500 students. In 1970 there were 450 private and state institutions enrolling 237,000 students, and by 1990 there were 900 institutions with 141,000 teachers and nearly 1,486,000 students. Public institutions enjoyed a considerably better student-teacher ratio (14 to 1) than private institutions (46 to 1) in the mid-1980s. Approximately 80 to 90 percent of state university budgets were financed by government subsidies, although the universities had considerably more autonomy in curriculum and internal structure than primary and secondary schools. Whereas tuition in such state institutions was affordable, faculty salaries were low by international standards. Still, university salaries

were higher than primary and secondary school salaries. In addition, lecturers often had jobs outside the university to supplement their wages.

Private universities were operated by foundations. Unlike state universities, private institutions had budgets that were almost entirely tuition driven. Each student negotiated a one-time registration fee—which could be quite high—at the time of entry. If a university had a religious affiliation, it could finance some of its costs through donations or grants from international religious organizations. The government provided only limited support for private universities.

Higher education in the early 1990s offered a wide range of programs, many of which were in a state of flux. Nearly half of all students enrolled in higher education in 1985 were social sciences majors. Humanities and science and technology represented nearly 28 percent and 21 percent, respectively. The major degrees granted were the *sarjana muda* (junior scholar, roughly corresponding to a bachelor's degree) and the *sarjana* (scholar or master's degree). Very few *doktor* (doctoral) degrees were awarded. Few students studying for the *sarjana muda* actually finished in one to three years. One study found that only 10 to 15 percent of students finished their course of study on time, partly because of the requirement to complete the traditional *skripsi* (thesis). In 1988, for instance, 235,000 new students were admitted for *sarjana muda*-level training and 1,234,800 were enrolled at various stages of the program, but only 95,600 graduated.

Discussion about how to improve Indonesian higher education focused on issues of teacher salaries, laboratory and research facilities, and professor qualifications. According to official figures, in 1984 only 13.9 percent of permanent faculty members at state institutions of higher learning had any advanced degree; only 4.5 percent had a doctorate. Because doctoral programs were rare in Indonesia and there was little money to support education overseas, this situation improved only slowly. Despite these difficulties, most institutions of higher education received large numbers of applications in the late 1980s and early 1990s; in state institutions less than one application in four was accepted. One of the most serious problems for graduates with advanced degrees, however, was finding employment suited to their newly acquired education.

The University of Indonesia, founded in Jakarta in the 1930s, is the nation's oldest university. Other major universities include Gadjah Mada University (Indonesia's oldest postindependence university, founded in 1946) in Yogyakarta; Catholic University

and Institut Teknologi Bandung, both in Bandung; and the Institut Pertanian Bogor in Bogor. In the early 1990s, there also were important regional universities in Sulawesi, Sumatera Utara, Jawa Barat, and Irian Jaya.

Health

Services and Infrastructure

As access to education improved throughout the archipelago, use of modern forms of health care also increased. Statistics show a correlation between the rise of education levels and the increased use of hospitals, physicians, and other health resources (see table 11, Appendix). Indeed, in the 1970s and 1980s, health in Indonesia showed overall improvement. Life expectancy for men was 58.4 years and for women 62.0 years in 1990, up 7.3 years and 7.6 years, respectively, since 1980. By the 2000-04 period, life expectancy was projected by the World Bank to reach 66.5 for men and 69.7 for women. However, the distribution of those improvements, as well as the resources for health maintenance and improvement, were unequal. Whereas infant mortality fell from an average of 105 per 1,000 live births in the 1980 to 75.2 per 1,000 in 1990, according to the World Bank, and was expected to decrease to 55 per 1,000 by 1994, these rates varied dramatically depending on location. The poor, rural, and uneducated classes generally suffered much higher mortality rates than their more educated counterparts (see table 12, Appendix).

The number of health care personnel gradually increased in the 1980s. By the end of the decade, there were more than 23,000 physicians; 76,000 midwives; and nearly 70,000 medical assistants, paramedics, and other health care workers. The ratio of health care personnel per capita compared poorly with the other ASEAN nations except Brunei.

Improvements in the health of Indonesians have been realized largely without the benefit of enhanced hospital services. Indonesia's ratio of hospital beds of 0.06 per 1,000 population in the late 1980s was the lowest among ASEAN nations; the ratio ranged from a high of 5 per 1,000 for Singapore to the second lowest, 1.4 per 1,000 for Thailand. Hospital beds were unequally distributed throughout Indonesia, ranging from a low of 0.18 beds per 1,000 in Lampung Province to 1.24 per 1,000 in Jakarta. In addition, the better equipped urban hospitals tended to have more physicians and higher central government spending per bed than did hospitals in the rural areas.

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Community and preventative health programs formed another component of Indonesia's health system. Community health services were organized in a three-tier system with community health centers (Puskesmas) at the top. Usually staffed by a physician, these centers provided maternal and child health care, general outpatient curative and preventative health care services, pre- and postnatal care, immunization, and communicable disease control programs. Specialized clinic services were periodically available at some of the larger clinics.

Second-level community health centers included health subcenters. These health centers consisted of small clinics and maternal and child health centers, staffed with between one and three nurses and visited weekly or monthly by a physician. In the early 1990s, the Department of Health planned to have three to four subcenters per health center, depending on the region. The third level of community health services were village-level integrated service posts. These posts were not permanently staffed facilities, but were monthly clinics on borrowed premises, in which a visiting team from the regional health center reinforced local health volunteers.

Although the community health situation was improving slightly—the number of health centers increased from 3,735 in 1974 to 5,174 in 1986, and the number of health subcenters reached 12,568—the provision of community services remained low by the standards of developing countries. In 1986 China, for instance, had sixty-three health centers per 1 million population, while Indonesia had only thirty-two per 1 million. In particular, fiscal year (FY—see Glossary) 1987 saw a dramatic reduction in government spending for communicable disease control. Thus, vaccines, drugs, insecticides, and antimalarial spraying programs were dramatically cut back.

The distribution of Indonesian health care workers was also highly uneven. To alleviate the problem of physician maldistribution, the government required two to five years of public service by all medical school graduates, public and private. In order to be admitted for specialist training, physicians first had to complete this service. Only two years of public service were required for those physicians working in remote areas such as Nusa Tenggara Timur, Sulawesi Tenggara, Kalimantan Timur, Maluku, or Irian Jaya provinces, whereas three to five years of service were required for a posting in Java, Bali, or Sumatra. Despite such incentives, it was difficult to attract medical school graduates to these remote, understaffed regions, particularly without additional cash incentives.



*Immunization clinic, Jawa Barat Province
Courtesy Indonesian Department of Defense and Security*

Government Support

One of the most notable features of Indonesia's health care system, in comparison with other Southeast Asian nations, was the low level of government support (see table 13, Appendix). The modern health care system continued the Dutch colonial pattern of low investment in health care. The Dutch did relatively little in the field of public health prior to 1910, with the exception of giving smallpox vaccinations. In the 1930s, however, the government devoted increased attention to health education and disease prevention, particularly in rural areas. An elaborate public health infrastructure had developed by 1939, including a particularly sophisticated model program in Purwokerto in Jawa Tengah Province. But this public health system collapsed after the Japanese invasion in 1942. During World War II, mortality rose dramatically, and the general health situation of the country deteriorated.

In the postwar period, a network of maternal and child health centers was established, but resources were extremely limited, with one physician for every 100,000 people. The first dramatic improvements resulted from the establishment of the network of community health centers. Although there was considerable resistance by the general population toward using these facilities at first, by the

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1980 census, 40 percent of people reporting illness in the prior week had sought treatment at one of the community health centers.

Unfortunately, direct central government spending on health (apart from intergovernmental transfers) fell by 45 percent in real terms between FY 1982 and FY 1987 because of the declining revenues from the oil industry. The Outer Islands continued to suffer a severe shortage of physicians and hospitals, but this deficit was partially offset by a higher percentage of community health centers, staffed by health care workers.

Traditional and Modern Health Practices

Although there was a 3.2 percent annual decline in infant mortality since 1960, in 1990, according to some accounts, nearly 5.5 percent of babies born to Indonesian mothers still did not survive to their first birthday, the lowest figures for all ASEAN countries (see table 14, Appendix). Other sources reported a higher rate—10 percent—for infant mortality. The situation varied regionally, from a low of about 6 percent mortality in Yogyakarta, where a colonial legacy of public health programs left behind an educated populace, to almost 19 percent infant mortality rates in Nusa Tenggara Timur Province.

Dukun—traditional healers—continued to play an important role in the health care of the population in the early 1990s. Often, *dukun* were used in conjunction with Western-style medicine. In some rural areas, these healers represented a treatment option of first resort, especially when there was no community health center nearby, or if the only Western health care available was expensive or the facility understaffed. The manner of healing differed greatly among the hundreds of ethnic groups, but often these healers used extensive knowledge of herbal medicines and invoked supernatural legitimacy for their practice.

The use of Western-style medical clinics was rising in the last decades of the twentieth century; however, the Department of Health estimated that *dukun* attended upwards of 90 percent of rural births. Following childbirth, women in many parts of the archipelago engaged in the practice of “roasting.” Although different ethnic groups have different explanations for the practice, it usually involves the seclusion of the mother and her child for a period of time following childbirth—from a few weeks to months—to allow the mother to submit herself to prolonged exposure to the warmth of a hearth or other source of heat. In general, it is believed that this practice speeds the process of recovery, but many believe it helps replace a woman’s lost blood, returns her body to a trim and fit shape, and helps “dry her out.”

Acquired Immune Deficiency Syndrome

Acquired immune deficiency syndrome (AIDS) posed a major public health threat for Indonesia in the early 1990s. Although in an April 1992 report the Department of Health reported only forty-seven documented cases of individuals whose blood tested positive for human immuno-deficiency virus (HIV), according to the department there were at least 100 times that many undocumented HIV cases, making a net estimate of 4,700 cases. According to government officials, the most likely mode of HIV/AIDS transmission was through heterosexual contact with prostitutes. By the end of 1990, twelve cases of AIDS had been reported in Indonesia. Although the Department of Health devoted relatively few of its resources to disease prevention in 1991, it cooperated with the World Health Organization (WHO) in the distribution of 500,000 condoms annually and with a United States Agency for International Development (USAID)-sponsored family planning program, which had made condom use widely accepted throughout the country. Although the Ford Foundation and USAID funded AIDS prevention and awareness programs in Bali, there were virtually no other such public or private programs in Indonesia in the early 1990s.

Pharmaceuticals

Although Indonesia had achieved self-sufficiency in basic pharmaceutical production by the early 1990s, Indonesians had the lowest per capita expenditure for Western-style drugs in ASEAN. Most people appeared to rely at least partially on traditional herbal medicines, in part because Western-style drugs were expensive. Quality control for the country's pharmacies was lax, but in 1992 efforts were being made to improve enforcement of new laws designed to control drug quality. By the late 1980s, Indonesia had more than 300 pharmaceutical companies and nearly 1,000 pharmaceutical wholesalers. Most were located in Java.

Public Sanitation

In the late 1980s, only 40 percent of the urban population and 18 percent of the rural residents had access to a reliable public water system. Most middle- and lower-class Indonesians relied on surface supplies from the country's frequently polluted streams, canals, and water catchment areas. The majority of rural dwellers obtained water from ground sources. Approximately 27 percent of rural residents relied on rivers and streams that also were used for bathing and waste disposal. Studies conducted by WHO during 1987

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indicated that 80 percent of all open wells were contaminated with fecal coliform bacteria and were unfit for consumption. Water pumped by hand or obtained from rivers in eight rural provinces was also bacteriologically unsafe.

In urban areas, such as Jakarta, many residents were without adequate water supplies because of improperly maintained pipe networks and urban "water pirates" who illegally tapped into municipal resources. This situation gave rise to the popularity in the early 1990s of commercially purified water sold in sealed plastic containers.

Most Indonesians in the early 1990s lacked access to a system of municipal waste disposal that met modern standards. Even in urban areas, WHO estimated that 25 percent of residents were without proper sanitation. Many commercial and residential areas were served by a waterborne sewage system of open drainage canals discharging raw wastes directly into rivers or the ocean. In the slum areas of Jakarta, residents were subject to frequent flooding and the outbreak of waterborne diseases resulting from clogged sewers.

The national motto, Unity in Diversity, has survived dozens of tests since independence. The increasingly thorough penetration of the central government bureaucracy into village life has improved access to education and health. Increased interregional mobility and migration were factors leading to greater integration of health care resources. However, increased integration has been achieved at the cost of participation in the decision-making process. Many groups wishing to assert their ethnic identities in ways that went beyond the aestheticized and highly restricted vision of ethnicity promoted by the Department of Education and Culture have encountered resistance or even outright suppression. Achieving a sustainable balance between these various interests will doubtless prove to be one of the central challenges facing Indonesia in the coming decades.

* * *

Several useful sources give a broad perspective on the cultures of Indonesia. For an overview of ethnolinguistic diversity, see Stephen A. Wurm and Shirō Hattori's *Language Atlas of the Pacific Area*. Another source, dated but still useful, is Frank M. LeBar's *Ethnic Groups of Insular Southeast Asia*, which gives brief anthropological descriptions of many major ethnic groups. The classic source for Southeast Asian geography remains Ernst Henry George Dobby's *South East Asia*. For a demographic perspective on population

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growth, health, labor, and migration, see by *The Demographic Dimension in Indonesian Development* Graeme J. Hugo et al.

For several good articles on the role of religion in Indonesia, see *Indonesian Religions in Transition* edited by Rita Smith Kipp and Susan Rodgers. Javanese culture is described in Clifford Geertz's *The Religion of Java* and *Peddlers and Princes*. A good survey of beliefs and practices associated with sex and gender in Indonesia can be found in Jane Monnig Atkinson and Shelley Errington's *Power and Difference: Gender in Island Southeast Asia*. Michael R. Dove's *The Real and Imagined Role of Culture in Development* is a collection of essays about the relationship between Indonesian national programs of development and local ethnic cultures. Karl Heider's *Indonesian Cinema: National Culture on Screen* provides an interesting perspective on Indonesian national culture. (For further information and complete citations, see Bibliography.)

Chapter 3. The Economy



Kumbakarna (right), an aggressive warrior knight who fights many battles, is kept at bay in this scene by Gareng (left), a clever buffoon who, despite his human imperfections, is a deity.

BY MANY MEASURES, the Indonesian economy prospered under the New Order of President Suharto after he came to power in 1966; growing industries added the benefits of modern technology to the natural abundance of the tropics, once the mainstay of the colonial economy. In 1965, before the New Order was initiated, the Indonesian economy had virtually no industry and little more total production per capita than when controlled by Dutch colonialists (see *Colonial Economy and Society, 1870-1940*, ch. 1). However, so complete was the economic transformation under the New Order that, by the mid-1980s, the production of steel, aluminum, and cement was far more valuable than the produce of many thousands of hectares of plantations.

Perhaps the New Order's greatest asset was the resolve to alter policies when they no longer worked. For example, throughout the 1970s, tax revenues earned from oil helped fund growing government investment. In the mid-1980s, these revenues declined dramatically because of the glut on the world oil market. This decline in tax revenues as a base for economic development led, by the early 1990s, to an overhauling of the government's strategy to foster rapid industrial growth. The new strategy permitted a larger role for private businesses and featured greatly simplified government regulations.

Under Suharto's leadership, the nation seemed mesmerized by the prospects of modern technology. When tax revenues grew rapidly because of oil price increases engineered by the Organization of the Petroleum Exporting Countries (OPEC—see *Glossary*) in the 1970s, the government pursued ambitious investments in heavy industries such as steel and advanced technologies such as aeronautics. Petroleum exports and the increasing exploitation of other natural resources funded imports of machinery and raw materials vital to rapid industrialization. Timber from Indonesia's vast rain forests, copper and nickel from remote mining sites, and traditional agricultural products such as rubber and coffee also contributed to buoyant export earnings.

Government agricultural programs brought the benefits of modern agricultural technology to millions of peasant farmers. The Green Revolution, based on the use of high-yielding seed varieties with modern inputs of fertilizers and pesticides, transformed subsistence rice farmers into productive commercial suppliers. Furthermore, new programs in the 1980s extended the benefits of

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modern agricultural techniques to other food and cash crops. This revolution created challenges in the early 1990s, however, as the greater diversity of crops other than rice and more varied conditions of cultivation made the task of increasing agricultural output more complex.

The New Order economic ideology was a departure from the former regime's brand of socialism, which was labelled by Sukarno, president from 1945 to 1967, as "socialism à la Indonesia." Under Sukarno's leadership, the government gained complete control over most private markets, including foreign trade and bank credit. The old regime was not limited by available resources: if ambitious government expenditures could not be funded by taxes, the government turned to the central bank for credit. Large budget deficits and intrusive economic controls led to mounting inflation and a stagnant economy.

Suharto learned from the mistakes of his predecessor. The hallmark of the New Order was fiscal and monetary conservatism. Budgets were balanced, and growth in the money supply was restricted to contain inflation. Still, the forces that had pushed Sukarno toward socialism remained. After several centuries of Dutch rule, no indigenous group of industrialists had the resources to move the nation toward a modern economy. The most likely candidates, the ethnic Chinese minority, were still resented by the far more numerous and less well-off *pribumi* (see Glossary) Indonesians (see Ethnic Minorities, ch. 2). Whereas the Chinese minority had prospered in commerce and small-scale industry during the colonial era, *pribumi* Indonesians were primarily small-scale peasant farmers whose activities were limited by Dutch colonial policy. As a result, after independence Indonesians were ambivalent toward foreign investors because they symbolized foreign colonial domination.

The New Order steered a course that might be labelled "capitalism à la Indonesia." The government itself assumed the role of industrialist by direct state investment, increasing regulations and offering special protection for favored industries. Although never so intrusive or so poorly funded as Sukarno's programs, this strategy became increasingly plagued by inefficiency and corruption. In addition, the modern capital-intensive industries favored by government supports offered few employment opportunities to the growing labor force. In spite of abundant and cheap labor, Indonesia's exports were still dominated by natural resources and agricultural products. These exports provided less employment and were subject to larger price swings than the manufactured exports that had led economic development in many neighboring Asian nations.

The collapse of the oil market in the mid-1980s underscored the economy's weaknesses and forced the government to take stock of its economic policies. From the mid-1980s to the early 1990s, a wave of reforms to promote manufactured exports significantly reduced the role of government in all sectors of the economy. Private businesses seemed prepared to take up the slack. From a period of slow growth in the early 1980s, when annual gross domestic product (GDP—see Glossary) growth had dropped to 2 percent in 1982 compared with an annual average of 8 percent from 1970 to 1981, the economy rebounded to a GDP growth of 7 percent in 1990. Manufactured exports grew from less than US\$1 billion in 1982 to more than US\$9 billion in 1990. Still, the new orientation was a long way from *laissez-faire*, or, as Indonesians prefer, "free-fight," capitalism. Important government restrictions, such as a ban on timber exports, continued to affect private businesses. Several major state-owned firms, labelled strategic industries, were protected from any threat of privatization.

Ironically, the most visible beneficiaries of the growing economy during the 1970s and 1980s were the Chinese minority and members of Suharto's own family, whose business interests multiplied with lucrative government contracts. Although available evidence on income distribution suggested that income inequality declined during this period, the extreme wealth of the privileged few remained a symbol of inequity and a sensitive public issue in the early 1990s.

The vast majority of the population still lived in rural areas and earned a living from agriculture or from the informal sector of petty trade and other low-skilled services (see Population, ch. 2). The average Indonesian had only marginal contact with the modern industrial sector, through employment in the growing food market or occasional migration to urban areas for work. In the past, government largesse with oil tax revenues had strengthened these links by employing more civil servants and financing rural programs to assist *pribumi* farmers and small businesses. In the early 1990s, however, even though the government remained committed to improving the economic opportunities for *pribumi* Indonesians, the new policies relied more on a vigorous private economy to help spread the benefits of economic development.

Role of Government

In the early years of nation building, from 1950 to 1957, a variety of moderate policies were pursued to support the *pribumi* through subsidized credit from the state-owned Bank Rakyat, or People's Bank, and through limiting certain markets to *pribumi* business.

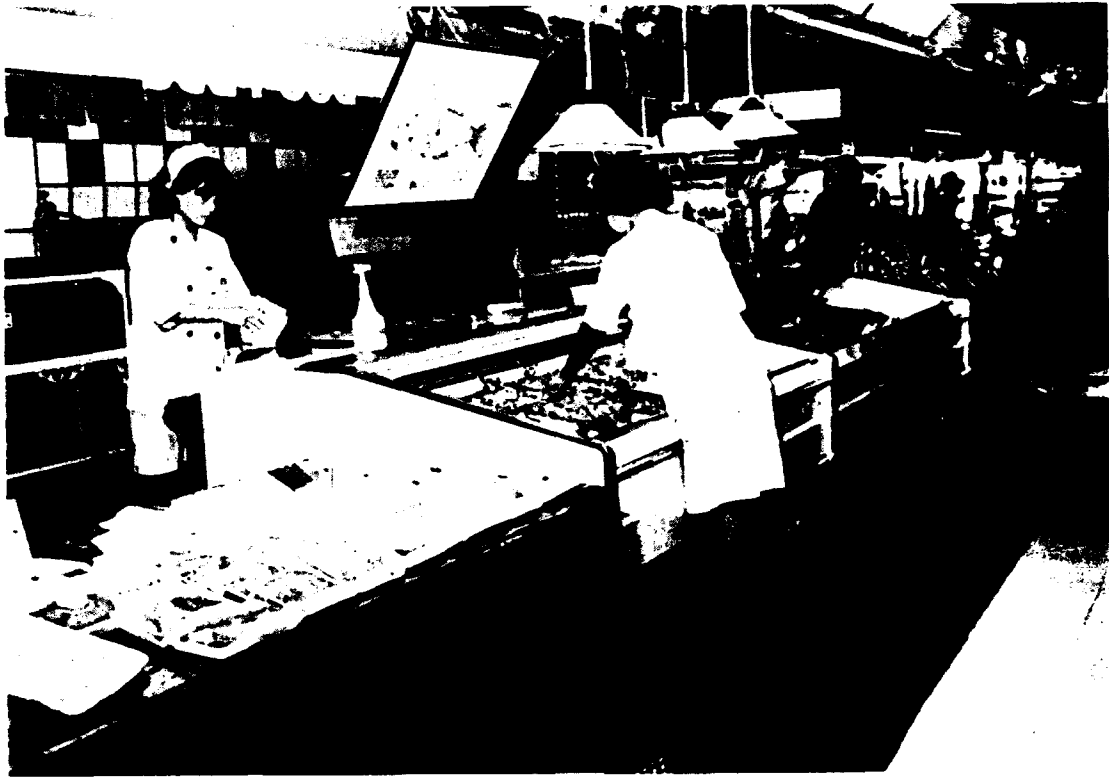
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The nation's first five-year development plan (1956-60) proposed a realistic level of government investment in public infrastructure, but offered little regulation or overall guidance to the private sector. This plan was superseded by dramatic developments in the political and economic sphere, including the 1957 takeover of Dutch enterprises initiated by workers, which led ultimately to state control of this important segment of the economy. About 300 Dutch plantations and 300 firms in other areas such as mining, trade, finance, and utilities ultimately came under the control of the Indonesian government. Dutch management was replaced by Indonesian civil servants or military officers, most of whom had little managerial experience.

The de facto expansion of the state was sustained by a general policy shift to justify greater state intervention in the economy. Sukarno's Guided Economy was initiated in a new eight-year development plan begun in 1959, which entailed a twelfefold increase in government project expenditure from the previous plan, without clear sources of finance. By the mid-1960s, central bank credit to the government accounted for half of government expenditures. This deficit spending led in turn to mounting inflation, which peaked at 1,500 percent between June 1965 and June 1966. At the same time, foreign debt mounted, both from the West and increasingly from the Soviet Union. In spite of a highly visible public building campaign, the economy stagnated, and by 1966 per capita production was below the 1958 level.

Following the downfall of Sukarno, the New Order regime under Suharto pursued, with financial assistance from the International Monetary Fund (IMF—see Glossary), a variety of emergency stabilization measures to put the economy back on course (see *The State and Economic Development*, ch. 1). During the 1960s, a team of economists from the Faculty of Economics at the University of Indonesia became influential presidential advisers. Because three of the five-member team had received doctorates from the University of California at Berkeley, the group was sometimes referred to as the "Berkeley Mafia." Chief among the Berkeley group's recommended reforms was a balanced budget, although foreign assistance and foreign borrowing were included as sources of revenue. Furthermore, in a break from the socialist tenor of Sukarno's Guided Economy, Suharto's New Order heralded a return to private market development.

The New Order remained committed to a stable economic environment encouraged by responsible fiscal and monetary policy. However, concerns over foreign economic dominance, the limited national industrial base, and the need for *pribumi* economic



*A supermarket in Jakarta
Courtesy Indonesian
Department of Information*



*Fruit sellers at an outdoor
market in Yogyakarta
Courtesy Harvey Follender*

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development mandated increased government regulation during the 1970s. In spite of these increasing government controls, the economy continued to prosper throughout the 1970s, with GDP growing an average 8 percent annually.

By the early 1980s, a precipitous drop in growth pointed to limits in the industrialization strategy, and a new generation of reformers advocated a more limited role for the government. Entrenched beneficiaries of protected markets and enlarged bureaucracies resisted these reforms, but when the oil market collapsed in 1986, the balance was tipped in favor of the "free-fight" advocates.

The Politics of Economic Reform

Two main forces of influence within the New Order government battled to shape economic policy: the technocrats—who favored market reforms and a limited role for the government in the economy—and economic nationalists—who argued that trade protection and direct government investment and regulation were necessary to contain foreign influence while sufficient resources were mobilized to modernize the economy. The technocrats were led by the original members of the "Berkeley Mafia," who had gained cabinet posts in the late 1960s. Among the most influential technocrats were Ali Wardhana, initially the minister of finance in 1967 and coordinating minister of economics, finance, and industry from 1983 to 1988; and Widjojo Nitisastro, who headed the National Development Planning Board (Bappenas—for this and other acronyms, see table A), from 1967 to 1983. Although retired by 1988, both men remained influential behind-the-scenes advisers in the early 1990s. Under the tutelage of Professor Sumitro Djojohadikusumo, a prominent intellectual and cabinet member in the 1950s who founded the University of Indonesia Faculty of Economics during the 1960s, these Western-trained economists were the voice of economic liberalism. The economic nationalists included prominent officials in the Department of Industry, headed by Hartarto; offices under the minister of state for research and technology, Bacharuddin J. Habibie; and the Investment Coordinating Board (BKPM; see *The Executive*, ch. 4). The balance of power between the economic technocrats and the economic nationalists was mediated by Suharto, who skillfully channeled the energies of both groups into separate arenas.

After the New Order successfully countered the rampant inflation and financial collapse of the Sukarno era, the technocrats gained credibility and influence in the domain of financial and fiscal policy. As oil revenues grew in the 1970s, those government agencies responsible for trade and industrial policy sought to extend Indonesia's

domestic industrial base by investing in basic industries, such as steel and concrete, and by erecting trade barriers to protect domestic producers from excessive foreign competition. Government regulations proliferated, and oil taxes fueled investment in development projects and state enterprises.

The private sector became dominated by large conglomerate corporations, often Chinese minority-owned, which had sufficient wealth and know-how to assist the government in large-scale modernization projects. Australian economist Richard Robison estimated that Chinese Indonesian capital accounted for 75 percent of private-sector investment in the 1970s. The two most prominent conglomerates, the Astra Group and the Liem Group, had substantial holdings in dozens of private firms ranging from automobile assembly to banking. The growth of these conglomerates usually hinged on close ties to government. In exchange for monopoly privileges on production and imports of key industrial products, conglomerates would undertake large-scale investment projects to help implement government industrialization goals. Political patronage became a vital component of business success in the early 1980s as government restrictions were extended to curtail imports when oil revenues began to decline.

By the mid-1980s, about 1,500 items representing 35 percent of the value of imports were either imported by licensed importers or controlled through a quota system. Such nontariff barriers affected virtually all manufactured imports, but were particularly extensive for textiles, paper and paper products, and chemical products. As a result of restrictions on imports, firms in these sectors were effectively protected from foreign competition or able to sell their products at a higher cost. Firms that obtained import licenses were also highly profitable, but costs were borne by the entire economy because imports were often key inputs for many manufacturers. Popular resentment grew as the gains from these restrictions enriched a privileged minority. To the long-standing public sensitivity toward the prominence of the Chinese minority was added dismay that members of Suharto's family were profiting from access to import monopolies.

Suharto's six children were the most visible beneficiaries of close government connections. Each child was connected with one or more conglomerates with diverse interests, and like their Chinese minority counterparts, they based their business success at least partly on lucrative government contracts. For example, son Bambang Trihatmodjo's Bimantara Citra Group, reportedly the largest family conglomerate by the 1990s and Indonesia's fifth largest company in 1992, got its start in the early 1980s selling allocations

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of overseas oil to the National Oil and Natural Gas Mining Company (Pertamina)—the government oil monopoly and the nation's largest company. Lower-value Middle East oil was thus used for domestic refining and consumption while higher-grade Indonesian oil was used for export, primarily to Japan.

Two vital industries symbolized the intricate relationship between government and business: steel and plastics. In the first case, the founder of the Liem Group, Liem Sioe Liong, agreed in 1984 to invest US\$800 million to expand a government enterprise, Krakatau Steel, in Cilegon, Jawa Barat Province, to add production of cold-rolled sheet steel. In return, a company owned partly by Liem received a monopoly for the imports of cold-rolled steel. Once domestic production was underway, Liem's imports were restricted to assure demand for the Krakatau product. The World Bank (see Glossary) estimated that the scheme added 25 to 45 percent to the cost of steel sheets in Indonesia, thereby raising costs of a wide range of industrial products that used this material. In the second case, the importation of plastic raw materials was monopolized through government license by Panca Holding Limited, on whose board of directors sat Suharto's son, Bambang, and his brother, Sigit Harjojudanto. As a result, in 1986 the company earned US\$30 million on US\$320 million worth of plastics imports, adding 15 to 20 percent to the price of these materials for Indonesian users.

When oil prices plummeted in 1986, the growing dissatisfaction with the direction of trade and industrial policy became more vocal among small private businesses excluded from the benefits (see Minerals, this ch.). A number of smaller businesses organized the Chamber of Commerce and Industry in Indonesia (Kadin). These businesses became open critics of the "high-cost" economy of monopoly privilege, and in 1987 Kadin became the officially sanctioned channel of communication between business and government. Other influential groups began to pressure the government for trade reforms, including international lenders on whom Indonesia relied to assist the government with balance of payments difficulties resulting from the decline in oil revenues (see table 15, Appendix).

Several major reforms were underway before the 1986 oil crisis, but without direct effect on trade restrictions, which although valued by influential beneficiaries, had become costly to many businesses. Major trade deregulation began in 1986, but left the largest import monopolies untouched until 1988, a gradual approach to reform that influential technocrat Ali Wardhana attributed to the limitations of the government bureaucracy. He hinted at a

broader political motive, however, in acknowledging that piecemeal reforms had the advantage of progressively winning a new constituency for further reform. The financial sector was the first sector to be reformed in the 1980s, as it was in the mid-1960s, when the New Order government faced the excesses of the previous regime.

Financial Reform

The president's technocratic advisers on financial policy, who had unsuccessfully resisted growing government regulations during the 1970s, spearheaded the return to market-led development in the 1980s. The financial sector is often the most heavily regulated sector in developing countries; by controlling the activities of relatively few financial institutions, governments can determine the direction and cost of investment in all sectors of the economy. From the 1950s to the early 1980s, the Indonesian government frequently resorted to controls on bank lending and special credit programs at subsidized interest rates to promote favored groups. Toward the end of this period, the large state banks that administered government programs were often criticized as corrupt and inefficient. Sweeping reforms began in 1983 to transform Indonesia's government-controlled financial sector into a competitive source of credit at market-determined interest rates, with a much greater role for private banks and a growing stock exchange. By the early 1990s, critics were more likely to complain that deregulation had gone too far, introducing excessive risk taking among highly competitive private banks.

Like many developing countries, the Indonesian financial sector historically had been dominated by commercial banks rather than by bond and equity markets, which require a mature system of accounting and financial information. Several established Dutch banks were nationalized during the 1950s, including de Javasche Bank, or Bank of Java, which became the central bank, Bank Indonesia, in 1953. Under Sukarno's Guided Economy, the five state banks were merged into a single conglomerate, and private banking virtually ceased. One of the first acts of the New Order was to revive the legal foundation for commercial banking, restoring separate state banks and permitting the reestablishment of private commercial banks and a limited number of foreign banks.

During the 1970s, state banks benefited from supportive government policies, such as the requirement that the growing state enterprise sector bank solely with state banks. State banks were viewed as agents of development rather than profitable enterprises, and most state bank lending was in fulfillment of government-mandated and subsidized programs designed to promote various economic

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activities, including state enterprises and small-scale *pribumi* businesses. State bank lending was subsidized through Bank Indonesia, which extended "liquidity credits" at very low interest rates to finance various programs. By 1983 such liquidity credits represented over 50 percent of total state bank credit. Total state bank lending in turn represented about 75 percent of all commercial bank lending. The nonstate banks—which by 1983 numbered seventy domestic banks and eleven foreign or joint-venture banks—had been curtailed during the 1970s by licensing restrictions, even though they offered competitive interest rates on deposits and service superior to that offered by the large bureaucratic state banks. Bank Indonesia also imposed credit quotas on all banks to reduce inflationary pressures generated by the oil boom (see Monetary and Exchange Rate Policy, this ch.)

The first major economic reform of the 1980s permitted a greater degree of competition between state and private banks. In June 1983, credit quotas were lifted and state banks were permitted to offer market-determined interest rates on deposits. Many of the subsidized lending programs were phased out, although certain priority lending continued to receive subsidized refinancing from Bank Indonesia. Also, important restrictions remained, including the requirement that state enterprises bank at state banks and limitations on the number of private banks. By 1988 state banks still accounted for almost 70 percent of total bank credit, and liquidity credit still accounted for about 33 percent of total state bank credit.

In October 1988, further financial deregulation essentially eliminated the remaining restrictions on bank competition. Limitations on licenses for private and foreign joint-venture banks were lifted. By 1990 there were ninety-one private banks—an increase of twenty-eight in a single year—and twelve new foreign joint-venture banks, bringing the total foreign and joint-venture banks to twenty-three. State enterprises were permitted to hold up to 50 percent of their total deposits in private banks. Later, in January 1990, many of the remaining subsidized credit programs were eliminated.

The extensive bank deregulations promoted a rapid growth in rupiah-denominated bank deposits, reaching 35 percent per year when controlled for inflation in the two years following the October 1988 reforms (for value of the rupiah—Rp—see Glossary). This rapid growth led to concerns that competition had become excessive; concern was heightened by the near failure of the nation's second largest private bank, Bank Duta. The bank announced in October 1990 that it had lost more than US\$400 million, twice the amount of its shareholders' capital, in foreign exchange dealings. The bank was saved by an infusion of capital from its shareholders,

which included several charitable foundations chaired by Suharto himself. The spectacular crash of Bank Summa in November 1992 was not protected by Bank Indonesia. Its owner, a highly respected wealthy businessman, was forced to liquidate other assets to cover depositors' losses.

Unrestricted transactions in foreign exchange by Indonesian residents had been a unique feature of the financial sector since the early 1970s. Although many developing countries attempt to outlaw such so-called capital flight, the New Order continued to permit Indonesian residents to invest in foreign financial assets and to acquire the foreign exchange necessary for investments through Bank Indonesia without limit. Commercial banks in Indonesia, including state banks, had also been permitted since the late 1960s to offer foreign currency—usually United States dollar—deposits, giving rise to the so-called Jakarta dollar market. By 1990 20 percent of total bank deposits were denominated in foreign currency. This freedom to invest in foreign exchange served the financial institutions well. During the 1970s, when banks' domestic credit activities were heavily restricted, most banks found it profitable to hold assets abroad, often well in excess of their foreign exchange deposits. When demand for domestic credit was high, banks resorted to international borrowing to finance expanding domestic loans. To control the domestic supply of credit by plugging the offshore leak, in March 1990, Bank Indonesia issued a new regulation that limited the net foreign position of a bank (the difference between foreign assets and liabilities) to 25 percent of the bank's capital.

Prior to bank reforms in October 1988, some private banks were essentially the financial arm of large business conglomerates and consequently did not make loans to businesses outside those connected with the bank's owners. The 1988 bank reforms limited loans to businesses owned by bank shareholders. When many of the government-subsidized credit programs targeted to small businesses were eliminated in January 1990, the government required banks to lend a 20 percent share of their loan portfolio to small businesses, defined as those businesses with assets, excluding land, worth less than Rp600 million (about US\$300,000). This aspect of financial reform ran counter to the overall effort to improve bank efficiency because the rule applied to all banks regardless of their expertise in small-scale lending. However, the policy reflected the government's persistent concern that the public might perceive the benefits of economic growth as limited to the wealthy few.

One of the most striking outcomes of financial reform was the revival of the Jakarta stock market in the late 1980s. Established in 1977, the stock market had become lifeless during the early 1980s

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because of extensive regulation of stock issues and price movements. In conjunction with substantial bank reforms, many restrictions on the Jakarta Stock Exchange were lifted in the mid-1980s, broadening the range of firms that could issue equity and permitting stock prices to reflect market supply and demand. To tap the growing international interest in Asian investments, foreign ownership was permitted for up to 49 percent of an Indonesian firm's issued capital. The market's response to these reforms was dramatic. The number of firms listed on the exchange rose from 24 in 1988 to 125 in January 1991, and the market capitalization—the total market value of issued stocks—reached more than Rp12 billion. Although this amount of market capitalization was less than 15 percent of the volume of bank credit to private firms, the stock market promised to become an increasingly important source of finance.

Trade and Industrial Reform

Indonesia's industrialization during the 1970s and early 1980s was accompanied by a growing web of trade restrictions and government regulations that made private businesses the hostage of government approval or protection. The dictates of the market had little bearing on profitability, and even the most inefficient firms could prosper with the right government connections. As a consequence, almost all of Indonesia's industrial production was sold on domestic markets, leaving exports dominated by oil and agricultural products.

Major trade policy reforms, introduced in the mid-1980s, went a long way toward disentangling the government from the marketplace. These reforms proved very successful in promoting the growth of new export industries. Still, the large conglomerates that had emerged under heavy regulations also had the resources to benefit most in the more competitive environment. By the early 1990s, the government still confronted widespread popular concern over the distribution of gains from economic development.

The industrial and trade policy favored by government through the early 1980s was characterized by development economists as import-substitution industrialization. As illustrated by the steel industry example discussed above, the typical pattern was to encourage domestic producers to invest in a priority sector, selected by the Department of Industry, that could substitute domestic production for products previously imported (see *The Politics of Economic Reform*, this ch.). The enticement offered to the domestic investor often included sole license to import the product and restrictions on other potential domestic producers. The Department

of Trade issued import licenses, and BKPM, which had jurisdiction over investment by all foreign firms and most large domestic firms, provided the constraints to potential domestic competitors. The overall direction of industrialization was framed in five-year development plans, but political influence often led to a more capricious pattern of benefits. In addition to almost 1,500 nontariff restrictions, such as import license requirements, tariffs ranging up to 200 percent of the value of an import were in place on those imports not affected by licensing.

The inefficiencies that plagued this strategy were documented by Department of Finance economists who were preparing for a major tax reform implemented in 1985 (see *Government Finance*, this ch.). Case studies of firms in import substitute sectors showed they generated 25 percent of employment opportunities that investment in potential exports would have supplied, and that shifting investment from an import substitute to an export product would generate four times the foreign-exchange earnings. Indonesia thus was left out of the substantial regional growth in manufactured exports during the early 1980s. In Thailand and Malaysia, manufactured exports accounted for 25 and 18 percent of exports, respectively, by 1980, whereas manufactured exports generated only about 2 percent of total Indonesian exports that year.

The complexity of trade regulations provided a rich opportunity for corruption within the Customs Bureau, which administered policies and assessed the value of imports to determine the appropriate tariffs. In April 1985, the Customs Bureau was released from its responsibilities, and a Swiss firm, Société Générale de Surveillance, was contracted to process all imports valued over US\$5,000. Société Générale de Surveillance determined the value of imports into Indonesia at their port of origin and shipped the products in sealed crates to the Indonesian destination. Importers within Indonesia reported that their import costs fell by over 20 percent within months of the reform.

The first measure to directly curtail high trade barriers came in the form of an export certification program designed to offset the high costs for exporters who purchased imported inputs. This was abandoned, however, when the United States threatened to curtail textile imports from Indonesia because of the alleged subsidy from the certification scheme. In response, Indonesia agreed to sign the General Agreement on Tariffs and Trade (GATT—see Glossary) Export Subsidy Accord in 1985. This agreement provided a further impetus for more substantial trade reform because the agreement prohibited government compensation for export costs created by nontariff barriers to imported inputs.

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In May 1986, the first in a series of more substantial trade reforms was announced. The reform package provided duty refunds for tariffs paid on the imports of domestic producers who exported a substantial share of their products. To overcome the problem of nontariff barriers, such as licensing restrictions on imports, exporters were granted the right to import their own inputs, even if another firm previously had had exclusive privilege to import the product. Restrictions on foreign investment were reduced, particularly to stimulate production for export (see Industry, this ch.).

Although these reforms improved profits of exporting firms, they did not help to encourage exports from firms that preferred to supply the protected domestic market. In November 1988, a major trade reform began to dismantle the extensive nontariff barriers and to lower and simplify tariff rates. By eliminating the influential plastics and steel import monopolies, government indicated the seriousness of the new policy direction. The 1988 reforms brought the share of domestic manufacturing protected by nontariff barriers to 35 percent from 50 percent in 1986.

Deregulation continued in a series of reform packages affecting both direct trade barriers and government regulations that indirectly influenced the "high-cost" business climate. By 1990 nontariff barriers affected only 660 import items, compared with 1,500 items two years earlier. Tariffs, still charged on almost 2,500 different imported items, had a maximum rate of 40 percent. BKPM adopted a new policy in 1989 to list only those economic sectors in which investment was restricted; the negative list replaced a complex Priority Scale List that had controlled investment in virtually all sectors. In 1991 the contract with Société Générale de Surveillance was renewed under new provisions mandating that the Customs Bureau be trained to eventually replace the foreign firm.

Most of the substantial reforms that began in the mid-1980s and continued through the early 1990s reflected a new orientation to market-led economic development. In some cases, however, important new policies reflected the longstanding government concern that the private marketplace could not be trusted to ensure politically desirable outcomes. This was particularly true of policies concerning the processing of Indonesia's valuable natural resources and the sensitive area of *pribumi* business development.

Indonesia was the world's leading exporter of tropical logs in 1979, accounting for 41 percent of the world market. Concerns about environmental degradation and the lack of domestic log processing capacity led to restrictions on log exports beginning in 1980, culminating in a complete ban on log exports in 1985 (see Forestry, this ch.). The intent was primarily to foster the

nascent plywood and sawmill industry, which could in turn export its output and expand employment and industry within the country. By 1988 Indonesia supplied almost 30 percent of world exports of plywood. The success of this policy led to other similar initiatives, including a ban on raw rattan exports in 1988 to foster the domestic rattan furniture industry and a substantial export tax on sawn timber in 1990 to promote the domestic wood furniture industry.

Many benefits that fostered the growth of large conglomerates were reduced or eliminated, but the conglomerates adapted quickly to the new environment. For example, the Bimantara Citra Group, operated by Suharto's son Bambang, lost its plastics import license held through Panca Holdings in 1988 but gained new interests in sectors that had previously been closed to private investment. The group became the first Indonesian company permitted to establish a privately owned television station—Rajawali Citra Televisi Indonesia (RCTI)—and, in the early 1990s, was poised to invest in petrochemical plants, long a government stronghold (see *Post and Telecommunications*, this ch.). Another son, Tommy Suharto, had a major holding in Sempati Air Services, the first private Indonesian airline permitted to offer international jet service in competition with the government airline monopoly, Garuda Indonesia (see *Transportation*, this ch.). An extensive review of Suharto family holdings published in the *Far Eastern Economic Review* in April 1992 noted that public resentment of family business gains was growing, although government officials and businessmen refused to voice their concern openly.

The government took some measures to curtail the continued dominance of large conglomerates. In 1990 Suharto himself publicly called for large business conglomerates to sell up to 25 percent of their corporate shares to employee-owned cooperatives on credit supplied by the conglomerates themselves, to be repaid with future stock dividends. The request was not legally mandated, but the attendant publicity that clearly identified the major Chinese minority firms involved was viewed as pressure to comply. Within a year, 105 companies had sold much smaller shares of stocks, diluted by special nonvoting provisions, to the cooperatives. A further initiative in 1991 called for large firms to become the “foster fathers” of smaller *pribumi* businesses, which would serve as their suppliers, retailers, and subcontractors.

Large, state-owned enterprises faced greater competition, but privatization of these operations did not seem likely in the early 1990s. During the late 1980s, however, several measures were undertaken to prepare for possible eventual privatization, including

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a thorough independent assessment of the profitability of each enterprise and a review of management compensation in relation to performance criteria. In 1988 the Department of Finance issued a new regulation outlining measures that could be taken to improve the performance of state-owned enterprises. The measures included management contracts with the private sector, issuing private ownership shares on capital markets or direct sale to private owners, and liquidation.

Another government policy initiated in 1989 suggested that at least some state-owned industries would be protected from possible privatization. A Council for the Development of Strategic Industries was established, headed by Minister of State for Research and Technology Habibie. The council gained control of ten major state enterprises, including several munitions plants, the state aircraft firm Archipelago Aircraft Industry (IPTN), and Krakatau Steel. Under Habibie the industries' long-term development would be coordinated with continued government funding. This policy, viewed as a concession to the economic nationalists in the midst of government cutbacks, assured a major role for state-owned industries in Indonesia's most technologically sophisticated sectors.

Government Finance

Central Government Budget

In addition to regulating many aspects of economic activity, the government plays a direct role in the economy through its implementation of the central government budget. Early each year, the president presents to the House of People's Representatives (DPR) the proposed annual budget prepared by the Department of Finance for the upcoming fiscal year (see *Legislative Bodies*, ch. 4). Total government expenditures, including both routine expenditures and development projects, averaged about 22 percent of GDP during the 1980s (see table 16; table 17, Appendix). The broad outlines of government spending were framed in five-year plans prepared by Bappenas. The five-year development plan, or Repelita (see Glossary), described overall economic objectives, including the desired growth rates to be achieved in major economic sectors such as agriculture, mining, and industry, and more detailed proposals for selected activities that were of particular concern during the planning period. Repelita V (fiscal years 1989 to 1993; fiscal year—FY—see Glossary) emphasized the objective of continued export diversification and the reduction of foreign aid and foreign borrowing as sources of government revenue. However, the annual

central government budget provided a more concrete set of priorities than the broad Repelita guidelines and allowed for adjustments in total spending to meet unforeseen changes in revenue.

Government finance in developing countries is often constrained by the ability to collect taxes; tax collection in these countries is often hindered by the lack of accounting information on many informal businesses, the difficulty in imposing income tax withholdings among the millions of self-employed in agriculture and services, and extensive corruption. Indonesia was no exception to this rule, but during the 1970s the government was able to compensate for the limited domestic tax base by relying on taxes from the formal corporate sector, especially from foreign oil and gas operations. From 1979 to 1983, tax revenues from the oil and gas sector accounted for about 56 percent of total government revenues. Unfortunately, this bountiful resource undermined efforts to address serious problems in domestic tax laws and collection efforts (see table 18, Appendix).

The prospect of declining oil sector taxes because of the oil market collapse in the mid-1980s, together with a growing recognition of the flaws in domestic tax laws, motivated a comprehensive tax reform in 1984. The cornerstone of the 1984 tax reform was a simple value-added tax (see Glossary) to be levied on domestic manufacturing and imports to replace the previous sales tax that encompassed eight different tax rates and many types of exemptions. The new value-added sales tax applied a uniform tax rate to all manufacturing firms and importers; the rate was initially set at 10 percent, but the tax law permitted the rate to be altered within the range of 5 to 15 percent if revenue needs were to change. The tax was not applied to basic staples such as unprocessed foods, and so did not rely heavily on taxing poorer income groups who spent a large share of their income on such nonmanufactured products. The tax reform included a new income tax that imposed a three-tier rate of 14, 25, and 35 percent on both business and personal income. However, around 85 percent of households fell below the minimum income subject to tax, equivalent to US\$3,000 in 1984.

The government also maintained its commitment to a balanced central government budget in part by counting foreign borrowing and foreign aid as part of government revenues, labeled as development funds. During Repelita III (FY 1979-83), development funds accounted for about 15 percent of total government revenues and for about 30 percent of total development expenditures. When oil tax revenues declined by 15 percent per year when controlled for inflation from 1984 to 1986, the government responded by both

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curtailing expenditures and increasing the reliance on foreign borrowing.

During this adjustment period, total government expenditures did not increase, compared with an average annual increase of 9 percent during Repelita III, but development funds continued to grow at 10 percent per year. In the late 1980s, the effects of the tax reform began to be felt, and a combination of increased domestic non-oil tax revenues, the restoration of oil tax revenue growth as the oil market slowly improved, and continued growth in foreign borrowing permitted the restoration of a 10 percent annual growth in government expenditures from 1987 to 1990.

The structure of the government budget was greatly altered by these adjustments. During Repelita IV (FY 1984-88), non-oil domestic tax revenues accounted for 38 percent of total revenue, compared with 28 percent in Repelita III. However, development funds came to account for 57 percent of development expenditures. This increasing reliance on foreign funds contributed to a sharp rise in government debt service obligations, which rose to account for 24 percent of government expenditures, compared with about 9 percent under Repelita III. The budgetary concerns of the 1990s reflected these dramatic developments.

The proposed budget for FY 1992 highlighted the government's efforts to manage the foreign debt and to increase reliance on non-oil domestic tax revenues. Overall, government expenditures were not expected to increase when adjusted for the anticipated inflation of about 10 percent. The value-added tax on manufacturing activity was to be extended to apply to retailers with annual turnover of more than Rp1 billion. The interest earnings on bank deposits owned by corporations were to be taxed as normal income at a higher rate than the previous 15 percent tax on interest earnings introduced in 1988, and luxury taxes on some items would be increased. Although development expenditure was to increase somewhat, the increase was to be funded entirely by the anticipated higher domestic tax revenues.

These specific measures embodied in the FY 1992 budget reflect the continued effort to meet the Repelita V guidelines. Repelita V predicted a decline in the nation's debt service ratio (total debt service as a percent of merchandise export earnings) from the 35 percent level prevailing in 1989 to 25 percent by 1994. This drop was to be achieved both by the decline in government foreign debt and by a decline in foreign funds to finance private sector investment. Overall, Repelita V targeted almost 94 percent of total investment to be funded by domestic sources, compared with 81 percent in the previous plan. The plan's overall level of investment

remained the same, about 26 percent of GDP, as in Repelita IV. Repelita V also targeted inflation-adjusted GDP growth at 5 percent per year; the same target was achieved during Repelita IV.

Monetary and Exchange Rate Policy

In the early 1990s, Bank Indonesia, the central bank of Indonesia, was formally under the guidance of the central government through the Monetary Board. This board was composed of the minister of finance, several other cabinet members, and the governor of Bank Indonesia. New Order monetary policy reflected the resolve of the government to maintain stable prices and a balanced central budget to prevent the high inflation of the previous decades. This priority was stated in 1991 by the governor of Bank Indonesia, who announced a departure from the central bank's goal of inflationary rates below 20 percent a year. Henceforth, the goal would be to reduce inflation to a maximum of 6 percent a year.

High inflation had been a major problem since the mid-1960s. During the Sukarno regime's final years, the increasing government deficit was financed by Bank Indonesia in compliance with instructions from the Monetary Board—a practice that violated Bank Indonesia's own charter, which limited central bank credit to 20 percent of gold and foreign exchange reserves. Although this lack of financial discipline was a major cause of severe inflation during the mid-1960s, the New Order regime was unwilling to dismantle the time-tested Monetary Board. Whereas, during the 1970s and 1980s, the central bank contained inflation below 20 percent per year with few exceptions, in 1991 the governor of Bank Indonesia pledged to reduce inflation by limiting the amount of bank credit available in the economy. After the 1983 reforms, Bank Indonesia faced the problem of controlling bank credit while permitting all banks, including the then-dominant state banks, to operate on a commercial basis. In many industrialized countries, indirect control of bank credit is achieved by central bank transactions in government securities that expand or contract the supply of reserves available to banks to meet required reserves on bank liabilities. Because the Indonesian government maintained a balanced budget, no government securities were issued. Instead, Bank Indonesia began to issue its own debt in the form of Sertifikat Bank Indonesia (SBI), beginning in 1984. The intent was to encourage banks to invest their short-term funds in SBIs and, as the market deepened, permit Bank Indonesia to buy and sell SBIs to influence the quantity of bank reserves. Bank Indonesia also encouraged the development of other privately issued short-term debt instruments. A sophisticated market in short-term securities offered banks more

flexible management of their total assets and encouraged them to hold short-term funds in rupiah rather than in overseas dollar deposits, which had become a common practice.

In the 1990s, Bank Indonesia also managed the exchange rate between the rupiah and foreign currencies, a responsibility that sometimes conflicted with the objective of controlling the amount of bank credit. Following a period of floating the rupiah from 1966 to 1971 to permit the market to set its value in foreign currency, Bank Indonesia pegged the exchange rate at Rp415 per US\$1 and lifted most restrictions on international transactions that were heavily regulated during the Sukarno era. To maintain the exchange rate, the central bank was obliged to buy or sell as much foreign currency as was demanded at the predetermined rate.

When oil revenues surged in 1974, the bank found itself in essence printing rupiah currency in exchange for the oil-generated dollar revenues. Bank credit rose precipitously once the currency was deposited in domestic banks. Inflation surged to over 40 percent that same year, the highest rate experienced in the New Order era as of 1992. Bank Indonesia responded aggressively by imposing direct controls on the amount of credit issued by individual banks, a policy that also contributed to the lack of competition with the favored state banks (see *Financial Reform*, this ch.). By 1978 inflation had been reduced to less than 10 percent per year, but four years of double-digit inflation had seriously undermined Indonesia's exporters, whose costs rose with inflation even though revenues still translated into rupiah at the rate of Rp415 per US\$1.

To address the eroding profits of exporters, Bank Indonesia was compelled to devalue the rupiah by 50 percent in 1978, bringing the exchange rate to Rp625 per US\$1. Bank Indonesia announced its intent to permit more gradual adjustments in the exchange rate in line with the industrial world's abandonment of fixed exchange rate regimes in the mid-1970s. However, inflation in Indonesia continued at an average of 14 percent per year, which was low by the standards of many developing countries but above that in many of Indonesia's industrialized trade partners. In 1983 a second major devaluation brought the rupiah exchange rate to Rp970 per US\$1. This devaluation was accompanied by a major financial reform that eliminated the direct controls Bank Indonesia had relied on in the past to manage the growth in bank credit.

Although these markets began to develop gradually, Bank Indonesia continued to confront periodic financial crises that required a more drastic response. The third major devaluation since 1971 was undertaken in September 1986, primarily in response to the decline in foreign exchange earnings through oil exports. The exchange rate

rose from Rp1,134 per US\$1 to Rp1,641 per US\$1. Moreover, the uncertain oil market, together with the history of major devaluations, combined to make financial markets highly susceptible to rumors of further devaluations. Once anticipation of a possible devaluation spread, the response by banks and businesses alike was to borrow rupiah funds to acquire dollars to profit from the anticipated devaluation, thereby depleting the dollar reserves of Bank Indonesia. Ideally, such runs could be discouraged by paying a high rate of interest on SBIs, but occasionally the crisis was so severe that banks were unwilling to purchase SBIs. On two occasions, in late 1987 and February 1991, Bank Indonesia instead required state-owned corporations to withdraw large sums from their bank deposits (around Rp800 million in 1987 and Rp8 trillion in 1991) to purchase SBIs, which deprived banks of a major source of rupiah funds to use for speculation, thwarting the outflow of dollar funds.

The efforts to manage inflation and contain speculation against the rupiah resulted in high interest rates on bank credit following 1983 interest rate deregulations. In 1991 interest rates on commercial loans soared to 28 percent per year from 20 percent in 1990, whereas inflation was around 9 percent per year. One Indonesian economist from the private Institute for Economic and Financial Research observed that many businesses would be unable to find investment projects that could generate such a high rate of return. The *Asian Wall Street Journal* noted in February 1991 that the high interest rates on bank deposits were partly responsible for the substantial decline in the average stock share prices listed on the Jakarta Stock Exchange in 1991, which dropped over 50 percent from the previous year as financial investors found bank deposits a more lucrative investment. In spite of these adverse consequences, the government remained steadfast in its efforts to control inflation in the hope that improvements in bank efficiency and increased economic growth would help lower interest rates. In addition, Bank Indonesia permitted a more gradual rate of rupiah depreciation (about 5 percent per year) from 1987 through 1992 to avoid further major devaluations.

Foreign Aid, Trade, and Payments

Aid and Trade Policies

Indonesia's exports were vital to its economic development, as exports earned the foreign exchange that permitted Indonesia to purchase raw materials and machinery necessary for industrial production and growth. During the 1980s, about 25 percent of

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domestic production, or GDP, was exported. Although petroleum was the most important export, other exports included agricultural products such as rubber and coffee and a growing share of manufactured exports. In the late 1980s, the government classified about 70 percent of imports as raw materials or auxiliary goods for industry, about 25 percent of imports as capital goods, primarily transportation equipment, and only around 5 percent of imports as consumer goods (see table 19, Appendix).

Export earnings also contributed to Indonesia's ability to borrow from world financial markets and international development agencies. On average, about US\$3 billion per year was borrowed during the 1980s. These borrowings primarily financed government-sponsored development projects. However, increasing interest payment obligations in the late 1980s helped bring more restraint to government borrowing.

Indonesian exports were traditionally based on the country's rich natural resources and agricultural productivity, making the economy vulnerable to the vicissitudes of changing world prices for these types of products. For example, the Dutch colonial economy suffered when world sugar prices collapsed during the Great Depression, and fifty years later, the New Order endured the dramatic oil market collapse in the mid-1980s. Manufactured exports offered the prospect of more stable export markets during the 1980s, but even these products were threatened by increased trade protection among industrial countries. To avoid heavy reliance on a few trade partners, the government pursued several measures to diversify export markets, especially to other developing nations such as China and Indonesia's fellow members of the Association of Southeast Asian Nations (ASEAN—see Glossary).

Substantial trade reforms during the 1980s contributed to the surge in manufactured exports from Indonesia. The most important manufactured export was plywood, whose domestic production was facilitated by the ban on log exports in the early 1980s. In 1990 plywood accounted for over 10 percent of total merchandise exports. Although not yet significant individually, a wide range of manufactured products, including electrical machinery, paper products, cement, tires, and chemical products, helped bring overall manufactured exports to 35 percent of merchandise exports, or a total of US\$9 billion in 1990, up from less than US\$2 billion in 1984 (see table 20, Appendix).

The growth in non-oil exports helped Indonesia maintain a positive trade balance throughout the 1980s in spite of the oil market collapse. However, increases in imports, service costs such as foreign shipping, and interest payments on outstanding foreign debt

all contributed to a worsening current account deficit in the late 1980s. The deficit more than doubled from US\$1.1 billion in 1989 to US\$2.4 billion in 1990. The 1991 current account deficit was predicted to reach as high as US\$6 billion.

The government had successfully avoided a debt crisis in the early 1980s when many developing countries, including the neighboring Philippines, were forced to temporarily halt debt repayments. In a comparative study of Indonesia and other debtor nations, economists Wing Thye Woo and Anwar Nasution argue that Indonesia's success stemmed from two main factors: heavy reliance on long-term concessional loans and sustained high exports because of a willingness to devalue the exchange rate even when oil export revenues were buoyant (see *Monetary and Exchange Rate Policy*, this ch.). When dollar interest rates soared in the early 1980s, Indonesia's average interest rate on long-term debt was 16 percent compared with over 20 percent paid by Brazil and Mexico.

By 1990 Indonesia's total outstanding foreign debt had reached US\$54 billion, more than double the amount in 1983. Over 80 percent of this debt was either lent directly to the government or guaranteed by the government. Measures to reduce foreign borrowing, together with the rise in export earnings, brought the debt service ratio from 35 percent in 1989 to 30 percent in 1990 (see *Government Finance*, this ch.). Indonesia continued to rely heavily on borrowing from official creditors rather than private sources such as commercial banks or bond issues. In 1990 US\$33 billion, or 75 percent, of government debt was from official creditors; of this amount, US\$18.5 billion was at concessional terms. In 1990 US\$5 billion in new loan commitments from official creditors were secured at an average interest rate of 5.7 percent, with an average maturity of twenty-three years, whereas US\$1 billion in new commitments from private creditors entailed a 7.4 percent interest rate and an average of fifteen years maturity.

The mounting government concern over foreign debt led to the establishment of a Foreign Debt Coordinating Committee in 1991, which included ten cabinet ministers chaired by the coordinating minister for economics, finance, industry, and development supervision. The committee was given broad powers to document and coordinate all foreign borrowing that was related to either the central government budget or the state enterprise sector. Although in theory this debt excluded private-sector foreign borrowing, such borrowing could be included if the investment project received any state financing or supply contracts from state enterprises. The power of this committee was made apparent in its first initiative in 1991,

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which postponed until 1995 four major energy and petrochemical projects representing a total investment of US\$10 billion.

Multilateral aid to Indonesia was long an area of international interest, particularly with the Netherlands, the former colonial manager of Indonesia's economy. Starting in 1967, the bulk of Indonesia's multilateral aid was coordinated by an international group of foreign governments and international financial organizations, the Inter-Governmental Group on Indonesia (IGGI—see Glossary). The IGGI was established by the government of the Netherlands and continued to meet annually under Dutch leadership, although Dutch aid accounted for less than 2 percent of the US\$4.75 billion total lending arranged through the IGGI for FY 1991.

The Netherlands, together with Denmark and Canada, suspended aid to Indonesia following the Indonesian army shootings of at least fifty demonstrators in Dili, Timor Timur Province, in November 1991 (see *Political Dynamics*, ch. 4). The shootings led to international protests against government policy in the former colony of Portuguese Timor (East Timor), which had been forcefully incorporated into the Indonesian nation in 1976 without international recognition. Indonesian minister of foreign affairs Ali Alatas announced in March 1992 that the Indonesian government would decline all future aid from the Netherlands as part of a blanket refusal to link foreign assistance to human rights issues, and requested that the IGGI be disbanded and replaced by the Consultative Group on Indonesia (CGI—see Glossary) formed by the World Bank.

Indonesia's major aid donors—Japan, the World Bank, and the Asian Development Bank (see Glossary)—contributed about 80 percent of IGGI-coordinated assistance, and were willing to continue assistance outside the IGGI framework. Other donors, however, such as the European Community, had charter clauses refusing financial assistance to governments that violated human rights. Although the European Community did not sever its aid ties to Indonesia following the 1991 events in East Timor, human rights concerns were expected to affect subsequent negotiations (see *Human Rights and Foreign Policy*, ch. 4).

Direction of Trade

In the early 1990s, Indonesia's trade partners included dozens of countries throughout the world. Imported goods came from markets as near as Singapore, one of the newly industrializing economies (NIEs) of Asia, and as far as Europe and the Middle East (see table 21, Appendix). Japan and the United States were the most important suppliers, together accounting for 37 percent of imports in the late 1980s. The growth in Indonesia's manufactured

products contributed to a growing diversity of export markets. However, the importance of oil and liquefied natural gas in total exports gave Japan, the major market for these natural resources, predominance among export destinations (see table 22, Appendix).

In 1990 more than 70 percent of exports to Japan were crude petroleum, petroleum products, and natural gas, which represented 67 percent of all petroleum exports and 75 percent of all natural gas exports from Indonesia. Although Japan was also an important market for agricultural and manufactured goods, the markets for these products were more diversified among Indonesia's many trade partners. Half of Indonesia's natural rubber and one-third of its clothing exports were exported to the United States. One-third of Indonesia's plywood products was exported to Japan, but significant shares also were exported to the United States, the Republic of Korea (South Korea), Taiwan, and several European nations.

The government participated in several initiatives to expand and diversify export markets. In 1991 the Department of Trade organized a mission to China, a country with which economic ties had been effectively severed from 1965 until the late 1980s. Recorded exports to China were 3.2 percent of Indonesia's total exports in 1990 (although this measure may not have indicated a genuine increase in trade because before 1990 Indonesian products were shipped to China via Singapore and Hong Kong). When compared with trade with other trade-partner nations, the 3.2 percent figure ranked the China trade close to that with countries such as the Netherlands and the Federal Republic of Germany (then West Germany) but ahead of all ASEAN partners except Singapore. Relations with China warmed after the trade mission, and greater overall trade was anticipated.

ASEAN was founded in 1967 to promote economic integration among the nations of Indonesia, Singapore, Thailand, Malaysia, and the Philippines, and later Brunei. Early efforts of this group included an industrial projects agreement signed in 1976 to establish several large-scale industrial projects jointly owned by member governments, and the 1981 Industrial Complementation Scheme designed to coordinate the production of components for manufactured products, such as automobiles, among ASEAN members. In 1992 a major trade accord—the Common Effective Preferential Tariff—proclaimed that an ASEAN Free Trade Area (AFTA) was to be established in January 1993 and result in a gradual reduction in tariffs on manufactured goods to a maximum of 5 percent by 2008. The initial measures listed fifteen categories of manufactured goods, including plastics, fertilizer, wood pulp,

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glass products, electronics, and wooden furniture, that would have a uniform tariff of no more than 20 percent within eight years. The *Asian Wall Street Journal* reported in early 1992 that significant loopholes in the trade accord, such as permission for individual countries to exclude certain products from tariff cuts, could dilute its impact. In addition, Indonesian won a delay of fifteen years in implementation.

Employment and Income

Many developing nations face a similar dilemma: although growth in the modern industrial sector is critical for increasing GDP, it can provide only a small share of total employment opportunities. Indonesia's employment pattern illustrated this dilemma: the industrial sector employed about 6.5 million workers in 1989—only about 9 percent of the total labor force—whereas the agricultural sector still employed 41 million workers—56 percent of the total labor force (services accounted for the remaining 26 million employed workers—35 percent of the work force). The distribution of benefits from economic growth depended largely on how government policies affected employment opportunities nationwide and earnings in agricultural and service sectors. Because the population was still predominantly rural, the benefits of economic growth also depended on the opportunities available in rural areas.

Another major concern of government planners in the early 1990s was the rapid increase in the labor force. Repelita V estimated that the labor force would grow at a rate of 2.4 million workers per year, bringing the total to 86 million in 1993, up from 73.5 million in 1989. (The labor force in the early 1990s was usually slightly larger than the total number of employed workers because of unemployment.) The rapid rate of growth reflected both the increase in the working age population, estimated at 2.7 percent per year, and the increasing rate of labor force participation among women. The rate of increase of the female labor force was predicted to be 3.9 percent per year, compared with 2.4 percent per year for the male labor force.

Unemployment in 1989 was estimated at only about 3 percent of the total labor force. However, this figure ignored the high degree of underemployment—or workers employed in low-skill, informal-sector jobs because of the lack of better opportunities (see *Infrastructure and Services*, this ch.). Repelita V expressed government concern over the mismatch between the education and skills of workers and the available job opportunities. The plan noted that government employment policy should shift away from the public

works employment programs of the past that had generated low-skill rural jobs, in favor of vocational training and greater assistance to small-scale enterprises.

Information on wages in Indonesia was frequently difficult to interpret because of imprecise definitions of job categories and different measures of labor. In his study of the Indonesian industrial sector, Australian economist Hal Hill reviewed the available data on employee compensation among medium and large firms. In the highest paid industry—basic chemicals—labor earnings averaged Rp260,000 (about US\$234) per month in 1985. In the lowest paid industry—clay products—earnings were Rp32,000 per month (about US\$29). The industrial earnings average was Rp84,000 per month (about US\$76). The considerable interindustry variation presumably reflected different skill levels, but no information was available on the number of hours worked or the skills and education of the workers. Compared with wage levels in 1974, these earnings reflected an average increase of 5.6 percent per year when controlled for inflation.

These average figures disguised to some degree the low wages paid to the least skilled and most numerous employees in industry. Although Indonesia in 1992 had minimum wage legislation, outside observers, including representatives of United States labor unions, observed that the minimum wage law and other labor protection were frequently violated. The American Federation of Labor filed three unsuccessful petitions with the United States government from 1987 to 1990 to eliminate Indonesian tariff concessions under the Generalized System of Preferences because of labor law violations. The only officially sanctioned trade union in Indonesia, the All Indonesian Workers Union (SPSI), was tightly controlled by the government, and, until 1990, all strikes were illegal. The government relied on the army to help quell a rash of strikes during September 1991 in the industrial area of Tangerang in Jawa Barat Province, about thirty-two kilometers west of Jakarta. Workers were protesting wages below the minimum level, set at the equivalent of US\$1.07 per day in that area.

Earnings outside the industrial sector were typically lower, with the exception of earnings in some services such as finance and banking. The Department of Manpower reported the average minimum monthly wages in several economic sectors for 1989, which ranged from about Rp67,000 (about US\$38) in the plantation sector to Rp213,000 (about US\$120) in banking and insurance. According to this source, the average minimum monthly wage in manufacturing was Rp130,000 (about US\$73).

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Many scholars have researched changes in income distribution under the New Order. The conspicuous consumption of the wealthy Chinese minority and Suharto family members, a stark contrast to the very modest means of most Indonesians, underscored concern about whether the average Indonesian was better off after two decades of growth in GDP. The Central Bureau of Statistics (BPS) provided extensive data for investigation, including decennial population and agricultural censuses, ten national socioeconomic surveys between 1963 and 1987, and two major labor force surveys in 1976 and 1986. In spite of the wealth of information, disagreements and uncertainties abounded, often because of changing definitions and incomparable data among different surveys, and concerns about the quality of data collected by the Central Bureau of Statistics. Nevertheless, a consensus emerged among many scholars, including economists at the World Bank and the contributors to a major economic review entitled *The Oil Boom and After*, edited by Anne Booth, that income actually became slightly more equally distributed from the 1960s to the 1980s.

The series of national socioeconomic surveys, known by the Indonesian acronym Susenas, were the most frequently used source for nationwide studies of income distribution and poverty. However, Susenas, based on a representative sample of 50,000 households, reported only household expenditures, not household income. To the extent that richer households saved more in addition to spending more, the surveys may have distorted income distribution. Based on Susenas data, the World Bank reported that when ranked by expenditure, the bottom 20 percent of population accounted for about 9 percent of total national expenditure in 1987, while the top 20 percent accounted for a little over 40 percent of total national expenditure.

A study in *The Oil Boom and After* summarized Indonesian income distribution from Susenas data with the Gini coefficient, a measure of concentration showing the relationship between the cumulative percentage of some groups of items (for example, households) and the cumulative percentage of the total amount of some variable (for example, income) frequently employed by economists. A smaller Gini coefficient, which ranges from 0.2 to 0.6 for most countries, indicates a more evenly distributed income. The Gini coefficient for Indonesian urban dwellers fell slightly from 0.33 in 1969 to 0.32 in 1987; for the rural population the decline was more pronounced—from 0.34 to 0.26. Although income was becoming more evenly distributed in rural areas, urban areas appeared to be benefiting relatively more from economic growth. The ratio of

average urban household expenditures to average rural household expenditures increased from about 1.4 in 1970 to 1.8 in 1987.

The incidence of poverty, or the number of households living under a specified poverty level of expenditure, is also an important indicator of the benefits from economic growth. The World Bank conducted an extensive analysis of poverty trends during the 1980s based on the 1984 and 1987 Susenas surveys. The study concluded that both the percentage of the population and the absolute number of the poor declined during this period. By 1987, 30 million Indonesians, or 17 percent of the population, lived in absolute poverty, while many more lived above but near the poverty line. The poverty line was estimated on the basis of the expenditure necessary to maintain a daily intake of 2,100 calories and to meet other basic needs. In 1987 the necessary expenditures amounted to Rp17,381 per month per person in urban areas and Rp10,294 per month per person in rural areas.

The World Bank study applauded the overall success of the New Order regime in poverty reduction. The earliest reliable estimates of poverty in 1970 showed that 60 percent of the population then lived in absolute poverty. Because most of the poor earned a living in the agricultural sector, this success was attributed to improvements in agricultural productivity, in part the result of direct government investments and appropriate macroeconomic policies such as moderate inflation and a generally realistic exchange rate. The government sustained the decline in poverty in the 1980s by avoiding major budget cuts in programs that directly affected agricultural and rural development.

Agriculture

Development Trends

During the 1970s and 1980s, Indonesia followed a well-recognized trend among developing nations: a decline in agricultural production as a share of GDP. The agricultural sector, however, was still vital for several reasons. The vast majority of people lived and worked in rural areas, and most of their income was from agricultural activities. Rice, which dominated agricultural production in Indonesia, was the staple food for most households, urban and rural alike. The government considered adequate supplies of affordable rice necessary to avoid political instability. The New Order's most striking accomplishment in agriculture was the introduction of so-called Green Revolution rice technology, which moved Indonesia from being a major rice importer in the 1970s to self-sufficiency by the mid-1980s.

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The 1980 population census indicated that 78 percent of the population was located in rural areas (see Population, ch. 2). This share continued to decline during the 1980s, but for a country at Indonesia's level of development, urbanization proceeded slowly. Although agriculture contributed a decreasing share of GDP—falling from 25 percent in 1978 to 20.6 percent in 1989—about 41 million workers, or 56 percent of the total labor force in 1989, still found employment in the agricultural sector. Within the agriculture sector, food crops accounted for 62 percent of the value of production, tree crops for 16 percent, livestock for 10 percent, and fisheries and forestry equally for the remaining 12 percent of agricultural production in 1988 (see fig. 7; table 23; table 24, Appendix).

Land Use and Ownership

Roughly 20 million hectares, or nearly 10 percent of Indonesia's total land area, were cultivated in the 1980s. There was an additional 40 million hectares of potentially cultivatable land, primarily in Sumatra and Kalimantan. Smallholder cultivation of both food and estate crops predominated, accounting for about 87 percent of total land under cultivation; large plantations accounted for the remaining 13 percent. The pattern of cultivation and landholding in modern Indonesia reflected the distinctive natural ecosystems of Java and the Outer Islands (see Glossary), and the profound impact of colonial agricultural practices.

Java was the center of intensive rice cultivation on *sawah* or flooded cropland. This cultivation, which demanded rich volcanic soils and a fairly low gradient to permit water control, supported a dense sedentary population. The Outer Islands ecosystem of *swidden*, a type of dryland agriculture known also as slash-and-burn agriculture, was practiced on the less fertile forested land with a diverse range of crops such as cassava, corn, yams, dry rice, other vegetables, and fruits. Small forest plots were cleared, harvested for a few seasons, and then permitted to return to forest. Because of the far lower productivity per hectare of land than *sawah*, *swidden* cultivation could support only low population densities. However, *swidden* farmers were also able to adopt commercial tree crops such as rubber and coffee and were the major suppliers of these important agricultural exports (see Estate Crops, this ch.) Java supplied most rice and, through intercropping on *sawah* and cultivation on unirrigated land, most other major food crops.

In his classic study *Agricultural Involution*, anthropologist Clifford Geertz has given the most eloquent interpretation of the impact of colonial agricultural practices. In the late nineteenth century, agricultural "involution"—a reduction to former size—was centered

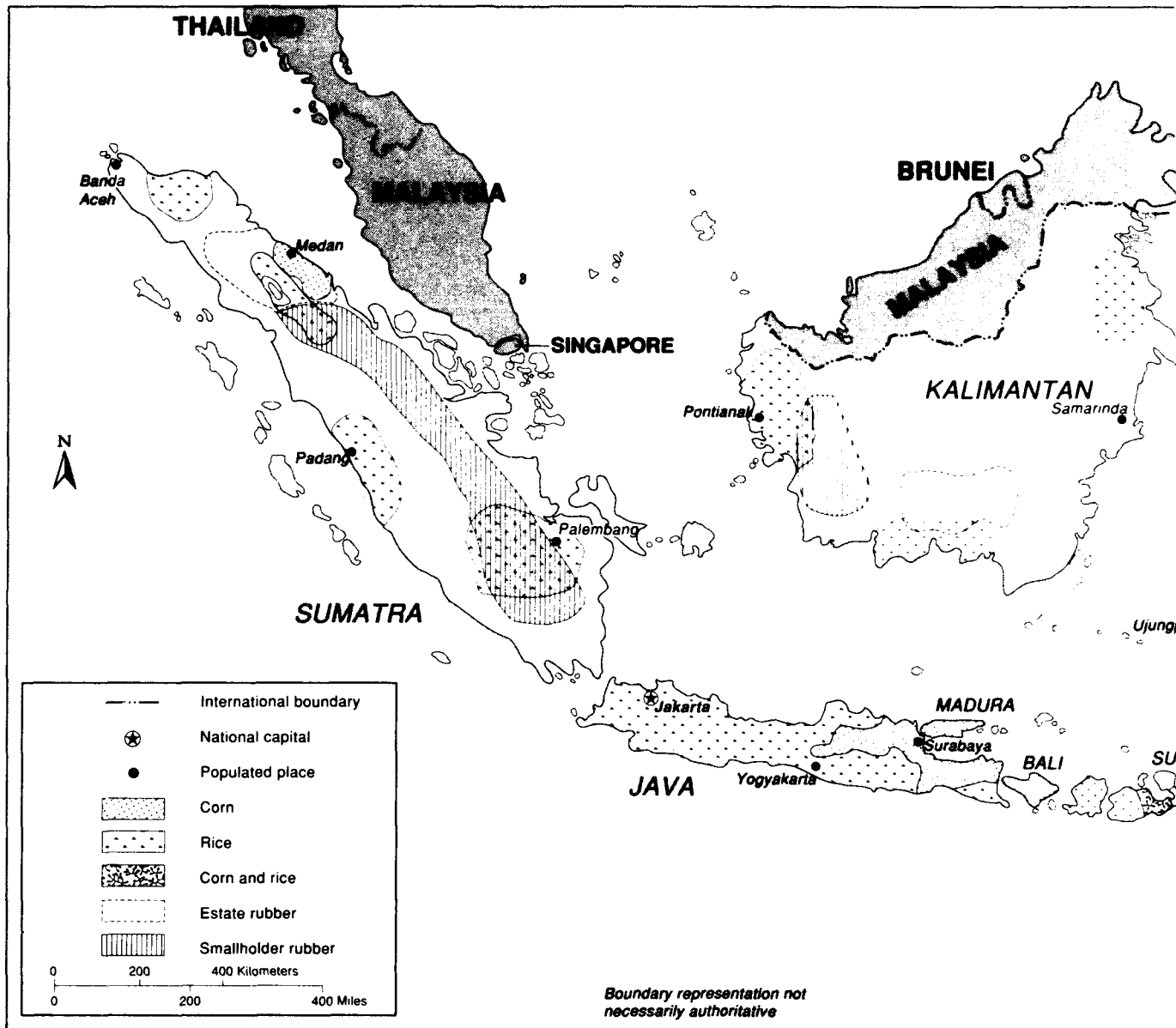
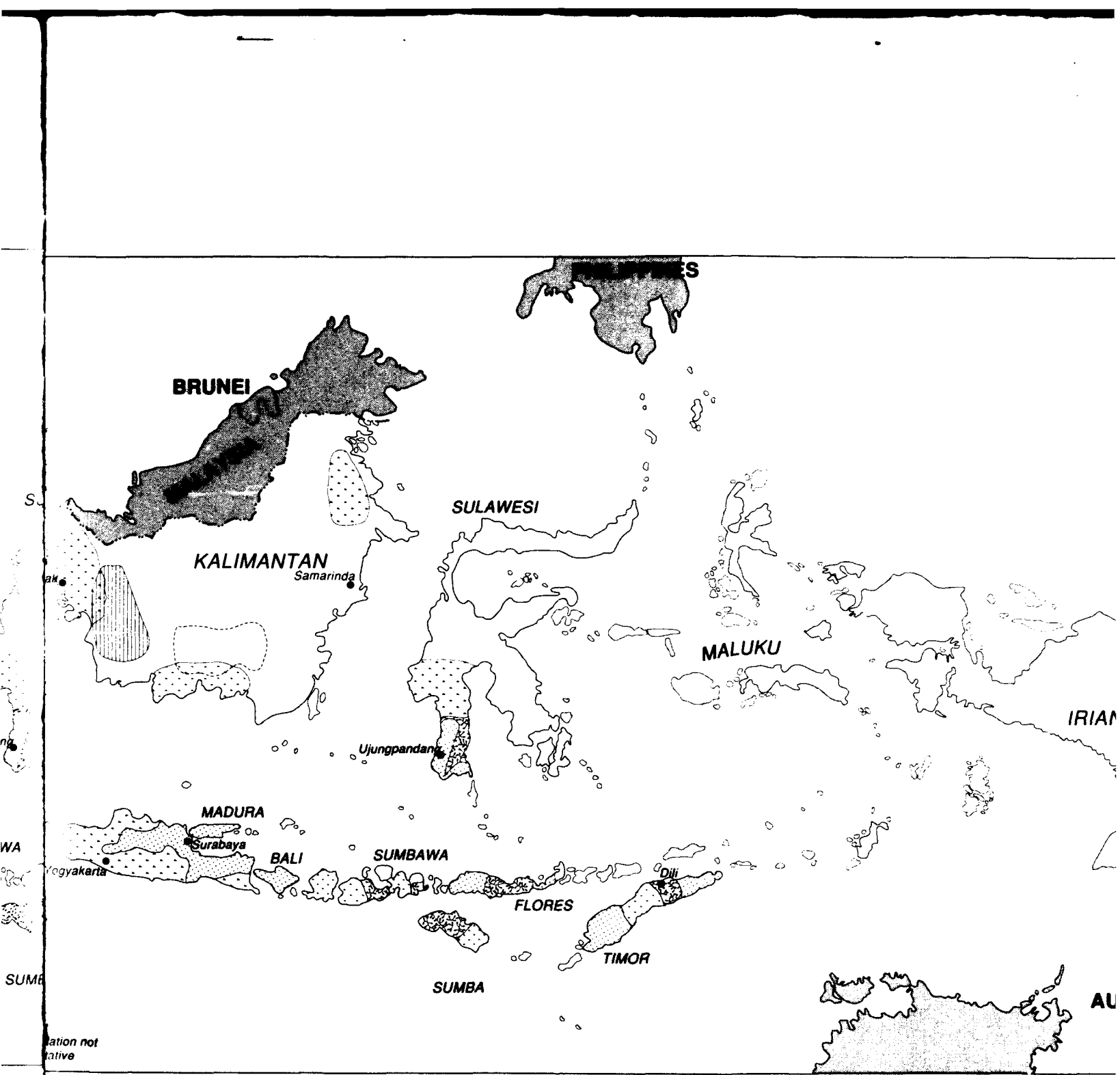
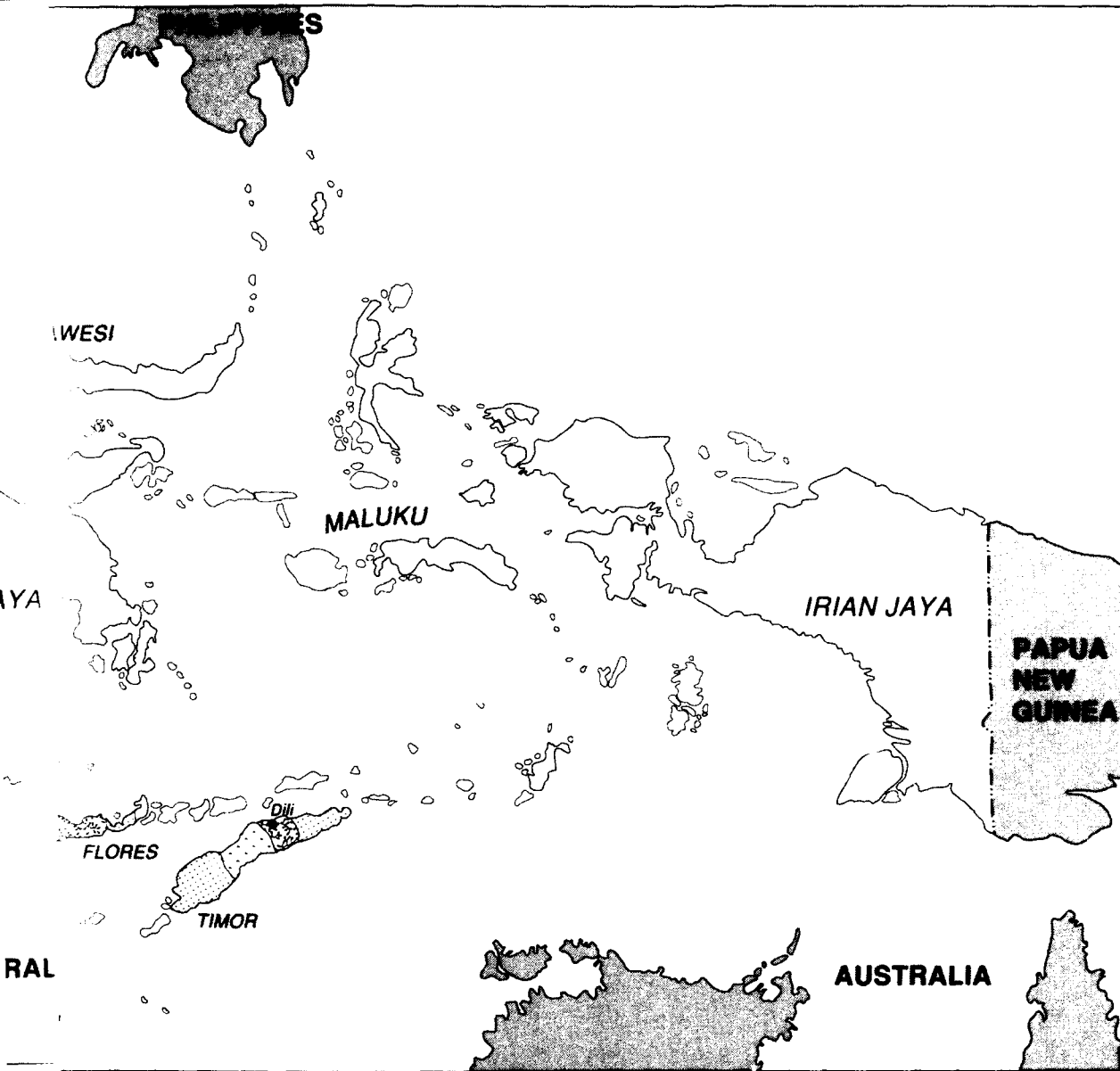


Figure 7. Major Crop Production, 1992

①



(2)



3

in areas of Dutch sugar cultivation, primarily in Central and East Java. Here, the dense population supplied seasonal labor for sugar fields and mills and was still able to grow sufficient rice, even though the most fertile land was devoted to sugar cultivation. The village economy provided an equitable if marginal subsistence for all villagers through such labor-intensive techniques as double cropping, improved terracing, careful weeding, and harvesting with small finger-held blades rather than sickles. These practices continued through the early 1900s, a time when many rice-based agricultural economies such as Japan's were increasing labor productivity in rice farming, a practice that released peasant labor for employment in more rapidly growing industries. On Java, the village rice-based economy experienced "involution," the absorption of a rapidly growing population that had limited outside opportunities in the foreign-controlled plantation economy.

On the Outer Islands, the Dutch plantation economy was far less intrusive, coexisting as an enclave among the small-scale swidden cultivators. As a result of the sparse local populations, foreign planters had to import workers, usually Javanese or Chinese. The government of independent Indonesia confronted the task of agricultural modernization with this difficult inheritance. Densely populated Java was far behind in rice technology, yet improvements in rice productivity per worker could have pushed millions of households out of their only source of livelihood. Vast expanses of land remained uncultivated on the Outer Islands, but increasing cultivation there was limited by the natural characteristics of the tropical forest.

Under Sukarno's leadership in the early 1960s, these problems were tackled with a highly visible yet ultimately ineffective land reform. The land reform was part of a larger and more successful effort to modernize the colonial legal system of landownership. Under the Dutch, a dual system of land laws permitted non-Indonesians to register and obtain title for lands on the basis of Western civil law principles, whereas Indonesian ownership was governed by *adat* (custom), based on unwritten village practices (see Tradition and Multiethnicity, ch. 2). The dual system was intended to protect peasants from the alienation of their land. However, the more flexible, communal-based *adat* system also permitted the Dutch to rent communal village lands for sugar cultivation by contracting only with the village headman (*penghula*). In 1960 the proportion of settled land still recognized under only the *adat* system, and having no formal survey or title, was 95 percent.

The Basic Agrarian Law, enacted in 1960, was a comprehensive legal effort to modernize Indonesian landownership. The law

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recognized previous ownership rights under both *adat* and Western systems, but provided a new certification process under which land was to be surveyed, mapped, and registered. All unclaimed land reverted to government ownership. Land certification, however, was not compulsory, and registration was still far from complete by the end of the 1980s. The law also set limits on the size of landownership, depending on the population density of the region and the type of land. In areas with over 401 people per square kilometer, rice fields were limited to a maximum of five hectares and a minimum of two hectares. Absentee ownership was forbidden.

Some concentration of landownership had followed the collapse of the colonial sugar cultivation system on Java, but in essence the problem was one of land shortage, not distribution. By the standards of *sawah* cultivation, a wealthy landholder possessed three to five hectares, so the maximum of five hectares left very little surplus land. Only a small amount of land was redistributed before Suharto's New Order shifted the emphasis of agricultural policy away from land reform towards increasing production. The 1983 agricultural census showed that about 44 percent of all farm households were either landless or operated holdings too small to meet more than subsistence requirements. The average landholding on Java was 0.66 hectares and ranged from about 1.5 to 3 hectares in other parts of the archipelago.

By the 1980s, the New Order had achieved undisputed success in expanding rice production, but the distribution of benefits among villagers was still debated. Some observers suggested that only already prosperous farmers benefited from the new technology. Disputes continued in part because conditions varied in different parts of Java, yielding different results in village-level studies. However, by the late 1980s, sufficient evidence had been gathered to show that the benefits from increased rice production, together with growing employment opportunities outside agriculture, had reached even the landless or near landless population (see Employment and Income, this ch.).

Economic Benefits and the Transmigration Program

A study by economist Chris Manning points to several trends that helped to spread the benefits of economic growth throughout the rural population in the 1970s and 1980s. The demand for agricultural workers declined less dramatically than that in other nations during similar technological changes, even as the supply of agricultural labor in more densely populated areas was reduced by the central government's Transmigration Program (*transmigrasi*; see Glossary). Rice production was increased in part by expanding

irrigation, which permitted more frequent rice crops per year. More frequent crops in turn required more labor to seed and harvest. With tiny Javanese rice plots rendering mechanical techniques such as handheld tractors impractical, mechanization did not rapidly replace farm laborers. Improvements in transportation and general economic growth permitted poorer rural households to migrate to urban areas in offpeak seasons, where these workers often labored in the informal sector for higher wages than offpeak farm employment could offer. In 1985 BPS surveys indicated that 36 percent of rural households earned a major share of income from nonagricultural work, and more than 50 percent of rural households reported some income from work outside agriculture. Other evidence suggested an increasing share of this income came from urban-based employment.

Nevertheless, poverty in Indonesia remained largely a rural problem. In the late 1980s, 35 percent of the rural population on Java lived below the poverty line, compared with 25 percent in rural areas in the Outer Islands and only 8 percent in urban areas. The most innovative and controversial government response to these conditions was an extensive Transmigration Program that financed the relocation of poor rural families from Java, Madura, and Bali to locations primarily on Sumatra, but also to Kalimantan, Sulawesi, and Irian Jaya. The sponsored migrants were required to be married, of good character, and to have farming experience. Migrant families received a small house and about one hectare of rain-fed cropland. A village center with public facilities such as schools and health clinics was provided by the government. Most settlements engaged in food cultivation and were expected to be self-sufficient at the end of five years; some migrants participated in the Nucleus Estate Programs.

During Repelita I through III, FY 1969-83, almost 500,000 families had been moved under officially sponsored programs. An ambitious expansion to 400,000 sponsored families and an additional 350,000 unsponsored migrants was targeted during Repelita IV. Because of severe budget cutbacks beginning in FY 1986, only around 230,000 families were successfully sponsored during Repelita IV. Repelita V targets were substantially lower; in FY 1989, only about 10,000 of a targeted 27,000 households were resettled. However, spontaneous migration without government assistance continued to be significant. The 1980 population census showed that the population of spontaneous migrants in Outer Island rural areas was more than twice that of sponsored migrants, although it is likely that spontaneous migration was facilitated by the government-sponsored programs. The problems confronted by the

government Transmigration Program included land disputes with the local population and environmental concerns over the suitability of land for settled agriculture (see Forestry, this ch.).

Food Crops

Rice

Rice was the staple food in the Indonesian diet, accounting for more than half of the calories in the average diet, and the source of livelihood for about 20 million households, or about 100 million people, in the late 1980s. Rice cultivation covered a total of around 10 million hectares throughout the archipelago, primarily on *sawah*. The supply and control of water are crucial to the productivity of rice land, especially when planted with high-yield seed varieties. In 1987 irrigated *sawah* covered 58 percent of the total cultivated area, rainfed *sawah* accounted for 20 percent, and *ladang*, or dryland cultivation, together with swamp or tidal cultivation, covered the remaining 22 percent of rice cropland.

The government was intensely involved in the rice economy, both to stabilize prices for urban consumers and to expand domestic output to achieve national self-sufficiency in rice production. Various governmental policies included the dissemination of high-yield seed varieties through government-sponsored extension programs, direct investment in irrigation facilities, and control of the domestic price of rice through the National Logistical Supply Organization (Bulog), the government rice-trading monopoly. In the 1970s, Indonesia was a major rice importer, but by 1985 self-sufficiency had been achieved after six years of annual growth rates in excess of 7 percent per year. From 1968 to 1989, annual rice production had increased from 12 million to 29 million tons, and yields had increased from 2.14 tons of padi (wet rice growing) per hectare to 4.23 tons per hectare.

The most significant factor in this impressive increase in output and productivity was the spread of high-yield rice varieties. By the mid-1980s, 85 percent of rice farmers used high-yield variety seeds, compared with 50 percent in 1975. High-yield varieties were promoted, together with subsidized fertilizer, pesticides, and credit through the "mass guidance" or Bimas rice intensification program. This extension program also offered technical assistance to farmers unfamiliar with the new cultivation techniques. The new technology was not without its own problems, however. Several major infestations of the brown planthopper, whose natural predators were eliminated by the heavy use of subsidized pesticides,



*A farmer on Bali taking his
load to the threshing ground
Courtesy Martie B. Lisowski
Collection, Library of Congress*



*An ox cart (gerobak),
Jawa Timur Province
Courtesy Hermine L. Dreyfuss
and Festival of Indonesia*

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led to a new strategy in 1988 of applying the techniques of integrated pest management, relying on a variety of methods aside from pesticide to control insects and rodents. To help reduce pesticide use, in 1989 the subsidy on pesticides was eliminated.

Government investments in irrigation had also made a significant contribution to increased rice production. From FY 1969 to FY 1989, 2.5 million hectares of existing irrigated land were rehabilitated, and irrigation was expanded to cover about 1.2 million hectares.

Because the government objective of price stability for urban consumers could potentially undermine efforts to increase production by reducing the profitability of the rice crop, Bulog's operations evolved to take into consideration producer incentives as well as consumer costs. Domestic rice prices were permitted to rise gradually during the 1970s, although they were generally held below world rice prices. However, domestic prices were kept above world prices in several periods during the 1980s. Bulog influenced the domestic rice price by operating a buffer stock on the order of 2 million tons during the 1980s. When domestic prices fell, Bulog purchased rice through village cooperatives, and when prices rose above the price ceiling, Bulog released buffer supplies. The margin between the producer floor price and urban ceiling price was sufficient to permit private traders to operate profitably, and Bulog's distribution of rice was limited to under 15 percent of total rice consumed domestically in a given year.

Corn and Other Food Crops

Although rice was by far the most important food crop, corn was the major source of calories for about 18 million people, especially in Jawa Timur and Jawa Tengah provinces. About 75 percent of corn production was consumed as a staple food source. Corn cultivation was concentrated on Java and Madura under a variety of conditions, but most frequently on *tegalan*, or rain-fed land without the system of dikes characteristic of floodable *sawah*. Other food crops included cassava, sweet potatoes, peanuts, and soybeans.

Estate Crops

Spice crops first attracted Europeans to the East Indies, but the tropical climate and rich volcanic soils offered a fertile laboratory for the introduction of new commercial crops such as sugar, coffee, and rubber. Large private plantations controlled by European and American interests became the backbone of the colonial economy in the late nineteenth century, when the Dutch colonial government began to limit the practice of tax collection by forced crop

cultivation on village land (see *Colonial Economy and Society, 1870-1940*, ch. 1). Even at the height of the plantation economy, however, small-scale peasant cultivators were competitive suppliers of a variety of commercial crops. In 1929, just before the world market collapse in the Great Depression, agricultural products were 75 percent of total Netherlands Indies exports, and about one-third of agricultural exports were from small-scale indigenous producers. Although sugar, then the single most important export crop, was entirely a plantation crop, a large share of rubber, next in export value to sugar, was supplied by smallholders; and coconut, then the third largest agricultural export, was produced almost exclusively by smallholders.

Although far less important in the overall economy, the estate crops were a significant share of exports and a vital source of income in the rural economy throughout the 1970s and 1980s. Smallholders continued to cultivate many estate crops grown on a large scale on government and privately owned plantations. Government-owned plantations were largely the legacy of nationalization of foreign estates during the 1950s, and restrictions on ownership still limited foreign participation, although joint ventures were not uncommon.

Rubber was generally the most valuable export crop, followed by coffee and oil palm (see table 25, Appendix). Exports of palm oil and coconut were periodically restricted to ensure adequate domestic supplies. A variety of other estate crops, including tobacco, pepper, tea, and cocoa, were also exported. Sugarcane was still cultivated but never regained its prominence after the collapse of the sugar industry during the Great Depression.

During the mid-1980s, the government initiated an ambitious plan to improve the technology and plant stock of small-scale producers. One of the Nucleus Estate Programs was a smallholder scheme that provided small plots of high-yielding tree crops to participating farmers in a determined location who shared the benefits of centralized technological and managerial assistance. A variety of difficulties were encountered with this strategy, and the planting area and productivity targets were rarely achieved. Outside observers criticized the nucleus-estate smallholder approach because only a small number of cultivators participated, leaving the majority of smallholders outside the nucleus estates without access to more productive hybrid tree stocks.

Rubber was cultivated on 3 million hectares of land in 1988, and about 80 percent of that area was owned by smallholders with holdings of two hectares or less. Smallholder cultivation was concentrated in Sumatra, especially in the provinces of Sumatera Utara,

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Riau, Jambi, and Sumatera Selatan. Some smallholder cultivation was found on Kalimantan, but less than 2 percent was outside Sumatra and Kalimantan. Government and private estates cultivated roughly equal areas, although private estates were subject to a legal maximum size varying by province, and so were smaller and more numerous than government estates. About 12 government-owned and more than 800 private rubber estates were concentrated in Sumatera Utara, Jawa Barat, Jawa Timur, and Kalimantan Tengah provinces.

Oil palm (*Elaeis guineensis*, *Arecaceae*) was the newest and fastest growing tree crop in the 1980s. Ten government estates—primarily in Sumatera Utara Province—were the major producers, although eighteen private estates accounted for about 25 percent of the total 655,000 hectares devoted to oil palm in 1988. Smallholder cultivation of oil palm was insignificant. Exports of palm oil also expanded rapidly in the late 1980s, making Indonesia a major supplier, with 10 percent of the world market in 1988.

Coconuts were cultivated almost exclusively by smallholders. In 1983 about 3 million hectares were devoted to coconut production throughout the archipelago, although a large share was on Java. In the early 1980s, the World Bank estimated that as much as 60 percent of coconut products were not sent to the market but instead consumed by the cultivators, in part because of low producer prices reflecting government administration of the domestic coconut trade. Indonesia was the second largest producer of coconuts in the world after the Philippines, but remained an insignificant exporter because of government restrictions and inadequate processing facilities.

Coffee also was cultivated almost entirely by smallholders but, in contrast, remained an important export crop throughout the 1970s and 1980s. Processing and marketing of coffee was undertaken by the private sector with little government intervention. Most Indonesian coffee trees were of the Robusta variety, which is more hardy but of lower quality than Arabica coffee. Cultivation was concentrated on Sumatra, especially Lampung Province, which accounted for almost 25 percent of the estimated 500,000 hectares of smallholder cultivation in 1978.

Livestock

Smallholders, who owned nearly all of the livestock in the country, used their animals for draft power, manure, meat, and for future sale. Most livestock, including some 16 million goats and sheep, were simply tethered near the home or put out to pasture on communal grazing land. Beef cattle numbered over 10 million in 1989.

The water buffalo, the most common draft animal, numbered 3.3 million. Several government-sponsored programs to increase livestock productivity through better extension services to livestock farmers and the expansion of ranching were in operation on the Outer Islands in the early 1990s. Since 1978 the government has provided technical assistance to poultry farmers, particularly in or near urban areas. The government also made great efforts to improve the dissemination of superior breeds and modern medicines. Chickens were the fastest growing commercial livestock, numbering 508 million in 1989, an increase of 65 percent since 1984.

Fishing

Fish was the main source of animal protein in the average diet, with a per capita availability of 12.76 kilograms per year in 1988, compared with a total of 3.8 kilograms from all other meats combined. The fishing industry continued to rely on traditional methods and equipment, although the government was attempting to promote motorization for traditional fishing boats. About 14 percent of the 270,000 coastal vessels were motorized in 1980, compared with 2 percent of the total in 1970. Inland fish landings were estimated at 761,000 tons in 1989, an increase of almost 40 percent since 1984; sea fish landings were estimated to be 2.2 million tons in 1989, an increase of 31 percent since 1984. Foreign fishing vessels operating under license contributed to the growing fish exports, which reached 54,000 tons by 1988, an increase of 70 percent since 1980. Most fish exports were shrimp and tuna caught for the Japanese market. The supply of fish in Indonesian waters was threatened by illegal fishing from foreign vessels and in some areas by severe environmental degradation (see *Environmental Concerns*, ch. 2).

Forestry

Seventy-five percent of Indonesia's total land area of 191 million hectares was classified as forest land, and tropical rain forests made up the vast majority of forest cover, particularly in Kalimantan, Sumatra, and Irian Jaya. Estimates of the rate of forest depletion varied but ranged from 700,000 to more than 1 million hectares per year during the mid-1980s. In a critical evaluation of Indonesian forestry policy, economist Malcolm Gillis argued that deforestation could not be blamed on a single major factor but was instead caused by a complicated interplay commercial logging, Transmigration Program activities, and shifting or swidden cultivation, still practiced largely on Kalimantan. Gillis argued that the most immediate threat to Indonesia's forests was the government promotion

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of domestic timber processing, whereas the Transmigration Program was the greatest long-term threat.

The government had ownership rights to all natural forest, as provided for in the 1945 constitution (see *The Constitutional Framework*, ch. 4). Ownership could be temporarily reassigned in the form of timber concessions, known as Forest Exploitation Rights (*Hak Pengusahaan Hutan*), or permanently transferred, as in the case of land titles granted to transmigration families. The average concession size was 98,000 hectares, and the usual duration was twenty years. Foreign timber concessions were curtailed to conserve resources in the 1970s, and by the 1980s, of more than 500 active forest concessions, only 9 were operated by foreign firms. Log production peaked in 1979 at 25 million cubic meters, of which about 18 million cubic meters were exported as unprocessed logs. Restrictions on unprocessed exports in the early 1980s contributed to a decline in total log production, which fell to 13 million tons in 1982. However, increasing demand for sawn timber and plywood began to boost production again, bringing it up to 26 million cubic meters by 1987. In that year, about half of total log production was exported in the form of sawn timber and plywood, the rest going into domestic consumption. Log production again dropped at the end of the 1980s, falling to 20 million cubic meters by 1989. The government attributed this decline to policies designed to preserve the natural forest. One such policy was the increase in a levy imposed on loggers for reforestation, which was raised from US\$4 to US\$7 for every cubic meter of cut log.

Industry

New Order Developments

After coming to power, the New Order government supervised the rapid industrialization of the Indonesian economy. Industrial production, as a share of total GDP, grew from 13 percent in 1965 to 37 percent in 1989. The protective trade policies of the 1970s contributed to the changing composition of industry, away from light manufacturing such as food processing and toward heavy industries such as petroleum refining, steel, and cement. These industries were often dominated by government enterprises. Although these large-scale, capital-intensive firms offered few employment opportunities to the rapidly growing labor force, the surge in manufacturing exports begun in the mid-1980s promised to increase employment and the role of private investment in the 1990s.

Despite its increasing significance, the industrial sector employed only about 9 percent of the work force. The BPS conducted a

comprehensive economic census roughly every ten years beginning in 1964. The 1986 economic census provided detailed information on approximately 13,000 firms with more than twenty employees in all industrial sectors except oil and natural gas processing. Economist Hal Hill analyzed in detail Indonesian industrial growth based on census data, combined with national income account data on the oil and gas sector. The most important industrial sector, according to these studies, was oil and natural gas processing, which accounted for more than 25 percent of total value-added in industrial output. The second major industrial activity was the production of *kretek* cigarettes, the popular traditional Indonesian cigarette made from tobacco blended with cloves. Cigarette production accounted for 12 percent of total industrial value-added. A diverse range of almost thirty major industrial sectors, from food processing to basic metals, accounted for the remaining production (see fig. 8; table 26, Appendix).

Hill identified seven ownership categories of industrial firms, including privately owned, government owned, foreign owned, and a variety of joint-venture combinations among government, the private sector, and foreign investors. Almost 12,000 firms from the total number of 12,909 firms surveyed were privately owned. Some 350 private-foreign joint ventures and 400 private-foreign-government joint ventures accounted for most of the remainder. The private firms were much smaller than the joint ventures; compared with government joint ventures, private firms were less than one-tenth the size and employed on average one-sixth the number of workers. Although far less numerous, government joint-venture firms still accounted for 25 percent of the total value of industrial production.

Government enterprises controlled all oil and natural gas processing and were important in other heavy industries, such as basic metals, cement, paper products, fertilizer, and transportation equipment. The improved economic climate for private investors following the trade deregulations is indicated in the importance of private ownership among the exporting manufacturing industries. Based on data from 1983, Hill estimated that the major manufacturing export industries, including plywood, clothing, and textiles, had over 60 percent of private Indonesian ownership.

The growing export manufacturing industries also offered many more employment opportunities than the heavy industries dominated by government and foreign joint ventures. Taken together, wood products, textiles, and garment industries accounted for 32 percent of the 1986 industrial labor force employed in large and medium size firms. Oil and natural gas processing, whose total

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production was equal in value to these three labor-intensive industries, employed only about 1 percent of the labor force. Basic metals industries also employed only 1 percent of the labor force, although they accounted for 6 percent of industrial production.

Foreign Inputs

The predominance of joint ventures with foreign firms as opposed to entirely foreign-owned firms, which numbered around fifty, reflected increasing limitations on foreign investment during the 1970s, following a liberal policy from 1967 to 1974. One of the first legislative acts of the New Order was to pass the Foreign Investment Law of 1967, which encouraged foreign investment with tax incentives and few limitations on equity ownership and employment of foreign personnel. Popular discontent with foreign economic domination, voiced in widespread protests during the 1974 visit of the Japanese prime minister Tanaka Kakuei, contributed to greater restrictions on foreign investment. New provisions required that all foreign investment be in joint ventures with Indonesian nationals, whose equity share should reach 51 percent within ten years. Enforcement of these provisions was somewhat arbitrary, however, and the greatest deterrent to foreign investment may have been the complex and sluggish bureaucracy implementing the ever-changing regulations.

In the mid-1980s, foreign investment policy was again liberalized as part of the general reform movement. Administration of foreign investment was simplified, and the Investment Coordinating Board (BKPM) was required to approve projects within six weeks of initial application. In special cases, domestic equity could be as low as 5 percent for the initial investment, and licenses were subject to renewal for up to thirty years, altering an earlier policy under which all foreign investment licenses expired in 1997. The minimum investment amount of US\$1 million was also lifted for special cases.

Overall, government and private ventures with foreign partners accounted for more than 40 percent of industrial production, according to the 1986 economic census. Japan was the major foreign investor in industry from 1967 to 1988, followed by Hong Kong and South Korea. The United States was the source of less than 1 percent of foreign investment in industry. This figure excluded the major United States investments in crude oil and gas exploration and production, considered part of the mining sector (see *Petroleum, Liquefied Natural Gas, and Coal*, this ch.).

Foreign investment was often crucial for the development of capital-intensive heavy industries. A prime example was the Asahan

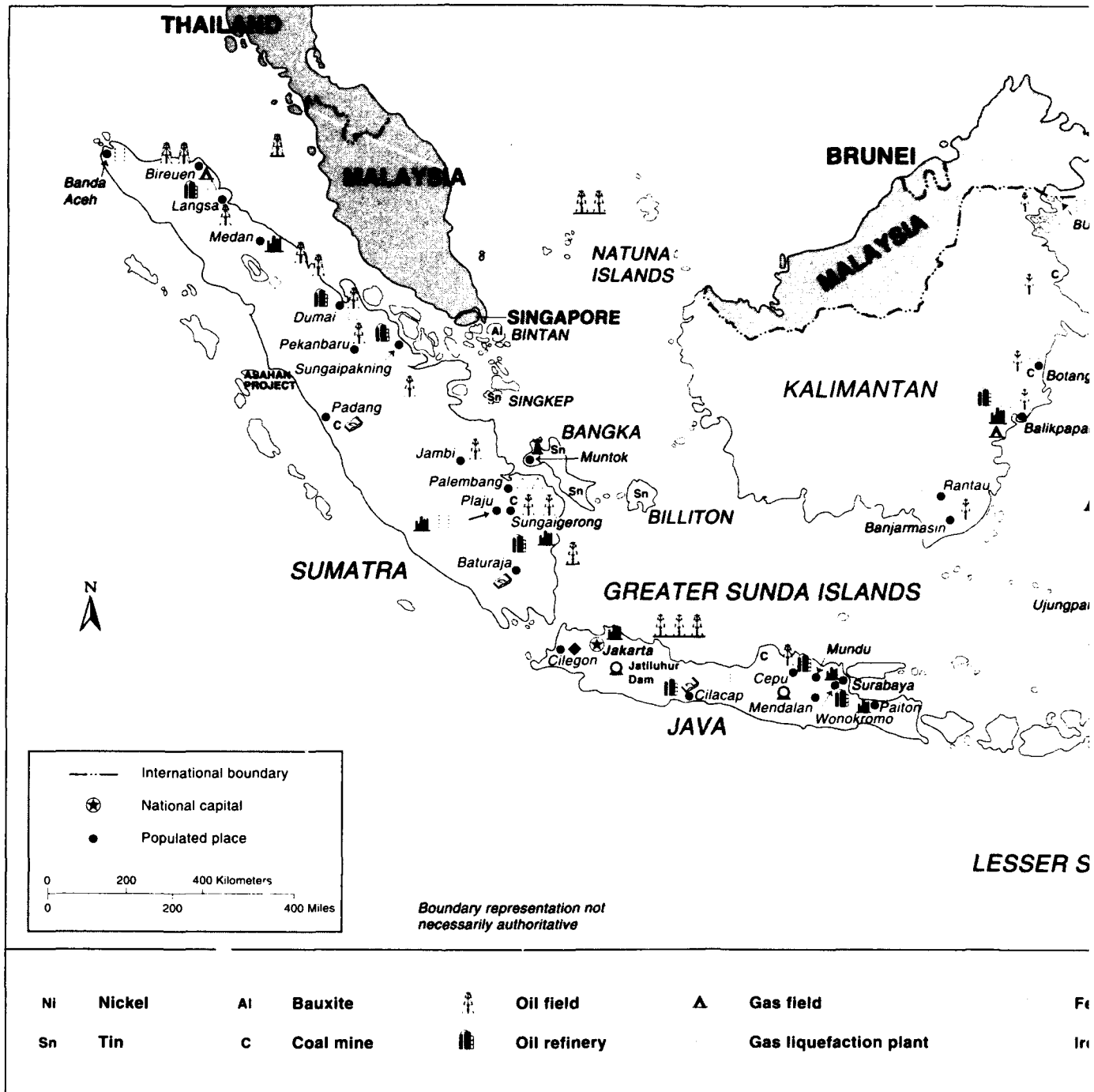
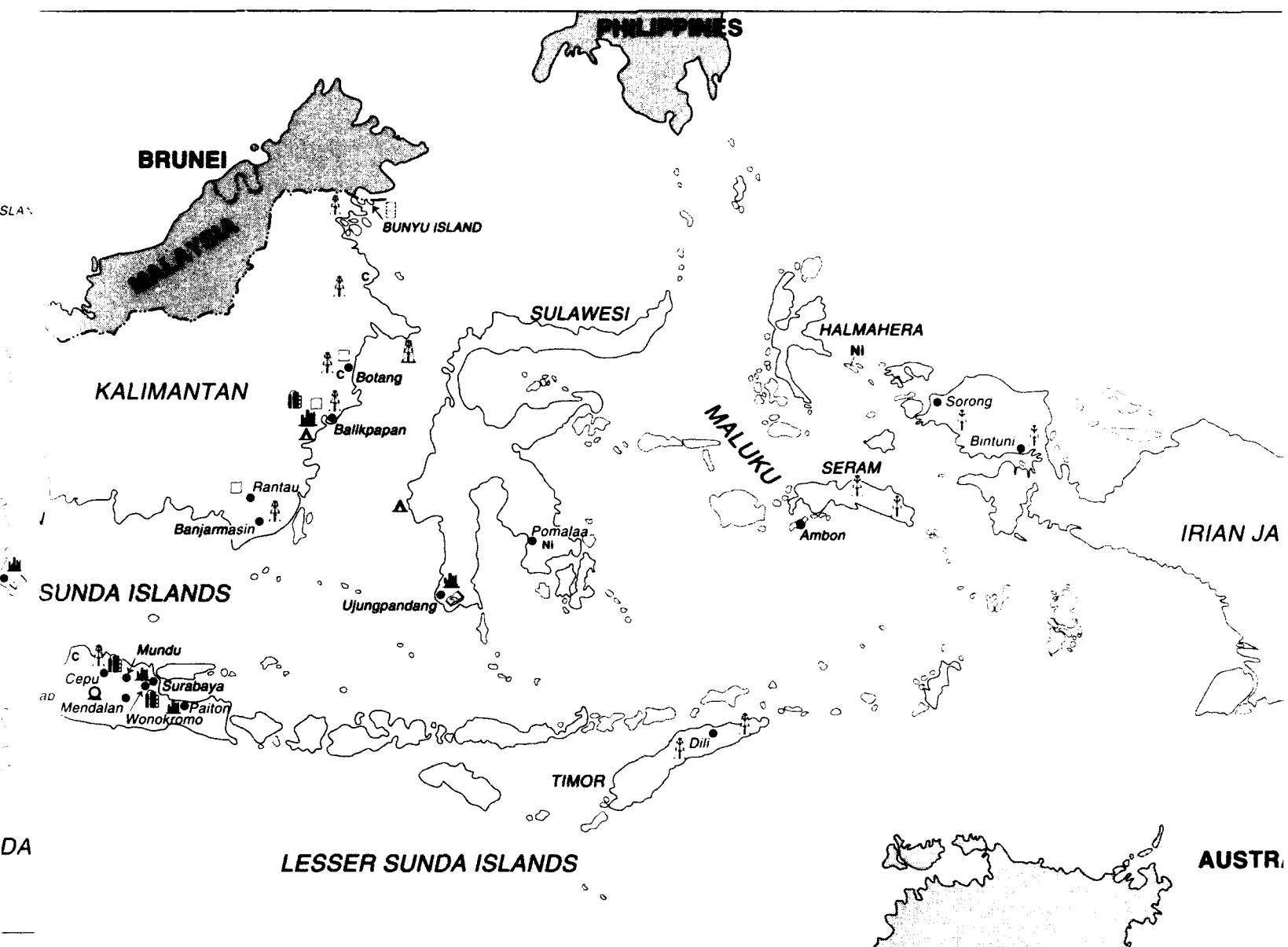


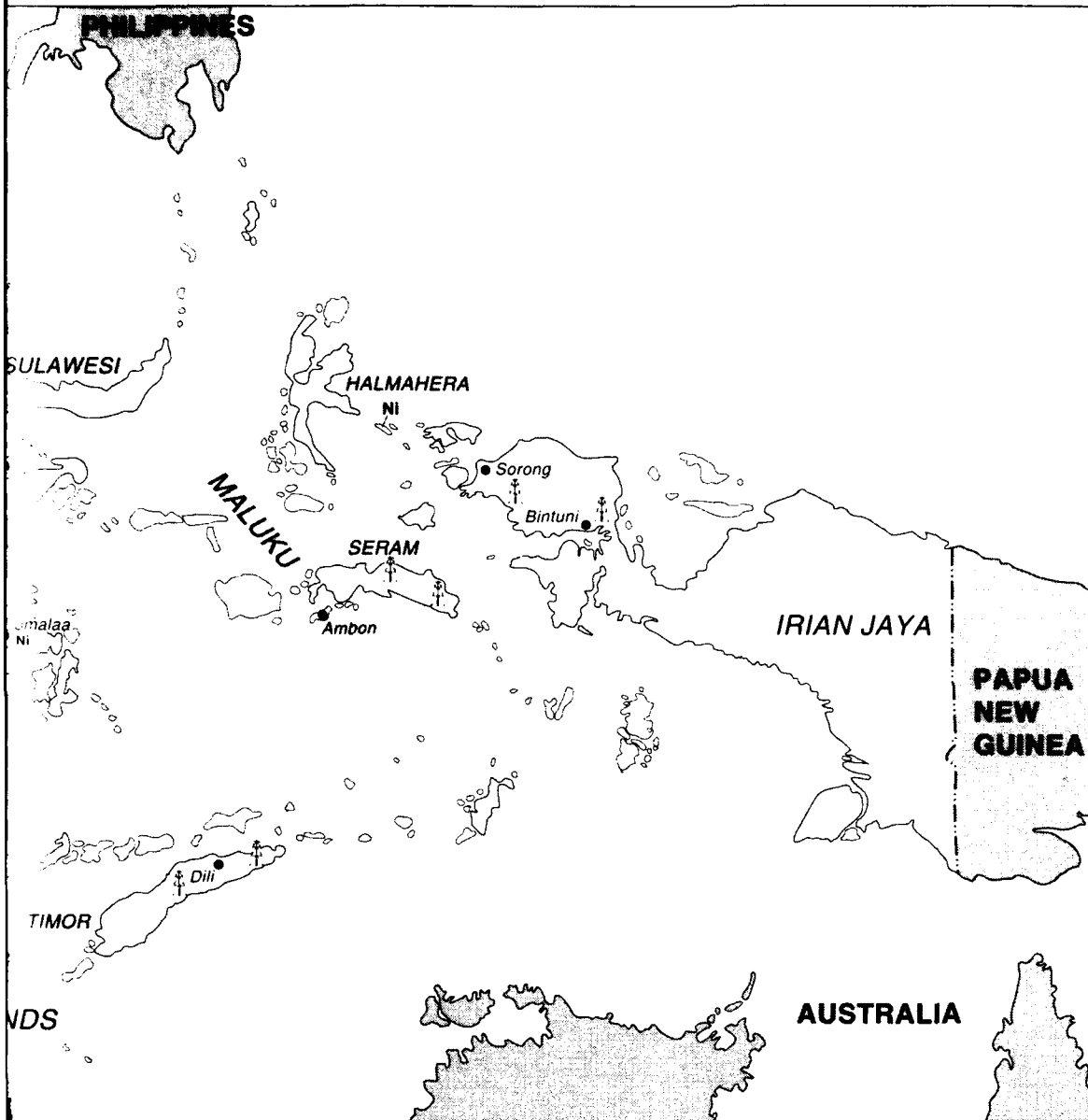
Figure 8. Selected Industrial Activity, 1992

①



Gas field	△ Fertilizer plant	◆ Steel mill	🏭 Cement plant	⚡ Hydroelectric
Gas liquefaction plant	◇ Iron smelter	🏭 Tin smelter	🏭 Thermoelectric powerplant	🏭 Petrochemical

②



- | | | |
|---------------|-----------------------------|----------------------------|
| ◆ Steel mill | ☞ Cement plant | Ω Hydroelectric powerplant |
| ⚙ Tin smelter | ⚡ Thermoelectric powerplant | ⋮ Petrochemical plant |

3

Aluminum Project, a government joint venture with a consortium of Japanese companies that formed Nippon Asahan Aluminum Company. The aluminum smelter plant and two hydroelectric power stations, located in Sumatera Utara Province, were completed in 1984 with a capacity to produce 225,000 tons of aluminum ingots per year. The US\$2.2 billion project became the focus of controversy when unforeseen difficulties in power generation and a decline in aluminum prices forced a major financial restructuring. The government equity share was increased from 25 percent to 41 percent, and in 1989 a provisional agreement was reached to allocate 51 percent of the plant's production to Indonesia, with the remainder exported to Japan.

Singapore joined Indonesia's manufactured export drive by assisting in the development of an industrial park on the island of Batam, located in Riau Province only nineteen kilometers offshore from Singapore. The 485-hectare facility, built by a state-owned company from Singapore and two private Indonesian firms, began operations in 1991. The Indonesian government hoped to attract foreign investment to the park by permitting full foreign ownership of export-oriented industries for five years. Singapore viewed the project as part of a "growth triangle" linking Singapore, Malaysia, and Indonesia that would permit Singaporean investors to take advantage of more ample land and cheaper labor available in the neighboring countries.

In many industries, foreign firms supplied technical assistance and arranged for domestic production under licensing agreements, without direct equity participation in the domestic firm. For example, automobile assembly plants in Indonesia produced about twenty international brand name automobiles, from Fiat to Toyota, primarily under license agreements. The automotive assembly industry grew amidst heavily protected markets. The capacity of domestic firms in 1991 to produce about 250,000 units per year of as many as eighty different types and makes of vehicles meant that it would be difficult for the industry to achieve low-cost, large-scale production for export. By international standards, a firm must produce at least 100,000 units of a particular vehicle to be competitive.

Under the leadership of the minister of state for research and technology, Bacharuddin J. Habibie, the government attempted to move into aeronautics with foreign technological assistance. The Archipelago Aircraft Industry (IPTN) was established in 1976 to assemble aircraft under license from Construcción Aeronáutica of Spain and helicopters under license from Aérospatiale of France and Messerschmitt of Germany. By 1986 IPTN had delivered 194

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aircraft, almost entirely to domestic buyers. A critical review of IPTN by two foreign economists argued that the endeavor was a premature leap into advanced technology and could only hope to be profitable by mandating continued domestic purchases of its aircraft. The government justified the US\$3 billion investment on broader criteria than financial profitability, including the potential stimulus to domestic suppliers of aircraft parts and the training of highly skilled workers. Among the 12,000 employees, 2,000 were university graduates, many of whom were trained abroad. However, most aircraft parts were still imported in 1986.

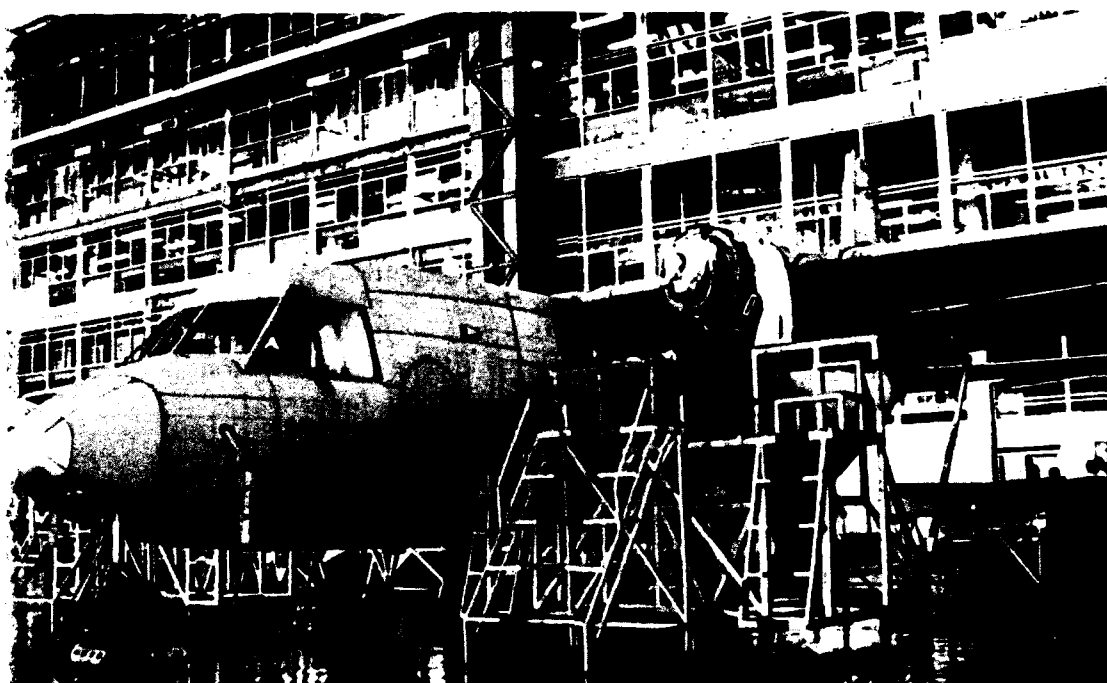
Small-scale Industry

The modern sector of medium and large firms was the focus of government policy, but small-scale factories that employed from five to nineteen workers and cottage industries that employed up to four workers—usually family members—were far more numerous and supplied the majority of jobs. Small-scale establishments engaged in a wide range of activities, from traditional bamboo weaving to metal and leather working. Many of these industries offered parttime employment to rural workers during offpeak seasons. Statistics on these activities were tenuous because of the seasonal patterns and interviewing difficulties. A review of the available BPS data by economist Tulus Tambunan showed that small-scale industries employed 3.9 million workers in 1986, compared with 1.7 million employees of medium- and large-scale firms. Still, this figure reflected a significant decline from small industries' share of employment in 1974, which was about 86 percent of total industrial employment, or 4.2 million employees compared with only about 700,000 in medium and large industries.

Regional Industrial Development

The pattern of regional development in Indonesia mirrored the diversity of natural resources among the Outer Islands and the historical dominance of Java as the densely populated agrarian center. Java remained the economic center of the nation, producing about 50 percent of total GDP in the 1980s. Sumatra, the heart of the nation's oil and rubber production, ranked second with 32 percent of GDP. Half of total foreign investment, excluding the oil sector, from 1967 to 1985 was in Java, with the remainder dispersed widely throughout the nation.

In spite of this regional imbalance, there were important and more-or-less uniform features of economic development. By 1983 agricultural production, including nonfood crops such as rubber and forestry and fishing, had declined to less than half of total



*The P.T. Multi Astra automobile assembly line, Jakarta
Nusantara Aircraft Company, Bandung, Jawa Barat Province
Courtesy Indonesian Department of Information*

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production in almost all twenty-seven provincial-level administrative units. The majority of the labor force still found employment in these activities, however. Almost all provinces shared in the rapid growth rates of the 1970s, and most attained annual growth rates between 4 and 8 percent per year. Specific industries usually reflected local resource endowments; for example, sawmills and plywood factories dominated manufacturing in Kalimantan, whereas Sumatran manufacturing was more diverse, including rubber processing, cement, and plywood. Major industries on Java included motor vehicle assembly in Jakarta, weaving in Jawa Barat Province and Yogyakarta, *kretek* cigarette production in Jawa Timur Province, and sugar refining in Jawa Tengah Province.

Minerals

Indonesia's mineral resources were dominated by crude petroleum and natural gas but included significant reserves of coal, tin, nickel, copper, gold, and bauxite. Much industrial development was based on increased domestic processing of oil and natural gas. Most mineral production was exported after some degree of domestic processing to industrial nations, primarily Japan. In some cases, Indonesia's own mineral intensive industries, such as steel and aluminum, relied on imports of raw materials. Krakatau Steel imported about 2 million tons of high-grade iron ore in 1989, and P. T. Indonesia Asahan Aluminum imported 360,000 tons of alumina from Australia. On balance, however, Indonesia was a net exporter of minerals in large part because of petroleum exports. In 1989 the total value of mineral exports was US\$10 billion, almost 90 percent of which was oil or liquefied natural gas; mineral imports were only US\$1.4 billion (see table 27, Appendix).

Petroleum, Liquefied Natural Gas, and Coal

Petroleum

Indonesia's oil production was formally governed by a quota allocation from OPEC. At the March 1991 OPEC ministerial meeting, Indonesia's quota was set at 1.445 million barrels per day, below the country's estimated production capacity of 1.7 million barrels per day. Indonesia's quota represented about 6 percent of total OPEC production. About 70 percent of Indonesia's annual oil production was exported on average during the late 1980s, but domestic consumption was increasing steadily and reached half of annual oil production by 1990.

Indonesia's oil industry is one of the oldest in the world. Oil in commercial quantities was discovered in northern Sumatra in 1883,

leading to the establishment of the Koninklijke Nederlandsche Maatschappij tot Exploitatie van Petroleum-bronnen in Nederlandsch-Indië (Royal Dutch Company for Exploration of Petroleum Sources in the Netherlands Indies) in 1890, which was merged in 1907 with the Shell Transport and Trading Company, a British concern that had been drilling in Kalimantan since 1891, to form Royal Dutch Shell. Royal Dutch Shell dominated colonial oil exploration for more than thirty years. By 1911 Royal Dutch Shell operated concessions in Sumatra, Java, and Kalimantan (then called Borneo), and Indonesian oil was almost 4 percent of total world production. Indonesia's most important oil fields, the Duri and Minas fields in the central Sumatran basin, were discovered just prior to World War II by Caltex, a joint venture between the American companies Chevron and Texaco, although production did not begin until the 1950s. By 1963 the Duri and Minas oil fields, located in Riau Province near the town of Dumai, accounted for 50 percent of oil production.

The postindependence government increased its control over the oil sector during the 1950s and 1960s by increasing operations of several government-owned oil companies and by stiffening the terms of contracts with foreign oil firms. In 1968 the government companies—Indonesian Oil Mining company (Pertamin), National Oil Mining Company (Permina), and the National Oil and Gas Company (Permigan)—were consolidated into a single operation, the National Oil and Natural Gas Mining Company (Pertamina). At this time, a new form of contract—the production-sharing contract—was introduced. A production-sharing contract split total oil production between the contractor and the government, represented by Pertamina, and allowed the government to assume ownership of structures and equipment used for exploration and production within Indonesia. Indonesia's contract terms were considered among the toughest in the world, with the government in most cases receiving 85 percent of oil produced once the foreign company recovered costs.

Annual oil production in Indonesia peaked in 1977 at over 600 million barrels. The official price of Minas crude was then about US\$14 per barrel, a substantial rise from the 1973 price of about US\$4 per barrel as a result of OPEC's successful market manipulations. Prices continued to soar in 1981, reaching US\$35 per barrel, and oil exports peaked at US\$15 billion, or about 70 percent of total export earnings. In 1982, however, production declined, reaching a low of 460 million barrels, and the oil market began to weaken that same year, when Indonesia's Minas crude was priced at US\$29. The market collapsed in 1986, bringing the Minas price to below

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US\$10 per barrel. Recovery of oil prices began slowly, and by 1989 Minas was priced at about US\$18 per barrel. Total production in 1989 was almost 500 million barrels, and oil exports were valued at US\$6 billion.

Indonesia had proven oil reserves in 1990 equal to 5.14 billion barrels, with probable reserves of an additional 5.79 billion barrels. Throughout the archipelago, there were sixty known basins with oil potential; only thirty-six basins had been explored and only fourteen were producing. The majority of unexplored areas were more than 200 meters beneath the surface of the sea. Indonesia's oil reserves were usually found in medium-and small-sized fields, so that continued exploration was vital to maintain production and known reserves.

In 1989 and 1990, the government loosened some provisions for new contracts to stimulate exploration, particularly in frontier areas. Improved oil market conditions in the late 1980s also contributed to a surge in production-sharing contracts. Fifty-seven of the 100 contracts active in 1992 were signed from 1987 to 1991. The newer contracts committed US\$2.8 billion in exploration during the 1990s. Production from existing oil fields was still dominated by Caltex's operations in Sumatra, which accounted for 47 percent of Indonesian oil production in 1990. Twenty foreign oil companies, primarily United States-based, were active producers in 1990.

Pertamina operated eight petroleum refineries with a total capacity to produce 400,000 barrels per day of a variety of distilled products for domestic use and export. The Indonesian government subsidized the domestic prices of distillates, and in spite of several price increases during the 1980s, prices in Indonesia were well below international market prices by 1990. For example, kerosene, used primarily for cooking, was priced at Rp190 per liter following a 15 percent price hike in May 1990; the price of kerosene in Singapore was then equivalent to Rp643 per liter and in the Philippines, Rp512 per liter. The total cost of fuel subsidies amounted to Rp2.6 trillion (US\$1.3 billion) in FY 1990. Pertamina forecast an increase in domestic demand for distilled products of 7 percent per year and hoped to meet this demand and, simultaneously, to expand exports. Four new refineries with a total capacity of 500,000 barrels per day intended entirely for export were in various stages of planning in 1990.

Liquefied Natural Gas

In the early 1990s, Indonesia was the world's largest producer and exporter of liquefied natural gas. Two major facilities, P.T. Arun at Lhokseumawe, Special Region of Aceh, and P.T. Badak,

in Bontang, Kalimantan Timur Province, condensed natural gas through refrigeration to one-six hundredth of its volume for shipment in tankers. Both facilities were built in the late 1970s under supply contracts to Japan, although excess production was shipped to other destinations. After several expansions, the total capacity had reached 22.6 million tons per year by 1990. Exports of liquefied natural gas in 1990 were 20.6 million tons, valued at US\$3.7 billion.

Although most of Indonesia's natural gas was supplied to liquefying plants for export in the early 1990s, about 20 percent was used for domestic consumption, primarily in fertilizer plants, where it was processed into ammonia and urea. Natural gas reserves were estimated in 1990 at 67.5 trillion standard cubic feet of proven reserves and 12 trillion standard cubic feet of probable reserves. Growing domestic and export demand encouraged plans for the development of the Natuna gas field, the nation's largest field, located in the South China Sea northeast of the Natuna Islands. The high carbon dioxide content of this field had previously deterred investment, but Esso Indonesia indicated willingness to invest US\$12 billion to US\$15 billion to treat and market the gas. Pertamina authorized further negotiations with Esso after reviewing the proposal in 1991.

Coal

Coal production declined in the 1970s because of increasing use of subsidized petroleum fuels. However, in the late 1970s Suharto announced a new effort to increase domestic coal use, especially in cement and electric power plants. Total coal production rose steadily in the 1980s to reach 11 million tons in 1990. Most coal reserves were located in southern Sumatra and eastern and southern Kalimantan. Total measured reserves were 4.2 billion tons, with an additional 12.9 billion tons classified as inferred reserves and 15 billion tons of hypothetical reserves. A government mining company, P.T. Tambang Batubara Bukit, produced the majority of coal in 1991, but ten coal cooperation contracts signed between 1981 and 1987 with foreign investors were expected to produce a total of 20 to 25 million tons per year by 1994.

Other Minerals

Tin

Indonesia was one of the world's four major tin producers, behind Brazil but close in ore production to Malaysia and China in the late 1980s. Tin ore production was centered on Bangka Island, part of Sumatera Selatan Province. New exploration was planned

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in 1989 on Sumatra and offshore Bangka Island. Indonesia is a member of the Association of Tin Producing Countries and was required in FY 1989 to restrict tin exports to no more than 31,500 tons as part of the association's Supply Rationalization Scheme. The government enterprise P.T. Timah controlled the majority of tin mining and, together with an Australian mining firm, operated a tin smelter in Muntok, located in northwestern Bangka Island. In 1989 the smelter, which had a capacity of 32,500 tons per year, produced 29,900 tons of refined tin from local ore. In the late 1980s, Indonesia exported 80 percent of its tin production. Some tin ore was shipped to Malaysia for processing, although tin metal was shipped primarily to Singapore. Most of the growing domestic tin consumption was used in tin plating and for solder. Official proven reserves of tin were 740 million tons.

Nickel

Indonesia was among the world's top five producers of nickel ore in 1989, although Canada and the then-Soviet Union produced much greater quantities. The major nickel mining operations were run by P.T. Aneka Tambang (also known by the abbreviated P.T. Antam), the Indonesian government mining firm; and by P.T. Inco, an international firm owned primarily by the Canadian firm Inco Limited, with a minority share owned by Sumitomo Metal Mining Company of Japan. At its integrated nickel complex at the Soroako Concession in Sumatera Selatan Province, P.T. Inco processed ore into nickel matte, which was then exported to Japan. Plans were underway in 1989 to expand the capacity of the complex from 35,000 tons to 47,630 tons capacity. P.T. Inco also planned to issue from US\$300 million to US\$400 million in stock shares on the Jakarta Stock Exchange in 1990 to meet the 20 percent domestic equity ownership requirement mandated in its 1967 contract with the Indonesian government. P.T. Aneka Tambang had mine operations in the Pomalaa area of Sulawesi Selatan Province and on Gebe Island, Maluku Province. A joint venture between P.T. Aneka Tambang and Australian Queensland Nickel planned to open a new nickel mine on Gag Island, Irian Jaya Province, in 1991. P.T. Aneka Tambang also operated a ferronickel processing plant in Sumatera Selatan Province with a capacity of 4,800 tons per year of contained nickel. Total nickel ore reserves in Indonesia represented 12 percent of world reserves, or 367 million tons with a nickel content between 1.5 to 2 percent.

Copper

Copper mining in the late 1980s was dominated by the Freeport-McMoRan Copper and Gold Company, a United States firm, which, through its joint venture subsidiary Freeport Indonesia, had operated the Ertsberg Mountain mine in the Jayawijaya Mountains of Irian Jaya Province since the early 1970s. The mined ore was milled and then sent 115 kilometers by pipeline to Freeport's Amamapare port. The mine produced 32 million tons before becoming depleted. To expand its operations, in 1989 Freeport Indonesia was granted an exploration license by the Indonesian government that added 2.5 million hectares to its original 10,000-hectare concession. A major new discovery on Grasberg Mountain, three kilometers north of the Ertsberg Mountain site, was expected to come under production in 1990 and to produce around 270,000 tons annually by the end of 1992. It was projected to become the world's largest open-cast mine, and at one of the lowest costs in the world. Total proven and probable reserves of copper, centered in the Ertsberg and Grasberg areas of Irian Jaya, were 15 billion tons. In a related joint venture, Freeport Indonesia, Nippon Mining (Japan), Metallgesellschaft (Germany), and a private Indonesian investor had plans to start construction of a 150,000-ton annual production capacity, US\$600 million copper smelter in Gresik, Jawa Timur Province. Given its 10 percent ownership of Freeport Indonesia, the Indonesia government had high profits at stake.

Gold

Most gold production officially reported in government statistics was a byproduct of Freeport Indonesia's copper mining. In 1989 total official gold production was about 6,000 kilograms, of which about 4,000 kilograms was extracted by Freeport Indonesia with a 15,000 kilogram production expected by the end of 1992. However, a large number of small-scale mining operations in Kalimantan may have produced as much as 18,000 kilograms of gold in 1989. Many of these small mines were operated illegally on foreign concessions. In 1989 there were approximately eighty foreign contractors with concessions for gold exploration, primarily in Kalimantan, but only a small number had producing mines.

Bauxite

Bauxite was being mined in the early 1990s by P.T. Aneka Tambang on Bintan Island and three neighboring islands, and most bauxite was exported to Japan. Total bauxite reserves of 396 million

tons were found in the Bintan Island area and in Kalimantan Barat Province. Reserves of commercially exportable bauxite were much more limited, although on-site processing into alumina had the potential to be commercially feasible with below export grade reserves. Bauxite, the demand for which had increased during Repelita V after having slowed down during Repelita IV, is a primary input in the production of aluminum. It must first be refined into alumina. Plans were underway in 1991 for an alumina refinery, and the Department of Mining and Energy had been seeking an interested foreign partner to develop a US\$600 million facility on Bintan Island since the late 1980s. Alumina input for P. T. Indonesia Asahan Aluminum was imported from Australia.

Infrastructure and Services

The services sector in Indonesia in the early 1990s was a heterogeneous mix of modern government-operated utilities such as gas and electricity, sophisticated and well-paid private services such as finance and insurance, and millions of self-employed traders earning a marginal living in what is often called the informal sector. Although there was little threat of privatizing the often inefficient government monopolies, the deregulation trend in the late 1980s encouraged more private participation in many services formerly reserved exclusively for the public sector. For example, a private airline—Sempati Air Services—was permitted for the first time to provide international jet service in competition with the government-owned airline, Garuda Indonesia, and the massive state-owned National Electric Company (PLN) began negotiations to purchase electricity from privately owned generators.

In an archipelagic setting, transportation infrastructure is crucial to a modern integrated economy. The effort to boost non-oil exports also demanded more efficient transportation both among islands and to international ports. Repelita V (FY 1989-93) increased transportation investment to almost 20 percent of development expenditures from around 12 percent in Repelita IV. An extensive reform of shipping regulations increased competition and access to Indonesia's ports.

Services provided 26 million jobs, about 35 percent of the employed work force in 1989 (see Employment and Income, this ch.). Growth in service employment was over 4 percent per year during the 1970s and 1980s, faster than total labor force growth, which averaged about 3 percent per year. One of the fastest growing sources of employment in services was the government civil service, which grew at a rate of almost 6 percent per year in these two decades. By 1990 there were 3.8 million civil servants employed

in all levels of government and in public institutions such as schools and hospitals. (This number excluded employees of state enterprises.) Government civil servants were typically more educated than average. In 1990 over 16 percent of civil servants had some university education, compared with about 1 percent for the labor force as a whole.

Employment in trade or commerce was the largest source of employment in the services sector, accounting for almost 11 million workers in 1989. This number included about half of all women employed in nonagricultural occupations. A wide range of enterprises were involved in commerce, from large incorporated firms to unincorporated establishments operating without fixed premises. However, the unincorporated establishments were much more numerous and probably accounted for about 90 percent of employment in trade. These ubiquitous small-scale traders, usually self-employed or employing only family labor, could be found plying their wares in the colorful village *pasar* (market) and in urban streets.

Petty traders made up the majority of the informal sector (small establishments outside the agricultural sector that employed only unpaid family labor). By this definition, about 17 million workers (around 23 percent of the labor force) in 1989 were employed in the informal sector in activities that usually required little skill or capital. Most informal activities provided household consumption services, like the popular *kaki lima* (five-leg) food stalls found throughout Javanese cities, so named for the three-legged food stall together with the two legs of the attendant. The informal sector also accounted for an important share of industrial employment (see Small-scale Industry, this ch.)

The government had an ambivalent attitude toward the informal sector. On one hand, the sector was recognized as an important source of employment that should be supported as part of the overall effort to promote *pribumi* economic development. Throughout the 1970s and 1980s, a variety of credit and training programs were geared to informal services and industry, although success was often tenuous because of the large and diverse target population. On the other hand, many policies, often on a municipal level, thwarted informal sector activities. For example, repeated efforts were made to centralize petty traders and food stalls into government-provided facilities in less-desirable locations with high rents. The once common *becak* (pedicab) was restricted to small side streets in many urban areas to reduce traffic congestion. In Jakarta, the *becak* was to be phased out entirely by denying new licenses after 1985.

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Specific programs designed to assist the informal sector may have been less important than general, unrestricted economic growth. In spite of its symbolic "backwardness," the *becak*, like many informal activities, offered a vital service to urban dwellers at a low cost. The benefits of increasing manufacturing employment in the 1990s, which should have increased incomes of factory workers who had a high demand for inexpensive informal services, possibly offered the best program to assist this sector. The extensive investment in transportation infrastructure during the 1970s and 1980s, which facilitated urban-rural migration and eased rural travel, already enabled many rural households to supplement their income with informal employment in more prosperous urban areas (see Agriculture, this ch.).

Transportation

Roads

Road travel was the most important form of travel for both passengers and freight in the early 1990s and was given the highest priority for government transportation expenditures. From Repelita I (FY 1969-73) and Repelita II (FY 1974-78) through Repelita IV (FY 1984-88), about 55 percent of expenditures on transportation infrastructure was allocated to the extension and maintenance of roads, while 20 percent went to marine transportation, 15 percent to railroads, and 10 percent to air and river transportation (see fig. 9).

In 1989 a total of 250,000 kilometers of national, provincial, and district roads were reported in various states of repair, with 65 percent reported in good to moderate condition and 43 percent of the total reported as paved with asphalt. This was an increase of about 167,000 kilometers from 1967. Of this total, about 32 percent was classified as highways. Road density varied greatly throughout the archipelago, however; in Java there was 0.5 kilometer of road for every square kilometer in area; comparable values were 0.23 in Sulawesi, 0.16 in Sumatra, and only 0.04 in Kalimantan. The numbers of vehicles also increased dramatically—at a rate of about 14 percent per year from 1967 to 1989. By 1989 there were 8.3 million motor vehicles: 5.7 million motorcycles, 1.2 million automobiles, 1 million trucks, and 400,000 buses and smaller public transit vehicles. Jakarta alone accounted for 37 percent of all automobiles and 34 percent of all buses but only 18 percent of trucks and 13 percent of motorcycles.

Urban transit became increasingly dominated by motor vehicles, and in major cities the policy was to increase the role of public

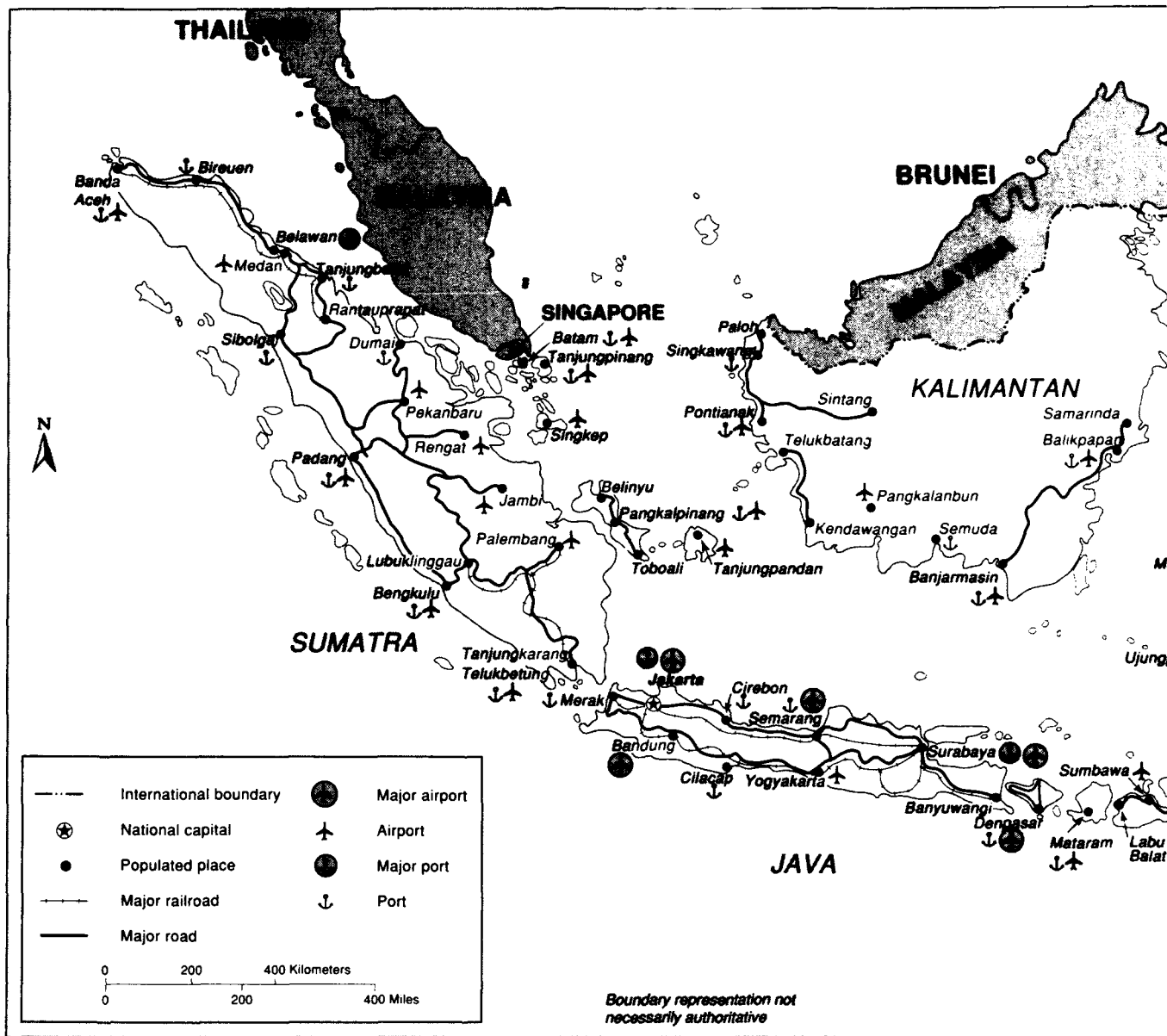
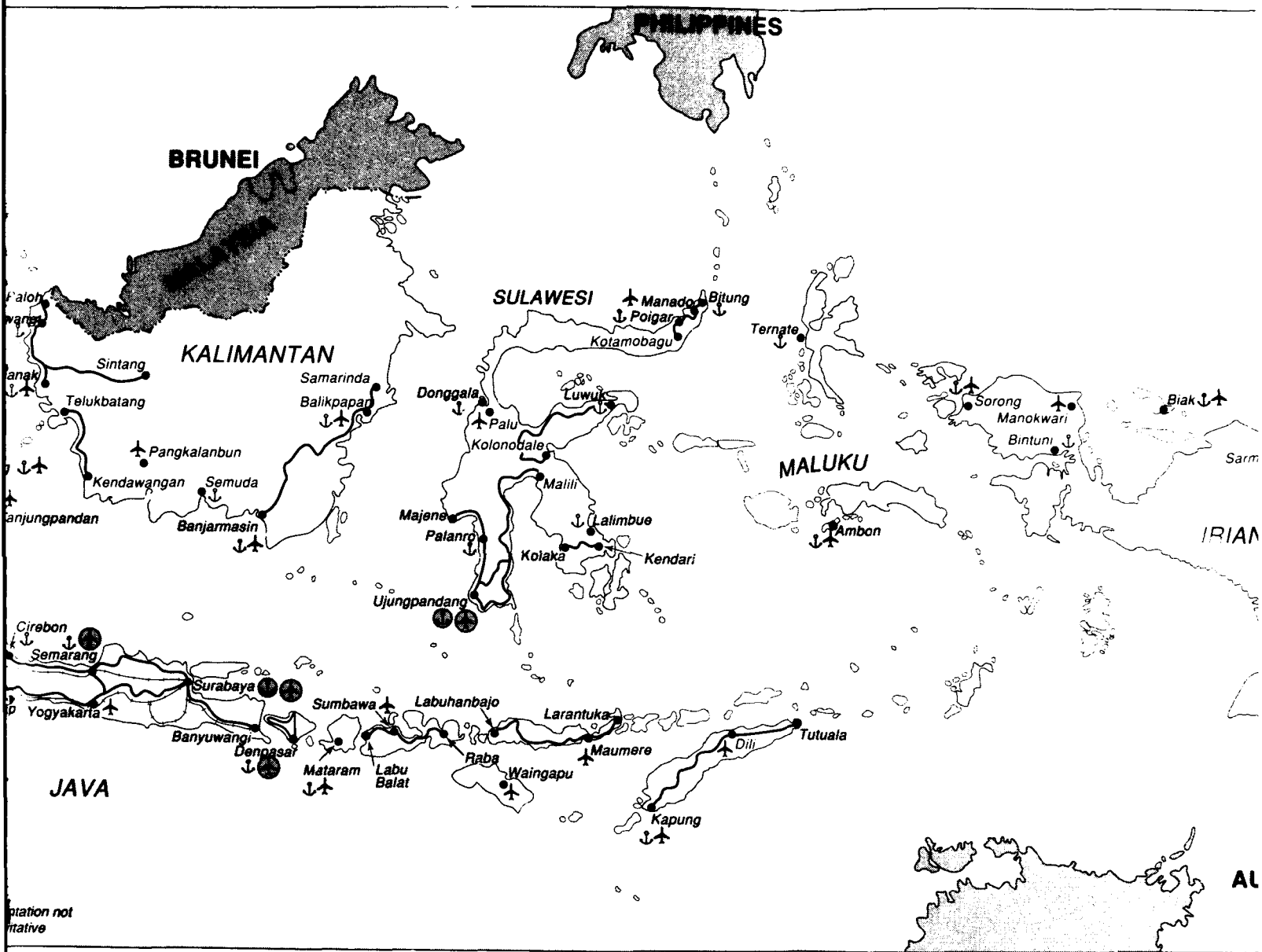


Figure 9. Transportation System, 1992





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buses over privately owned, smaller-capacity vehicles such as the nine-seat microbus or *opelet* and the six-seat *bemo*. In the 1980s, the once ubiquitous *becak* was being replaced by the motorized *bajaj*, or three-wheeled passenger motorcycle. Private automobiles remained largely a middle-class form of transportation but were still a major contributor to road congestion, a serious problem in most major cities. The expansion of major urban roads to reduce congestion was usually at the expense of pedestrian traffic. In Jakarta the increased road capacity contributed to urban sprawl and even greater traffic congestion as more families moved to surrounding suburbs. A flat-rate fare structure subsidized long bus commutes, but buses were overcrowded in the 1990s despite the increases in their numbers.

Shipping

Maritime transportation became the focus of a major investment program and a series of regulatory reforms during the 1980s because of its importance in international trade. Like many areas of government policy, shipping and port policies had become increasingly restrictive and bureaucratic during the 1970s and early 1980s, before being dramatically liberalized during the mid- and late 1980s. The Indonesian National Shipping Company (Pelni) was established in 1952, and by 1965 with eighty-four ships accounted for 50 percent of the tonnage of the interisland domestic merchant fleet. Pelni's share began to erode thereafter, declining to around 18 percent of interisland capacity by 1982, although it maintained a virtual monopoly on passenger travel.

Government policy also required that shipping companies established after 1974 be majority-owned by *pribumi* businesses and mandated firm size and freight charges. Restrictions on new entrants were imposed through five classes of shipping license: interisland shipping, with a minimum capacity of 175 gross tons; local shipping, with 35 to 175 gross tons; traditional shipping, which included *perahu pinisi*, the two-masted sailing vessels originating among the Buginese in Sulawesi Selatan Province, and small motorized craft; ships chartered by the government to serve remote ports; and special vehicles engaged in carrying bulk freight such as crude oil, fertilizer, and other industrial cargos. Foreign vessels were required to obtain a special license to enter Indonesian ports, and a policy to reduce transshipment through Singapore designated four gateway ports for international shipments from Indonesia. A US\$4 billion investment plan was launched in 1983 to expand the domestic shipping industry and port facilities. Almost US\$1 billion was earmarked for upgrading the four gateway ports—Tanjung Priok

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(Tanjungperiuk) Subdistrict in North Jakarta (Jakarta Utara), Surabaya in Jawa Timur Province, Belawan near Medan in Sumatera Utara Province, and Ujungpandang in Sulawesi Selatan Province—together with forty-three collector ports and trunk ports that fed the gateway ports in a routing hierarchy.

In 1985 a major deregulation that included the suspension of local customs operations greatly simplified shipping regulations, permitted market-determined freight charges, and abolished the special license for foreign vessels, which were by then permitted to dock at about 100 of Indonesia's approximately 300 registered ports if they had a local Indonesian agent (see Aid and Trade Policies, this ch.). In 1988 the five licensing categories were simplified into two—oceangoing and regional shipping and interisland shipping. New entrants, including foreign joint ventures, were permitted with no restrictions on size of fleets, and some categories of commercial businesses were permitted to operate their own fleets with no additional license. The investment program to expand the domestic fleet, which since 1984 had mandated the elimination of vessels older than thirty years, was suspended indefinitely, and the gateway hierarchy was effectively undermined by more liberal route permits, although investment in port infrastructure still centered on the four gateway ports.

By 1989 the entire domestic merchant fleet included 35 oceangoing vessels with a capacity of 447,000 deadweight tons; by the earlier licensing categories there were 259 interisland vessels with a capacity of 466,000 deadweight tons, over 1,000 modernized local ships with a capacity of 158,000 deadweight tons, almost 4,000 traditional ships with a capacity of 200,000 deadweight tons, and 1,900 special bulk carriers with a capacity of more than 2 million deadweight tons. About 60 percent of the total cargo shipped was on special bulk carriers, dominated by crude oil and natural gas; of the general cargo carried by ship, which in FY 1989 totaled about 40 million tons, about 80 percent was carried on oceangoing or interisland class vehicles, with the remainder split evenly between local and traditional craft. The importance of the traditional craft may have been underestimated by official figures, since independent estimates ranged up to 10,000 such craft, although sailing vessels had been largely replaced by motorized craft. Additionally, there were some 21,600 kilometers of inland waterways on which goods might be carried, 48 percent of which were in Kalimantan and 25 percent in Sumatra.

Civil Aviation

The government-operated airline, Garuda Indonesian Airways,



*Several perahu pinisi—indigenous trading vessels—moored in the old harbor of Sunda Kelapa, Jakarta
Courtesy Harvey Follender*

concentrated on international jet service; about 80 percent of Garuda's revenue was generated by international flights in the early 1990s. In 1988 Garuda's fleet totaled seventy-three aircraft. Domestic service was provided by several smaller firms, including Merpati Nusantara Airlines, a subsidiary of Garuda, and Sempati Air Services, the first private firm that was permitted to provide international jet service in the early 1990s. A total fleet of 102 propeller-driven aircraft offered scheduled domestic services in FY 1988, although about 600 additional aircraft were in commercial nonscheduled operation.

The major Sukarno-Hatta International Airport in Cengkareng Subdistrict, West Jakarta (Jakarta Barat), opened in 1985. Other major airports were being expanded in the early 1990s, including airports located in Denpasar, Medan, and Surabaya, and on Batam Island. An agreement reached between Indonesia and Singapore in 1992 for the first time permitted direct flights to and from Singapore from other major Indonesian cities, including Surabaya and Denpasar. In total, in the early 1990s, Indonesia had 470 airports, 436 of which were categorized as usable and 111 of which had permanent-surface runways. Only six of the airports could handle Boeing-747-type aircraft.

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Railroads

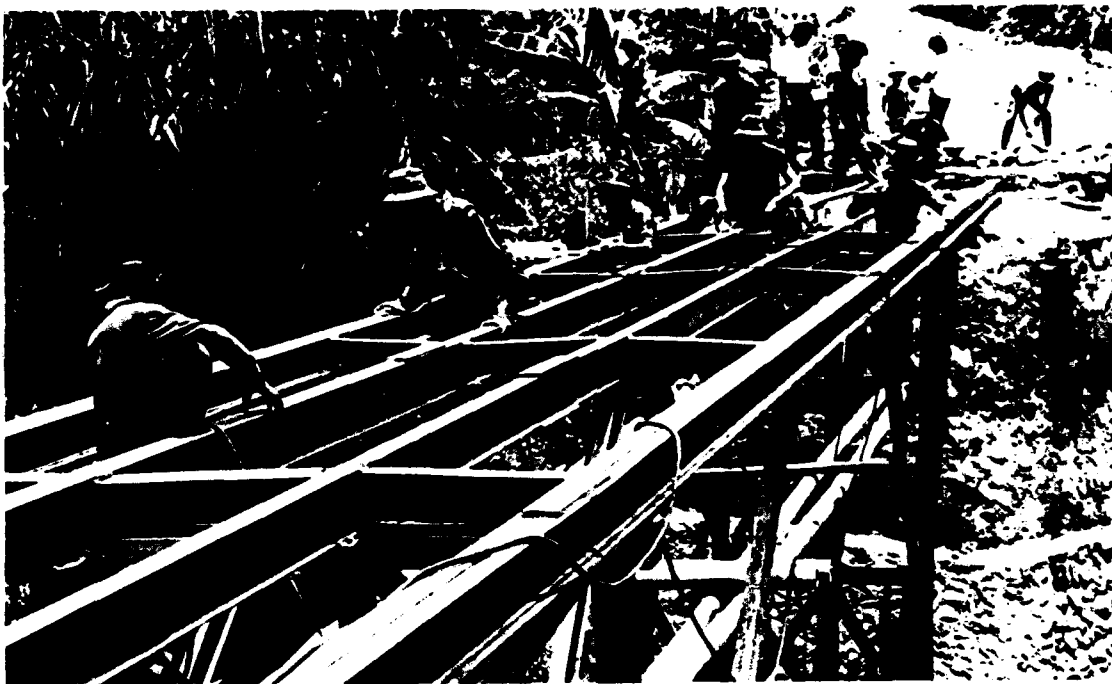
In the early 1990s, Indonesia had 6,964 kilometers of railroad track, all of it government-owned and -operated under the authority of the Department of Communications' Indonesian State Railways (PJKA). Some 211 kilometers of the roadbeds were laid in double tracks, and 125 kilometers—all in Java—were electrified. There were plans to expand the electrified system to 220 kilometers and nine cities in the 1990s. Of total track, 92 percent was 1.067-meter gauge, whereas 7 percent was 0.750-meter gauge, and the rest was 0.600-meter gauge. The rail network was largely on Java, where about 75 percent of the total track was located. PJKA's traction and rolling stock in 1990 included 546 diesel locomotives, 30 four-car electric multiple unit sets, 164 diesel railcars, 1,262 passenger cars, and 13,039 freight cars with plans for further acquisition of locomotives, passenger cars, and freight cars. Some thirty-five steam locomotives had been retired from the main inventory in the late 1980s.

Although trains were used mostly for passenger transportation, freight hauling had made significant increases in the 1980s, increasing from 800 million tons per kilometer annually in the early 1980s to around 3 billion tons per kilometer by the start of the 1990s. This increase reflected the rapid economic development taking place in Indonesia. The railways were most suited to hauling bulk items such as fertilizer, cement, and coal, since freight hauling was far more profitable than passenger traffic. Because of the improvements in road transport, passenger trips on railways were primarily for longer trips, especially in excess of 100 kilometers. Starting in the 1980s, railroads provided important links for carrying maritime containers to and from inland locations.

Much of the railroad network, however, was built before World War II, overburdened by users, and in need of substantial overhaul. Maintenance of railroad rolling stock thus was given special attention in FY 1989 and FY 1990 through a US\$28 million World Bank loan. More than 50 locomotives, 140 passenger cars, and 2,000 freight cars were scheduled for repair and rehabilitation. Government funds also were provided under Repelita V for 15 new foreign-made diesel locomotives (mostly from Canada and Japan) and 265 Indonesian-made freight cars designed for hauling coal, cement, fertilizer, and palm oil. Funds also included purchases of foreign-made signal equipment and automatic crossing gates.

Post and Telecommunications

The national postal system was the most important means of



*A passenger train at the Jakarta Railway Station
Courtesy M. Rachmana Achmad
Rural bridge construction in Jawa Barat Province
Courtesy Indonesian Department of Defense and Security*

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communication for the majority of citizens. By the late 1980s, postal services were available in all subdistricts and in 844 transmigration areas. A substantial increase in the total number of post offices from about 2,800 in 1980 to 4,800 in 1989 improved the capacity and quality of this extensive communication network.

Indonesia had a sophisticated telecommunications system as a result of early investments in satellite communications. The first Indonesian Palapa satellite was launched in 1976 and was replaced in 1987 (Palapa was named for a vow of abstinence made by fourteenth-century prime minister Gajah Mada). A total of 130 earth stations supported long-distance direct dialing among 147 cities, and permitted international direct dialing to 147 countries. A total of 266 automatic telephone exchanges and 480 manual exchanges had a capacity of 1 million telephone lines, which was 80 percent utilized in 1990. New regulations in the late 1980s permitted secondary communications services, such as fax and cellular phone operations, to be supplied by private businesses in cooperation with the government's Directorate General of Radio, Television, and Film.

Television and radio communications were dominated by the government networks, Radio of the Republic of Indonesia (RRI) and Television Network of the Republic of Indonesia (TVRI). The satellite communication system brought television signals to every village in the country. In the early 1990s, there were some 11 million television sets or an average of 56 per 1,000 people nationwide. Broadcasting was received from eighteen government-owned stations in major cities throughout the country and foreign cable news broadcasts and television programming via satellite. Starting in 1988, a private commercial television channel, Rajawali Citra Televisi Indonesia (RCTI), was permitted to operate in the Jakarta area, where it offered ninety hours of pay programs per week. In 1991 a second private television station started in Surabaya, and in 1992 the government permitted six more stations to operate, expanding service in Central Java, southern Sumatra, Batam, and northern Sulawesi.

Radio broadcast stations and radio sets were numerous in Indonesia in the early 1990s. There were some 530 medium-wave, around 140 short-wave, and 28 FM privately owned stations and some 22 million sets or 112 sets per 1,000 people. Government-owned RRI, from its central station in Jakarta, offered national, metropolitan, and FM stereo domestic programming and daily foreign programs—The Voice of Indonesia—in Arabic, Chinese, English, French, German, Indonesian, Japanese, Malay, Spanish,

and Thai. These programs were broadcast from stations in Jakarta and Padangcermin in Lampung Province.

Electric Power

The government-owned National Electric Company (PLN) supplied virtually all the electricity in the nation. At the end of 1989, total capacity for electricity generation from PLN was just under 9,000 megawatts, most of which was from steam-powered generators. Total supply of electricity in FY 1989 was 29,500 million kilowatts, and about one-third of villages throughout Indonesia had electricity. In spite of consistent growth in PLN capacity—at a rate of about 15 percent per year since 1969—there was concern that demand would outstrip supply as businesses sought to expand manufacturing output. Industry used about 45 percent of total power generated. PLN began negotiations with private suppliers for the first time in 1992 to build power generators to sell electricity to PLN distribution lines. The negotiations, which involved two international consortiums, could result in up to four 600-megawatt coal-fired facilities at Paiton, Jawa Timur Province, an increase in Java's total generating capacity of 37 percent. The Paiton facilities were slated to come online in the 1995-97 period. Additionally, two other 1,200-megawatt coal-fired generator facilities were scheduled for completion in FY 1997 and FY 1999 in Sumatera Selatan and Jawa Barat, respectively.

In summary, Indonesia's entire economy, like the infrastructure and services sector, had been transformed by a government determined to reap the benefits of modern industry and technology. Long a predominantly agrarian nation, by 1989 Indonesia saw agriculture accounting for only 20.6 percent of GDP. In some respects, continued economic growth in the 1990s offered more challenges than were confronted in earlier decades. The vast rural population generally had benefited from rapid industrialization but remained poor by international standards. At around US\$500, Indonesia's GDP per capita still ranked among low income nations such as China and India. With the growth in its manufactured exports, the nation entered a highly competitive world economy. The goal of rice self-sufficiency was achieved, but further improvements in agriculture faced more complex environmental and technological constraints. As the mid-1990s approached, private business appeared able to continue the record of growth set by the government-led economy in the 1970s. The government's task evolved into ensuring that private business success was based on efficiency, not political connections, and providing the public services and infrastructure vital to an island archipelago.

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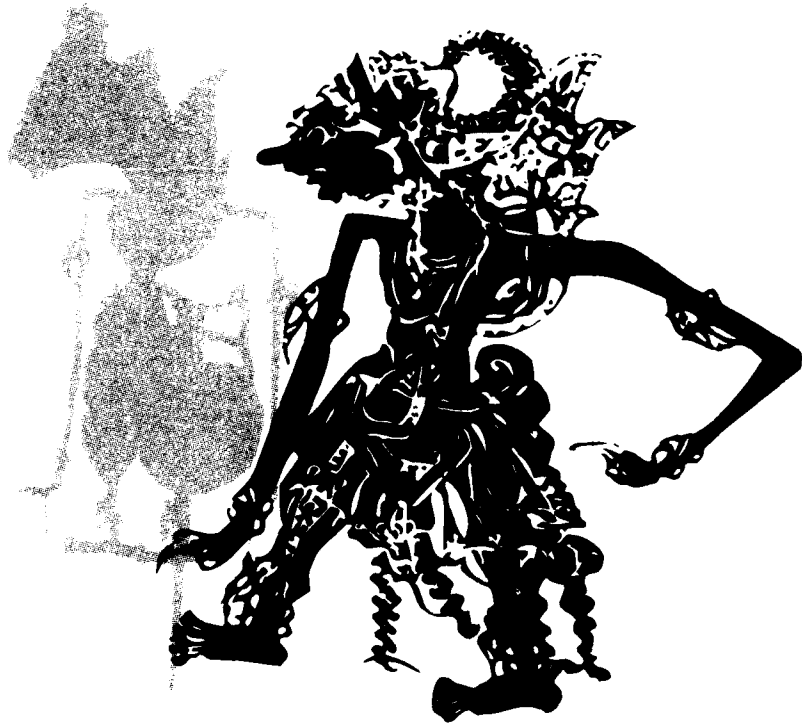
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A classic survey of the Indonesian economy under Suharto, *The Indonesian Economy During the Soeharto Era*, edited by Anne Booth and Peter McCawley, has been thoroughly updated in *The Oil Boom and After: Indonesian Economic Policy and Performance in the Soeharto Era*, also edited by Anne Booth. Many of the contributors to this volume also write for the Australian quarterly, *Bulletin of Indonesian Economic Studies* [Canberra], an excellent source of current scholarly analysis of the economy. The regular feature, "Survey of Recent Developments," by different authors in each issue of the bulletin, gives a thorough review of new government policy and the most recent factual information on economic developments. An annual review of the economy, *Indonesian Assessment*, is also published by Australian National University.

Rice Policy in Indonesia, by Scott Pearson and others, and *Reforming Economic Systems in Developing Countries*, edited by Dwight H. Perkins and Michael Roemer, are valuable reviews of Indonesian policy making by university economic advisers who were often on the scene. A more political view of policy making can be found in the writings of Richard Robison, especially his *Indonesia: The Rise of Capital*.

The weekly *Far Eastern Economic Review* and the daily *Asian Wall Street Journal*, both published in Hong Kong, offer less scholarly but more up-to-date information. The Indonesian economic press is improving rapidly with such specialized publications as *The Monthly Report* by the Center for Policy Studies and the *Indonesian Capital Market Journal*, both English publications from Jakarta that regularly review economic developments. The latter publication is geared to potential investors in Indonesian stocks. Statistical sources on the economy are plentiful. They include publications from the Indonesian Central Bureau of Statistics; Bank Indonesia, whose annual *Report for the Financial Year* gives a thorough picture of economic developments from the government viewpoint; and reports by the World Bank and the IMF. (For further information and complete citations, see Bibliography.)

Chapter 4. Government and Politics



The young Prince Rama (left), the chief figure in the epic drama Ramayana and the seventh incarnation of Wisnu; Indrajit (right), who is disguised as Gutukatja, the heroic son of Bima, is really the commander in chief for Rama's enemy, the giant Dasamuka, who kidnapped Rama's wife, Dewi Sinta.

AFTER 1965 AND THE DESTRUCTION of the Indonesian Communist Party (PKI; for this and other acronyms, see table A), the military dominated Indonesian politics. By exploiting existing constitutional structures and mobilizing civilian political support through a quasipolitical party of functional groups (Golkar—see Glossary), Indonesia's leaders concentrated power and authority in a small military and bureaucratic elite. At the elite's head was President Suharto, a former army general who was instrumental in the forcible termination of the Guided Democracy of his predecessor, Sukarno. To emphasize the discontinuity with the failed and discredited policies of the Sukarno era—what the new regime called the Old Order—Suharto's government called itself the New Order. The policy priority of the New Order was economic development based on security, stability, and consensus. Although only a handful of top leaders in the 1980s and early 1990s participated in the New Order decision-making process, pressure for greater access by nonofficially recognized interests and even opposition parties defined the contemporary political debate. The New Order appeared in the early 1990s to have the broad support of a majority of Indonesians. Its legitimacy rested not only on real economic development but also in appeals to traditional values, including, but not limited to, the Javanese values with which Suharto himself was imbued.

In 1992 Indonesia was a unitary state with a highly centralized governmental administration. This centralization was seen by Indonesia's leaders as necessary in a fragmented geographical and highly plural ethnic setting with a history of regional and ethnic rebellion. Problems of integration remained in East Timor (Timor Timur Province), Irian Jaya Province, and to a lesser extent the Special Region of Aceh (see fig. 1). After independence was declared in 1945, ideological consensus had been sought through the vigorous propagation of a national ideology called the Pancasila (see Glossary): belief in one Supreme God, humanitarianism, nationalism, democracy, and social justice. The government claimed the exclusive right to give content to these broad general principles, and by law all organizations were required to have the Pancasila as a common organizing principle, a single national commitment that took precedence over their individual programs.

The post-1965 political party system was simplified with the institution of Golongan Karya, or Golkar, the de facto government

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party organized around functional groups in society. Golkar vied in quinquennial elections with the United Development Party (PPP) and the Indonesian Democratic Party (PDI), themselves coalitions of formerly competitive parties. Because of a built-in advantage of massive government support and highly restrictive campaign rules, Golkar had emerged victorious in all national elections since 1971. The two constitutional legislative bodies, dominated by Golkar and the Armed Forces of the Republic of Indonesia (ABRI), were often little more than rubber stamps for government policy in a strong presidential system. The latitude of action the government enjoyed also was enhanced by a judicial system in which the rule of law often seemed bent to the will of the government. Moreover, the media in the early 1990s were enmeshed in a web of formal and informal controls that made them relatively ineffective as a check on government.

By 1992 Suharto had been inaugurated five times as president, and a central political question since his fourth term had been that of succession. The succession issue could be resolved only with interplay among the leading political forces and institutions: ABRI, the bureaucracy, Islam, business groups, and the presidency. As of late 1992, however, a sixth term for Suharto seemed likely to many observers who instead watched more avidly the selection of a vice president. With the exception of the presidency, none of these groups or institutions was monolithic. They all had factions, dividing not only on issues of interest but also on religion, race, and ethnicity. Issues of interest included economic equity, corruption, the role of ABRI in society, environmental concerns, and democratization.

Foreign policy was not a significant issue in domestic politics. Although there was bureaucratic infighting in the New Order era over foreign policy on a range of issues—including normalization of relations with China, policy toward Vietnam's incursion into Cambodia, and handling of the East Timor problem—the president's word was final. In a break with Sukarno's confrontational foreign policy, Suharto's government restored Indonesia's international image as a peaceful and cooperative member of the international community. A founding member of the Association of Southeast Asian Nations (ASEAN—see Glossary), Indonesia was an important actor in ASEAN's diplomacy ending the Third Indochina War (1978–91). In the 1980s, Indonesia began to project a more assertive presence in the international arena corresponding to its huge population, natural resources, economic success, and growing nationalism. These international efforts were capped by Suharto's succession in 1992 to the chairmanship of the Nonaligned

Movement (see Glossary). Indonesia's international image continued to suffer, however, from international criticism of its human rights record, particularly its suppression of an independence movement in East Timor.

The Political Debate

Since independence was declared in 1945, Indonesia has been a magnet for students of comparative politics as well as foreign diplomats and policy makers. Fascination with Indonesia stemmed in part from its population size (estimated to reach more than 210 million population by the year 2000), its strategic location, its economic potential, its great cultural and ethnic diversity, and its fragmented archipelagic shape confounding centralized administration. Equally compelling was Indonesia's tumultuous political history, from Indianization and Islamization to Dutch colonialism and the violence of the decolonization process.

Contemporary Indonesian political history can be segmented into three periods, each defined by a central issue. First, during the 1950s, there was the question of the political integrity of the state itself, beset as it was by religious, regionalist, and ethnic revolts and rebellions. Second, and of great concern to United States policy makers, there was the drift that became a rush to the left and the PKI during the period of Sukarno's Guided Democracy (1959-65). Finally, since 1966, there has been the continuing authoritarianism of Suharto's army-dominated New Order. A critical concern of many foreign policy observers on the international scene has been Indonesia's failure or unwillingness to embrace liberal democracy either structurally or procedurally. This concern has led to sometimes heated debates among policy analysts about the nature of the Indonesian state and political system.

Some observers condemned the Indonesian government for its authoritarianism, corruption, human- and civil-rights violations, and ethnic suppression. Such criticisms were frequently leveled by Western academics, human rights advocates, and journalists. To the contrary, other observers argued that the Suharto government enjoyed the support of a majority of Indonesians; that as the New Order had become institutionalized, its roles and structures would survive Suharto's presidency; and that there was no real alternative leadership. In the view of these observers, the apparent inconsistency between the image of a repressive regime and its success in gaining popular acceptance was explained by the simple fact that the Suharto government delivered on its economic promises. Some observers argued that real economic growth and its "trickle down" impact in improving the standard of living of many Indonesians

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offset grievances about a closed political system. As a result, these analysts described the New Order's economic success as a direct challenge to conventional Western developmentalist theory that economic growth could only occur simultaneously with democratization. In fact, in Indonesia's case, economic development and widespread increases in the nation's standard of living consolidated the support of a government that was viewed as fundamentally undemocratic (see *The Politics of Economic Reform*, ch. 3). At the same time, most observers agreed that the complexity, the number, and the interdependence of various social, cultural, economic, and political factors are so great that no single answer suffices.

Given the background of Suharto's ascent to power and the ultimate coercive authority of ABRI behind the New Order, many observers attributed the government's ability to sustain popular support to the role of the military in Indonesia. In fact, the dominance of the military in Indonesian politics was apparent early in postindependence Indonesia. By 1958 army chief of staff General Abdul Haris Nasution had enunciated a policy that he called the "middle way." According to this strategy, military officers participated in the affairs of government. By 1965 this policy had expanded into the notion of *dwifungsi*, or dual function, according to which the military had two roles: a traditional defense and security role and a new social and national development role (see *The Armed Forces in the National Life*, ch. 5). Despite misgivings from some civilian quarters, *dwifungsi* became law in 1982, constitutionally legitimizing what had been military ideology.

Thus, because Indonesia in the early 1990s was and had been since 1966 a military-dominated system, many observers considered discussion of the military's role integral to the debate on Indonesia's government and politics. Furthermore, these analysts called for a more sophisticated level of discussion than one based on concepts such as military dictatorship or military oligarchy. At one time, the "bureaucratic polity" model was popular among scholars as a way of describing the role of Indonesia's armed forces. "Bureaucratic polity" defines a system in which a limited group of senior bureaucrats, technocrats, and military officers participate in authoritative decision making. The policy outcome tends to reflect the interests and values of this relatively closed elite group. According to this view, competition for real political power in Jakarta was restricted to the top bureaucratic and military echelons. The value of the "bureaucratic polity" model lessened, however, as nonbureaucratic classes, structures, and decision centers emerged in the developmental process and began articulating autonomous interests. The "political economy" model came to seem more relevant

to discussions of the Indonesian political system because it relied on crucial linkages among the state, economy, and society. This emphasis reflected more accurately, in the view of many observers, the congruence of economic interests between Indonesia's ruling and entrepreneurial elites, in both equity sharing and corruption. In addition, an in-depth understanding of the Indonesian political system during the early 1990s required the understanding of the ethnic dimension, that is, the role of Chinese Indonesians in the political economy.

The authoritarian aspects of the Indonesian state provoked the most nuanced debate among scholars, who used numerous models to explain its political system. Some Western scholars termed Indonesia's political system "soft authoritarianism" to distinguish it from overtly repressive regimes. "Soft authoritarianism" implied the existence of an institution-building ruling elite that, although limiting choices that might challenge its control over the nation's social, political, and economic resources, was still committed to bettering the life of its citizens. Only the most adamant critics have argued that the Suharto government ruled by fear and terror. What was it, then, these scholars asked, that has allowed a military countercoup to evolve into institutionalized "soft authoritarianism"? One explanation framed Indonesian authoritarianism in terms of "corporatism," that is, the funneling of political forces and interests into government-sponsored and -controlled organizations. Under this theory, Golkar, the government's political base that attracts mass support, was seen as an example of "corporatist" politics. Similarly, the All Indonesian Workers Union (SPSI) in 1992 was a government-controlled umbrella under which the trade union movement became centralized. Even the media had a responsibility to promote national goals.

Another scholarly approach cast contemporary Indonesian "authoritarianism" into a historical mold, fitting it squarely into the indigenous pattern of patrimonial politics: Suharto as a Javanese king. Proponents of this approach speculated that these patrimonial tendencies grew stronger in the colonial period and were replicated in the modern state (see *Colonial Economy and Society, 1870-1940*, ch. 1). Whatever the approach used to describe and analyze Indonesian government and politics, in the 1990s it required an understanding of the legal basis and institutional structures of the system.

The Constitutional Framework

The legal basis of the Indonesian state is the 1945 constitution, promulgated the day after the August 17, 1945, proclamation of independence. The constitution was essentially a draft instrument

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hurriedly crafted by the Independence Preparatory Committee in the last weeks before the Japanese surrender (see *The Japanese Occupation, 1942-45*; ch. 1). According to George McTurnan Kahin, whose 1952 book *Nationalism and Revolution in Indonesia* was the pioneering study of modern Indonesian politics, the constitution was considered "definitely provisional." Provisional or not, the constitution provided structural continuity in a period of political discontinuity. Beginning with the preamble, which invokes the principles of the Pancasila, the thirty-seven articles of the constitution—ambiguous though they are—set forth the boundaries of both Sukarno's Old Order and Suharto's New Order.

The 1945 constitution was the product of a unitary republic struggling to emerge in the face of Dutch efforts to reestablish sovereignty and Islamic appeals for a religion-centered state. The constitution was not fully implemented when the transfer of sovereignty from the Netherlands went into effect on December 27, 1949. The 1949 agreement called for the establishment of the federal Republic of the United States of Indonesia (RUSI). Subsequently, a provisional constitution adopted in February 1950 provided for the election of a Constituent Assembly to write a permanent constitution (see *The National Revolution, 1945-49*, ch. 1). A rising tide of more radical nationalism, driven partly by perceptions that the RUSI was a Dutch scheme to divide and conquer, rapidly moved controlling political elites in the direction of a unitary republic. A Committee for the Preparation of the Constitution of the Unitary State was established on May 19, 1950, and on August 14 a new constitution (technically an amendment to the RUSI constitution) was ratified, to be in force until an elected Constituent Assembly completed its work. The new, interim constitution provided for a cabinet system of government, with the cabinet and prime minister being responsible to a unicameral legislature. The president was to be head of state but without real executive power except as a cabinet *formateur*.

As the political parties wrestled ineffectually in the parliamentary forum, dissident ethnic politicians and army officers joined in resisting central authority and even engaged in armed rebellions, such as those occurring in 1950, 1956, and 1958-59 (see *Independence: The First Phases, 1950-65*, ch. 1). Sukarno assumed an extraconstitutional position from which he wielded paramount authority in imposing his concept of Guided Democracy in 1959. This move was backed by senior military leaders, whose revolutionary experiences had already made them suspicious, even contemptuous, of civilian politicians, and who were now dismayed by

the disintegrative forces at work in the nation. The military moved to the political forefront, where they remained in 1992.

Sukarno sought to legitimize his authority by returning to the 1945 constitution. He would have preferred to accomplish this goal constitutionally by having the 402-member Constituent Assembly formally adopt the 1945 constitution. However, the Constituent Assembly, elected in 1955 and divided along secular and religious lines, could not muster the required two-thirds majority necessary to approve new constitutional provisions. According to political scientist Daniel S. Lev, the body deadlocked on two fundamental issues: the role of Islam in the state and the question of federalism. Furthermore, division on these issues meant that ideological consensus among the anticommunist parties could not be translated into effective political cooperation. As long as the Constituent Assembly failed to agree on a new constitutional form, the interim constitution with its weak presidency continued in force. Backed by ABRI and a large part of the public, which was impatient with the political impasse and failure to implement the promises of independence, Sukarno decreed on July 5, 1959, the dissolution of the Constituent Assembly and the return to the 1945 constitution. Martial law had already been proclaimed on March 14, 1957, and Sukarno claimed that under martial law his legal authority stemmed from his position as supreme commander of ABRI.

As a provisional legal framework for a modern state, the 1945 constitution has proved to be extremely elastic, subject to broad interpretation depending upon the constellation of political forces in control at any given time. Other than outlining the major state structures, the document contains few specifics about relations between the citizen and the government, and leaves open basic questions about rights and responsibilities of citizen and state (see *The Structure of Government*, this ch.). For example, Article 29 states that "Freedom of assembly and the right to form unions, freedom of speech and of the press, and similar freedoms shall be provided by law." Subsequent laws enacted, however, did not fully carry out the fundamental rights of the individual citizen stipulated by the constitution. On the other hand, the document is an expression of revolutionary expectations about social and economic justice. Article 33 states that the economy shall be organized cooperatively, that important branches of production affecting the lives of most people shall be controlled by the state, and that the state shall control natural resources for exploitation for the general welfare of the people.

The political struggle from 1945 to 1959 over the constitutional framework of the state stemmed not from the ambiguities of the

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1945 document or its heavy weighing of executive power, but over deep disagreements about the nature of the state itself, particularly the issue of federalism and the role of Islam. Once the common battle against Dutch imperialism had been won, the passionate differences dividing various nationalist groups about the future of Indonesia surfaced. The possibility of a federation of loosely knit regions was denied by the use of force—first in the crushing of the Republic of South Maluku (RMS) in 1950 and then the Revolutionary Government of the Indonesian Republic (PRRI)-Universal Struggle Charter (Permesta) regional rebellions of 1957 to 1962. Although in subsequent decades the government was almost always sensitive to the issue of separatism, the existence of a unitary republic, expressed through a primary “Indonesian” national identity, seemed secure. However, the difficulty of integrating an Islamic political identity with the Indonesian Pancasila identity remained in force in the early 1990s (see Pancasila: The State Ideology, this ch.).

The Structure of Government

According to the constitution, there are six organs of state. Sovereignty in Indonesia is vested in the people, who exercise their will through the People’s Consultative Assembly (MPR). Full executive authority is vested in the president, who is elected by and responsible to the MPR. Legislative power is shared with the House of People’s Representatives (DPR). The president is advised by the Supreme Advisory Council, whereas the State Audit Board exercises financial oversight. At the apex of the judicial system is the Supreme Court (see fig. 10).

Legislative Bodies

People’s Consultative Assembly (MPR)

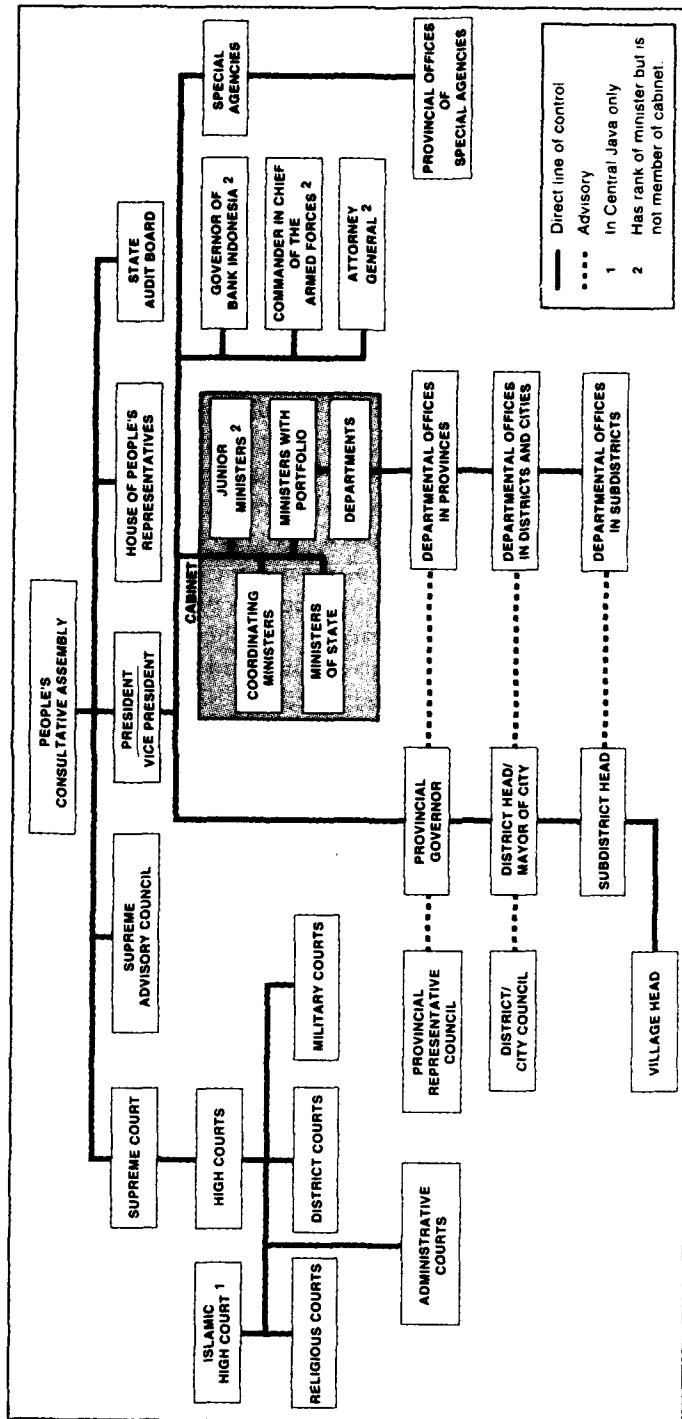
The highest constitutional body is the People’s Consultative Assembly (MPR), which meets every five years in the year following the elections to the parliament—the House of People’s Representatives (DPR). The MPR has 1,000 seats, 500 of which are assigned to the members of the DPR. Of the other 500 seats, 100 are reserved for representatives of professional groups, including ABRI, appointed by the president; as of 1992, 147 seats were held by delegates elected by provincial-level legislative assemblies. The balance of seats—253 in 1992—were assigned after the 1987 DPR elections on a proportional basis to representatives of the political parties, depending on their respective membership in the DPR. Golkar took the largest number of these seats based on its 1987 winning of 299 of the 400 elected DPR seats. This election resulted

in a total of 540 Golkar seats in the MPR, an absolute majority even without counting the ABRI faction and the provincial-level representatives. The Muslim-based PPP had only sixty-one DPR seats and ninety-three MPR seats, whereas the PDI, with its forty DPR seats, was at the bottom of the MPR list (see Political Parties, this ch.).

The principal legislative task of the MPR is to approve the Broad Outlines of State Policy, a document that theoretically establishes policy guidelines for the next five years. The draft is prepared by a government task force and is expected to be approved by consensus. In 1988, however, the PPP forced a recorded vote on two amendments to the Broad Outlines of State Policy, which, although the government won overwhelmingly, was taken by some observers as an indication that automatic adherence to the requirement for consensus was no longer a given in Indonesian politics. The first issue advanced by the PPP had to do with the legal status of Javanese mysticism (*aliran kepercayaan*) as a recognized religion. *Aliran kepercayaan* is the formal expression of *kebatinan* (see Glossary) or religiously syncretic Javanism, a set of religious practices that the PPP rejected as heterodoxy (see Islam, ch. 2). The second amendment had to do with a commitment to cleaner and fairer elections. This issue reflected the PPP's experiences in the 1987 general election. In 1992, in response to the perception that the MPR was no longer satisfied with a rubber-stamp role, Suharto declared that the 1993 MPR would have greater input into the initial stages of drafting the Broad Outlines of State Policy.

House of People's Representatives (DPR)

Legislative authority is constitutionally vested in the House of People's Representatives (often shortened to House of Representatives or DPR). This 500-member body meets annually, opening on August 16, the eve of National Day when the president delivers his National Day speech. Four hundred of the DPR seats are electorally contested by the three political parties (Golkar, PPP, and PDI) in provincial constituencies, which in the 1987 general election were based on a population ratio of approximately 1 representative per 400,000 people. Each administrative territorial district (*kabupaten*) is guaranteed at least one representative no matter what its population. A further 100 seats are allocated to military representatives who are appointed on the recommendation of ABRI. The justification for the ABRI faction is that since members of the armed forces cannot take part in elections, their political rights as a socio-political and defense force were served through guaranteed DPR seats. Faced with civilian resentment about the privileged position



Source: Based on information from Indonesia, Department of Information, *Indonesia 1992. An Official Handbook*, Jakarta, 1991, 45-51.

Figure 10. Structure of the Government, 1992

of ABRI in the parliamentary bodies, Suharto warned that denying the military legitimate input into the legislative process could lead to a coup. However, in his 1992 National Day speech, Suharto conceded that the number of guaranteed ABRI seats could be adjusted.

The DPR is led by a speaker elected from the membership. From 1988 to 1992, this position was filled by Lieutenant General (retired) Kharis Suhud, who in the previous session was leader of the ABRI faction. Work is organized through eleven permanent committees, each with a specific functional area of governmental affairs. The legislative process begins with the submission by the government of a bill to the DPR. Although members can initiate a bill, it must be accompanied by an explanatory memorandum signed by at least thirty legislators. Before a bill is approved, it must have four readings unless excepted by the DPR Steering Committee. The first reading is its introduction in an open plenary session. This reading is followed by a general debate in open plenary session with the government's right of reply. The bill is then discussed in committee with the government or initiating members. The final discussion of the draft legislation takes place in open plenary session, after which the DPR makes its decision. The deliberations of the DPR are designed to produce consensus. It is the political preference of the leadership to avoid overt expressions of less than complete support. This position is justified by the claim of a cultural predisposition to avoid, if possible, votes in which majority-minority opposing positions are recorded. If votes are necessary, however, a quorum requires a two-thirds majority. On issues of nomination and appointment, voting is by secret ballot but on all other matters by show of hands.

With the built-in Golkar-ABRI faction absolute majority, the DPR has routinely approved government legislation. During Suharto's fifth term (1988-93), however, with the appearance of many younger DPR members, there was a new willingness to use the forum for fuller and more forthright discussions of public issues and policies, even by Golkar members. This openness paralleled a similar trend, seemingly with government encouragement, toward greater openness in nonlegislative elite circles. Part of the discussion inside and outside of the DPR had to do with increasing the role and institutional capability of the parliament in order to enhance political participation.

The Executive

The President

Indonesia's government has a strong presidential system. The

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president is elected for a five-year term by a majority vote of the MPR, and he may be reelected when his term expires. The only constitutional qualification for office is that the president be a native-born Indonesian citizen. In carrying out his duties, the president is the Mandatory of the MPR, responsible to the MPR for the execution of state policy. In addition to his executive authority, the president is vested with legislative power, acting in concurrence with the DPR. The president also serves as the supreme commander of ABRI. He is aided in his executive role by a presidentially appointed cabinet.

Between 1945 and 1992, Indonesia had two presidents: Sukarno from 1945 to 1967, and Suharto from 1967. Suharto became president in a process that, while ostensibly claiming to be constitutional, had as its main instrument ABRI's coercive force. The drama of Indonesia's first presidential succession was angrily played out against the dangers and murders of the months following the abortive 1965 coup d'état as the military and their civilian allies rooted out the PKI and began the dismantling of Sukarno's Guided Democracy. On March 11, 1966, under great pressure, Sukarno signed an order popularly known as Supersemar (Executive Order of March 11, 1966), that de facto transferred presidential authority, although not the office, to then General Suharto. A year later, on March 12, 1967, a special session of the Provisional People's Consultative Assembly (MPR(S)) unanimously lifted its mandate from Sukarno and named Suharto acting president. At its March 1968 regular session, the MPR confirmed Suharto as its Mandatory, electing him Indonesia's second president. He was unanimously reelected in 1973, 1978, 1983, and 1988. Toward the end of Suharto's fourth term of office, the question of possible term limitation was raised and became an issue in the political dialogue of the fifth term. Although he was initially uncommitted about accepting a sixth term (1993-98), Suharto responded directly to the issue, repeatedly stating that the right to determine who would be president resided in the MPR.

The term limitation question was embedded in the larger question of presidential succession in the event that Suharto chose to step down or declined to accept reelection. The term limitation question also had the effect of refocusing attention on the vice presidential office. Constitutionally, the president is to be assisted in his duties by a vice president, who succeeds in the event of the president's death, removal, or inability to exercise official duties. Although not constitutionally prescribed, it has been accepted that the president would present his own nominee for vice president to be elected by the MPR. Although only vaguely defined, the office has diminished

*Suharto, president
of Indonesia since 1967
Courtesy Indonesian
Department of Information*



in importance since it was first held by revolutionary hero and federalist Mohammad Hatta from 1945 to 1956. Hatta's status was parallel to that of Sukarno, representing the concept of a duumvirate of authority (*dwitunggal*). After Hatta's resignation in 1956, the office remained vacant until 1973 when it was filled by Hamengkubuwono IX, the Sultan of Yogyakarta. The sultan's arrival in office symbolically expanded the military-backed power base of the New Order, conferring on it the nonmilitary legitimacy of the traditional Javanese political culture. Hamengkubuwono's decision not to seek reelection in 1978 was interpreted partly as disenchantment with the military, which was unwilling to share authority with civilians. Adam Malik, a former minister of foreign affairs, was the last civilian vice president (1978-83). He was replaced in 1983 by low-profile General Umar Wirahadikusumah. In 1988 Golkar chairman Lieutenant General (retired) Sudharmono was elected vice president in an MPR session roiled by behind-the-scenes military politics of presidential succession. In the prelude to the 1993 MPR session, expectations about a sixth term for Suharto fueled new speculation about the vice-presidential selection. By early 1992, the PDI had preemptively announced its support for ABRI commander General Try Sutrisno.

Succession politics intervened in the 1988 elections when it appeared that in selecting a vice president the president might be signalling a successor, especially because he had hinted that he might

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step down before the fifth term ended in 1993. Important elements in ABRI's leadership were dissatisfied with the possibility that Sudharmono, an army lawyer and career bureaucrat, might be tapped, and the ABRI faction in the MPR refused to join Golkar and the regional delegates in nominating him. Furthermore, PPP leader Jailani (Johnny) Naro declared his own candidacy. The president was forced to make explicit his support for Sudharmono and his intention to serve out his term. Faced with this direct challenge by the president, Naro backed away from forcing a vote, and Sudharmono became vice president by acclamation. The political drama of the 1988 vice presidential election foreshadowed the role succession politics would play throughout Suharto's fifth term.

The Cabinet

The president is assisted by state ministers appointed by him. In 1988 Suharto named his Fifth Development Cabinet, paralleling Repelita V (the fifth five-year development plan, fiscal year (FY—see Glossary) 1989–93; see Glossary). Twenty-one departments were headed by ministers in 1992. These departments were grouped under three coordinating ministers: politics and security; economics, finance, industry, and development supervision; and public welfare. There were eight ministers of state and six junior ministers. In addition to the cabinet members, three high-ranking state officials were accorded ministerial rank: the commander in chief of ABRI (in the Fifth Development Cabinet, General Try Sutrisno); the attorney general; and the governor of Bank Indonesia, the central bank. Of the thirty-eight members of the Fifth Development Cabinet, ten had held the same positions in the Fourth Development Cabinet, nine continued in the cabinet but with different posts, and nineteen were new ministers. The cabinet hence struck a balance between continuity and renewal.

Specialized agencies and boards at the central government level are numerous and diverse. They include the National Development Board (Bappenas), the National Family Planning Coordinating Agency (BKKBN), the Investment Coordinating Board (BKPM), and the Agency for Regional Development (Bappeda). At lower levels, there are regional planning agencies, investment boards, and development banks under the aegis of the central government.

The Supreme Advisory Council and the State Audit Board

Two other constitutionally mandated quasi-independent bodies exist to support the executive and the government. The Supreme Advisory Council is mandated by Article 16 of the constitution.

A forty-five-member group nominated by the DPR and appointed by the president, the council responds to any presidential question regarding affairs of state. It is organized into four permanent committees: political; economic, financial, and industrial; people's welfare; and defense and security. The council was chaired from 1988 to 1992 by General Mardean Panggabean, a former ABRI commander. The State Audit Board is charged in Article 23 of the constitution to conduct official examinations of the government's finances. It reports to the DPR, which approves the government's budget requests. The chairman of the State Audit Board during the Fifth Development Cabinet was General Muhammad Jusuf, another former ABRI commander.

The Judiciary

The Indonesian legal system is extraordinarily complex, the independent state having inherited three sources of law: customary or *adat* law, traditionally the basis for resolving interpersonal disputes in the traditional village environment; Islamic law (*sharia*, or, in Indonesian, *syariah*—see Glossary), often applied to disputes between Muslims; and Dutch colonial law. *Adat* courts were abolished in 1951, although customary means of dispute resolution were still used in villages in 1992. The return to the 1945 constitution in 1959 meant that Dutch laws remained in force except as subsequently altered or found to be inconsistent with the constitution. An improved criminal code enacted in 1981 expanded the legal rights of criminal defendants. The government in 1992 was still reviewing its legacy of Dutch civil and commercial laws in an effort to codify them in Indonesian terms. The types of national law recognized in MPR(S) Decree XX (July 5, 1966) include, in addition to the constitution, MPR decrees, statutes passed by the DPR and ratified by the president, government regulations promulgated by the president to implement a statute, presidential decisions to implement the constitution or government regulations, and other implementing regulations such as ministerial regulations and instructions. Obviously, the executive enjoys enormous discretion in determining what is law.

With respect to the administration of justice, Article 24 of the constitution states that judicial power shall be vested in a Supreme Court and subordinate courts established by law, and that the organization and competence of courts shall be established by law. In Sukarno's Guided Democracy, the justice system became a tool of the revolution, and any pretense of an independent judiciary was abandoned. One of the goals of the New Order was to restore the rule of law. A major step in that direction was the enactment

of the Basic Law on the Judiciary Number 14 of 1970, which defined an independent status for the Supreme Court and emphasized noninterference in judicial matters by persons outside the judiciary. Theoretically, the Supreme Court stands coequal with the executive and legislative branches. The president, vice president, and justices of the Supreme Court are nominated by the DPR and appointed by the president. The Supreme Court has exclusive jurisdiction in disputes between courts of the different court systems and between courts located in different regions. It can annul decisions of high courts on points of law, not fact. On request it can give advisory opinions to the government and guidance to lower courts. It is not part of a system of checks and balances, however, because it does not have the power of judicial review of the constitutionality of laws passed by the DPR. Its jurisdiction is limited to whether or not implementing administrative regulations conforms to the laws as passed. Moreover, the Supreme Court has no control over the integrity of the lower courts, which are under the supervision of the Department of Justice.

Below the Supreme Court, four different court systems can be distinguished. First, there are courts of general civil and criminal jurisdiction. District courts are the courts of first instance. The high courts are appellate courts. The administration of these courts is under the minister of justice, who controls judicial appointments, promotion, transfer, and pay. Despite protestations of independence, the lower courts had, as of the early 1990s, shown themselves reluctant to challenge the government, particularly in cases with political overtones. In the view of some observers, these courts routinely allowed egregious breaches of fundamental civil rights. There were also regular allegations of corruption in the lower court system in both civil and criminal cases.

Second, there are religious courts, under the Department of Religious Affairs, which exist to resolve specific kinds of disputes between Muslims in matters of marriage, divorce, inheritance, and gifts. These courts base their decision on Islamic law. To be legally enforceable, however, the religious court's decisions must be approved by a corresponding secular district court. The Directorate of Religious Justice within the Department of Religious Affairs has ultimate appellate jurisdiction. One of the persistent tensions between Islam and the state arises from Muslim efforts to expand the jurisdiction and autonomy of the sharia courts.

Third, in 1992 there was a Taxation Review Board that adjudicated taxation disputes. Other administrative courts had been eliminated as part of government's effort to simplify and standardize the court system.

Fourth, there are the military courts, which have jurisdiction over members of ABRI or persons declared to be of a similar status. After the 1965 coup attempt, special military courts were given authority to try military personnel and civilians alleged to be involved in the abortive coup. Hundreds of sentences ranging from twenty years' imprisonment to death were meted out by the special military courts, with executions continuing more than two decades after the event.

Local Government

Government administration is processed through descending levels of administrative subunits. Indonesia is made up of twenty-seven provincial-level units. In 1992 there actually were only twenty-four provinces (*propinsi*), two special regions (*daerah istimewa*)—Aceh and Yogyakarta—and a special capital city region (*daerah khusus ibukota*)—Jakarta. The provinces in turn were subdivided into districts (*kabupaten*), and below that into subdistricts (*kecamatan*). There were forty municipalities or city governments (*kotamadya*) that were at the same administrative level as a *kabupaten*. At the lowest tier of the administrative hierarchy was the village (*desa*). According to 1991 statistics, Indonesia had 241 districts, 3,625 subdistricts, 56 cities, and 66,979 villages.

Since independence the nation has been centrally governed from Jakarta in a system in which the lines of authority, budget, and personnel appointment run outward and downward. Regional and local governments enjoy little autonomy. Their role is largely administrative: implementing policies, rules, and regulations. Regional officialdom is an extension of the Jakarta bureaucracy. The political goal is to maintain the command framework of the unitary state, even at the cost of developmental efficiency. Governments below the national level, therefore, serve essentially as subordinate administrative units through which the functional activities of Jakarta-based departments and agencies reach out into the country.

In the early 1990s, there was neither real power sharing nor upward political communication through representative feedback. Real feedback occurred through bureaucratic channels or informal lines of communication. Elected people's regional representative councils (DPRDs) at the provincial and district levels had been restored in 1966, after operating as appointive bodies during the period of Guided Democracy. However, the DPRDs' participation in the early 1990s governing was extremely circumscribed because the councils lacked control over the use of resources and official appointments. Even though 1974 legislation gave provincial DPRDs some voice in selecting their governors—DPRDs could recommend

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appointments from a list of potential candidates submitted by the minister of home affairs—provincial governors were still appointed by the president. District heads were designated by the Department of Home Affairs.

The structure of provincial-level and local government in Indonesia is best understood in terms of the overriding goals of national political integration and political stability. At the governmental level, integration means control by the central government, a policy that was in part conditioned by historical experience. At independence Indonesia consisted of the short-lived federal RUSI (1949–50). The RUSI was viewed as a Dutch plot to deny authority over the entire country to the triumphant Indonesian nationalists. Regional rebellions in the late 1950s confirmed the national government's view that Indonesia's cultural and ethnic diversity required tight central government control to maintain the integrity of the state. Political stability was equated with centralization and instability with decentralization. Civil control was maintained through a hierarchy of the army's territorial commands, each level of which paralleled a political subdivision—from the highest regional command levels down to noncommissioned officers stationed in the *desa* for "village guidance." Lateral coordination of civilian administration, police, justice, and military affairs was provided at each provincial, district, and subdistrict level by a Regional Security Council (Muspida). The local Muspida was chaired by the regional army commander and did not include the speaker of the local DPRD (see *The Armed Forces in the National Life*, ch. 5).

Added to the political requirement for centralization in the early 1990s was the economic reality of the unequal endowment of natural resources in the archipelago and the mismatch of population density to resources. The least populated parts of the country were the richest in primary resources. A basic task of the national government was to ensure that the wealth produced by resource exploitation be fairly shared by all Indonesians. This goal meant that, in addition to Jakarta's political control of the national administrative system, the central government also exercised control over local revenues and finances. Thus, the absence of an independent funding base limited autonomy for provincial and local governments.

About 80 percent of total public expenditure in the provinces was disbursed from the national budget controlled by departments and agencies headquartered in Jakarta. Of the 20 percent administered by the provinces, about half came from Inpres (Presidential Instruction) grants for infrastructure and other developmental purposes. Beginning in 1969, the Inpres grant programs at provincial,

district, and village levels channeled about 20 percent of the development budget to small-scale projects for local development, with an emphasis on roads, irrigation, schools, and public health. Only about 10 percent of regional government revenue was derived from local taxes and fees.

Whereas once the central government's transfer of wealth from resource-rich provinces to people-rich provinces had been a source of political irritation for the better-endowed regions, by Repelita V (FY 1989-93), the lag in development investment beyond the Java-Sumatra western core was the most troubling. Suharto's 1992 New Year's message to the nation explicitly addressed this problem: "We are also aware," he said, "of the fact that there is a wide gap in the progress achieved by each region in our country, especially between the western and eastern part of the country." In looking to future policy, he added that there would be stepped-up efforts to provide autonomy and decentralization. Such steps, however, would require strengthening the capacity of subnational units financially and administratively, as well as strengthening local participation in the setting of national goals and policies. To some government leaders in the early 1990s, making concessions to economic and cultural claims for autonomy would endanger national unity. Conflicting interests of politics and administration presented special problems in the Special Region of Aceh and Irian Jaya and Timor Timur provinces.

Aceh

Aceh is the westernmost part of Sumatra and the part of Indonesia where the Islamic character of the population is the most pronounced. The Acehnese demand for autonomy, expressed in support for the 1950s Darul Islam rebellion, was partially met by the central government's acceptance of a "special-region" status for the province in 1959, allowing a higher-than-usual official Indonesian respect for Islamic law and custom (see *The National Revolution, 1945-49*, ch. 1). This special-region status, together with growing prosperity, brought Aceh into the Indonesian mainstream. This change was reflected in the growing support among Acehnese for the central government, as indicated by votes for Golkar in national elections. In 1971, Golkar won 49 percent of the region's vote; in 1977, 41 percent; and in 1982, 37 percent. By 1987, however, with 51.8 percent of the vote, Golkar obtained its first majority, increasing it in 1992 to 57 percent. Nevertheless, during the early 1990s, the idea of an independent Islamic state was kept alive by the Free Aceh (Aceh Merdeka) movement, known to the central government as the Aceh Security Disturbance

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Movement (GPK). Thought to have been crushed in the mid-1970s, the guerrilla campaign of the insurgents, under the leadership of European-based Hasan di Tiro and with Libyan support, renewed its hit-and-run warfare in the late 1980s, hoping to build on economic and social grievances as well as on Islamism. ABRI reacted with crushing force and, as it sought to root out the separatists, civil-military relations were imperiled. But moderately pro-Golkar 1992 election results suggested there was no widespread alienation in Aceh.

Irian Jaya

Irian Jaya, the former Dutch New Guinea or West New Guinea, remained under Dutch control after Indonesian independence in 1949. A combination of Indonesian political and military pressure and international efforts led to an October 1962 Dutch transfer of sovereignty to the United Nations (UN) Temporary Executive Authority, which was supported by a military observer force that oversaw the cease-fire. In May 1963, full administrative control was handed over to Indonesia. After a 1969 Act of Free Choice, the territory, which the Indonesians called Irian Barat (West Irian) until 1972, was integrated into the republic as Indonesia's twenty-sixth province. Rich in natural resources, Irian Jaya (Victorious Irian)—as the province was renamed in 1972—in 1992 was the largest and least-populated province. Indonesia's efforts to exploit the resources and assimilate the indigenous Papuan and Melanesian populations into the national administration and culture met sporadic armed resistance from the Free Papua Movement (OPM) and aroused international concerns.

Although the OPM became a marginal domestic actor, more visible as an international symbol, the fact of its existence justified an intimidating Indonesian military presence in the province, where suspicions about Irianese loyalties led to abuses in the civil-military relationship. Cultural differences between Indonesians and the indigenous population and complaints about the Javanization of Irian Jaya exacerbated tensions. The cultural conflict was aggravated by indigenous people's perceptions that they were being left behind economically by a flood of Indonesian immigrants coming in via the central-government-sponsored Transmigration Program (see Glossary; see Migration, ch. 2; Economic Benefits and the Transmigration Program, ch. 3). Native-born Irianese also resented the so-called spontaneous immigrants who dominated the informal sectors of urban economies. International critics of Indonesian policy in Irian Jaya accused the central government of waging a kind of demographic genocide.



A transmigration village guardpost, Irian Jaya. The sign reads "Entering traffic and visitors must check with the guard."

East Timor

East Timor, the former Portuguese Timor, was incorporated into the Republic of Indonesia in 1976 as Timor Timur Province, although Portugal never recognized what it saw as the forcible annexation of its former territory. The incorporation followed Indonesian armed intervention in December 1975, which had occurred as a reaction to a chaotic decolonization process and the declaration of the Democratic Republic of East Timor in November 1975 and the resulting civil war. From Jakarta's point of view, the civil war held out the alarming prospect of a communist or radical socialist regime emerging under the leadership of the Revolutionary Front for an Independent East Timor (Fretilin—see Glossary). Moreover, Fretilin's rhetorical invocation of kinship with other Third World communist revolutionary movements raised the specter of a national security threat. Jakarta formalized its takeover of East Timor in July 1976 after the Indonesia-sponsored People's Representative Council requested that East Timor be integrated into Indonesia as a province. The human cost of the civil war—Indonesian military actions and the famine that followed—was heavy. Estimates of Timorese deaths between 1975 and 1979 because of the conflict range from 100,000 to 250,000. The ability

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of Fretilin to mount a low-intensity resistance, the draconian countermeasures adopted by Indonesian military forces against suspected Fretilin sympathizers, and charges of Indonesian aggression against East Timor combined to make the problem of the status of East Timor a continuing foreign policy problem for Indonesia in the early 1990s. For many individuals and nongovernmental organizations, as well as for some foreign governments, Indonesian policy in East Timor became the touchstone for negative attitudes toward the Suharto government. Internally, however, Indonesia considered East Timor an integral part of the unitary state, a status that, despite foreign criticism, was non-negotiable.

On paper, East Timor in 1992 conformed administratively to the general Indonesian pattern. In fact, however, *de facto* military rule existed. For ten years, Jakarta-appointed governor Mario Carrascalão, a Timorese committed to integration, sought to moderate interethnic conflict and resolve intra-Timorese divisions among indigenous political parties. Carrascalão called upon the Timorese people to understand that there were only three political groupings in Indonesia: Golkar, PPP, and PDI. Although the central government invested heavily in Timor's development, giving it more Inpres funds per capita than any other province, resentment of Indonesian rule persisted and was growing in the early 1990s. The problem of integration in Timor was similar to that of Irian Jaya: the imposition of Indonesian political culture on a resistant population. Although Indonesian officials insisted that opposition to Jakarta's rule was confined to Fretilin hardliners, other forces were at work in ways that aggravated a sensitive political environment. The Roman Catholic Church staunchly defended the Christian identity of the Timorese in the face of an influx of Indonesians from other provinces. The church worried about the government's condoning, to the point of encouraging, Islamic proselytization and about its own freedom of action in a national political system disciplined to Pancasila democracy. Pope John Paul II's four-hour stopover in Dili, the capital of East Timor, on October 12, 1989, called international attention to the church's extraordinary position in the province. The disruption of traditional and Portuguese institutions, as well as forced resettlement of segments of the population, led to land disputes, official corruption, and economic exploitation by non-Timorese Indonesians attracted to the province. These grievances were exacerbated by a heavy-handed military presence not always respectful of Timorese rights. One consequence of Indonesian rule was the spread of literacy and skills acquisition by a younger generation of Timorese, who were faced with growing unemployment but who also were politically conscious. It was

the emerging militancy of the East Timorese youth, rather than the scattered Fretilin elements, that seemed to pose the greatest challenge to security and stability in the province in the early 1990s.

Indonesian officials, who were aware that on a per capita basis East Timor had received a disproportionate share of developmental funds, interpreted Timorese resentments as ingratitude. Nevertheless, the combination of military pressure and economic and social development programs had progressed to the point that on January 1, 1989, East Timor was proclaimed an open province to which travel and tourism were permitted on the same basis as elsewhere in Indonesia. Some tensions followed a minor demonstration during the pope's visit, but a reshuffling of the lines of military command and a more determined effort by the new military leadership in the province to improve civil-military relations were expected to ease tensions even further. These hopes were dashed on November 12, 1991, when troops fired on youthful marchers in a funeral procession in Dili that had become a pro-Fretilin political demonstration. At least 50 and perhaps more than 100 people were killed.

The National Investigation Commission appointed by Suharto found the army guilty of "excessive force" and poor discipline in crowd control. The senior officer in East Timor, Brigadier General Rafael S. Warouw, was replaced, as was his superior in Bali; three officers were dismissed from the army, and at least eight officers and soldiers were court-martialed. However, the punishments were relatively light when contrasted with the harsh sentences meted out to Timorese arrested as instigators of the incident. Nevertheless, the president's acceptance of a report that directly contradicted the army's contention that the shootings had been in self-defense and his willingness to take action against military personnel were pragmatic decisions that took the risk of offending ABRI members who preferred solidarity. The central government's main concern seemed to be to contain the international criticism of what some foreign observers called the Dili Massacre.

The November 12 affair confirmed that there were still strong social and political problems in East Timor. It also raised questions as to the relative efficacy of the differing military approaches. Some officers felt that the relative tolerance shown by the military to the restless youth since 1989 was too permissive and encouraged opposition. The Dili affair also pointed out the strong emotions on the military side, which led to the unauthorized presence of members of the local military garrison who were widely accused of misbehavior. The investigation commission mentioned this in its official report, stating "another group of unorganized security personnel,

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acting outside any control or command, also fired shots and committed beatings, causing more casualties." Carrascalão called the replaced Warouw the "best military commander East Timor has ever had." Tragic as it was, the November 12 incident prompted both military and civilian government agencies to conduct a broad review of development and security policies in East Timor including the question of civil-military relations. In fact, Carrascalão's successor, Abilio Soares, was also a civilian as had been widely expected.

Political Culture

Because of the general acceptance by the people, Indonesia's New Order government usually gains at least passive approval of its actions and style by what the ruling elite has characterized as the "floating masses." This approval in the early 1990s was based in part on an acknowledgment of the material benefits that flowed from real economic growth. The approval was also partly based on the fact that the government's acts and style fit into shared cultural patterns of values and expectations about leadership. In a country as ethnically diverse as Indonesia—from Melanesian tribe members of Irian Jaya to Jakarta's Chinese Indonesian millionaires—and with its population differentially incorporated into the modern political economy, it was difficult to identify a political culture shared in common by all Indonesians. Nevertheless, there were major cultural forces at work in Indonesia that did affect the political judgments of large groups of Indonesians.

Traditional Political Culture

In the late twentieth century, there were as many traditional political cultures in Indonesia as there were ethnic groups. Nevertheless, the similarity of Suharto's increasingly paternalistic rule to the Javanese kingship model reflects the Javanese cultural underpinnings of the New Order. Although Indonesia was a cultural mosaic, the Javanese, with more than 45 percent of the total population in the 1990s, were by far the largest single ethnic group. Moreover, they filled—to a degree beyond their population ratio—the most important roles in government and ABRI (see Population; Javanese, ch. 2). The officer corps in particular was Jvanized, partly as a result of Java's central role in the development of modern Indonesia (Indonesia's five leading institutions of higher education were located on Java, for example), but also because ABRI seemed to regard the great predominance of Javanese in the officer ranks as a matter of policy. The Javanese cultural predispositions

influenced, therefore, the way the government appealed to the population and interactions within the New Order elite.

On Java power historically has been deployed through a patrimonial bureaucratic state in which proximity to the ruler was the key to command and rewards. This power can be described in terms of a patron-client relation in which the patron is the *bapak* (father or elder). The terms of deference and obedience to the ruler are conceived in the Javanese *gusti-kawula* (lord-subject) formulation, which describes man's relationship to God as well as the subject's relationship to his ruler. The reciprocal trait for obedience is benevolence. In other words, benefits flow from the center to the obedient. By extension government's developmental activities are a boon to the faithful. Bureaucratically, Javanese culture is suffused with an attitude of obedience—respect for seniors, conformity to hierarchical authority, and avoidance of confrontation. These are characteristics of the preindependence *priyayi* class, whose roots go back to the traditional Javanese courts.

Javanism also has a mystical, magical dimension in its religiously syncretic belief system, which integrates pre-Indian, Indian, and Islamic beliefs. Its practices include animistic survivals, which invest sacred heirlooms (*pusaka*) with animating spirits, and rites of passage whose antecedents are pre-Islamic. Javanism also encompasses the introspective ascetic practices of *kebatinan* (mysticism as related to one's inner self), which seek to connect the microcosms of the self to the macrocosms of the universe. This adaptive belief system defines Suharto's underlying spiritual orientation. Furthermore, the politics of Javanism have been defensive, seeking to preserve its particular heterogeneous practices from demands for Islamic orthodoxy. Rather than favoring Islamic political parties, the Javanese have often turned to more secular parties: Sukarno's Indonesian Nationalist Party (PNI), the PKI, and Golkar.

Islamic Political Culture

Of Indonesia's population, 87.1 percent identified themselves as Muslim in 1980. This number was down from 95 percent in 1955. The figures for 1985 and 1990 have not been released by the government's Central Bureau of Statistics (BPS), suggesting a further decline that would fuel the fires of Muslim indignation over Christianization and secularization under the New Order. Nevertheless, Indonesia was still the largest Muslim nation in the world in the early 1990s; it was united with the universal Islamic community (*ummah*) not only in the profession of faith but also in adherence to Islamic law (see Religion and Worldview, ch. 2). The appeal of Islam was not weakened when it was supplanted by

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modern secular nationalism as the basis for the independent Indonesian state. In fact, given the prominence of Islamic proselytization and reinvigoration, the people's desire to maintain Islamic institutions and moral values arguably was at an all-time high in Indonesia. There was, however, a separation between Islam as a cultural value system and Islam as a political movement.

Islam in Indonesia is not monolithic. The majority of Indonesia's nominal or statistical Muslims, *abanagan* (see Glossary), are, to varying degrees of self-awareness, believers in *kebatinan* (see Islam, ch. 2). Orthodox Islam is, in fact, a minority religion, and the term often used to describe the orthodox believer is *santri* (see Glossary). A rough measurement of the appeal of orthodox Islam is the size of the electorate supporting explicitly Muslim political parties, which in the general elections of 1977 and 1982 approached 30 percent. In a pluralistic setting, such numbers might be expected to represent political strength. This correlation would exist in Indonesia if Indonesian Islam spoke with a single, unified voice. In the early 1990s, it did not. The *santri* consisted of both traditionalists and modernists, traditionalists seeking to defend a conservatively devout way of life, protecting orthodoxy as much as possible from the demands of the modern state, and modernists striving to adapt Indonesian Islam to the requirements of the modern world.

The principal organization reflecting the traditionalist outlook was Nahdatul Ulama (literally, "revival of the religious teachers," but commonly referred to as the Muslim Scholars' League) founded in 1926. Nahdatul Ulama had its roots in the traditional rural Islamic schools (*pesantren*) of Central and East Java. Claiming more than 30 million members, Nahdatul Ulama in 1992 was the largest Muslim organization in Indonesia. Although its rural teachers and adherents reflected its traditional orientation, it was led into the 1990s by Abdurrahman Wahid, grandson of Nahdatul Ulama's founder, a "democrat" with a non-exclusive vision of Islam and the state. Modernist, or reformist, Islam in Indonesia was best exemplified by the Muhammadiyah (Followers of Muhammad), founded in 1912 when the spirit of the Muslim reform movement begun in Egypt in the early 1900s reached Southeast Asia. In addition to modernizing Islam, the reformists sought to purify (critics argue Arabize) Indonesian Islam.

Both *santri* streams found formal political expression in the post-independence multiparty system. The Consultative Council of Indonesian Muslims (Masyumi) was the main political vehicle for the modernists. However, its activities were inhibited by the PRRI-Permesta regional rebellions between 1957 and 1962, and the party was banned in 1959. Nahdatul Ulama competed in the politics of

the 1950s, and seeking to capitalize on Masyumi's banning, collaborated with Sukarno in the hope of winning patronage and followers. Nahdatul Ulama also hoped to stop the seemingly inexorable advance of the secular left under the leadership of the PKI. Although organized Islamic political parties in the New Order were prohibited from advancing an explicitly Islamic message, traditional systems of communication within the community of believers, including instruction in Islamic schools and mosque sermons, passed judgments on politics and politicians.

Modern Political Culture

The major components of Indonesia's modern political culture were derived from two central goals of the New Order government: stability and development. If authority in the Suharto era was based on ABRI's coercive support, the government's legitimacy rested on its success in achieving sociopolitical stability and economic development. Indonesian political culture in the early 1990s primarily reflected nontraditional, nonethnic, and secular values. Urban centered, truly national in its scope, and more materialistically focused, Indonesia's politics in the 1990s were influenced by both domestic and international developments.

Like Islam, Indonesia's modern political culture was not monolithic. In the early 1990s, there was a variety of subcultures: bureaucratic, military, intellectual, commercial, literary, and artistic. Each had its own criteria for judging politics, but all were directed to the successful operation of the modern political system. Perhaps the two most important modern subcultures were the military and the intellectuals. It was the military subculture that set the tone for the first two decades of the Suharto government, both in terms of its ethos and in the direct participation of military officers at all levels of government and administration. Although increasingly professional in a technical sense, ABRI never lost its conception of itself as the embodiment of the national spirit, standing above the social, ethnic, and religious divisions of the country as a unifying institution. Even though factions existed within ABRI, it exemplified *dwifungsi*, the special link between soldier and state. ABRI was not above politics, but it was not part of the open political competition. The concerns of academics, writers, and other intellectuals in the early 1990s were different, and they were more likely to be influenced by Western political values. It was from these circles that the pressure for democratization came. Their outlet was not political parties but cause-oriented nongovernmental organizations (NGOs), workshops, seminars, rallies, and, occasionally, demonstrations. The government undertook a major effort to

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subsume all of Indonesia's political cultures, with their different and often incompatible criteria for legitimacy, into a national political culture, an Indonesian culture based on the values set forth in the Pancasila.

Pancasila: The State Ideology

In its preamble, the 1945 constitution sets forth the Pancasila as the embodiment of basic principles of an independent Indonesian state. These five principles were announced by Sukarno in a speech known as "The Birth of the Pancasila," which he gave to the Independence Preparatory Committee on June 1, 1945. In brief, and in the order given in the constitution, the Pancasila principles are belief in one supreme God, humanitarianism, nationalism expressed in the unity of Indonesia, consultative democracy, and social justice. Sukarno's statement of the Pancasila, although simple in form, resulted from a complex and sophisticated appreciation of the ideological needs of the new nation. In contrast to Muslim nationalists who insisted on an Islamic identity for the new state, the framers of the Pancasila insisted on a culturally neutral identity, compatible with democratic or Marxist ideologies, and overarching the vast cultural differences of the heterogeneous population. Like the national language--Bahasa Indonesia (see Glossary)—which Sukarno also promoted, the Pancasila did not come from any particular ethnic group and was intended to define the basic values for an "Indonesian" political culture.

Although the Pancasila has its modern aspect, Sukarno presented it in terms of a traditional Indonesian society in which the nation parallels an idealized village in which society is egalitarian, the economy is organized on the basis of mutual self-help (*gotong royong*), and decision making is by consensus (*musyawarah-mufakat*). In Sukarno's version of the Pancasila, political and social dissidence constituted deviant behavior. Suharto modified this view, to the extent that one of the criticisms of his version of the Pancasila was that he tried to Javanize it by asserting that the fundamental building block of the Pancasila was the *ilmu kasunyatan* (highest wisdom) that comes from the practices of *kebatinan*.

The generalized nature of the principles of the Pancasila allowed both Sukarno and Suharto, despite their very different policy orientations, to base their authority upon it. The Pancasila was less successful as an unifying concept when the country's leaders tried to give it specific policy content. For example, in 1959 Sukarno attempted to unify the country around Nasakom, a new slogan standing for the trinity of nationalism, communism, and religion. Nasakom was to serve as the basis for a revolutionary "just and

prosperous society." Under Nasakom, to oppose the PKI was to be anti-Pancasila. However, the principal opponent to this kind of ideological correctness was ABRI, which created political problems for Sukarno within the military. Suharto, on the other hand, gained the support of the military because he did not require ideological conformity. ABRI, although not necessarily actively promoting the Pancasila, shared rather than contended for power. Suharto noted this cooperation in his National Day address of August 16, 1984, when he said that ABRI, with its dual function, was "a force which preserves and continuously refreshes Pancasila democracy."

Unlike Sukarno, whose use of ideological appeals often seemed to be a cynical and manipulative substitute for substantive achievements, even at times an excuse for policy failure, the Suharto government sought to engage in policies and practices that contributed to stability and development. The 1973 reorganization of political parties—the number went from the nine (plus Golkar) that contested the 1971 elections to two (plus Golkar)—was justified as a step in the direction of Pancasila democracy. Beginning in 1978, a national indoctrination program was undertaken to inculcate Pancasila values in all citizens, especially school children and civil servants. Conceived as an abstract statement of national goals, the Pancasila was now used as an instrument of social and political control. To oppose the government was to oppose the Pancasila. To oppose the Pancasila was to oppose the foundation of the state. The effort to force conformity to the government's interpretation of Pancasila ideological correctness was not without controversy. Two issues in particular persistently tested the limits of the government's tolerance of alternative or even competitive systems of political thought. The first issue was the position of religion, especially Islam; the second issue was the role of legal opposition in Pancasila democracy.

From the very outset of independence, Islam and the Indonesian state had a tense political relationship (see *Islamic Political Culture*, this ch.). The Pancasila's promotion of monotheism is a religiously neutral and tolerant statement that equates Islam with the other religious systems in the country: Christianity, Buddhism, and Hindu-Balinese beliefs. However, the Muslim political forces had felt betrayed since signing the 1949 Jakarta Charter, under which they had accepted a pluralist republic in return for agreement that the state would be based upon belief in one God, with Muslims obligated to follow the sharia. The government's failure to follow through constitutionally and legally on this commitment set the

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agenda for future Islamic politics. At the extreme was the Darul Islam rebellion of the 1950s that sought to establish a Muslim theocracy.

The New Order's emphasis on the Pancasila was viewed by orthodox Muslim groups as an effort to subordinate Islam to a secular state ideology, even a "civil religion" manipulated by a regime inherently biased against the full expression of Muslim life. Indeed, in 1985 the government capped its effort to domesticate all elements in society to the Pancasila with legislation requiring all voluntary organizations to adopt the Pancasila as their sole ideological principle and provide for government supervision, intervention, and, if necessary, dissolution of organizations to guarantee compliance. Proclaimed as a "perfection" of Pancasila democracy, the Mass Organizations Law's intent went to the ideological heart of religious-based groups. This decision was forced on the Muslim-oriented PPP at its 1984 national congress, which was stage-managed by the government. For some Muslims, it was the last straw. The government's assurance that Muslims were not threatened by the law seemed hollow because the new law restricted the practices of Islam to family, mosque, and prayer, rather than allowing Islam to enfold the fullness of human activity, including politics. An environment was created in which more radical Muslims, incited by fiery clerics, prepared for direct opposition, including political violence. However, government's stern reaction to dissidence—swift arrest, trial for subversion, and long prison terms—soon inhibited any open public interest in confrontation.

On the other hand, by the 1980s, within the legal and politically acceptable boundaries of Muslim involvement, the state had become a major promoter of Islamic institutions. The government even subsidized numerous Muslim community activities. Within the overall value structure of the Pancasila, Islamic moral teaching and personal codes of conduct balanced the materialism inherent in secular economic development. Suharto himself went to great lengths to demonstrate that he was a good Muslim, including making the hajj to Mecca in May 1991. In August 1991, he pledged Rp3 billion (US\$1.53 million; for value of the rupiah—see Glossary) to a new Islamic bank (Bank Muamalat Indonesia) and declared he would encourage other wealthy Muslims to contribute. By wooing Islamic leaders and teachers, the state won broad support for its developmental policies. There is no question but that Islam was a state-favored religion in Indonesia, but it was not a state religion. Nor, if the New Order prevails over the long term, will it be. That reality defined the most critical political issue for many orthodox

Muslims. Moreover, the question remained how opposition—religious or secular—could legally be expressed in the workings of Pancasila democracy.

The Political Process

Pancasila democracy retained the forms of representative democracy mandated by the 1945 constitution, but the content was refashioned to fit the requirements of the New Order. Political parties existed to channel popular energies into support for government goals. Elections were “Festivals of Democracy” to make people feel a part of the system. Underlying the formal “depolitized” political system in the early 1990s was an intense political dynamic in which leading institutions and groups competed for power and influence in shaping Indonesia’s future.

Political Parties

The Multiparty System

ABRI viewed the pre-1967 multiparty system as unsatisfactory. The army had been an ally of Sukarno in the emasculation of competitive party politics under Guided Democracy. In a regime in which consensus and mobilization of human and material resources for development had the highest priority, partisan politics was viewed as divisive and wasteful. Yet the parties, with the notable exception of Masyumi and the PKI, had made the transition from the Old Order to the New Order and expected to play an expanded role. The Muslim political parties, in particular, felt they should be rewarded for enthusiastic participation in crushing the PKI and alleged communist sympathizers in 1965. The civilians who had thronged to alliance with ABRI under the banners of various anti-Sukarno action groups also felt they had earned an autonomous stake in building Indonesia’s future. The problem for ABRI was how to subordinate the political party system to the needs of unity, stability, and development (and implicit ABRI control). The answer was to establish a political structure that would be fully responsive to the interests and agenda of ABRI and the government. It needed to be a structure that would compete in elections with the regular political parties, but, as an expression of Pancasila democracy, it would not be a political party in the usual sense of aggregating and articulating interests from below.

Political party competition in Pancasila democracy in late twentieth-century Indonesia was conceived of in terms of advancing the best programs and leaders to achieve the national goals. Opposition politics based on ideological competition or appeal to partisan

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interests growing out of social, ethnic, or economic cleavages had no place and, in fact, were defined as subversive. In Suharto's words, the adoption of the Pancasila by the parties "will facilitate the prevention of conflict among various political groups which in their efforts to attain their respective goals may cause clashes detrimental to national unity and integrity." In 1973, in order to guarantee that disruptive competition would not occur, the political party system was restructured and simplified by government fiat, forcing the nine existing traditional parties to regroup into two electoral coalitions. The four Muslim parties, despite their historical, ideological, sectarian, and leadership differences, were joined together in the United Development Party (PPP), and the Christian and secular parties were uneasily united in the Indonesian Democratic Party (PDI). The desired result was to further weaken the existing political parties. The Political Parties Bill of 1975 completed the process of reconciling the parties to the requirements of Pancasila democracy.

The PPP, PDI, and the non-party Golkar became the "three pillars" of Pancasila democracy, the only legal participants in the electoral process. Other kinds of political activity were proclaimed illegal. The parties were placed under the supervision of the Department of Home Affairs, and the president was given the power to suspend their activity. Most importantly, the 1975 law institutionalized the concept of the rural population as a "floating mass," prohibiting the parties from organizing and mobilizing at the rice-roots level between election campaigns. The law gave Golkar a great advantage, because government officials from the national level down to the village were members of Golkar. The net effect of political party legislation was to "depoliticize" the political parties of the 1945-65 period.

From the government's point of view, political parties were not considered vital elements in a continuous critical political process but structures that would function episodically every five years in "Festivals of Democracy" designed to promote the government's legitimacy. Golkar's crushing victory in the 1971 elections put an end to any expectation that meaningful multiparty politics could be resurrected in Indonesia. By maintaining a highly disciplined party system, the government provided a limited sense of public access and participation in a political system that was, at its core, military in inspiration. More narrowly, the party system allowed for the cooptation of the civilian leaderships of the old political parties into the New Order plan in a nonthreatening way. Although the politicians may have chafed under the restrictions, they at least were part of the process. Also, the continued existence of the political

parties and elections contributed to the regime's international reputation, particularly important given the harrowing trauma of its violent birth (see *The Coup and Its Aftermath*, ch. 1). Finally, parties performed a useful "feedback" function. This role was particularly true with respect to the Islamic parties grouped in PPP, who gave voice to issues close to Islamic values. For example, the 1973 Marriage Bill as originally drafted would have legalized all civil marriages. However, because of Islamic concerns the law was eventually amended to legitimate marriages made according to the laws of respective religions. Still, the government did not always heed the alarm raised by Islamic outrage. Football pools (known as *porkas* from the English "forecast") were introduced in December 1985 to support national sports programs; the *porkas* were denounced by Muslims as a violation of the Islamic law against gambling. The opponents of *porkas* added a social dimension to the criticism by pointing out that the players were those Indonesians who could least afford to gamble. Unmoved by the opposition, the government allowed the lottery to continue as of 1992.

Golkar

The government's chosen instrument for political action was *Golongan Karya* (*Golkar*), the ABRI-managed organization of "functional groups." *Golkar* had its roots in the late Guided Democracy period as an army-sponsored functional grouping of nearly 100 anticommunist organizations within the left-dominated National Front. These groups had a diverse membership, from trade unionists and civil servants to students and women. As a political force to balance the weight of the PKI and Sukarno's PNI, this *Golkar* prototype—called the Joint Secretariat of Functional Groups—was ineffective, but it provided a framework within which the military could mobilize civilian support. After 1966 it was reorganized by Suharto's supporters, under General Ali Murtopo, head of ABRI's Special Operations Service (*Opsus*), as an ostensibly nonpartisan civilian constituency for the New Order's authority. *Golkar*'s mission was "to engage in politics to suppress politics." Its core membership was the Indonesian civil service. Government officials at all levels of society, including the villages, and employees of state enterprises were expected to be loyal to *Golkar*. Behind the patronage and the semimonopoly on communications and funding that facilitated *Golkar*'s electoral superiority was the unspoken but occasionally overt power of ABRI.

Suharto was directly involved in *Golkar*'s organization and policies from the beginning of the New Order. The organization's top advisory leadership was composed of senior ABRI officers, cabinet

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ministers, and leading technocrats. Day-to-day operations were under the direction of the chairman of the Central Executive Board. Under the chairmanship of Sudharmono from 1983 to 1988, Golkar increasingly became Suharto's personal constituency as opposed to an ABRI-New Order regime-oriented grouping. Sudharmono attempted to make Golkar a more effective political instrument by transforming it from a "functional group" basis to individual cadre membership. It was expected that the cadres, augmenting the official outreach, would help in the rice-roots mobilization of the "floating masses" at election times. As a mass-mobilizing, cadre party loyal to Suharto, there was some speculation that Golkar was emerging as an autonomous political force in society, no longer fully responsive to ABRI. Credence was given to this speculation by Suharto himself, when he admonished Golkar in 1989 to adopt a central position rather than "sit on the sidelines." Further evidence of the change in Golkar was seen in the emergence of a second-level younger civilian leadership as represented by its secretary general, Sarwono Kusumaatmadja, brother of Minister of Foreign Affairs Mochtar Kusumaatmadja.

Concerns about Golkar's direction probably contributed to ABRI's initial dissatisfaction with Suharto's selection of Sudharmono to be vice president in 1988. The possibility that as vice president Sudharmono might seek concurrently to keep his Golkar position came to the fore at Golkar's October 1988 Fourth National Congress. At the congress, ABRI pushed countermeasures including installing military men in Golkar's regional leadership, and Suharto avoided confrontation by replacing Sudharmono with Wahono, the relatively obscure former governor of Jawa Timur Province. Wahono was a man personally loyal to Suharto and without succession aspirations. Nevertheless, Golkar's commanding position in the "open" political process left unanswered the question of its potential to become a rival to ABRI or an alternative political base for future aspirants to power.

United Development Party (PPP)

The United Development Party (PPP; also sometimes referred to as the Development Unity Party) was the umbrella Muslim grouping that developed when the four Muslim parties were forced to merge in the 1973 restructuring of the party system. The four components were Nahdatul Ulama, the Muslim Party of Indonesia (PMI), the Islamic Association Party of Indonesia (PSII), and the Islamic Educational Movement (Perti). The PPP's constituent parties neither submerged their identities nor merged their programs. As a result, no single PPP leader with a platform acceptable

to all the sectarian and regional interests grouped under the PPP umbrella emerged. Despite their manifest differences representing divergent *santri* streams, however, the PPP's parties had the common bond of Islam, and it was this that gained them the government's close attention. The dominant partners were Nahdatul Ulama and the PMI. The PMI was a resurrected version of Masyumi, which had been banned in the Sukarno era. The return of the modernist Islamic interests—represented by the PMI—to mainstream politics was stage-managed by the government, and the PMI within the PPP was seemingly favored by the government to counterbalance the appeal of Nahdatul Ulama. The rivalry between Nahdatul Ulama and the PMI, while strong, was suppressed for the 1977 electoral campaign. But a severe split in the PPP over candidate selection and ranking on the PPP's electoral list occurred before the 1982 elections, leading the government to intervene on the side of the more docile PMI leadership.

The split between Nahdatul Ulama and the PMI over the political destiny of the PPP became a schism in the wake of the August 1984 PPP National Congress, the first since its 1973 formation. The principal task of the congress was the adoption of the Pancasila as the PPP's basic ideological principle. The party's general chairman, the PMI's Jailani (Johnny) Naro, who was backed by the government, stacked the new thirty-eight-member executive board with twenty PMI supporters, leaving Nahdatul Ulama, the largest of the component parties, with only thirteen seats. The decline in Nahdatul Ulama's influence in the PPP, together with constraints on the Islamic content of the PPP's message, confirmed the traditionalists' perception that Nahdatul Ulama should withdraw from the political process and concentrate on its religious, social, and educational activities. The theme of Nahdatul Ulama's December 1984 congress was "Back to Nahdatul Ulama's Original Program of Action of 1926." Although constitutionally accepting the Pancasila as its sole ideological principle, the Nahdatul Ulama congress tacitly opted out of the Pancasila political competition by holding that political party membership was a personal decision and that individual Nahdatul Ulama members were not obligated to support the PPP.

Indonesian Democratic Party (PDI)

The Indonesian Democratic Party (PDI) was created from a fusion of the two Christian parties: the Indonesian Christian Party (Partindo) and the Catholic Party (Partai Katolik); and three secular parties: the Indonesian Nationalist Party (PNI), the League of the Supporters of Indonesian Independence (IPKI), and the Party of

the Masses (Partai Murba). The PNI, the largest of the PDI's five parties, and the legatee of Sukarno, had its base in East and Central Java. IPKI had been strongly anti-PKI in the Old Order in contrast to the once-leftist Partai Murba. Even more heterogeneous than the PPP, the PDI, with no common ideological link other than the commitment to the Pancasila as its sole principle, was faction-ridden and riven with personality disputes, held together only by direct government intervention into its internal affairs. It was only under the auspices of the minister of home affairs that the PDI Executive Committee could meet at all after the 1983 elections. The government insisted on keeping the PDI viable to avoid the risk of polarization and a direct Golkar-PPP, secular-Islamic face-off. With the gradual public rehabilitation of the late President Sukarno as an "Independence Proclamation Hero" and the father of the Pancasila, the PDI was not reluctant to trade upon the Sukarnoist heritage of its component party, the PNI. Using a son and a daughter of Sukarno on its ticket and waving posters with the image of Sukarno, the PDI went into the 1987 elections aggressively courting young voters who had no personal experience of Guided Democracy and who were looking for channels of political protest.

Elections

When Indonesians went to the polls every five years to elect members of the DPR, it was not with the expectation that in casting a vote they could effect any real changes in the way Indonesia was governed. The system was not designed for opposition. The PDI and PPP did not present competitively alternative platforms to Golkar's government platform. The parties' candidate lists were screened and individual candidates approved by the government. For the 1992 elections, 2,283 candidates were on the lists for the 400 seats at stake.

The elector did not vote for a particular candidate but for the party, which, if it won, would designate the representative from the party's list. The elections were organized by the government-appointed election commission headed by the minister of home affairs. All campaigns were conducted in the framework of Pancasila democracy, which meant that in the twenty-five-day campaign period, reduced in 1987 from forty-five days, government policy and programs could be criticized only warily and indirectly, and the president could not be criticized at all. Strict campaign rules applied. For the 1992 election, automobile rallies and picture posters of political leaders were banned. No PDI posters of Sukarno, for example, were allowed. Large outdoor rallies were

discouraged, which meant that acts of violence and rowdiness by youthful participants in the "Festival of Democracy" decreased in 1992. Radio and television appeals had to be approved in advance by the elections commission. There was no campaigning at all in the five days before the elections. Even if there had been fewer constraints on campaign freedoms, the results in terms of structural impact on the functioning of the government would not be much greater than those engendered by the large number of appointed members of the DPR and the minority position of the elected members of the DPR in the MPR.

Even so, elections did matter. They were one of the elements in the institutionalization of the New Order system. It was estimated that 111 million Indonesians were eligible to vote in 1992. Giving the broad population a sense of participation contributed to regime legitimacy. The elections also provided, to some degree, a channel of public opinion feedback to the government. Finally, the election process helped to mobilize the public to support government policy. The feedback and mobilization function of the electoral process was becoming more important as the number of voters who had no direct memory of pre-Suharto Indonesia increased. The 1992 election saw 17 million first-time voters.

During the first twenty-five years of New Order government, there were five national elections (see table 28, Appendix). The 1971 election was Indonesia's second general election since independence and the first since 1955. (Provincial elections were held in 1957.) Golkar and nine other parties ran, compared with twenty-eight parties in 1955. The outcome was predictable given the rules of the game and the resources available to the government supporters. Golkar won more than 62 percent of the vote. The four Islamic parties shared 27.1 percent of the total, led by Nahdatul Ulama's 18.7 percent. The remaining 10.1 percent of the total was scattered among the other five parties.

Not surprisingly, Golkar dominated every successive election. In 1977 the second DPR election saw the field of parties reduced to three as a result of the 1973 party merger. The relative percentage of votes was not dramatically different, with Golkar losing less than 1 percent; the PPP gained 29.3 percent and the PDI, beginning its decline, fell to 8.6 percent. The size and loyalty of the PPP's electoral base, despite all-out government support for Golkar, reinforced the government's interest in limiting political Islam. In the 1982 elections, Golkar won 64.3 percent of the total vote cast, trailed by the PPP's 27.8 percent and the PDI's 7.9 percent. Golkar swept twenty-six of the twenty-seven provinces and regions, losing only strongly Islamic Aceh to the PPP. The victory was made sweeter

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for Golkar by its recapturing the electoral edge in Jakarta from the PPP, which had won the district in the 1977 elections. In the 1987 elections, Golkar won in a landslide, crushing the opposition parties with more than 73 percent of the vote to the PPP's 16 percent and the PDI's 10.9 percent. Golkar's victory led to fears that Indonesia had become a de facto single-party state. Golkar even triumphed in Aceh with a 52 percent majority. The precipitous (40 percent) drop between 1982 and 1987 in the PPP's vote total can be attributed largely to the 1984 decision by Nahdatul Ulama, the PPP's largest component, to withdraw from organized competitive politics. Analysis of the election returns showed that many of the former Nahdatul Ulama votes for the PPP went to Golkar in a demonstration of both Nahdatul Ulama's ability to deliver its constituents and a guarantee of continued government favor to Nahdatul Ulama's institutions and programs.

The June 9, 1992, election had no surprises. In a calm and orderly atmosphere, more than 97 million Indonesians voted, 90 percent of the 108 million registered voters. Golkar won 68 percent of the popular vote, down by 5 percent from 1987, but nevertheless very satisfactory for the government. Golkar support ranged from a high of more than 90 percent in Jambi, Lampung, and Nusa Tenggara Timur provinces to Jakarta's 52 percent. The PPP held its own with 17 percent of the vote and, at least in the official final tally, actually ran ahead of the PDI in Jakarta with 24.5 percent of the vote to the PDI's 23.1 percent. The support for the PDI, the closest to a "democratic opposition" party, jumped from 10.9 percent in 1987 to 15 percent. These figures translated into 281 DPR seats for Golkar (down 18 seats from 1987), 63 for PPP (down 2 seats), and 56 for the PDI (an increase of 16 seats).

The outcome of the 1992 election led to some cautious conclusions. The election was "routine" because the earlier polarizing issues of Pancasila democracy had already been firmly resolved to the government's advantage. Since the stakes seemed even lower than in previous elections, there was a lack of political passion on all sides. The decline in the Golkar percentage may be partially attributed to ABRI's having distanced itself from active intervention on behalf of Golkar. It did not appear that Suharto's campaign to woo the Muslims had an appreciable electoral result. The PDI apparently won the largest number of first-time voters. Its rallies attracted a youthful crowd, many under voting age, and suggested that a basis did exist for future increases in voter support. Golkar won slightly more than 61 percent of the total number of votes cast on Java, where nearly two-thirds of the voters resided. That meant that about four out of ten voters at the country's core



*Golkar V-for-Victory
campaign sign*

were in opposition. Nevertheless, the fact that Golkar increased its vote in Jakarta by 4 percent over 1987 despite an aggressive PDI campaign directed at the urban crowd suggested that Golkar's appeal to stability, security, and development—the political status quo—was powerful even without other electoral advantages of the ruling party.

Political Dynamics

Openness

In his 1990 annual National Day address to the nation, Suharto confirmed his mandate for more openness in political expression. "We must no longer be afraid of the multifarious views and opinions expressed by the people," he declared. This new tolerance was first given attention in the domestic political dialogue that began after his inauguration for a fifth term. The year 1989 saw an outpouring of opinion, discussion, and debate as *keterbukaan* (openness) promised a breath of fresh air in what many felt was an atmosphere of sterile platitudinism and sloganeering. There was in 1989, according to American political scientist Gordon R. Hein, "A dramatic expansion in public discussion of important political

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and economic issues facing the country." Officials, politicians, retired generals, nongovernmental organizations, and student leaders expressed their views on controversial subjects ranging from environmental degradation to business conglomerates, from the role of the military to party politics. Many who had previously felt excluded from meaningful involvement hoped that *keterbukaan* would encourage greater political participation, not only in the national policy dialogue but also in access to the political process. The most serious structural manifestation of *keterbukaan* was the establishment in 1991 of the Democracy Forum. The forum was chaired by Nahdatul Ulama's secretary general, Abdurrahman Wahid, and participated in by well-known academics, journalists, and other intellectuals. Its goal was to loosen existing political arrangements to assure "that the nation matures politically."

The turn toward *keterbukaan* was a welcome thaw after the chill of the mid-1980s crackdown on what the government considered "subversive" opposition. The passage of the Mass Organizations Law in 1985 stoked the incendiary environment in which more radical Muslim activists were prepared for direct action against a government that resisted demands that the state itself should express an Islamic quality. In September 1984, the situation had deteriorated over an incident in which a soldier allegedly defiled a mosque in Tanjung Priok (in the northern part of Jakarta). The incident was a pretext for rioting and clashes between the army and mobs provoked by fiery Islamic invocations. The unrest was followed by bomb blasts and arson that to an alarmed ABRI presaged a call for jihad (holy war). The Tanjung Priok affair was the most destabilizing open confrontation between the government and opposition since the anti-Japanese riots that took place during Japanese prime minister Tanaka Kakuei's visit to Indonesia in January 1974. Again, the government's reaction was swift and stern. Thirty defendants were jailed from one to three years in the wake of the Tanjung Priok riot. Ten people, including former cabinet minister Haji Mohammad Sanusi, were convicted of conspiracy in the 1985 Bank Central Asia bombing following the Tanjung Priok affair. At the heart of the legal assault on the opposition were the trials of prominent Islamic and retired military figures who were vaguely linked by the government to the Bank Central Asia bombing but whose real crime was association with the Petition of Fifty group.

The Petition of Fifty was a petition by former generals, political leaders, academicians, students, and others that was submitted to the MPR in 1980. The petition accused Suharto of using the Pancasila to attack political opponents and to foster antidemocratic, one-man rule. The signers of the statement were roundly excoriated

by Suharto loyalists. The signers escaped arrest but were put under tight surveillance and lost many of their official perquisites.

Lieutenant General (retired) H.R. Dharsono was the most prominent of the Petition of Fifty group. After the Tanjung Priok affair, Dharsono was arrested because of a position paper he and twenty-one others had signed in September 1984, challenging the government's version of the affair. According to the prosecution, this position paper "undermined the authority of the government." Dharsono also was accused of "mental terrorism" for having made statements that could cause social unrest, as well as of associating with persons allegedly involved in the subsequent bombings. In an extraordinarily open trial, he was found guilty in January 1986 and sentenced to ten years' imprisonment. Unrepentant, Dharsono was released in the looser atmosphere of *keterbukaan* in September 1990. Clearly, the Dharsono trial and others, as well as the social and economic pressures on extraparliamentary critics of the government, such as the Petition of Fifty group, were meant as reminders of the acceptable boundaries of political comment. As if to drive the point home, nine PKI prisoners who had been jailed for twenty years were executed in October 1986. Two others were executed in 1988. These exemplary punishments were warnings against the consequences of "left extremism."

The fact that the legal and official regulatory framework that had stifled opposition for so many years remained intact required cautious conclusions about *keterbukaan*. Although the dialogue was more open and included more "political" subjects in the early 1990s, limits could be quickly and arbitrarily set by the government, whose level of tolerance was unpredictable. The limits were ambiguous because they tended to be applied capriciously. Still, there were indicators that a more participative political system would evolve in the mid- to late 1990s. American political scientist R. William Liddle identified six characteristics of the Indonesian economy, society, and politics that appeared to favor a move in that direction: growing dependence on domestic taxes and thus taxpayer approval; wide distribution of the benefits of economic growth with increased resources for groups to become politically active; greater connections to the outside world; greater education and literacy; more interest in democratization; and an institutionalized strong presidency. This last factor ensured that as more political voices were heard there would be no return to the parliamentary impotency that had paralyzed Indonesia in the 1950s. Thus, it was argued, democracy and stability could coexist.

Much, of course, would depend upon the succession scenario. According to a less sanguine assessment, a more open political

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dialogue could be manipulated by the major actors positioning themselves for the succession—ABRI, Islam, bureaucratic interests, and Golkar. These groups sought support among a growing middle-class constituency, which, intermittently at least, was moved by the kinds of issues raised by socially conscious nongovernmental organizations and students, as well as nonestablishment political organizations like the group that issued the Petition of Fifty. The succession issue itself, as long as it remained unresolved, had the potential of being a destabilizing factor. Outside the bureaucratic inner circle, the political actors most directly affected by succession could only imperfectly transmit their messages about democracy, equity, corruption, the environment, and succession to the public because the nongovernmental media was subject to the same constraints as the other institutions in Pancasila democracy (see *The Media*, this ch.).

Islam

Organized political party structures promoting Islam were disciplined to the requirements of Pancasila democracy in the PPP, and Islamic organizations, including the Muhammadiyah movement and Nahdatul Ulama, were subjected to government regulations flowing from the Mass Organizations Law. Muslim critics of the regime in the early 1990s claimed that the government policy toward Islam was “colonial” in that it was putting in place in modern Indonesia the advice of the Dutch scholar and adviser to the Netherlands Indies government, Christiaan Snouck Hurgronje. As an adviser between 1891 and 1904, Snouck Hurgronje advocated tolerating the spiritual aspects of Islam but rigorously containing Islam’s political expression. The goal was the same in the colonial period and during the presidencies of both Sukarno and Suharto: to see to it that the business of government and administration remained a secular one. However, Islam could not be fully “depoliticized.” The traditional structures for Islamic communication and mobilization, *pesantren* and mosque, were resistant to external control. Religious teachers, through the *dakwah* (the vigorous promotion of Islam), still proselytized and propagated guidance and values in the early 1990s that influenced all aspects of human affairs. The “floating masses” were touched by a social and political message couched in terms of Quranic injunctions and the *hadith*.

The so-called “hard” *dakwah*, departing from sermons and texts tightly confined to matters of faith and sharia, was uncompromisingly antigovernment. The illegal texts of Abdul Qadir Djaelani, for example, contrasted Islam, which was the revelation of God,

with the Pancasila, which was man-made of Javanese mysticism. The Islamists (often referred to as Islamic fundamentalists) called for the people to die as martyrs in a "struggle until Islam rules." For the government, this call was incitement to "extremism of the right," subversion, and terrorism. In the late 1970s and early 1980s, security officials warned against the revival of Darul Islam in the guise of a Komando Jihad (Holy War Command). Isolated acts of violence, including, in early 1981, the hijacking of a Garuda Indonesian Airways DC-9, gave credence to these alerts. This unrest also was the context in which the government viewed the Tanjung Priok affair. The government reaction to radical Islamic provocations was unyielding: arrest and jail.

The followers of the "hard" *dakwah* were a minority within a minority in 1992. Although Islamists might be disaffected with the state, the goal of urban, middle-class Muslims, who shared in the benefits of government economic policies and who were relatively untouched by the preaching of rural Muslim teachers, was not to overthrow the regime. They wanted to transform the regime from within to make its acts conform more with Islamic values—a focus then that was not on the state itself but on policies and practices that were offensive. The issues that spurred middle-class Muslims on included not just the persistent Muslim complaints about secularization, Christianization, and moral decline, but also contemporary political grievances about the inequitable distribution of income, concentration of wealth and power in the hands of Chinese Indonesians to the detriment of indigenous (*pribumi*—see Glossary) entrepreneurship, corruption, and the role of the president's immediate family. These kinds of issues cut across religious boundaries and united moderate middle-class Muslims with more secular middle-class critics, both civilian and military.

The president had indirectly addressed complaints about a skewing of economic rewards to Chinese Indonesian enterprises by backing deregulation, warning against flaunting wealth, and appealing for companies to allow worker cooperatives to purchase up to 25 percent of equity shares. This last proposal, made in 1990, despite questions about its economic soundness, had a firm basis in the 1945 constitution, Indonesian economic history, and populist rhetoric.

A more complicated problem was the political access the president's six children had to state contracting agencies. Their monopoly enterprises, influence brokering, and linkages to Chinese Indonesian entrepreneurs made the children major players in the Indonesian economy. Leaving aside the question of whether their activities facilitated development or hindered it, their highly visible

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role with the underlying suspicion of favoritism, political extortion, and corruption had a corrosive impact on Suharto's own image. The father defended the children. Domestic criticism was banned in the media, and foreign discussions resulted in periodic censorship of certain editions of the *Sydney Morning Herald*, the *International Herald Tribune*, and the *Far Eastern Economic Review*. It was even suggested by some local observers that the president's desire to protect his children from a future government's reprisals energized his succession agenda.

Through reward and cooptation, the government won the allegiance of a broad sector of the Muslim elite, the most general indicator of which was election results showing no increase in the appeal of Muslim political parties. At the same time, thoughtful Islamic strategists, such as Nahdatul Ulama's Abdurrahman Wahid, felt that Islamization would come from inside the New Order rather than from external confrontation. The Association of Muslim Intellectuals (ICMI) was formed in December 1990, uniting a broad spectrum of leading Muslim academics and government figures (but with the noticeable absence of Abdurrahman Wahid). ICMI's founding had the overt support of Suharto and suggested that the president wished to deepen his political links to the Muslim constituency independently of the PPP and Nahdatul Ulama. This organizational development also raised the question of where ABRI stood in a constellation of forces that saw the president apparently seeking balance among Golkar, Islam, and ABRI.

ABRI

The considerable policy achievements of the New Order government cannot be overstated. Whether compared with the Old Order or with other large and culturally plural Third World nations, Indonesia's record of political stability and economic growth since 1966 was viewed by its leaders as the empirical justification of the system of government put in place by the military in 1966-67. Despite *keterbukaan*, there was no retreat from *dwifungsi*. Suharto and the military elite seemed united in their belief that there would be no turning back from the principle of dual function that ABRI considered a historical necessity. The spectacle of the ethnic disintegration of the Soviet Union and Eastern Europe was a sobering example of what can happen when authority is lifted in ethnically plural states. Beyond the agreement on *dwifungsi*, however, the relationship between the president and ABRI became one of the problematic issues of politics in the 1990s. Ultimately, the president depended on ABRI as the bulwark of his authority. In part, the legitimacy of ABRI's role in society was a reflection of the

Suharto performance in office. As Suharto seemed to become increasingly distanced institutionally from ABRI and issues of corruption and favoritism brought the regime into disrepute, observers questioned how ABRI would position itself with respect to succession.

ABRI dissatisfaction with the course of events rarely surfaced publicly. The demonstration against Sudharmono's nomination to the vice presidency was an exception. Yet, in the subtle and indirect fashion seemingly inherent in Javanese political culture, signs abounded that some senior ABRI leaders had reservations about a sixth term for Suharto. Steeped in distrust of Islamic politics, ABRI looked askance at Suharto's overtures to the *santri*, taking particular note of the military's exclusion from the ICMI. Moreover, it was no secret that ABRI leaders were disturbed by what some saw as the unbridled greed of the president's family members and his obvious reluctance to restrain them. The cult of personality, which presidential palace functionaries fostered, also offended ABRI's leaders. ABRI's commitment to its own revolutionary values and the Pancasila seemed, in a sense, to be mocked at the end of Suharto's fifth term. On the other hand, ABRI's command repeatedly assured the leadership of their commitment to constitutional processes. ABRI's focus was on regime continuity rather than provoking a leadership crisis that might resonate negatively in the wider society. If the common wisdom that Suharto's successor had to be a Muslim Javanese general was correct, ABRI wanted to be sure that it controlled the designation.

As a practical matter, ABRI's desire to control the succession scenario meant it had to play a leading role in the selection of the vice presidential candidate for Suharto's sixth term (1993-98). The list of potential nominees started with the ABRI commander General Try Sutrisno, followed by army commander General Edi Sudrajat. Even this careful ABRI selection process would not guarantee succession in 1998. Suharto was likely to have had a different scenario. Seemingly waiting in the wings was Major General Wismoyo Arismunandar, who in July 1992 was advanced to deputy commander of the Army from commander of the Army Strategic Reserve Command (Kostrad), the post Suharto himself held in 1965. Wismoyo, Suharto's brother-in-law, was widely expected to become army chief of staff and even ABRI commander. Also rapidly moving up in the ranks was Lieutenant Colonel Prabowo Subianto, a Suharto son-in-law. Prabowo, who, according to many observers, was a highly capable officer, served as the chief of staff of the Seventeenth Airborne Brigade. By 1998, then, the succession issue was likely to

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be couched in dynastic terms, and the family's interests would be well protected.

Nongovernmental Organizations (NGOs)

The central concerns of establishment politics under the New Order in the early 1990s were stability and development. A broad array of other issues, reflecting both the changes brought about in the society by development and the penetration of the political culture by issues of global concern, set the agenda of a growing number of Indonesian private voluntary associations. These associations articulated interests ranging from human rights and the rule of law to issues of corruption and environmental degradation. The proliferation of nongovernmental organizations (NGOs) in the late 1970s and 1980s was an indicator of both the increased diversity of society and the growth of a modern middle class. It was precisely these middle-class-inspired groups that represented most vocally the grievances of Indonesia's "floating masses." NGOs were independent of government and political parties. Within the framework of Pancasila democracy, the NGOs had to be nonpolitical, but their activities had political impact. To avoid the issue of confusing nongovernment with antigovernment organizations and repoliticization of the depoliticized masses, the term NGO was replaced by other rubrics, such as community Self-Reliance Groups (LSM).

The government's attitude toward the NGOs in the early 1990s was ambivalent. The government welcomed the work of NGOs involved in community self-help projects, rice-roots mobilization for socially or economically useful purposes, and as alternative structures for small development programs. However, the independence of NGOs from the government had the potential for opposition, especially where the NGOs were aggressively intervening in areas of agrarian rights or fundamental human rights. For example, there was a marked increase in the number of conflicts between settled communities and state developmental or commercial ventures. Many of these conflicts involved land use that would alter established proprietary or utilization rights without reference to the community's wishes and without adequate compensation. In circumstances where government agencies acted to support land seizures opposed by local communities, rights questions were taken up by activist groups, students, the press, and networks of interested NGOs. That well-publicized actions at the local level could be translated into national issues was demonstrated in 1989, when protests over the forced relocation of villagers for a World Bank (see Glossary) -assisted dam project at Kedung Ombo, Jawa Tengah

Province, forced the government to modify its plans. The Kedung Ombo case and other agrarian and ecologically related protests also rekindled student activism, confined since the 1970s to nonpolitical behavior. University students found both a cause and a vehicle for renewed social involvement in the defense of the "little people."

Not only were the Indonesian NGOs/LSMs networked internally, they were networked through the International Nongovernmental Group on Indonesia (INGI) with corresponding groups abroad and were, to the discomfiture of the government, able to bring pressure on foreign-aid donors. The Kedung Ombo affair united the LSMs with human rights and legal groups such as the Indonesia Legal Aid Foundation (YLBHI), perhaps the best known of the NGOs and a constant thorn in the state's legal flesh through its interventions in defense of the rule of law. The government's tolerance for the activities of NGOs became increasingly limited as the NGOs' activities moved into areas of sensitive state concerns and reached out to influence external aid givers. After the passage of the Mass Organizations Law in 1985, NGOs were required to file reports to allow the government to monitor their activities. According to Coordinating Minister of Political Affairs and Security Admiral (retired) Sudomo, there were three justifications for disbanding an organization: disturbing national stability, receiving unreported foreign funds, or being directed by a foreigner. The first criterion was very subjective. Criticism of government policy by a domestic NGO could lead to the charge of subversion. At least three human rights NGOs were banned as a result of their unauthorized activities in supplying information to the international community in the wake of the November 1991 Dili incident.

The challenge for the NGOs in the early 1990s was not only their taking up real issues in the political economy, but also having to do so when more traditional organizations, such as the established bureaucratic and party institutions, seemed unable or unwilling to perform this function. *Keterbukaan* was a promise of a more liberal climate for dialogue. *Keterbukaan* was yet to be accompanied by structural change, however. In 1990 the Institute for the Defense of Human Rights (LPHAM, which itself was banned after the Dili affair) attempted to set up a free trade union that was immediately declared illegal. Working outside the system became almost part of the system. This seeming paradox may have been partly explained by the fact that in this aspect of Indonesian politics, as in so many others, overt change, adaptation, and accommodation awaited the settlement of the succession issue.

The Media

At the fortieth anniversary of the Indonesian Journalists Association in 1986, Suharto congratulated the media for their commitment to the Pancasila. It was a commitment that was grudging. Article 29 of the constitution states that freedom of the press shall be provided by law. Indonesian press laws made controlling the media an instrument in the government's strategy of stability and development. Thus, the notion of a "free press," let alone an opposition press, contradicted the government's need to control the flow of information. The acronym SARA—*suku* (ethnicity), *agama* (religion), *ras* (race), and *antargolongan* (social relations)—listed the prohibited subjects, to which could be added less than adulatory references to the president and his family. Moreover, the government had at its disposal an enormous information machine consisting of state television, radio, news service, subsidized journals, and the Department of Information's nationwide public relations operation (see Post and Telecommunications, ch. 3). The government also could limit the content of the nonofficial media through a variety of restraints, most drastically the revocation of a paper's publishing enterprise license, which effectively shut it down. Press Law Number 21 of 1982 specifies the duty of the press as "strengthening national unity and cohesion, deepening national responsibility and discipline, helping to raise the intelligence of the nation and invigorating people's participation in development." According to Minister of Information Harmoko in 1983, a publishing enterprise license would be lifted only "when the press is not in line with the philosophy of the nation and the state." This conditional threat led to a form of self-censorship on the part of editors and publishers as they tested the limits of government sensitivity. These sensitivities were made known in consultations with senior officials on how to treat stories.

Newspapers occasionally stepped out of bounds and, if they did not heed stern warnings, were banned for varying periods of time. For example, *Sinar Harapan* (Ray of Hope)—a Protestant and non-Javanese-edited, mass circulation (220,340) daily—was closed in October 1986 for economic reporting that Harmoko claimed "brought about an atmosphere of gloom, confusion, and unease in society." Not mentioned in the termination notice was the fact that *Sinar Harapan* had been in the forefront of discussions on presidential term limitations. The ban seemed intended to have a self-censoring effect on the rest of the media. The lively daily *Prioritas* (Priority) was shut down in June 1987. The official tone was set by a commentary in the *Angkatan Bersenjata* (Armed Forces

Daily) edition of October 14, 1986, that said the government was prepared to sacrifice any newspaper deemed to have jeopardized the national interest. The old *Sinar Harapan* was allowed to reemerge in 1987 under a new name—*Suara Pembaruan* (Voice of Renewal)—and, more importantly, with a new editorial board more responsive to government concerns.

The effort to control media flow was not limited to the press in the early 1990s. Motion pictures had been censored since the colonial era and continued to be censored during the Sukarno and Suharto administrations. Prominent literary figures, such as the internationally recognized novelist Pramudya Ananta Tur and poet and dramatist Willibrordus S. Rendra, had their works banned although both read their writings in public. Nor were foreign publications immune. There was periodic banning of certain editions or particular articles deemed offensive in publications such as the *Asian Wall Street Journal*, the *Far Eastern Economic Review*, and *Time*. Visa regulation of journalists was another way the government sought to limit foreign reporting. By threatening work visa status checks on foreign journalists, the government hoped that voluntary self-censorship would follow. Another way of controlling the media was to simply bar access. Australian journalists, in particular, were targeted because of their unfavorable reporting on East Timor. Censorship also extended to foreign books such as one by David Jenkins on the New Order's military and Richard Robison's study of its political economy—both deemed critical by Jakarta. But in Indonesia, as in other countries where the media were tightly controlled, the photocopy machine and the ubiquity of foreign radio and television news conspired to defeat censorship.

The inherent contradiction between media control as the Department of Information usually applied it and the emphasis on *keterbukaan* since the late 1980s came to a head in October 1990 when the mass circulation (700,000) tabloid weekly *Monitor* had its publishing enterprise license lifted. The *Monitor's* mistake was to publish the outcome of a reader popularity poll that listed the Prophet Muhammad behind Suharto, Sukarno, and Iraqi president Saddam Husayn. Enraged Muslim youths stormed the *Monitor's* office, and Harmoko put it out of business, claiming the poll had caused religious dissension, that is, had violated the *agama* taboo. Many people, including the founders of the Democracy Forum, saw the closing of the *Monitor* as a repressive response to religious pressure and sectarian bias in a pluralistic society. Editor Arswendo Atmowiloto was convicted of blasphemy and given the maximum five-year prison sentence. Speaking of the stimulus that the *Monitor* case had given the formation of the Democracy Forum, forum chairman

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Abdurrahman Wahid said, "Without [it], maybe it would have taken another couple of years."

The contradiction between media restraint and *keterbukaan* was also taken up by the more assertive DPR. In May 1991, its deputy speaker called for an easing of press controls. Defending his record before a DPR commission, Harmoko replied that the government never acted rashly in revoking a paper's right to publish and that a press that shunned "radicalism, liberalism, and communism" need have no fears. As the *Jakarta Post* said in a June 27, 1991, editorial about the DPR debate over the press, "There are so many people who talk about responsibility but very few who talk about freedom." The government's bending to Muslim outrage over the *Monitor* affair, despite purported support of *keterbukaan*, revealed its nervous awareness of the potential political force mainstream Islam could be even if denied traditional political party platforms.

Foreign Policy

Political Considerations

The internal dynamics of Indonesian politics in the last half of the twentieth century were linked to an external environment that both the Old Order and the New Order perceived as inherently dangerous. Foreign policy had as its most important goals security of the state and territorial integrity. The jurisdictional boundaries of the state were greatly expanded with the incorporation of the "archipelago principle" into the new international law of the sea regime. This new regime was codified as the UN Convention on the Law of the Sea in 1982. The "archipelago principle" effectively territorialized all ocean space inside straight baselines drawn from the farthest points of the most distant islands of Indonesia, thus giving new sanction to the Indonesian doctrine of the political and security unity of archipelagic land and sea space (*wawasan nusantara*), first promulgated in the 1950s (see National Territory: Rights and Responsibilities, ch. 2).

Sukarno's response to challenge was to attack the status quo—to "live dangerously," to cite his 1964 National Day address, "A Year of Living Dangerously." The Suharto government's approach, on the other hand, was one of cooperation and accommodation in order to gain international support for Indonesia's political stability and economic development while, at the same time, maintaining its freedom of action. Whereas Sukarno relished leading the New Emerging Forces against the Old Established Forces, the Suharto government turned to the Western developed economies for assistance. These countries were consortionally organized in



*The main assembly hall of the Indonesian parliament, a notable example of modern Indonesian architecture
Courtesy Garuda Indonesia*

the Inter-Governmental Group on Indonesia (IGGI—see Glossary), and along with the World Bank and the Asian Development Bank (see Glossary), gave massive economic assistance, amounting in the 1992 budget to more than US\$4 billion a year. Although Suharto's pragmatic, low-profile style was a far cry from the radical internationalism and confrontational anti-imperialism of Sukarno's foreign policy, there was continuity in a nationalism that colored Indonesia's perceptions of its role in the region. The promotion of Islamic international political interests was not high on the Indonesian foreign policy agenda, despite Indonesia's being the world's largest Muslim nation. Indonesia was a member of the Organization of Islamic Conference (OIC) but as of 1992, unlike Malaysia, had not aspired to a major role in that organization.

Following two decades of post-Sukarno "low profile" foreign policy, by Suharto's fourth term (1983-88) a more assertive Indonesian foreign policy voice was heard. Jakarta began to reaffirm its claim to a leadership position, both regionally and worldwide, corresponding to its geographical vastness, resource endowment, population, and political stability. After an international rehabilitative period, Indonesia rejoined the community of nations, broke the Jakarta-Hanoi-Beijing-P'yöngyang axis, ended

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the Indonesian-Malaysian Confrontation (Konfrontasi—see Glossary), worked to establish ASEAN, forged cooperative nonthreatening links with its neighbors, and became a moderating voice in Third World forums. By the early 1990s, Indonesia, which American scholar Donald K. Emmerson could still describe as “invisible” in 1987, had become more visible both as a regional power and a major Third World voice in the global political and economic arenas. In 1992 Indonesian foreign policy reflected a proud national identity and what British scholar Michael Leifer called its “sense of regional entitlement.”

Indonesia's full reemergence on the world stage was signalled in April 1985 when it hosted a gathering of eighty nations to commemorate the thirtieth anniversary of the Asian-African Conference in Bandung and to reaffirm the relevance of the Bandung principles (see *Independence: The First Phases, 1950-65*, ch. 1). This conference projected Indonesia as a leading voice in the nonaligned world and provided it with an extra-regional platform from which to assert its new self-confidence and claim to proper international standing. Suharto, secure domestically in an environment of political stability and economic growth, and backed by his energetic and clever Minister of Foreign Affairs Mochtar Kusumaatmadja, prepared to assume the mantle of statesman.

In October 1985, Suharto represented the developing nations of the southern hemisphere (French president François Mitterrand spoke for the developed nations of the northern hemisphere) at a Food and Agriculture Organization (FAO—see Glossary) of the UN meeting in Rome. This meeting recognized Indonesia's considerable accomplishment in achieving rice self-sufficiency (see *Agriculture*, ch. 3). Suharto also undertook an East European tour to balance the close economic ties that had been established with the West and the general anticommunist orientation of Indonesia's foreign policy.

A major foreign policy initiative begun in 1985 sought for Indonesia the chairmanship of the Nonaligned Movement, a position that would acknowledge Indonesia's credentials to speak authoritatively in the Third World. Indonesia had been a founding member of the Nonaligned Movement, and its adherence to and promotion of the ideals of nonalignment had been one of the few consistencies between the foreign policies of the Old Order and New Order governments. At the same time, Indonesia was the only founding member that had not hosted a Nonaligned Movement summit. At summits in Harare, Zimbabwe, in 1986, and in Belgrade, Yugoslavia (later Serbia), in 1989, Indonesia lobbied hard but without success for the chair. A number of factors seemed to be

working against it in an organization marked by geographic and ideological differences. Radical socialist regimes were not sympathetic to Indonesia's domestic anticommunism. African nationalist regimes mobilized in the former Portuguese colonies in Africa rejected Indonesia's incorporation of East Timor. Indonesia's solidarity with ASEAN on the Cambodian issue lost favor with friends of Vietnam. Finally, the absence of normal relations with the Nonaligned Movement's largest member, China, weakened Indonesia's position substantially. By the end of the 1980s, however, many of the objections no longer seemed as relevant in the changing global political economy as adroit Indonesian diplomats continued to pursue their country's goal.

At the Nonaligned Movement's thirtieth anniversary meeting in Accra, Ghana, in September 1991, Indonesia finally won its coveted role as chair of the movement and host of the September 1992 Jakarta summit. But as Indonesia grasped the prize, its political worth was questionable in a post-Cold War world without superpower rivalries. To set the scene for the Jakarta summit, as incoming chair Suharto undertook the longest foreign tour of his career—a twenty-three-day trip to two Latin American and three African countries—in November and December 1991. At meetings of the Group of Fifteen (see Glossary) in Caracas, Venezuela, and the OIC in Dakar, Senegal, as well as bilateral meetings in Latin America and Africa, he began the effort of shifting the Nonaligned Movement agenda from its traditional concerns to the economic and social issues confronting the developing world. This changed agenda was the focus of Suharto's address to the May 1992 Bali ministerial meeting of the Nonaligned Movement Coordinating Bureau, setting the agenda for the Nonaligned Movement summit. At the same time, however, Indonesia rejected suggestions that the Nonaligned Movement and the Group of Seventy-seven (see Glossary) should be merged because the goals of the two groups differed. Whereas the Nonaligned Movement had a "special commitment" to the eradication of colonialism, racism, and apartheid as well as a duty to prevent the UN from being dominated by any one country, the Group of Seventy-seven fostered economic cooperation among its members.

The summit took place on schedule and without disruption the first week of September 1992. The Jakarta Message, the summit's final communiqué, reflected Suharto's call in his opening speech for a constructive dialogue between the developed and developing nations, warning that North-South polarization loomed as "the central unresolved issue of our time." In an expression of Indonesia's pride in its own development, Suharto offered Indonesian

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technical assistance to countries with food and population problems. As chairman of the Nonaligned Movement, Suharto brought the Jakarta Message to the 1992 session of the UN General Assembly.

Human Rights and Foreign Policy

The luster of Suharto's Nonaligned Movement chairmanship was somewhat diminished by persistent questioning of Indonesia's human-rights practices. The November 1991 Dili Massacre reopened the nagging problem of East Timor, forcing Suharto to break off his foreign tour (see Local Government, this ch.; National Defense and Internal Security, ch. 5). Indonesia's problem in East Timor was only one part of a human- and political-rights record that was repeatedly criticized by a number of human-rights monitoring agencies such as Asia Watch, Amnesty International, and the International Commission of Jurists. Over the years of the New Order's life, the International Commission of Jurists had provided copious documentation of rights violations that paralleled the congressionally mandated United States Department of State's *Country Reports on Human Rights Practices* around the world, including data on Indonesia. Indonesia had the unenviable distinction of being one of the twenty-two nations criticized by the 1992 meeting of the UN Human Rights Commission.

The catalog of problem areas was lengthy. Indonesia's violations ran the gamut from lack of respect for the integrity of the individual to torture and disappearance; lack of respect for civil liberties, including freedom of speech, press, and assembly; lack of respect for political rights; racial, religious, and other forms of discrimination; and inadequate labor rights. Of particular concern to the human-rights monitoring agencies was the use of the judicial system to suppress political opposition.

Indonesia's reactions to external criticism of its human-rights record ranged from militant intransigence to reasoned defense. ABRI chief Try Sutrisno reacted angrily to foreign expressions of concern over the human-rights situation in East Timor. "This is an internal affair and there should be no meddling," he said. "If anyone wants to talk about human rights, Indonesia has had them since time immemorial. That's why you should study Pancasila." Furthermore, he added, "We will not accept any foreign interference." Minister of Foreign Affairs Ali Alatas took a more centrist position. He placed the issue in the context of balancing individual rights with the rights of a society, and political rights and economic, social, and cultural rights. Alatas argued that certain characteristic problems of developing countries must be acknowledged in the application of human-rights criteria. Moreover,

Indonesia furiously resisted the linking of the rights issues to other areas of international relations, particularly economic relations. The human rights issue complicated the renegotiation of an ASEAN-European Community treaty on economic cooperation because the European Community insisted on the inclusion of a "human rights clause." The issue of human rights and East Timor was placed on the European Community's agenda by Portugal. In the European Community and other international forums, Lisbon pressured an unresponsive Indonesia to allow a UN-supervised act of self-determination in the province.

In March 1992, angered at Dutch prodding on human rights, Indonesia cut its aid relationship with the Netherlands and disbanded the twenty-four-year-old IGGI, the multinational group of lenders, which was chaired by the Dutch. A new group, minus the Dutch, called the Consultative Group on Indonesia (CGI—see Glossary), met in Paris rather than The Hague, after being established under World Bank aegis to continue IGGI functions. Jakarta was forcing a choice: participation in a liberalized Indonesian economy or insistence on the priority of human rights.

Also in March 1992, the DPR passed a new immigration law that was criticized by human rights groups. The law effectively barred from returning to Indonesia residents whom the government decided had been disloyal. Targets of the new law were seen as elements that ABRI would naturally want to ban: secessionist movement members and alleged communists.

Participation in ASEAN

Since its founding on August 8, 1967, ASEAN has been a major focus of Indonesia's regional international relations. In ASEAN, Indonesia, together with Brunei, Malaysia, the Philippines, Singapore, and Thailand, helped construct a regional multinational framework to facilitate economic cooperation, diminish intra-ASEAN conflict, and formulate ASEAN positions regarding perceived potential external threats. From the point of view of Jakarta—the site of ASEAN's general secretariat—ASEAN's predecessor organizations had been flawed. The Southeast Asia Treaty Organization (SEATO)—established in 1954 and composed of Australia, Britain, France, New Zealand, Pakistan, the Philippines, Thailand, and the United States—included only two Southeast Asian members. Established as part of the network of United States security alliances, SEATO was seen as violating the principle of nonalignment. The Association of Southeast Asia (ASA)—established in 1961 and composed of Malaya (as Malaysia was then known), the Philippines, and Thailand—was seen by

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Jakarta as suspect because of the overlapping SEATO memberships of two of the members. In 1963 the proposed nonpolitical confederation Maphilindo (for Malaya, the Philippines, and Indonesia) was, for Jakarta and Manila, a tactic to prevent or delay the formation of the Federation of Malaysia. Manila had its own claim to Sabah (formerly North Borneo), and Indonesia protested the formation of Malaysia as a British imperialist plot. When Maphilindo failed, Indonesia turned to political and military Confrontation, an attempt to undermine the new state of Malaysia. Sukarno's radical anti-Western rhetoric, combined with the growing strength of the PKI, marked Indonesia as a disturber of the regional international order rather than a cooperative, peaceful contributor to it.

By 1967 Indonesia's disruptive stance had changed. ASEAN provided a framework for the termination of the Indonesian-Malaysian Confrontation, allowing Indonesia to rejoin the regional community of nations in a nonthreatening setting. Furthermore, the five founding members of ASEAN (Brunei became a member in 1984) now shared common policies of domestic anticommunism. The ASEAN process of decision making by consensus allowed Indonesia to dictate the pace of change within ASEAN. Some observers asserted that ASEAN moved only at the pace of its slowest member, which often was Indonesia. With ASEAN increasingly seen as a symbol of regional peace and stability, its maintenance became an end in itself in Indonesian foreign policy. Suharto became ASEAN's elder statesman by the time of ASEAN's 1992 Fourth Summit in Singapore. He was the only head of government at ASEAN's 1967 establishment or at the 1976 Bali First Summit who was still head of government in 1992.

Within the ASEAN framework, Jakarta was hesitant about committing itself to permanent structures and agreements that would facilitate functional integration. In particular, Indonesia was resistant to market sharing, fearing that its market, by far the largest in ASEAN, would be swamped by the exports of its more competitive ASEAN partners. It was only reluctantly that Indonesia agreed to accept in principle the ASEAN Free Trade Area (AFTA) contained in the fourth summit's document, "Framework Agreement on Enhancing ASEAN Economic Cooperation." Although committed to AFTA in theory, Indonesia, again as ASEAN's slowest-paced member, won a fifteen-year delay of the implementation of AFTA, and the mechanism of the Common Effective Preferential Tariff was adopted as the instrument of transition. This measure meant that a future exemptions list would dictate the

economic significance of items in the Common Effective Preferential Tariff's broad trade categories (see Direction of Trade, ch. 3).

Moreover, there was some question as to whether Indonesia was outgrowing ASEAN in terms of economic cooperation. Indonesia invested the Asia Pacific Economic Cooperation (APEC)—a grouping of ASEAN members and major East Asian and Pacific trading countries established in 1989—with greater significance than some of its ASEAN partners. It was Indonesia's desire to promote broad multilateral forums, such as APEC, that led it to resist more narrowly based schemes such as the East Asia Economic Grouping proposed by Malaysia, which in its original formulation had the exclusive trading bloc characteristics of Japan-based general trading companies. The Malaysian plan was downgraded at the Singapore ASEAN summit to a proposed caucus and referred to committee.

Although Indonesia was the last member nation of ASEAN to embrace fully the organization's economic potential, its leaders saw early that ASEAN could be used as a vehicle to promote a regional political identity. Through ASEAN, Indonesia became the most articulate advocate of a Southeast Asian Zone of Peace, Freedom, and Neutrality (ZOPFAN) and a Southeast Asian Nuclear-Free Zone (NFZ). The ZOPFAN ideal was enshrined in the 1971 Kuala Lumpur Declaration and given lip service by all ASEAN members. Since the July 1984 Seventeenth ASEAN Ministerial Meeting, Indonesia had insisted on giving the ZOPFAN ideal high priority. Between the third (1987) and fourth (1992) ASEAN summits, a major alteration in the regional political-military power presence of the former Soviet Union and the United States lessened the urgency for such a treaty. Although the Fourth Summit's Singapore Declaration of 1992 stated that ASEAN would continue to seek the realization of a ZOPFAN and NFZ, it would be done "in consultation with friendly countries, *taking into account changing circumstances* [emphasis added]."

Indonesia's vigorous push for these zones involved a number of foreign policy interests that corresponded to other policy goals. As a leading nonaligned power, one of Indonesia's consistent policy goals was to reduce regional dependence on external military powers. Second, the zones would improve the prospect of integrating Vietnam, Cambodia, and Laos into a wider, peaceful Southeast Asian international order. The zones responded to the residual xenophobic element of Indonesian nationalism. The accomplishment of a nuclear-weapons-free ZOPFAN would heighten Indonesia's profile as a middle power with international aspirations. One of the reasons why some ASEAN nations were reluctant to embrace

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the zones fully was the perception that one outcome might be to enhance a regional hegemonic role for Indonesia. The question of Indonesia's future regional role was made more pertinent once the need for ASEAN solidarity on the issues posed by the Vietnamese invasion and occupation of Cambodia in 1978 passed.

Indonesia, ASEAN, and the Third Indochina War

Indonesian Minister of Foreign Affairs Mochtar Kusumaatmadja was chairman of the ASEAN Standing Committee in December 1978 when Vietnam invaded Cambodia, initiating what some observers called the Third Indochina War (1978-91). Mochtar's response, which became the official ASEAN response, was to deplore the Vietnamese invasion and call for the withdrawal of foreign forces from Cambodia. Indonesia and other ASEAN members immediately placed the issue on the agenda of the UN Security Council. It was not long after the invasion, however, that deep differences between Indonesia and Thailand, the "frontline state," regarding the long-term interests of ASEAN were revealed. Although compelled to make a show of solidarity with Thailand by its interest in sustaining ASEAN itself, Indonesia began to see the prolongation of the war in Cambodia, the "bleeding Vietnam white" strategy, as not being in its or the region's interests. Although never retreating from ASEAN's central demand of Vietnamese withdrawal from Cambodia and Khmer self-determination, Indonesia actively sought to engage the Khmers and Vietnamese and their external sponsors in a search for a settlement that would recognize legitimate interests on all sides. From 1982 to the signing of the Final Act of the Paris International Conference on Cambodia on October 23, 1991, Indonesian diplomacy played a central role in peace negotiations under both Mochtar and his successor, Ali Alatas.

Indonesia opened what came to be called "dual-track" diplomacy, in which it pursued bilateral political communication with Vietnam while maintaining its commitment to the ASEAN formula. By 1986 ASEAN had accepted Indonesia as its official "interlocutor" with Vietnam. The breakthrough came in July 1987, in the Mochtar-Nguyen Co Thach (Vietnam's minister of foreign affairs) communiqué in which Vietnam accepted the idea of an informal meeting between the Khmer parties, to which other concerned countries would be invited. This so-called "cocktail party" formula eventually led to the first Jakarta Informal Meeting in July 1988, at which the issue of the Vietnamese invasion and occupation of Cambodia—the external question—was decoupled from the Khmer "civil war"—the internal question. The second Jakarta Informal

Meeting took place in February 1989 after a change of government in Thailand had radically shifted Bangkok's policy toward a quick negotiated settlement. The second Jakarta meeting, chaired by Alatas, at which Vietnam accepted the notion of an "international control mechanism" for Cambodia, was followed by escalating diplomatic activity—efforts that led to the July 1990 Paris International Conference on Cambodia cochaired by Indonesia and France. The conference adjourned without making great progress, but by then international events influencing great power relations had outpaced ASEAN's and Indonesia's ability to coordinate. The five permanent members of the UN Security Council—working through Paris International Conference on Cambodia channels—took up the challenge of negotiating a peace settlement in Cambodia and, with Indonesia assuming a burdensome diplomatic role, fashioned a peace agreement that led to the deployment of forces of the UN Transitional Authority in Cambodia (UNTAC).

Indonesia's sense of achievement and pride in its role in bringing peace to Indochina was reflected in three events. On November 12, 1990, Suharto arrived in Hanoi for the first meeting between an ASEAN head of government and a Vietnamese counterpart since Premier Pham Van Dong visited Thailand's prime minister Kriangsak Chomanand in 1977. On March 15, 1992, Japan's Akashi Yasushi, the UN undersecretary general for disarmament and newly appointed head of UNTAC, arrived in Phnom Penh to be greeted by a color guard of Indonesian troops who were part of the first full battalion-sized contingent of UNTAC peacekeepers dispatched to Cambodia. At the peak deployment of foreign peacekeeping forces in late 1992, Indonesia had the largest force in Cambodia, with nearly 2,000 military and police personnel, representing 10 percent of the total. Finally, in mid-1991, fresh from diplomatic success in helping to end the Cambodian civil war, Indonesia took the initiative in seeking to open multilateral negotiations on competitive South China Sea claims, especially those claims involving jurisdictional disputes over the Spratly Islands.

Indonesia's gradually assertive role in the Cambodian peace effort demonstrated that Jakarta was not entirely willing to place its commitment to ASEAN solidarity above its own national interests. The *Jakarta Post*, often reflective of official positions, thundered in an editorial, "It is high time to spell out clearly to our ASEAN partners, as the largest archipelagic state in Southeast Asia with a growing national interest to protect, that we simply cannot afford the endless prolonging of the Kampuchean conflict." A caption in the *Far Eastern Economic Review* caught the mood more succinctly: "Indonesia in ASEAN: fed up being led by the nose." Less colloquially,

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Indonesian analyst Dewi Fortuna Anwar wrote in the *Review*: "The challenge for Indonesian foreign policy in the future is how to maintain a balance between an ASEAN policy which requires goodwill and trust of the other members, and satisfying some of the internationalist aspirations of a growing number of the Indonesian political elite."

The settlement of the Cambodian conflict, Southeast Asia's own cold war, combined with the dramatically altered balance of power in the region, raised the question of what new political cement might hold ASEAN together in the post-Cold War environment in the early 1990s. Competitive claims by the nations involved in the jurisdictional competition in the South China Sea had the potential for conflict but did not pose the direct threat to ASEAN's collective security interest, as had the Vietnamese invasion and occupation of Cambodia (see Relations with East Asia, this ch.). General suspicion about China's long-term ambitions in the region was too diffuse to generate consensual policy. Indonesia, still insisting that ZOPFAN had validity for the region, initially looked coolly on United States efforts to enhance its military access elsewhere in Southeast Asia after the closure of its Philippines' military base. Jakarta did not want to create an even more legitimate opportunity for superpower intervention in its region.

Indonesia resisted the urging of some ASEAN members that ASEAN formally adopt a more explicit common political-security identity. Indonesia successfully opposed Singapore's proposal at the ASEAN Fourth Summit that would have invited the UN Security Council's five permanent members to accede to ASEAN's 1976 Treaty of Amity and Cooperation in Southeast Asia. Although very cool to the notion that some kind of Helsinki-like formula for regional peace and security could be extended to Asia, Indonesia agreed to a political and security agenda for ASEAN's annual Post-Ministerial Conference with its official partners. In part, Indonesian ambivalence about an ASEAN security role, together with its reluctance to mesh its economy with an ASEAN regional economy, arose from Indonesia's desire to keep its options open as it pursued its interests, not just as an ASEAN country, but as an increasingly important Asia-Pacific regional power. However, even as Indonesia looked beyond Southeast Asia to enhance its status as an important middle power, ASEAN still provided a valuable instrument for wielding noncoercive regional influence and gaining attention in the wider international arena.

Relations with Neighboring Nations

The question for Indonesia's neighbors in the early 1990s was

whether Indonesia's will to play a larger international role would also carry with it an inclination to become a regional hegemon. The memory of Sukarno's more expansive foreign policies and the forcible integration of East Timor into the republic served as cautionary indicators, particularly given the uncertainties of presidential succession.

Papua New Guinea

Since Papua New Guinea's independence in 1975, the 760-kilometer-long border between it and Indonesia's Irian Jaya Province has been a focus for mutual suspicion. Indonesia sought through diplomacy and intimidation to prevent Papua New Guinea from becoming a cross-border sanctuary for OPM separatists. Port Moresby's policy on the border situation was conditioned by fears of Indonesian expansionism and sympathy for West Papuan efforts to defend their cultural identity against Indonesianization. The Papua New Guinea government was also keenly aware of the military imbalance between the two countries.

Talks to draw up a new agreement to regulate relations and define rights and obligations along the border culminated in the signing on October 27, 1986, of the Treaty of Mutual Respect, Cooperation, and Friendship. The treaty was, in effect, a bilateral non-aggression pact in which the two sides agreed to "avoid, reduce and contain disputes or conflicts between their nations and settle any differences that may arise only by peaceful means" (Article 2), and promised that they "shall not threaten or use force against each other" (Article 7). The treaty also provided a basis for building a lasting structure of peace and cooperation. The structure for peace was enhanced by the 1987 ASEAN decision to allow Papua New Guinea to become the first non-ASEAN country to accede to the 1976 ASEAN Treaty of Amity and Cooperation in Southeast Asia. Indonesia continued in 1992, however, to block Papua New Guinea's access to full ASEAN membership although Papua New Guinea did have observer status.

The 1986 treaty left many issues unresolved. It did not solve, for example, the problem of Irian Jaya refugees in Papua New Guinea. Furthermore, Papua New Guinea did not agree to joint security operations in the border regions, and Indonesia did not give categorical assurance that its military, in all circumstances, would not cross the border. Criticism of Jakarta's policies in Irian Jaya persisted in Port Moresby. In addition, Indonesia was accused of covert intervention in Papua New Guinea domestic politics. Nevertheless, the tension and threat-filled atmosphere that clouded the first decade of bilateral relations was considerably dissipated.

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A new ten-year border agreement was signed in 1990. In January 1992, in the course of a state visit by Papua New Guinea prime minister Rabbie Namaliu, the defense ministers of the two countries signed a "status of forces" agreement regulating rights and obligations when on each other's territory. Although the two parties denied that the agreement provided for joint security operations, the possibility of rights for Indonesian "hot pursuit" seemed to exist. At that time, Namaliu, reviewing the course of relations since the 1986 treaty, said, "ties have never been better."

Singapore and Malaysia

Singapore, ASEAN's own ethnic Chinese newly industrialized economy (NIE), is geostrategically locked in the often suspicious embrace of its Indonesian and Malaysian neighbors. Twenty-five years after the end of Confrontation, a racially tinged, jealous Indonesian ambivalence toward Singapore had been replaced by a fragile new economic and political warmth. Rather than see Indonesian economic development as part of a zero-sum game in competition with favored Singapore, Jakarta now sought to harness Singapore's capital, technology, and managerial expertise to its own abundant resources of land and labor in an economically integrative process of a growth triangle. Although the scheme theoretically included peninsular Malaysia's southernmost Johore state, the dynamic action of the growth triangle was on the islands of Indonesia's Riau Province—Batam, Bintan, and Karimun—to the south of Singapore (see *Industry*, ch. 3). As long as Indonesia perceived the growth triangle in terms of functional interdependence in joint economic development at the maritime core of ASEAN, local and regionalized economic cooperation strengthened a common interest in good relations. If, on the other hand, aggressive Singapore private and state capital were to take on exploitative characteristics, threatening to turn Indonesian cheap labor, cheap land, and cheap water hinterland into a colonial-style dependency, the old antagonisms toward Singapore were likely to reemerge in Jakarta.

New interdependencies between Indonesia and Singapore had also been forged in the unlikely area of security cooperation. An unprecedented degree of military cooperation through personnel exchanges, joint military exercises, and a joint air combat range allowed Singapore to demonstrate its value as an ally in a South China Sea security environment. Influential nongovernmental Indonesian voices openly promoted military trilateralism among Indonesia, Singapore, and Malaysia.

In the years after the end of Confrontation, Indonesian-Malaysian relations improved as both governments became committed to development and cooperation in ASEAN. This new warmth was reinforced by the natural affinities of race, religion, culture, and language. Irritants such as illegal Indonesian immigrants in Malaysia and Indonesian concerns about Malaysia's export of radical Islamic audio tapes existed, but intensive and extensive bilateral ties generally promoted good relations. Toward the end of the 1980s, however, a distancing between the senior leaderships of the two countries could be discerned as they took different approaches to the problems of interaction with their major trading partners and as Malaysia became uneasy about the developing relations between Singapore and Indonesia. Jakarta's 1992 rejection in ASEAN of Malaysia's East Asian Economic Group scheme underlined the different perceptions of the two capitals, differences that seemed to be growing. At the Nonaligned Movement summit, for example, Prime Minister Mahathir bin Mohammad's radically South and Islamic stance was in sharp contrast to Suharto's moderate position.

Australia

The most problematic of Indonesia's neighborly relations were those with Australia. The tension inherent in the population differential between the two countries in such close geostrategic proximity was exacerbated by the very different political cultures. Criticism of Indonesia in the 1980s and early 1990s by the Australian press, academics, and politicians provoked angry retorts from Jakarta. For example, a story in the early 1980s about corruption in the president's family in the *Sydney Morning Herald* led to a temporary banning of Australian journalists from Indonesia. The implicit long-term Indonesian "threat," as it appeared in Australia's defense planning documents, underlined a latent suspicion in Jakarta that Australian policy toward Indonesia was based on fear, not friendship. This perception constantly had to be allayed by official Australian visits to Jakarta. For example, there were bitter diplomatic exchanges between the two countries regarding unruly demonstrations over East Timor at the Indonesian embassy in Canberra in November and December 1991. Australian prime minister Paul Keating made a point, despite domestic criticism, of separating the Dili incident from Indonesian state policy and visited Jakarta in April 1992. Once there, he announced that bilateral ties between the two countries had "deepened and broadened."

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The Philippines

Although a contiguous state and an ASEAN partner, Indonesia's relations with the Philippines were more distant than with its other immediate neighbors. The Philippines' aligned status with the United States and its simmering territorial dispute with Malaysia over the sovereignty of Sabah inhibited a close relationship with Indonesia and other ASEAN members. Most worrisome for Jakarta was the seeming inability of the Philippines' government to put an end to its internal wars. Indonesia viewed the growth of the communist New People's Army as destabilizing for the region. Moreover, the Muslim insurrection in the Philippines' south had implications for regional territorial integrity as well as Indonesian Muslim politics.

As the Ferdinand Marcos regime came to an end in 1986, Jakarta associated itself with the other ASEAN states in welcoming a peaceful transfer of power to Corazon Aquino. Jakarta was the first capital visited by the Philippines' new president, unprecedentedly even before Washington, and Suharto took the opportunity to press the urgency of defeating the New People's Army. To show support for Aquino's government, Suharto insisted that the 1987 ASEAN Manila Summit meeting go forward despite apprehensions in other ASEAN capitals about the security situation. Jakarta was not displeased that Aquino was succeeded in 1992 by Fidel Ramos, who, as chief of staff of the Armed Forces of the Philippines and later secretary of national defense, was well-known to ABRI's senior leadership.

Relations with East Asia

China

Indonesia's diplomatic relations with China were suspended in 1967 in the aftermath of the 1965 attempted coup d'état. Beijing was suspected of complicity with the PKI in planning the coup and was viewed by the new ABRI-dominated government as a threat through its possible support of a resurgent underground PKI, both directly and through a "fifth column" of Chinese Indonesians. Jakarta repeatedly demanded an explicit disavowal by Beijing of support for communist insurgents in Southeast Asia as its sine qua non for a normalization process. Underlying the Indonesian policy was unease about China's long-range goals in Southeast Asia. The break in relations persisted until 1990, when, in the face of renewed mutual confidence, the two countries resumed their formal ties. The normalized relations boded well for resolving the status of some

300,000 stateless Chinese-descent residents of Indonesia and improving political and economic relations between the two nations. An exchange of visits by Chinese premier Li Peng to Jakarta in August 1990 and by Suharto to Beijing in November 1990 symbolized the dramatic alteration that had taken place.

On the Indonesian domestic scene, there was growing pressure for normalization in order to fully exploit the developing economic relationship with China. Even when relations were totally frozen, two-way trade had taken place through third parties, especially Singapore and Hong Kong. Indonesian businesses operating through the Chamber of Commerce and Industry in Indonesia (Kadin) were anxious to maximize the value of the trade by cutting out third parties.

At the international level, at least three factors had intervened to change Indonesia's posture. First, Indonesia, as a vigorous diplomatic player in the Cambodian peace process, had a strong interest in a successful outcome. To achieve that goal, China, the Khmer Rouge's sponsor, had to be brought along, and Indonesia's mediating role was greatly enhanced by normalization of relations with China. Second, Indonesia's long-held ambition to become titular leader of the Nonaligned Movement was furthered by normalization of relations with China, the movement's largest member. Finally, Jakarta's claim to regional leadership could not be asserted confidently without normalized relations with Beijing. For example, it would have been impossible for Indonesia in 1991 to have interjected itself into the South China Sea territorial disputes as an "honest broker" in the absence of relations with China, the most powerful nation involved in the South China Sea (see *National Defense and Internal Security; The Air Force*, ch. 5). All of these motives were at work at a time when the overarching structure of great power relations in the region was undergoing significant change. As the Soviet Union disintegrated and the United States presence diminished, China's relative power was increased, and Jakarta's need to deal officially with Beijing overcame the worries of the last die-hard anticommunist and anti-China elements in ABRI.

Japan

The quality of Indonesia-Japan relations in 1992 was best measured by statistics on trade, investment, and the flow of assistance. Japan was the destination of more than 50 percent of Indonesia's exports, the single largest foreign investor, and by far the most important donor of development assistance (see *Foreign Aid, Trade, and Payments*, ch. 3). In return, as the dominant foreign economic

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presence in Indonesia, Japan was subject to all the expectations and resentments attendant on that status. For example, Indonesia sought greater technology transfer as part of investment. The association of Japanese firms with politically well-connected Indonesians led to charges of exploitation. With their memories of World War II and the anti-Japanese demonstrations during Tanaka Kakuei's 1974 visit, the Indonesian leadership was keenly sensitive to the possibility of a disruptive anti-Japanese backlash (see *The Japanese Occupation, 1942-45; The State and Economic Development*, ch. 1).

In the long term, the critical issue for Indonesia in the early 1990s was access to Japan's markets for manufactured goods and the debt owed to Japanese lenders. Yet, Indonesia shared the ASEAN-wide concern about the implications for Southeast Asia of Japanese remilitarization and was ambivalent about Japanese military participation in UN peacekeeping operations in Cambodia. From Tokyo's point of view, there was only indirect linkage between Japan's economic presence and the political relationship between the two countries, but Japan was aware of Indonesia's geostrategic straddling of the main commercial routes to the Middle East and Europe. Possibly, this concern explained why Japan seemed the least concerned of Indonesia's major economic partners about the human-rights issue in general and East Timor in particular and explicitly rejected the linking of human rights with economic assistance.

Relations with the United States

Indonesian relations with the United States were generally warm and cordial after the establishment of Suharto's New Order government. In many respects, the United States during the Cold War was the least threatening superpower, assisting the economic recovery of the country both bilaterally and through the IGGI. In 1991 United States trade with Indonesia was greater than its trade with all of Eastern Europe. Despite its professed nonalignment, Indonesia also recognized the importance of the United States military and political presence in Southeast Asia in maintaining the regional balance of power. There were issues, however, which divided the two countries in the early 1990s. The United States rejected Indonesia's archipelagic claims to jurisdiction over the vital deep-water straits linking the Pacific and Indian oceans. During this period, the United States also vigorously opposed Indonesia's efforts to promote the NFZ through ASEAN. On the other hand, Indonesia, like other developing countries in the region, was troubled by what it saw as creeping protectionism in United States trade



*President Suharto, accompanied by Minister of Foreign Affairs Ali Alatas (with glasses), meets Japanese prime minister Kaifu Toshiki during a May 1990 visit to the Merdeka Palace in Jakarta.
Courtesy Indonesian Department of Information*

policy. This concern led to a bruising diplomatic contest over the issue of the protection of intellectual property. Ultimately, Jakarta bent to the implied threat of sanctions specified in United States trade law.

The human-rights and East Timor issues continued to irritate political communication between Jakarta and Washington. Indonesia resented the attention given to this issue by the United States Congress, which in turn was roused to action by human-rights advocacy groups. For Indonesia, the persistent allegations belied the sincerity of United States protestations about Indonesia's contributions to regional peace and security. Efforts to sanction Indonesia by cutting off military assistance or threatening its Generalized System of Preferences status were viewed in Jakarta as anti-Indonesian. The official United States government position, as stated in March 1992 by Deputy Assistant Secretary of State Kenneth M. Quinn, was that cutting ties, "would not produce the desired results which we all seek and could have negative consequences: for United States Indonesia relations; for our limited influence in Indonesia; and most importantly, for the people of East Timor." While the United States government wished to work

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cooperatively with the Indonesian government to promote development and respect for human rights in East Timor, it also had to be able to work productively with the Indonesian government on a broad range of issues because it was an important regional power and one with a growing extra-regional voice.

The United States Congress seemed more reluctant than the executive branch to separate the issue of broader interests with Indonesia from the problem of human rights. Congressional and NGO critics argued that United States policy rested on an out-of-date view of Indonesia's strategic importance now that the Cold War had ended. Furthermore, these groups asserted that the United States should use its influence to push a democratic agenda. Later in 1992, United States legislation was discussed that would have terminated all of Washington's aid and trade concessions to Jakarta and required the United States to oppose World Bank loans to the country. In reality, only Indonesian participation in the International Military Education and Training (IMET) program was cut—a relatively insignificant sanction in terms of its functional impact on Indonesia's military, but one fraught with negative symbolic value as an expression of United States interests in the bilateral relationship (see *Foreign Military Relations*, ch. 5).

In 1996 Indonesia will have ended the third decade of New Order government. By that time, more than halfway through the 1993–98 presidential term of office, the issue of presidential succession might be resolved. This could unblock the political logjam that in the early 1990s seemed to stall the process of domestic political change—*keterbukaan*—set in motion by the government's development policies. A May 1992 World Bank report stated that by the end of the decade Indonesia would be a middle-income country. This prediction seemed to be on target. Indonesia was beginning to play a middle-power role regionally and even globally in some interest areas. More and more Indonesians were likely to be socialized to the country's modern political culture, which increasingly resembled the newly industrialized economies. The trends seemed to indicate that the stability deemed so necessary for development will depend upon a government more responsive to diversified public interests than simply to those of the ABRI-bureaucracy-presidential palace elite.

* * *

The dominance of the military in Indonesian government and politics has attracted great scholarly interest. Standard works include Ulf Sundhaussen's *The Road to Power: Indonesian Military Politics*,

1945-1967, Harold A. Crouch's *The Army and Politics in Indonesia*, and David Jenkins' *Suharto and His Generals: Indonesian Military Politics, 1975-1984*. Journal articles, such as John B. Haseman's "The Dynamics of Change: Regeneration of the Indonesian Army" and Harold A. Crouch's "Military-Civilian Relations in Indonesia: The Late Soeharto Era," are representative of the breadth of discussion and analysis of the military's potential role.

General surveys of contemporary Indonesian politics include Leo Suryadinata's essay in Diane K. Mauzy's *Politics in the ASEAN States*, Ulf Sundhaussen's "Indonesia: Past and Present Encounters with Democracy" in *Democracy in Developing Countries, 3: Asia*, and "Indonesia" in Clark D. Neher's *Southeast Asia in the New International Era*. Richard Robison's *Indonesia: The Rise of Capital* has become the classic statement on the political economy. The political party system is treated in both David Reeve's *Golkar of Indonesia: An Alternative to the Party System* and Leo Suryadinata's *Military Ascendancy and Political Culture: A Study of Indonesia's Golkar*. Two collections of papers from Australia's Monash University's Center of Southeast Asian Studies concentrate on the modernizing secular trends operating on Indonesian politics. They are Richard Tanter and Kenneth Young's *The Politics of Middle Class Indonesia* and Arief Budiman's *State and Civil Society in Indonesia*. R. William Liddle gives a succinct overview of Indonesian political culture in *Politics and Culture in Indonesia*. Benedict R.O'G. Anderson's provocative work on Indonesian political culture, including his seminal "The Idea of Power in Javanese Culture," are collected in *Language and Power: Exploring Political Cultures in Indonesia*. As statements on Islamic political culture in Indonesia, a conference paper by Howard M. Federspiel, "The Position and Role of Islam in Suharto's New Order at the 21st Year," can be contrasted with Ruth T. McVey's "Faith as an Outsider: Islam in Indonesian Politics" in James P. Piscatori's *Islam in the Political Process*. One of the most current books is *Indonesian Politics under Suharto* by Michael R.J. Vatikiotis.

Human rights and East Timor have attracted attention, some from scholars but most from advocacy groups. Of general note is a work commissioned by the International Commission of Jurists: Hans Thoolen's *Indonesia and the Rule of Law: Twenty Years of "New Order" Government*; Asia Watch's *Human Rights in Indonesia and East Timor*, edited by Diane F. Orentlicher; and the annual *Country Reports on Human Rights Practices* prepared for the United States Congress by the Department of State.

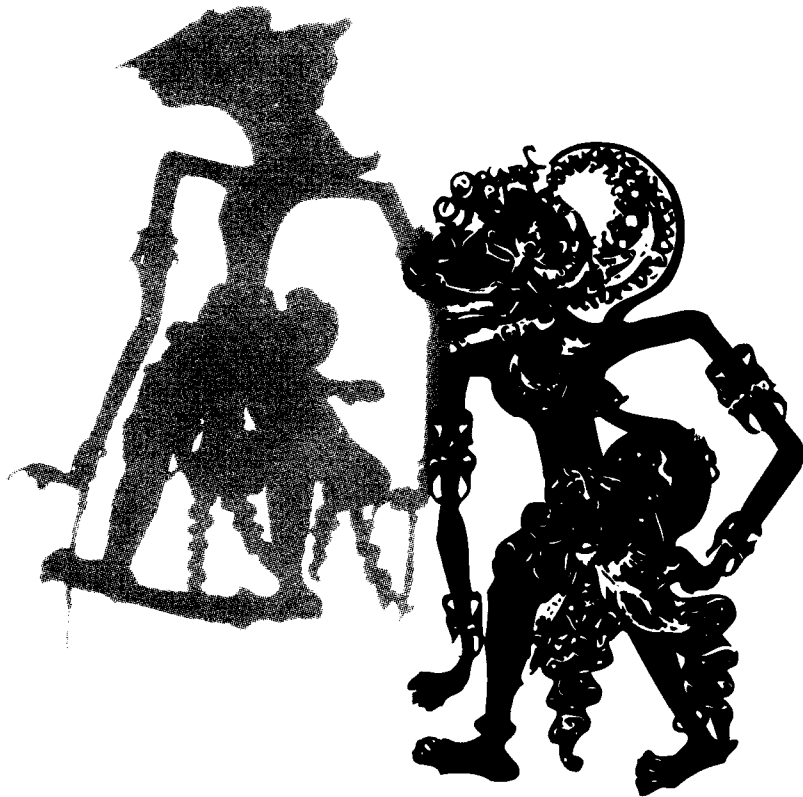
Michael Leifer's *Indonesia's Foreign Policy* provides excellent background analysis and Dewi Fortuna Anwar's *Indonesia and the Security of Southeast Asia* is an up-to-date book-length study on Indonesian

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foreign policy. A political economy perspective is given by Dwight Y. King's "Indonesia's Foreign Policy," in David A. Wurfel and Bruce Burton's *The Political Economy of Foreign Policy in Southeast Asia*.

Annual surveys of Indonesian political events can be found in the February issues of *Asian Survey* each year and the annual *Southeast Asian Affairs* [Singapore]. For current politics, the *Far Eastern Economic Review* [Hong Kong] and the *Asian Wall Street Journal* [Hong Kong] are extremely useful. (For further information and complete citations, see Bibliography.)

Chapter 5. National Security



The magical white monkey Begoman Anoman (right), who fights on the side of the Pandawas, and Kokrosoho (left), a young knight who fights for the Kurawas, the Pandawas' cousins and mortal enemies

THE ARMED FORCES of the republic of Indonesia (ABRI; for this and other acronyms, see table A) play a role in national society that is perhaps unique in the world. The military establishment in the early 1990s was involved in many affairs of state that elsewhere were not normally associated with military forces and was acknowledged as the dominant political institution in the country. Yet, in comparison with countries with a similar background and state of national development, ABRI has been cautious in its exercise of power. Indonesia since the mid-1960s has been truly a nation with military personnel in government, not a nation with a military government. The difference is crucial to understanding the role of the armed forces in Indonesia in the 1990s.

The armed forces establishment, led by the dominant branch, the army, has been the country's premier institution since 1966, when, in its own view, it answered the summons of the people and moved to the center stage of national life. Comprising the three military services and the police, the armed forces operated according to *dwifungsi*, or dual function, a doctrine of their own evolution, under which they undertook a double role as both defenders of the nation and as a social-political force in national development. In the role of defenders of the nation, the armed forces performed those traditional national defense duties common to most nations. The unique element of *dwifungsi* is the military's second role as a social-political force. This very broad charter formed the basis by which military personnel were assigned throughout the government to posts traditionally filled in other countries by civil servants or politically appointed civilians. Most prevalent of these assignments for active-duty and retired military officers were as provincial governors, district heads, legislative members, numerous functionaries within civilian governmental departments, and ambassadors abroad.

However, the government cannot properly be characterized as military in nature. Not all top national, provincial, regional, and district jobs were held by the military, and the number of military personnel assigned to *dwifungsi* civilian positions at all levels of the government was probably fewer than 5,000 officers in 1992 and had declined throughout the 1980s and 1990s. In 1992 approximately half of the country's district heads (*bupati*) and one-third of the twenty-seven provincial or regional governors were military officers. Still, under the *dwifungsi* doctrine, legitimizing its performance of both military and nonmilitary missions, ABRI became

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a dominant factor in the political life of the country and has acted as a major executive agent of government policies, with which it has been in firm agreement.

The close personal relationship between President Suharto, who served constitutionally as the supreme commander of the armed forces, and ABRI dominated leadership dynamics at the beginning of Suharto's New Order government in 1967. By the 1990s, the personal tie between Suharto and his generals had diminished somewhat as a result of the growing age gap between them and an increasing desire on the part of the new armed forces leadership to resist a personal tie to the presidential office. Nevertheless, the tie between the president and the military leadership remained close in 1992, and the armed forces remained loyal to the institution of the presidency and to Suharto and his policies as he prepared to enter a sixth five-year term of office in 1993.

Since the beginning of Suharto's rise to power in 1965, the armed forces have accepted and supported the foundation of his regime, namely, the belief that economic and social development was the nation's first priority and that social and political stability was absolutely essential if that goal were to be achieved. The primary mission of the armed forces has therefore been to maintain internal stability. They have been eminently successful in this regard, leading the nation out of a period of political and social upheaval in the mid-1960s into a period of relatively long-lasting domestic order and unprecedented economic growth, with an increasingly diversified economy that must maintain a growth rate sufficient to absorb a large annual increase in the work force (estimated in 1992 to be approximately 2.4 million new workers each year) (see Employment and Income, ch. 3).

Because the Suharto government viewed national and regional stability as essential to maintaining the pace of national development, the maintenance of internal security was considered an integral part of national defense itself. Indonesian doctrine considers national defense within the broader context of "national resilience," a concept that stresses the importance of the ideological, political, economic, social, and military strength of the nation. Like *dwifungsi*, this concept has also legitimized activities of the armed forces in areas not ordinarily considered belonging to the military sphere.

The absence of a perceived external threat in Southeast Asia since the mid-1970s has been widely credited with allowing Indonesia to concentrate on its internal defense and national development priorities. Although the internal security mission has always been paramount, by the late 1970s greater attention began to be paid to development of a credible conventional defense capability against

potential foreign threats. This defense capability had previously been neglected under Suharto for both economic and doctrinal reasons and because the nation had not faced a serious external threat. Neglect of a conventional defense capability resulted in deteriorated equipment throughout the armed forces and raised doubts about the military's capability to confront either a foreign or a severe domestic threat. Under then ABRI Commander General Mohammad Jusuf, the armed forces initiated extensive retraining and reorganization programs that culminated in a major reorganization of the armed forces in 1985. Since then, the armed forces have gradually upgraded their military capability, particularly that of the navy and the air force. Both had been seriously weakened by national spending priorities that—with the full support of the armed forces—continued to stress economic development and relegated defense spending to a much lower priority than found in most developing nations. Although the world's fourth most populous nation, Indonesia in the late 1980s ranked only 48th in total military expenditures and, at about US\$8 per capita, 115th in per capita military expenditures. The low priority given to defense spending continued into the early 1990s. In 1991, with its large population, Indonesia fielded only 1.5 military personnel per 1,000 inhabitants, ranking it 122d in the world. For comparison, the United States, at nine military personnel per 1,000, ranked forty-second.

Crime and the administration of criminal justice continued to be important issues as the nation entered the 1990s. Although political offenses had always been viewed as threatening the social order and national stability, for the first time the government also came to view the rising rates of ordinary crime in the same manner. Lack of reliable data made it difficult to determine the actual scope of the problem, but it was taken very seriously in official circles. This concern culminated in a covert military action against ordinary criminals in the early 1980s, an action that was officially disclosed only in Suharto's 1989 autobiography.

A long-promised revision of the law governing criminal procedure was passed after much debate in late 1981. All concerned agreed that it represented a considerable improvement over the old code, which dated from the Dutch colonial era (see *European Intrusions*, ch. 1). Provisions excluding the law's application to economic and political offenses, however, raised some criticism from those who wished to bring under regular legal constraints the activities of the internal security organization that often dealt with these offenses.

The Pursuit of Public Order

To fully understand the role of the armed forces in contemporary Indonesian society, one must understand the absolute priority the government and the military leadership has placed, from the beginning of the New Order, on the importance of internal security to the achievement of national stability. The New Order government, whose military leaders in 1965 played an important role in crushing what is officially described as a communist coup attempt, has always believed that threats to internal stability were the greatest threats to national security. Having experienced two supposedly communist-inspired attempted coups, a number of regional separatist struggles, and instability created by radical religious movements, the government had little tolerance for public disorder.

The effort to forge a united and coherent nation that could accommodate the natural diversity of peoples in the Indonesian archipelago has always been a central theme in the country's history. The Suharto government, in firm control and without serious challenge since the late 1960s, had achieved this goal, giving the country an unprecedented degree of political stability. In light of the nation's early experiences with regional rebellions and with attempted communist-labelled coups in 1948 and 1965, however, the leadership historically has remained alert to real or potential subversive threats. It has held that unresolved social issues and intemperate criticism of official policies could be used by subversives to create unrest or even social anarchy, while also disrupting the course of national development, to which Suharto's regime is committed. The government has therefore maintained surveillance and sometimes control over the activities and programs of a wide range of groups and institutions. The largest of these groups included those who were suspected of communist sympathies, jailed in the aftermath of the 1965 attempted coup, and later released during the late 1970s and early 1980s. Another such group, the authors of the Petition of Fifty, included fifty retired generals, politicians, academicians, students, and others who in 1980 advocated, among other things, that Suharto step down, and who encouraged a more effective and prominent role for the House of People's Representatives (DPR) in the national policy-making arena (see Legislative Bodies, ch. 4).

The government has contended, moreover, that political activity should properly be expressed in a harmonious and consensual manner through a government-structured framework that in the early 1990s included two traditional political parties and a state-supported third non-party political organization, a federation of



*Bodyguards of the Sultan of Yogyakarta, ca. 1902
Courtesy Prints and Photographs Division, Library of Congress*

functional groups called Golkar (see Glossary). The government has been acutely sensitive to any signs of political opposition to its policies. What constituted acceptable criticism or dissent was not always clear, however, and some government critics, including the press, students, ex-military officers, and even some opposition party members of the DPR crossed the line, apparently without intending to do so. The press, political commentators, and social reformers continued to seek the "acceptable" level for criticizing the government and its leadership. In general, the government seemed to label as subversive anything not supportive of the national ideology, the Pancasila (see Glossary; see Pancasila: The State Ideology, ch. 4). Nevertheless, by the late 1980s a call for more openness in government and society as a whole began to be seen as acceptable political activity, and *keterbukaan* (openness) had become the acceptable term to describe an increased level of political commentary and criticism across the spectrum of national politics.

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The Suharto government consistently identified the potential for insurgency and subversion by numerous groups as the most dangerous threats to national security. Most often mentioned in this context were the remnants of the outlawed Indonesian Communist Party (PKI), against which repeated calls for national vigilance were issued (see *Political Parties*, ch. 4). Law enforcement officials have claimed that former PKI members were sometimes behind apparently ordinary crimes and that the communist ideology presented a special danger to young people who had not lived through the national distress of the 1960s. The government monitored closely the more than 30,000 prisoners taken after the 1965 coup attempt and released in the late 1970s, maintaining that they might be used to resurrect communism in the nation. The mission of monitoring ex-PKI members fell to both the police and the military (see *The Coup and Its Aftermath*, ch. 1).

Insurgency, however, appeared to present no serious threat to the national security in the early 1990s. The PKI had not mounted any major operations for almost twenty years, and, according to security officials, only a few PKI members were still active. Other very small, armed insurgent movements caused considerable concern in the early 1990s, however. The government as a matter of policy referred to an instance of such activity as a Security Disturbance Movement (GPK). Two of these movements, the Revolutionary Front for an Independent East Timor (Fretilin—see Glossary) in Timor Timur Province and the Free Papua Movement (OPM) in Irian Jaya Province, had been reduced to minimal strengths by 1992 and were confined to fairly isolated geographic regions. They had very little in common with any other groups and were unlikely ever to take united action. Nevertheless, political agitation by these groups and their sympathizers continued sporadically.

Groups advocating the establishment of an Islamic state, either over the whole national territory or over discrete areas, claimed to be behind certain violent incidents in the late 1970s and early 1980s. The government took firm action against these movements, taking the position that their goals were contrary to the principles of the Pancasila, which were intended to act as the basis for unifying the nation's various ethnic and religious groups. By the early 1990s, the Islamic separatist groups that had seriously threatened the national unity in the early independence period, such as the Darul Islam movement, were defunct (see *Independence: The First Phases, 1950-65*, ch. 1).

Separatists who sought to establish an independent Islamic state in the Special Region of Aceh in northern Sumatra and combined their religious and nationalist appeal with exploitation of social and

economic pressures and discontent continued to cause unrest in portions of the region. Many Acehnese perceived themselves as disadvantaged by Aceh's major industrial development projects because income flowed out of the region to the center, and outsiders—especially from Java—were perceived as receiving better employment opportunities and more economic benefits of industrialization than did the resident Acehnese. A criminal element involved in marijuana cultivation and trafficking and other illicit activities was also involved in the unrest. The government treated the drug trafficking as a third GPK to minimize the nationalist appeal of one of the independence movement's better-known advocates, Hasan di Tiro. However, the occasionally heavy-handed military response was blamed for adding to the problem; the army and police were accused of indiscriminate violence by both domestic and international human rights activists.

The government attributed various acts of terrorism committed during the period from 1975 to 1983 to the Komando Jihad (Holy War Command), which it said was composed of terrorists seeking to establish a new state based on Islamic principles. The group was held responsible for the bombings of churches and theaters in 1976 and 1977, for attacks on police stations in 1980 and 1981, and for the 1981 hijacking to Bangkok of a Garuda Indonesian Airways domestic flight. In the Garuda case, members of an Indonesian antiterrorist squad freed all hostages and killed the hijackers in a successful special forces operation at Bangkok's Don Muang Airport. Some Indonesian Muslim leaders contended that several disparate groups were responsible for these acts and that the name Komando Jihad was coined by national security authorities and implied a considerable exaggeration of the strength and unity of forces on the Islamic extreme right. However, the past role of radical Islam in destabilizing activities led to intense government scrutiny of any religious movement that gave indications of moving beyond accepted religious tenets.

In 1992 senior armed forces leaders believed that Indonesia's most serious security threat came not from subversion or armed insurgency, but from domestic unrest brought on by social changes inherent in the rapid development of the national economy. These changes, including improved educational opportunities, rising levels of expectations, industrialization, unemployment, and crowded cities, were blamed for provoking public unrest in the form of urban crime, student and political activism, and labor strikes. The government considered that all such activity posed a potential threat to national security because it could destabilize the nation or could endanger the progress of foreign investment and national development.

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Governmental concern reached a peak in the early 1980s, when an alarming rise in violent crime in Jakarta prompted the notorious undercover "Petrus" (*penembakan misterius*—mysterious shootings) campaign in which known criminals were killed by handpicked army execution squads and their bodies dumped in public places as warnings.

Lack of reliable data made it difficult to determine the extent of crime or labor unrest in the nation, but demonstrations by students and others, especially in conjunction with elections held in the period from 1977 to 1978 and in 1982, sometimes necessitated the deployment of military units to restore order and led to numerous arrests. Similar deployments became a conventional means of preventive action for major political events. However, the 1992 general election campaign was quiet and without major incidents despite the atmosphere of increased political openness (see Elections, ch. 4).

Violent disputes between ethnic groups have subsided since several serious incidents in the 1970s and early 1980s. Those outbursts against Indonesians of Chinese descent occurred in Semarang, Yogyakarta, and Ujungpandang. The nation's ethnic Chinese minority, estimated at 4 million or more in the early 1990s, has evoked popular resentment since the colonial era when Chinese individuals served as intermediaries between the Dutch elite and the majority of the population (see Ethnic Minorities, ch. 2). In the modern period, resentment has continued over Chinese Indonesian wealth and domination of the economy, including the role of Chinese individuals as intermediaries for foreign investors and as advisers and silent partners for senior armed forces personnel and civilian government leaders active in business.

The government has long believed that China played a major part in encouraging and providing both ideological guidance and financial and logistics support for the 1965 attempted coup by the PKI. For many years, the government refused to normalize relations with China, frozen in 1967, in part because of fears that Chinese Indonesians might provide a conduit for China to again spread communist ideology (see Relations with East Asia, ch. 4). Normalization of diplomatic and economic relations and the reopening of embassies in Beijing and Jakarta in 1990 reflected reduced political and internal ethnic tensions as well as the political and economic realities of the time. However, government efforts to promote non-Chinese enterprises were not completely effective in reducing anti-Chinese sentiments in the general population. Moreover, even though anti-Chinese riots had not recurred in over a decade, Suharto's call in 1990 for increased assistance to non-Chinese

Indonesians (*pribumi*—see Glossary) business efforts resulted in some transfer of Chinese capital to the non-Chinese business sector, and served to remind Chinese Indonesian business leaders that they had an implied obligation to assist the government in its economic reform efforts (see *The Politics of Economic Reform*, ch. 3).

Many of the thousands of refugees, or “boat people,” who had fled Vietnam, Cambodia, and Laos since the mid-1970s were ethnic Chinese. Citing one of the five tenets of the national ideology, Pancasila (just and civilized humanitarianism), Indonesia has maintained one of the largest Indochina refugee processing centers in Asia. It has accepted more than 100,000 refugees in the 1975–91 period, including those “pushed off” from regional neighbors, pending their resettlement in third countries. Refugees and asylum-seekers were housed in a well-maintained camp under United Nations (UN) auspices on Galang Island in the Riau Archipelago near Singapore. As of the early 1990s, none had been accepted for permanent settlement in Indonesia.

In its concern for maintaining public order, the government paid great attention to providing acceptable channels for political participation and expression and to controlling public assemblies and speeches. In exerting its influence over the national press, the government encouraged self-censorship, closed down newspapers and magazines it considered offensive, and set restrictions on news coverage of some events. Such activity became less frequent as the government began to tolerate a greater degree of press freedom and criticism (see *The Media*, ch. 4). The new *keterbukaan* of the early 1990s allowed the press to print articles critical of government policies and, notably, about the business activities of prominent business personalities close to the president, including his own family, to an extent not possible as recently as the mid-1980s. Travel within the nation was open, and travel restrictions on movement to and within East Timor were lifted in 1988. In 1992, exit visa requirements were simplified and liberalized, but the government admitted the existence of a “blacklist” of several thousand persons who were not permitted to leave the country for one reason or another. The 1992 law also allowed the government to refuse to readmit Indonesian citizens living abroad for a variety of acts deemed contrary to the national interest.

Historical Background

The Dutch colonial period (1602–1949), the Japanese occupation (1942–45) during World War II (1939–45), and the National Revolution (1945–49) provided a diversified experience from which the Indonesian armed forces evolved. During the colonial period,

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until the expulsion of the Dutch during the Japanese conquest of Indonesia in 1942, a small number of Indonesians, virtually all in the enlisted ranks, were recruited into the Royal Netherlands Indies Army (KNIL). Subsequently, the Japanese occupation forces recruited Indonesians for use as auxiliaries (*heiho*), supply and support personnel attached to the Japanese army, and frequently sent them to the front in the Pacific, the Philippines, and other war zones. In 1943 the deteriorating military situation led the occupation authorities to organize a native militia, a volunteer army called Defenders of the Fatherland (Peta). Some 37,000 Peta enlisted personnel and officers were given training in combat tactics and, along with the *heiho* and some KNIL personnel, provided the emergent Indonesian state in 1945 with a ready source of trained military personnel. This force was supplemented by large numbers of youths having experience in various paramilitary youth corps organized by the Japanese to mobilize the population and to provide a recruiting base for Peta.

These elements became the nucleus of the nation's embryonic military organization, the People's Security Forces (BKR), which was formed on October 5, 1945, after the proclamation of independence by the government of revolutionary leader Sukarno in August. From the beginning, the Western ideal of a politically neutral military had few proponents. Many of those who joined the new force, renamed the National Army of Indonesia (TNI) in 1947, were nationalists who sought both military victory and political change for their nation. They were aided in the resistance struggle against the Dutch by several locally based, irregular units that were often politically aligned to dissimilar causes or loyal to prominent local figures.

Experiences during the struggle against the Dutch generally strengthened the military's concern for political involvement. Faced with better trained and better equipped Dutch forces, the Indonesians conducted a guerrilla war in which fighters had to rely heavily on the support of the local population. This tie to the populace formed the basis for the military ideology of *perjuangan*—the struggle—which stressed that the military must rely on the people for support against both external threats and internal divisiveness, and which is at the core of modern Indonesian military thought.

In many areas, military commanders came to exercise wide powers in both civilian and military affairs. Under these circumstances, many armed forces personnel came to believe that the military had at least as much right as—and perhaps more ability than—the civilian leadership in determining the course of the nation. This experience led directly to the *dwifungsi* concept of direct involvement



*Pilots of the Dutch colonial air force. After the Dutch retreat from Java in 1942, these pilots received training and aircraft from the United States.
Courtesy Prints and Photographs Division, Library of Congress*

in nominally civilian governmental functions. Many members of the military also felt that civilians had made unnecessary concessions to the Dutch in the negotiations over independence in 1949, and they accepted the authority of the civilian government only reluctantly.

During the war for independence, struggles among national political factions surfaced within the military, influencing the character of the armed forces that emerged from the revolutionary period. Conflict between regular army units and irregular doctrinaire Muslim forces as well as separatist units from the Outer Islands (see Glossary) eventually led to a conscious effort to weed out the more militant followers of Islam and separatists from the armed forces. Doing so left the military relatively free of internal conflict, but keenly attuned to the dangers of such destabilizing influences. An attempt by communists to seize power in East Java in September 1948 resulted in much resentment toward the communists. Political and military leaders charged that the armed rebellion—it came to be called the Madiun Affair—had occurred at a time when the Dutch could have taken military advantage of it and had endangered the existence of the republic. The Madiun Affair has been

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widely credited with eliminating most communists from the army and with instilling in many in the armed services a long-lasting anticommunist orientation.

At the end of the war in 1949, the government had as many as 500,000 armed fighters at its disposal. These men served primarily in the TNI—which also included rudimentary air and naval elements—but some were attached to guerrilla bands and irregular forces under the control of local leaders. Widespread demobilization reduced this number to 200,000 by 1950, however, when the armed forces were given their official designation as the Armed Forces of the Republic of Indonesia (ABRI). A large majority of these personnel were poorly trained and undisciplined. The first priority of the military leadership, therefore, was to form some semblance of a united, structured military out of these disparate elements and to establish central control over them. Progress was made in this direction under the leadership of General Abdul Haris Nasution, army chief of staff. Nasution, a native of Sumatra, had served in KNIL before joining the republican army in 1946. Within two years, Nasution had risen to deputy commander and chief of operations. He was a key person in making plans for “rationalizing” the armed forces, a move to establish better administrative control by confirming the army, the navy, and the air force as separate services. Operational units in all three services were reorganized in accordance with organizational tables borrowed from Western armed forces, and formal training was instituted. Similar changes were made in the structure of the national police.

The efforts of the military leadership under Nasution, who was army chief of staff throughout most of the 1950s, to “reorganize and rationalize” the defense establishment quickly met with resistance, however. Several primarily Peta-trained officers feared that the leadership’s plans to centralize command, stress “professionalism,” and pare even further the size of the military would downgrade their own status. These officers, who strongly opposed the “professional” faction, wanted to maintain regionally decentralized forces, a revolutionary spirit, and a minimum of hierarchy. In their view, a “professional” military meant one strictly attuned to traditional military missions and skills, formed as a primary arm of a strong central government, and kept separate from involvement in the political development of the country. In what became an intra-army struggle, these officers gained the support of some sympathetic members of parliament who demanded that the central army leadership be dismissed and the defense department reorganized. Nasution and his supporters deeply resented the injection of civilian authority into the military domain. They

considered the legislature to be meddling in purely army affairs. On October 17, 1952, supporters of the military leadership staged demonstrations in Jakarta to support demands that Sukarno dissolve the legislature. When Sukarno, who cared little for Nasution's scheme, refused to do this and encouraged the faction of the army resisting the reforms, mutinies occurred in several units. By the end of the year, Nasution and several of the most influential members of the "professional" faction were forced to resign.

In the following two years, factionalism in the decentralized army contributed to its increasing politicization. As soon became clear to most officers, factionalism also seriously weakened the military's position relative to the civilian authority. In early 1955, in what one observer of the Indonesian military has called a "watershed" meeting, officers from both factions resolved to support the unity of the army and to heal its internal rifts. Whereas before 1955, politicians had "intervened" in what the military considered to be its internal affairs, after that meeting the military played an increasingly assertive role in civilian matters. Later in 1955, members of both factions joined to reject the appointment by the cabinet of a relatively junior officer to the position of army commander, an action that led to the resignation of the cabinet and eventually to the reappointment of Nasution as army chief of staff, after a three-year period of inactivity.

After 1955 Nasution initiated a series of personnel transfers and instituted several reforms aimed at establishing the army commander as a real authority over local commanders. The internal military crisis that resulted as the military again broke into factions had profound effects on both the military and the nation. Between 1950 and 1958, several opponents of Nasution's policies joined local rebellions in the Outer Islands against the central government, creating conditions that threatened the existence of the nation (see *Guided Democracy*, ch. 1). These disparate movements, such as the Universal Struggle Charter (Permesta) rebellion in central and western Sumatra and Sulawesi, the separatist movement in northern Sulawesi, the Darul Islam rebellion in Sulawesi, and the establishment of the short-lived Republic of South Maluku (RMS) based in Ambon, could have fatally splintered the young republic had they all not failed. As a result of these revolts, the army continued to maintain a disproportionate troop presence in those regions well into the 1980s.

The army's moves to restore order and to reestablish government control in dissident areas thrust its leadership into successively higher levels of political influence. In March 1957, after the DPR, which had been seated a year earlier, and the cabinet proved

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unable to cope with the crisis, Sukarno declared martial law throughout the country, assigning the army wide powers over the national administrative apparatus. In December the army was given the additional task of managing newly nationalized Dutch enterprises and agricultural estates, propelling the military into a position of economic influence.

In the period of Sukarno's Guided Democracy (1959-65), the army's position in the government was institutionalized. Vowing that it would neither be a "dead tool of the government" nor assume total control of the nation, the army took what Nasution referred to as the "middle way," working cooperatively with the civilian leadership through its representation in the cabinet, parliament, and the civil service. It became, along with the PKI, Sukarno's "junior partner" in ruling the nation. Its uniformed personnel held positions throughout the country down to the village level, both in the administration of martial law and management of economic enterprises (mostly nationalized former Dutch properties) and in regionally deployed cadre units assigned to mobilize local resistance in the event of a threat to the national security. During this period, Nasution became minister of defense (1959-66) and chief of staff of ABRI (1962-66).

To support the activist foreign policy of this period, especially with regard to the 1962 campaign against Dutch forces in West New Guinea (also called West Irian or Irian Barat, and renamed Irian Jaya—Victorious Irian—in 1972 by Jakarta), and the 1963-66 policy of armed Confrontation (Konfrontasi—see Glossary) with Malaysia, Sukarno rapidly enlarged the armed forces. The build-up most affected the formerly negligible air force and navy, which were greatly expanded and given advanced arms and equipment acquired through military credits from the Soviet Union and allied East European countries. By the mid-1960s, Indonesia had one of the largest and best equipped armed forces in Southeast Asia.

In the early 1960s, as part of his policy to contain the army's expanding political influence, Sukarno encouraged the air force, navy, and police—the last was designated one of the nation's armed forces in 1960—to act independently of the army. The army leadership viewed the resulting divisions between the services, the growing influence of the PKI in all four, and Sukarno's increasing support for the PKI with considerable alarm. It was also less than sanguine concerning the ability of the country's armed forces to prevail in the Confrontation with Malaysia should Britain intervene on the side of Malaysia and displayed a reluctance to commit troops to the campaign when the domestic situation appeared unstable. Tension among and within the armed forces increased

following proposals by the PKI in early 1965 to place political advisers in each military unit (similar to the Chinese and Soviet systems) and to establish a "fifth force" of armed peasants and workers outside the control of the existing armed services.

The 1965 attempted coup d'état—the September 30 Movement (Gestapu)—by so-called communist sympathizers in the military was the seminal event in the evolution of the modern Indonesian armed forces. The rise to power of General Suharto—to whom Sukarno was obliged to relinquish de facto authority in March 1966 and who was appointed acting president one year later—completed the process of the unification of the armed forces and the centralization of command begun in 1950. Nasution, who had fostered these changes, unlike many of his senior ABRI colleagues, escaped being murdered during the coup. Along with the unrestrained violence and wave of arrests that followed the coup attempt and led to the eradication of the PKI, widespread purges in all services produced a military leadership unified in purpose as never before. The expansionist military doctrine of the Sukarno era was ended, and national expenditures began to be focused exclusively on national economic development.

An army seminar was held in August 1966 to develop and legitimize the role ABRI should play in Suharto's New Order. Its conclusions, which were disseminated throughout all four services in a second seminar held in November, implicitly rejected Nasution's "middle way" concept of sharing national decision making with civilian authorities. ABRI saw itself as a major institution with a role far greater than that of a military organization. It claimed that it must function also as a social force. These two seminars were credited with revitalization of the military's political role in national development and institutionalization of the *dwifungsi* concept. By 1969 the armed forces had emerged as the nation's dominant political institution. With the end of confrontational actions against the Dutch and Malaysia that dominated the early 1960s, ABRI's primary mission and focus changed to ensuring internal security and political stability so that political and modern economic development could proceed uninterrupted.

By the late 1970s, defense decision makers realized that emphasis on the civic and internal security missions of the armed forces had allowed the nation's defense capability to deteriorate to an unacceptable level. Serious weaknesses in training and discipline of personnel, in logistics and planning capabilities, and in the equipment inventory were reflected in a mediocre performance against Fretilin guerrillas in East Timor (see *The New Order under Suharto*, ch. 1).

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Communist victories in South Vietnam and Cambodia prompted national authorities to reconsider both the external threat the nation faced and how best to meet it. Consequently, the new minister of defense and security, General Mohammad Jusuf, directed a major upgrading of armed forces military capabilities. This upgrade included increased training and procurement of sufficient equipment and personnel to establish a core of some 100 fully ready combat battalions. Successive ABRI commanders stressed military readiness and training even as economic constraints reduced new equipment purchases. The last major acquisition for the ground forces as of 1992, for example, was the 1981 purchase, through the United States Foreign Military Sales program, of new 105mm towed howitzers. Other new equipment purchased during the late 1970s and early 1980s included F-5 and A-4 fighters for the air force and the purchase of used but still serviceable ships for the navy. The purchase of twelve F-16 aircraft, not delivered until 1989, was designed primarily to keep up with rapidly developing defense technology until the armed forces acquired sufficient capital funds to purchase a new generation of fighter-bombers to replace its aging air force fleet.

The Armed Forces in the National Life

Despite its pivotal role in the establishment of the republic, the armed forces did not initially seek to play a dominant political role in the formative years of Indonesian parliamentary democracy. Although it appears that military leaders desired national political power, they seemed to have understood they could not achieve it solely through the exercise of force. It was circumstances rather than deliberate planning that pressed the armed forces to gradually enlarge their role in the nation. As it consolidated each stage of its growing political power, however, the military leadership was reluctant to surrender its gains. By the early 1990s, the inculcation of the Pancasila and the institutionalization of the *dwifungsi* principle under the laws of the nation, however, have provided the military with an unprecedented degree of legitimacy in Indonesia's political affairs.

In late 1982, the DPR put the *dwifungsi* principle on firm legal ground when it replaced the old 1954 defense law with a new one expressly stating that ABRI is both a military and a social force. The new law, unlike its predecessor, is based on the principles of the Pancasila and the 1945 constitution, and confers formal legitimacy on the wide-ranging powers exercised by the armed forces in the name of preserving and strengthening national resilience. The government's sanction of *dwifungsi* recognized the need for ABRI's

continued influence in the basic national infrastructure so that national development would buttress national defense.

ABRI's involvement in the national life included the assignment of both active-duty and retired military personnel to civil administrative and policy positions. Gradually, as stability came to the economic sector, military personnel withdrew from the economic policy-making area, and by 1980 all active-duty personnel had left their positions in non-defense-related economic enterprises, although they remained active in military-owned and -managed businesses. These businesses were primarily in the sectors of plantation agriculture, timber cultivation and harvest, and transportation. Retired military officers continued to run some nationalized firms and military-owned enterprises, although they frequently hired civilian managers.

Political and Administrative Role

ABRI's perception of its political role in the early 1990s was that of a national institution above partisan interests and closely tied to the people, with a duty to foster conditions of order and security in which the habits of a stable and institutionalized political process could develop. Political excesses during the first two decades of the republic had, in ABRI's view, discredited party politics as a proper outlet for grass-roots expression and forced the armed forces to act as the principal guarantor of internal security and political stability. As officially expressed in 1966, the armed forces "have an interest to participate in the efforts to form and manage a government with authority, a strong and progressive government." As a consequence, the armed forces have been intertwined with the civilian side of government at every level. Military officers, active duty and retired, have served in the highest organs of policy and administration since independence (see *The Structure of Government*, ch. 4). As a major functional group within Golkar, the military was allotted blocs of appointive seats in both the People's Consultative Assembly (MPR) and the DPR (see *Legislative Bodies*, ch. 4). The provision of appointed military members of the MPR and DPR was also viewed as compensation for the active-duty members of the armed forces being denied the right to vote. However, retired members were permitted to vote, and most of them belonged to an association of retired officers that formed another of the functional groups within Golkar. Military officers served in civilian government posts at the provincial and district levels.

Although ABRI continued to view itself as a guardian of both sociopolitical and defense matters, however, the military of the 1990s was far different from the force that fought for independence and

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evolved through the tumultuous political changes of the 1950s and 1960s. As a result of generational changes, a bustling national economy, and its increased self-confidence, ABRI had become a force that studied its roots as history rather than as example (see *Transition of Leadership*, this ch.).

Participation in the Economy

The military has never been as dominant in the economic sphere as it has been in the political. Total military expenditures as a percentage of gross national product (GNP—see Glossary) have declined steadily since the 1960s, with the military share of the budget declining from 29 percent in 1970 to less than 4 percent in 1990. Nevertheless, because of historical circumstances, economic necessity, and some doctrinal predisposition, the armed forces retained considerable influence in the workings of the national economy, an influence that some critics charged was too pervasive and sometimes detrimental. By the early 1990s, however, the military had withdrawn from much of the economic policy decision-making arena, leaving that role to an ever-expanding core of Western-trained economists and managers who, the military recognized, were far better educated and able to function in this vital sector.

The armed forces' economic role had its beginnings early on in the National Revolution period (1945-49). That role was stepped up in 1957 when military personnel were assigned managerial or advisory positions in Dutch enterprises and agricultural estates nationalized by the government. This involvement in commercial enterprises projected the military, especially the army, into a new sphere of activity through which it acquired entrepreneurial expertise, a vast patronage, and a source of personal enrichment for many. The military's role in national economic life greatly expanded under conditions of a rapidly deteriorating economy during the Sukarno era in the 1960s, when the services, like many other government departments, were caught in a tightening fiscal squeeze between inflationary costs and depreciating budgets. Nominal military pay, for example, depreciated to a point well below subsistence level for privates and generals alike; commodities and other tangible emoluments were what counted. Left largely to their own devices to find support, local military units secured their needs by operating business enterprises, levying unofficial "taxes," smuggling, and other methods suggested by their own resourcefulness and available opportunities. At the central command level, the preferred procedure was to divert to military use funds from state corporations in which military officers held controlling positions. As military officers were withdrawn from the economic policy and

*Navy helicopter taking off
from patrol ship
Courtesy Indonesian Department
of Information*



management sector, however, their ability to directly siphon un-budgeted funds to support military requirements diminished. Nonetheless, this extrabudgetary funding process remained in place, particularly for capital expenditures, even though the transfer of funds from state enterprises was largely a civilian policy arena. In the early 1990s, such extrabudgetary resources apparently still accounted for substantial portions of the annual fiscal needs of the armed forces (see Defense Spending and Defense Industry, this ch.).

The armed forces also influenced the economic policies of the Suharto regime through their ties with its most important economic technocrats. In late 1962, the curriculum at the Army Command and Staff School was broadened to include lectures on a wide range of nonmilitary subjects. In 1965 some of these lectures were presented by a group of economists trained at the University of California at Berkeley (see Role of Government, ch. 3). It was to these technocrats that Suharto turned when seeking economic guidelines for the New Order and when setting up and running his government. The armed forces strongly supported their programs over the years, and these economists continued to play an important educational role at the service staff colleges and the National Defense Institute (Lemhanas). Many believe the military-technocrat alliance provided one foundation of the Suharto regime. By the early 1990s, in fact, the "Berkeley Mafia," continuously augmented as successive generations of bright youths sought training in the

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United States, had directed Indonesia's economy for more than thirty years.

Although not the only state institution to engage in commercial enterprise in order to generate extrabudgetary income, the armed forces certainly were the most energetic and successful. Commercial activities under the various territorial commands commonly included the use of military trucks to transport passengers and freight for hire. Military-owned companies operated in the open market, much as any private company. For example, the Dharma Putra Foundation, a holding company connected with the Army Strategic Reserve Command (Kostrad), included a film company, an airline, and the Volkswagen assembly franchise. Another company operating under the sponsorship of the Department of Defense and Security (Hankam) controlled affiliates involved in logging, trade, industry, and textiles. In late 1980, a report issued by the provincial assembly in Timor Timur, whose members were appointed by the central government, charged that an enterprise controlled by the local army command had developed a forced monopoly on the province's main export commodities, coffee and sandalwood, and was reaping profits at the expense of local producers. The army's umbrella organization, Kartika Eka Bhakti Foundation (YKEB), continued to manage army cooperatives and business concerns into the 1990s.

Another kind of military enterprise was the service-owned factory, which had as its primary purpose the production of ordnance and equipment for the armed forces. By the mid-1980s, however, such major concerns as the navy's P.T. PAL shipyard in Surabaya (Jawa Timur Province) and the army's munitions factories had been turned over to the civilian government and were being managed as state enterprises. In a category by itself was the state-owned National Oil and Natural Gas Mining Company (Pertamina) established in 1968 with the union of several state enterprises. Under the managing directorship of army General Ibnu Sutowo from the late 1950s until 1976, when he was eased out of office following the spectacular near-collapse of the company, Pertamina became a commercial colossus and Sutowo himself one of Indonesia's richest and most powerful men. Since Sutowo departed in 1976, Pertamina has been directed by more professional management and has divested itself of many of its non-petroleum sector enterprises. It still retained its dominant position in the nation's oil and gas sector in the early 1990s (see Petroleum, Liquefied Natural Gas, and Coal, ch. 3).

Although they could not be singled out from other actors in the national economy, the armed forces of the 1990s continued to face

the problem of coping with a legacy of corruption. The government recognized the special military aspect of this national problem and made repeated calls for military officers to act with special care in their business dealings and to avoid the appearance of nepotism when engaged in civilian duties. The military condemned excessive corruption and retired a number of senior officers for unacceptably blatant corruption. The military in the early 1990s was viewed by Indonesian society as being generally less corrupt than other sectors of the government. Nonetheless, the low salaries of military personnel required "constructive employment" to make ends meet, and there continued to be an acceptance of what Western societies consider corruption, as long as it was within "acceptable limits."

National Defense and Internal Security

Total People's Defense

ABRI's military operations relied on a well-developed doctrine of national defense called Total People's Defense, based on experiences during the struggle for independence. This doctrine proclaimed that Indonesia could neither afford to maintain a large military apparatus nor would it compromise its hard-won independence by sacrificing its nonaligned status and depending on other nations to provide its defense. Instead, the nation would defend itself through a strategy of territorial guerrilla warfare in which the armed forces, deployed throughout the nation, would serve as a cadre force to rally and lead the entire population in a people's war of defense. Military planners envisioned a three-stage war, comprising a short initial period in which an invader would defeat conventional Indonesian resistance and establish its own control, a long period of unconventional, regionally based fighting, and a final phase in which the invaders would eventually be repelled.

The success of this strategy, according to the doctrine, required that a close bond be maintained between citizen and soldier to encourage the support of the entire population and enable the military to manage all war-related resources. In this scenario, the people would provide logistical support, intelligence, and upkeep, and, as resources permitted, some civilians would be organized, trained, and armed to join the guerrilla struggle. In trying to attain these goals, ABRI maintained a territorial organization, run largely by the army, to support public order. This group exercised considerable influence over local decisions regarding such matters as population redistribution, the production of food and strategic materials, and the development of air and sea transportation. Armed forces

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personnel also continued to engage in large-scale civic action projects involving community and rural development in order to draw closer to the people, to ensure the continued support of the populace, and to develop among military personnel a detailed knowledge of the region to which they were assigned. The largest of these programs, the Armed Forces Enters the Village (AMD), began in 1983 and was to continue indefinitely. It consisted of nationwide civic action campaigns held roughly three times a year to provide assistance in planning and constructing rural and urban projects selected by local villagers.

The Total People's Defense strategy did not apply in some of the major actions Indonesia had engaged in since independence. For example, during the Confrontation with Malaysia from 1963 to 1966, ABRI engaged Malaysian forces in guerrilla warfare without the support of the border peoples of Sarawak and Sabah; in the dispute with the Dutch over West New Guinea in the early 1960s, ABRI fought against Dutch troops. These conflicts were fought in territory outside the effective jurisdiction of the national government where the Indonesian armed forces lacked the support of the civilian population and where the concept of Total People's Defense could not be implemented. However, because the framers of the 1945 constitution had declared these areas as naturally belonging to Indonesia, national authorities declared that these conflicts were anticolonial wars and in fact represented the completion of the war of independence begun in 1945 (see Sukarno's Foreign Policy, ch. 1; The Constitutional Framework, ch. 4).

East Timor

The East Timor conflict that began in the mid-1970s represented a somewhat different case. East Timor—then the colony of Portuguese Timor—was not claimed as a natural part of Indonesia after independence, as Irian Jaya had been. Upon its departure in early December 1975, the Portuguese colonial administration turned over its arms to the leftist, anti-Indonesian Fretilin faction. After fighting had broken out among various political factions in the colony and Fretilin had declared East Timor's independence, Indonesian military forces, comprising ten battalions, invaded East Timor on December 7. The Indonesian government took the position that because Portugal was unable to reestablish effective control over its colony, it was necessary for Indonesian forces to restore order at the request of local political leaders. A provisional government petitioned Indonesia for incorporation, and East Timor became the nation's twenty-seventh province—Timor Timur—in July 1976. Thereafter, ABRI's military campaign against Fretilin

guerrillas in the province was treated as an internal security operation to subdue armed insurgents. It should be noted, however, that many foreign observers believe that the majority of East Timorese did not truly support integration. A succession of United States government administrations have maintained a continuous policy that the United States accepted the integration of East Timor into Indonesia, although not recognizing that the referendum that took place on the issue was legitimate.

By 1988 the situation in East Timor had changed dramatically; the Indonesian government had emphasized rural development, civic action, and improvement of the economic infrastructure. Over half of the military forces in the province were involved in civic action missions, including infrastructure construction, teaching, and agricultural training. Although incidents of unrest sometimes occurred in Dili, they generally reflected economic grievances and social conflict brought about by high expectations for employment and social infrastructures that had not had sufficient time to develop. Ironically, after hundreds of years under a colonial regime that left a legacy of 5 percent literacy, the greatly improved level of education of Timorese youth brought a classic example of unfulfilled rising expectations. Coupled with economic domination by non-Timorese migrants, discontent made exploitation of the situation by the small number of remaining Fretilin supporters inevitable. Periodic heavy-handed army security operations also fueled opposition.

Tragically, a major incident occurred in Dili in November 1991 in which at least 50 and perhaps more than 100 civilians were killed or wounded by army troops reacting to a political demonstration. Unprecedented national and international attention as well as a changing view of ABRI's role in society prompted Suharto, in his supreme commander's role, to take the extraordinary step of appointing the first-ever National Investigation Commission to look into the incident, identify those at fault, and take corrective action. In its preliminary report in December 1991, the commission found that the army had overreacted to provocation and had used "excessive force" contrary to established procedures. Based on the findings of a separate Military Honor Council, in February 1992 the army chief of staff directed that five officers be censured, at least eight soldiers and officers be court-martialed for major offenses, and six senior officers in the chain of command be relieved of their posts. To its credit, the army itself reacted with anger and dismay to the incident and supported the subsequent disciplinary actions taken against army personnel. Within six months of the incident, three senior officers were dismissed, two others were relieved from

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active duty, another was suspended, and four junior officers were sentenced to jail terms of between eight and fourteen months.

The army and the government, both subjected to intense international as well as domestic scrutiny (the incident was extensively and openly covered in the press), realized their higher responsibilities and responded in a mature and conciliatory manner to their critics at home and abroad. It may well be that this incident, which provoked the most significant controversy since the 1965 coup attempt, will prove to have been a watershed in the way ABRI viewed its role in society and was in turn viewed by the populace. Suharto's initiative in directing investigative efforts, which emphasized his role as supreme commander of the armed forces, was a dramatic assertion of his continuing authority over the armed forces leadership, most of whom were twenty years younger than he. His public apologies for the incident also emphasized the embarrassment it had caused Indonesia.

Southeast Asia

In the early 1990s, the defense aspect of the armed forces military mission continued to take second place to that of maintaining internal security. This situation was due primarily to the absence of a credible external threat. The Suharto government maintained close and cordial relations with its nearest neighbors, which, in any case, possessed little offensive military capability. The growth of a series of bilateral military relationships within the Association of Southeast Asian Nations (ASEAN—see Glossary) and among such selected non-ASEAN friends as Australia and the United States provided a web of bilateral military ties that strengthened regional stability as well as reduced the external threat to the country.

Attention to potential external threats grew during the 1970s as planners became concerned with the growing military power of the newly unified Socialist Republic of Vietnam and its allies, including the Soviet Union after 1975. Vietnam made claims in the late 1970s over sections of the South China Sea adjacent to the Natuna Islands, considered by Indonesia to be part of its own territory. The possible presence of foreign submarines in national waters and the problems of illegal fishing and smuggling were also accorded increased attention, particularly after Indonesia declared a 200-nautical-mile exclusive economic zone in March 1980 (see *National Territory: Rights and Responsibilities*, ch. 2). The gradual move toward a forward deployment strategy that began in the late 1970s appeared to be at least partly motivated by these changed perceptions. That strategy entailed the use of paratroopers, long-range transport aircraft, transport and attack helicopters, and attack jets.

On the one hand, subsequent political developments in Southeast Asia during the late 1980s and early 1990s, including efforts to bring peace to Cambodia—in which Indonesia was intensely involved—the withdrawal of Vietnamese troops from Cambodia, and a reduced perceived threat overall from Vietnam relieved tensions. On the other hand, the potential for regional conflict, for example, over territorial claims in the Spratly Islands continued to trouble strategic planners (see Foreign Policy, ch. 4). The dramatic end of the Cold War and retrenchment of former Soviet forces in the Pacific brought new strategic thinking on the nature of a potential external threat. In the post-Cold War era, Indonesia quietly continued to support the maintenance of a United States regional security presence to prevent a vacuum that could be filled by potentially less benevolent outsiders.

Defense Spending and Defense Industry

Indonesia is unique among developing countries in the relatively low priority given to defense spending. Having fully supported the basic concept of the Suharto regime, namely, that national defense and security depended on the country's economic development, the armed forces endorsed the principle that scarce domestic resources and foreign aid could not be diverted for military use without slowing the progress of national development. The armed forces accepted their low priority for development funds from the national budget (see Government Finance, ch. 3). Although currency reforms undertaken in the late 1960s and general accounting practices under both Sukarno and Suharto make absolute comparisons impossible, it is evident that military expenditure dropped dramatically during the first two years of the New Order government (1966–67)—perhaps by as much as 75 percent—and that defense spending was held to fairly low levels thereafter. The low level of funding resulted in a rapid decline in inventories of functioning equipment in all services and an overall decrease in armed forces manpower and combat readiness that continued into the 1990s.

By the late 1970s, military hardware, particularly Soviet-bloc systems left over from the Sukarno era, was approaching decrepitude. National and military authorities became convinced that the armed services must be upgraded, although on a gradual basis. During the period between 1977 and 1982, national allocations to Hankam doubled in absolute terms, and modest upgrades were made in all three military services. In the same period, however, the total budget rose at a higher rate, so the military share actually declined each year—from 14 percent of the total in fiscal year

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(FY—see Glossary) 1977 to 12 percent in FY 1982, and down to 4 percent in FY 1991. This period saw such equipment purchases as the F-5 (1978), the A-4 (1981), and the F-16 aircraft (1988), several used frigates and destroyers, as well as tanks, armored personnel carriers, and towed howitzers.

The armed forces budget was divided into two categories of expenditure: one for routine matters, such as pay and allowances, maintenance, and travel, and the other for development of forces and infrastructure, including the purchase of new equipment. Although a more detailed breakdown of the budget was not made public, it can be said that in the early 1990s, routine expenditures accounted for some 70 percent of the total. The balance covered installment payments for several naval vessels and for scheduled payments for the F-5, A-4, and F-16 fighter aircraft.

Historically, the publicly released figures in the budget have not reflected actual military expenditures, since extrabudgetary funds contributed significantly to military expenditures (see *Participation in the Economy*, this ch.). However, the degree to which actual spending was understated was a matter for conjecture. For example, extrabudgetary funds were used to purchase a squadron of A-4 combat aircraft and four landing ship-tanks (LSTs) in the late 1970s. Moreover, most observers agreed that the portion of the budget devoted to routine matters was insufficient to maintain the armed services at their current subsistence level. The shortfall of funds between actual expenditures and the official budget plus foreign military credits was believed to be made up by the earnings of the military business enterprises and diversion of funds from other state enterprises.

Parliamentary mandate in 1978 encouraged the development of a domestic defense industry to lessen Indonesia's dependence on foreign manufacturers and to reduce the use of scarce foreign currency reserves on weaponry. In keeping with these guidelines, domestic capacity to maintain, repair, and produce military equipment was improved. Large naval vessels and fighter aircraft still had to be purchased abroad, but the Indonesian aircraft and ship-building industries, detached from the armed forces in the early 1980s, had been upgraded by the early 1990s. They produced helicopters, light aircraft, transport aircraft, landing craft, patrol boats, small arms, and a variety of spare parts for these systems, taking advantage of offset production and other licensing agreements with foreign firms. Defense industries attended to a greater amount of routine as well as local-level maintenance, such as installing new engines in helicopters and combat vehicles that had been retired from service because of a shortage of spare parts. Several

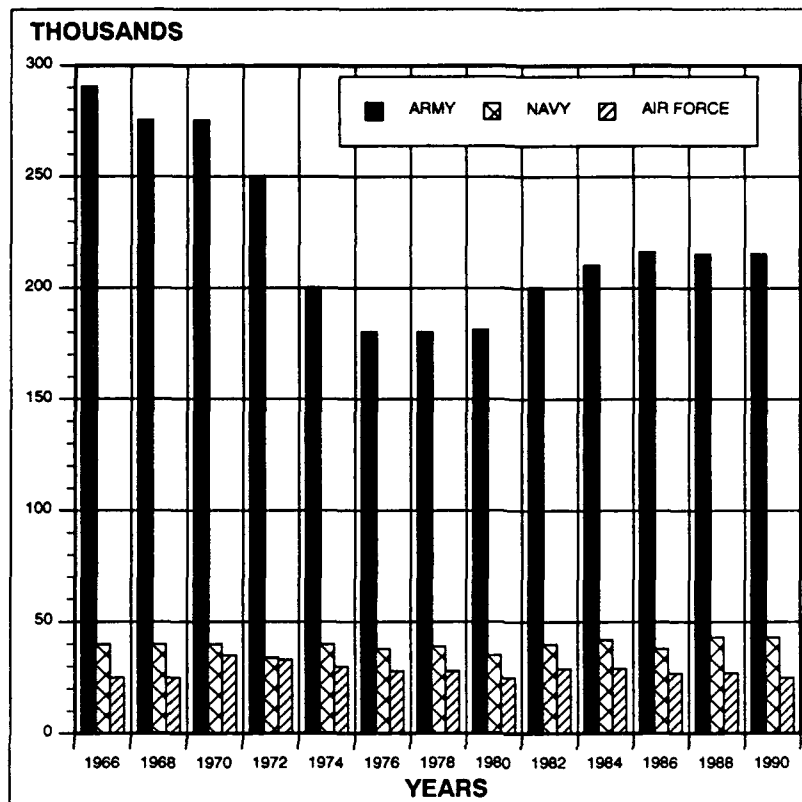
electronics firms were established to support defense matériel production. The government continued to seek defense-related technology transfer from the United States, Japan, and several European nations. For example, certification of the P.T. PAL shipyard, starting in 1992, to perform certain types of en route repairs for United States Navy warships on a commercial basis brought a new level of sophistication to that facility.

Despite these efforts, Indonesia was far from self-sufficient in the production of weapons and defense-related matériel. Domestic facilities remained inadequate for the repair of certain complex weapons systems, and equipment inventories often represented considerable overstatements of what was in functioning order. Moreover, although defense guidelines favored the standardization of weaponry and defense matériel, the armed forces still possessed and continued to procure equipment from a number of other countries, presenting serious problems in obtaining and stocking spare parts and training technical maintenance personnel. Progress on regional cooperation in defense maintenance began to show results in the mid-1980s, with cooperative agreements for aircraft and maritime repairs and maintenance established with both Singapore and Malaysia.

Civilian utilization of defense industry plants has benefited the national economic base. The major defense industries were transferred from the armed forces in the 1980s and in 1992 were managed by the minister of state for research and technology. Under a new policy, these plants also produced matériel for the commercial and civilian sectors. The aircraft industry produced parts and equipment for commercial aviation, for example, and the army's former munitions plants manufactured commercial explosives for the mining and petroleum industries. The P.T. PAL shipyard also manufactured commercial ships and maritime equipment.

Personnel

The size of the armed services—approximately 468,000, including the police, in 1992—was small in comparison with other nations of comparable population and with other Asian countries. The army was by far the dominant branch of service, with approximately 217,000 personnel; the navy and marine corps totalled about 44,000, the air force about 27,000, and the police about 180,000. Personnel strength in the army was gradually but steadily reduced over the 1966-82 period, and average annual enlistment in the other services was limited to maintenance of existing force levels (see fig. 11; table 29, Appendix). Two successive five-year plans covering the period through 1997 mandated that there be no increase in the



Source: Based on information from *The Military Balance*, London, 1966-91.

Figure 11. Armed Forces Personnel Strength, Selected Years, 1966-90

size of the three military services and limited recruiting to the number needed to maintain current strength to compensate for retirements, deaths, and other separations. Virtually the entire growth of the armed forces took place in the National Police (see *The National Police*, this ch.).

Under the constitution, every citizen is entitled and obliged to defend the nation. Conscription is provided for by law, but in light of limited civilian-sector employment opportunities, the armed forces have been able to attract sufficient numbers to maintain mandated strength levels without resorting to a draft. As of 1992, almost all service members were volunteers who had met the criteria set for conscription. Officer specialists, such as physicians, however, were occasionally conscripted for short-term service. Most enlisted personnel were recruited in their own regions and generally trained

and served most of their time in units near their homes. Each service had small women's units (see *Women in the Armed Forces*, this ch.).

The officer corps was estimated to comprise some 53,000 in 1992. Less than 1 percent of these were of general officer rank. Aggressive retirement of officers at or over the usual retirement age of fifty-five during the early 1980s reduced spaces after the reorganization of 1985; continued slow rates of promotion at the highest levels into the early 1990s and the large numbers of officers reaching retirement age in the same period accounted for most of the reductions in total officer numbers since the 1970s. With personnel strength mandated to remain static during the 1990s, a steady balance between new officer accessions and losses (through death, attrition, and retirement) was likely to be maintained in the force structure in the future.

For the first twenty years of independence, entry into the officer corps was very competitive. According to both patriotic and traditional values, a military education and career were regarded as highly desirable. Since the late 1970s, however, the armed forces had experienced difficulty in attracting the best qualified candidates to the Armed Forces Academy of the Republic of Indonesia (Akabri), the national military academy at Magelang, Jawa Tengah Province. Akabri trained most of the military and police officer corps. Throughout the 1980s, as many as 150 spaces a year at the academies went unfilled. Many officers were children of serving or retired armed services personnel. However, the armed services were dissatisfied with the quality of cadets entering the academy system and further blamed the system for not providing officers of sufficiently high caliber. Better jobs in the civilian sector accounted for the fact that the brightest and best-qualified high school graduates preferred to attend civilian degree-granting universities (Akabri did not grant academic degrees as of 1992).

In spite of these problems, in the early 1990s the armed forces, particularly the officer corps, had achieved a cohesive and highly professional esprit de corps. This achievement was even more remarkable in light of the deep-seated and persistent factional strife and interservice rivalry that plagued the defense establishment in the first two decades after independence. Maturation through institutionalization, increased civilian and professional military education, and emphasis on integrated national (not regional) loyalty produced an armed force that was a far cry from the fractionalized and ideologically diverse military that existed at the time of the 1965 coup attempt. Uniting the individual services under a strong central command structure and a conscious effort to eliminate "warlordism" and regionalism by routine rotational assignments

throughout the officer corps contributed to the new cohesiveness. Purges conducted in the aftermath of the abortive 1965 coup and continuous close examination of personnel's political reliability were also important because they rid the military of those with radical religious or political views. Mandatory retirement for officers at age fifty-five and routine periodic reassignments also ensured that the officer corps was politically reliable.

The officer corps in the early 1990s was composed mainly of ethnic Javanese. In 1992 ethnic Javanese occupied most key command and staff billets. This was especially true of those holding the highest positions in Hankam and in each service. Fifty-three percent of the top eighty-three incumbents of these positions were filled by ethnic Javanese officers; when combined with Sundanese and Madurese also from Java, the total represented 67 percent in 1992 (see table 30, Appendix).

Importantly, however, there was a strong trend toward assignments based on ability rather than ethnic or religious considerations. Since the late 1970s, non-Javanese had risen throughout the general officer leadership ranks in greater numbers, and there was a feeling within the armed forces that ethnic background was not a major factor in promotions. Non-Javanese have held the number-two posts in both Hankam and the army as well as several of the army's ten Military Regional Commands (Kodams). Religious background varied. The minister of defense and security and several other senior officers were Christians; most senior officers were Muslim, and of those most were nominal Muslims (*abangan*—see Glossary). In light of their experiences in putting down armed challenges to the national leadership by Islamic separatist groups, the armed forces had developed an institutional distrust of orthodox Muslims (*santri*—see Glossary; Islam, ch. 2).

Leadership Transition

Defense planners have always been concerned with the issue of leadership transition within the armed forces. However, the maturity of the armed forces as an institution was demonstrated in the 1983–84 period, when in less than one year, the entire armed forces leadership structure was turned over without turmoil, from the Generation of 1945—veterans of the war of independence—to a new generation of officers educated in the Indonesian military academy system. Too young to have fought during the independence struggle, these officers, commissioned after 1960, brought a new and more modern perspective to the armed forces.

The Generation of 1945, many of whom were the children of small merchants or minor officials, had been motivated to join the

armed forces by deeply felt ideals of nationalism and patriotism rather than by any desire to pursue a conventional military career. In other circumstances, they might have sought careers in business, politics, or government and so did not constitute a "barracks military." Most were fairly young at the start of the National Revolution; for example, General Sudirman, the revered army commander from 1945 to 1950, was only thirty-two years old in 1945. This generation of officers maintained exclusive control of positions of responsibility well into the late 1970s, often to the frustration of younger officers. Their main concern as they entered retirement was to ensure that their deeply held values were transferred to the new generation, whom they perceived as being less politically attuned and thus less aware of the senior officers' great sacrifices to secure and maintain national independence.

Younger officers had moved into most armed forces leadership positions by 1983. Almost all were graduates of Akabri, which had produced its first full class in 1960. Many of these officers had entered ABRI because they believed that acquiring an academy education and becoming an ABRI officer brought a reasonable living and was one sure way to enter national ruling circles. Most came from middle-class backgrounds, although farmers as well as the wealthy urban class were well represented too. Sons of ABRI personnel made up a large number, but far less than a majority, of Akabri classes. Members of the academy generation had no experience with the struggle for independence and the political turmoil of the early 1950s that had led their elders to distrust civilian politicians. Few, if any, had extensive experience in performing purely nonmilitary tasks, and most had received more professional military training than had their elders.

The character of middle-level and junior officers and the effects of their Akabri education compared with that given more senior officers at Magelang remained unclear in 1992. It appeared, however, that a generational discontinuity had developed between those officers who began training in or after the late 1970s and their predecessors. This generational shift manifested itself primarily in the desire of younger officers to become true military professionals; they viewed some aspects of the *dwifungsi* doctrine as detracting from that goal. These younger officers, as a result of greater communication and openness in general society, did not share their seniors' inhibitions about seeking training and equipment from friendly foreign countries and favored increased professional military ties with the armed forces of such countries as Australia and the United States.

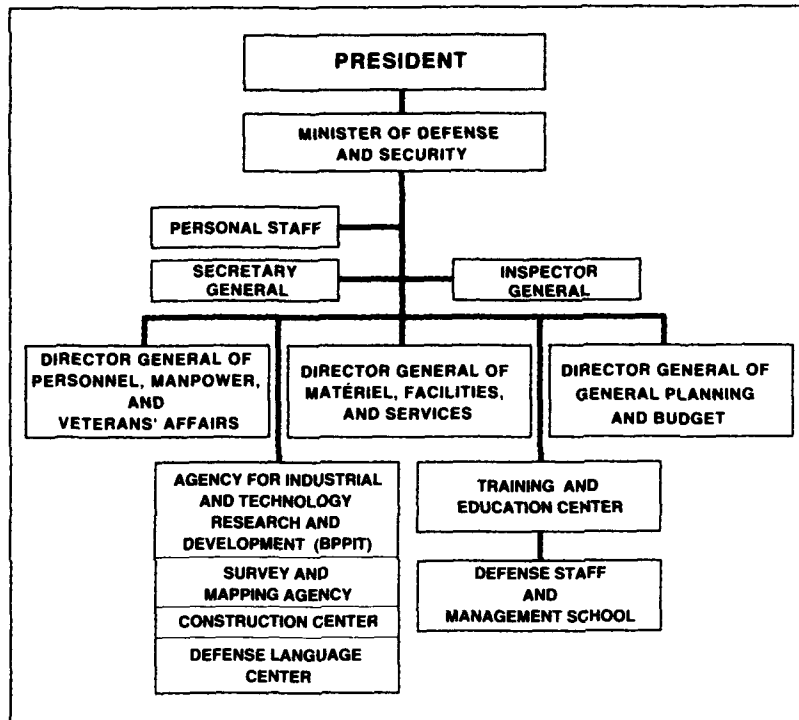


Figure 12. Organization of the Department of Defense and Security (Hankam), 1992

The armed forces began preparing in the early 1970s for the turnover of leadership from the Generation of 1945 after a survey conducted at the Army Command and Staff School revealed certain differences in motivation and outlook between younger officers attending the school and their superiors. In 1972 high-ranking officers met with representatives of students attending the school to decide which values of the Generation of 1945 should be fostered in order to prevent a discontinuity of leadership when the older officers retired. Those values, which centered on the dual role of ABRI personnel as defenders of the nation and as a force for promoting national development, were raised to the level of ABRI doctrine, then disseminated throughout the services and made the subject of subsequent ABRI curricula. Beginning in 1978, junior officers were required to attend periodic Pancasila indoctrination programs to ensure inculcation of these values (see Pancasila: The State Ideology, ch. 4). Pancasila classes were found throughout both the military and the civilian governmental structure in the early

1990s, with the content differing according to the level of seniority at which the classes were directed.

Organization and Equipment of the Armed Forces Administrative and Command Structure

The nation's four armed services, collectively termed ABRI, consisted of the three military services—the army, navy, and air force—and the police. In 1985 a major reorganization separated Hankam from the ABRI headquarters and staff. Hankam was responsible for planning, acquisition, and management tasks but had no command or control of troop units. The ABRI commander in chief retained command and control of all armed forces and continued by tradition to be the senior military officer in the country. The minister of defense and security in 1992 was a retired general, Leonardus B. “Benny” Murdani. Both the minister and the ABRI commander in chief, in 1992 General Try Sutrisno, had cabinet rank and direct access to the president.

Since the separation of the ministry from the armed forces headquarters in 1985, the Hankam staff has been composed largely of retired military personnel. The split provided positions of responsibility for highly qualified but relatively young retired officers of the Generation of 1945 while also opening up high-level billets in ABRI to younger active-duty officers who had been frustrated by slow rates of promotion.

In 1992, the administrative structure of Hankam consisted of a minister, secretary general, inspector general, three directorates general, and a number of functional centers and institutes (see fig. 12). The minister, inspector general, and three directors general were retired senior military officers; the secretary general (who acted as deputy minister) and most functional center chiefs were active-duty military officers.

The role of the separate armed services in 1992 had not changed since 1969, when the heads of the army, navy, and air force were reduced to chiefs of staff. Operational control of almost all their military units was vested in the commander in chief, reducing the headquarters of each military service to the status of administrative organs. Only the police chief continued to exercise operational control over his own personnel.

Largely retained intact when split off from Hankam in 1985, the ABRI staff and its functions remained directly subordinate to the commander in chief, who remained, in turn, directly responsible to the president, also the supreme commander of the armed forces (see fig. 13). Under the commander in chief, there was a

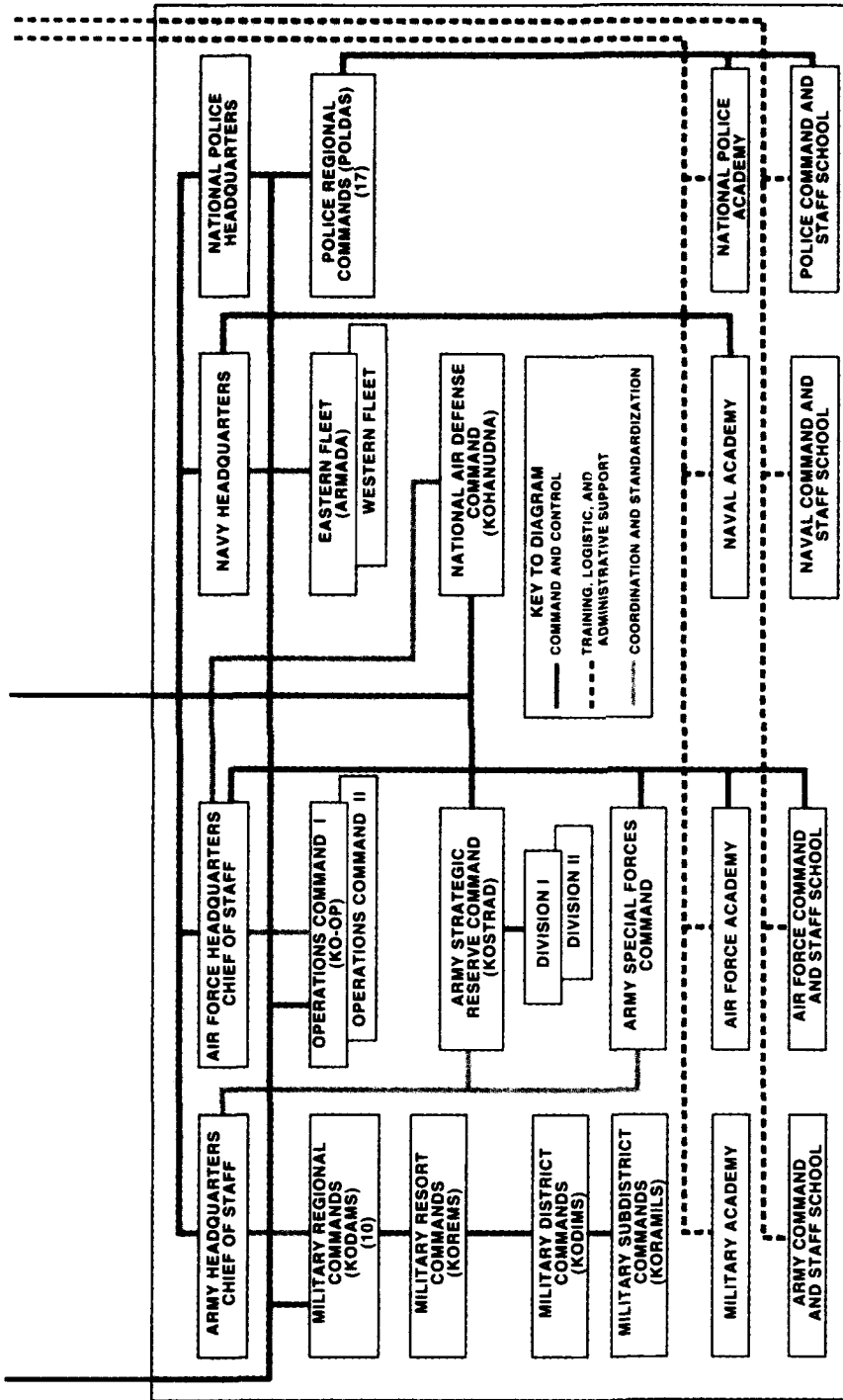


Figure 13. Organization of the Armed Forces, 1992

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provision for a deputy, a position that in 1992 was not filled. There were two ABRI chiefs of staff, one for the general staff and one for social-political affairs. The inspector general and the assistant for plans and budget, as well as a number of agencies and institutes, remained directly under the commander in chief. The ABRI chief of general staff directed assistants for communications/electronics, intelligence, logistics, operations, personnel, public security affairs, and territorial affairs; the chief of staff for social-political affairs directed the armed forces' *dwifungsi* operations in the civilian sector of the government through assistants for nonmilitary workers' affairs and for social-political affairs. The ABRI joint staff supported the headquarters of each of the four services. Staff personnel were drawn from all four services. Police officers served only in positions related to internal security.

The 1985 reorganization also made significant changes in the armed forces chain of command. The four multiservice Regional Defense Commands (Kowilhans) and the National Strategic Command (Kostranas) were eliminated from the defense structure, establishing the Military Regional Command (Kodam), or area command, as the key organization for strategic, tactical, and territorial operations for all services. The chain of command flowed directly from the ABRI commander in chief to the ten Kodam commanders, and then to subordinate army territorial commands. The former territorial commands of the air force and navy were eliminated from the structure altogether, with each of those services represented on the Kodam staff by a senior liaison officer. The navy and air force territorial commands were replaced by operational commands. The air force formed two Operations Commands (Ko-Ops), and the navy had its Eastern Fleet and Western Fleet—Armadas. The air force's National Air Defense Command (Kohanudna) remained under the ABRI commander in chief. It had an essentially defensive function that included responsibility for the early warning system.

The commander in chief exercised control over most of the combat elements of the army, navy, and air force through the ten army Kodams, the two air force Ko-Ops, and the two navy Armadas. The geographic extent of the army Kodam in the early 1990s was as follows: Kodam I, Special Region of Aceh and Sumatera Utara, Sumatera Barat, and Riau provinces; Kodam II, Jambi, Bengkulu, Sumatera Selatan, and Lampung provinces; Kodam III, Jawa Barat Province; Kodam IV, Jawa Tengah Province and the Special Region of Yogyakarta; Kodam V, Jawa Timur Province; Kodam VI, the four provinces of Kalimantan; Kodam VII, the four provinces of Sulawesi; Kodam VIII, Maluku and Irian Jaya provinces;

Kodam IX, Bali, Nusa Tenggara Timur, Nusa Tenggara Barat, and Timor Timur provinces; and Kodam Jaya Jakarta, the Special Capital City Region of Jakarta (see fig. 14). The air force Ko-Ops and the navy fleets split in approximately the same way: Ko-Ops I and the Western Fleet corresponded to Kodams I through IV and VI; and Ko-Ops II and the Eastern Fleet corresponded to Kodam V and Kodams VII through IX (see fig. 15; fig. 16).

The commander in chief also exercised operational control over two special strike force commands. The first was Kostrad, which had been formed in the early 1960s during the West Irian campaign. It was from his position as Kostrad commander, in fact, that Suharto organized resistance to the 1965 coup. Since then the powerful post has been filled by officers considered particularly loyal to Suharto. By 1992 Kostrad had a strength of some 35,000 to 40,000 army personnel. It consisted of two divisions, each containing airborne and infantry brigades; a separate airborne brigade; one cavalry brigade; two field artillery regiments; and several combat support and service support units.

A second strike force command was the Special Forces Command (Kopassus). This organization, formerly called Kopassandha (which also means Special Forces Command), was reorganized and reduced in size in 1985. In 1992 Kopassus forces numbered some 2,500 army personnel identifiable by their distinctive red berets. Organized into two operational groups and one training group, these special forces were trained in intelligence gathering, a variety of special operations techniques, sabotage, and airborne and sea-borne landings.

In addition to the regular armed forces, there were militia-style paramilitary formations throughout the country. Estimates of the national strength of these forces ranged between 70,000 and 100,000. These units came under the army territorial hierarchy, which provided them with officers and training. In times of emergency, they came under the command of the army area commander. As of 1992, information regarding military and civilian reserve forces was not available.

Military Education

The reorganization retained a central military academy headquarters charged with curriculum standardization, but the four service academies were returned to the control of their respective service chiefs of staff. Cadets continued to begin training at the general academy in Magelang, followed by three-year courses in the specialized branches of Akabri run by each service. The army branch,

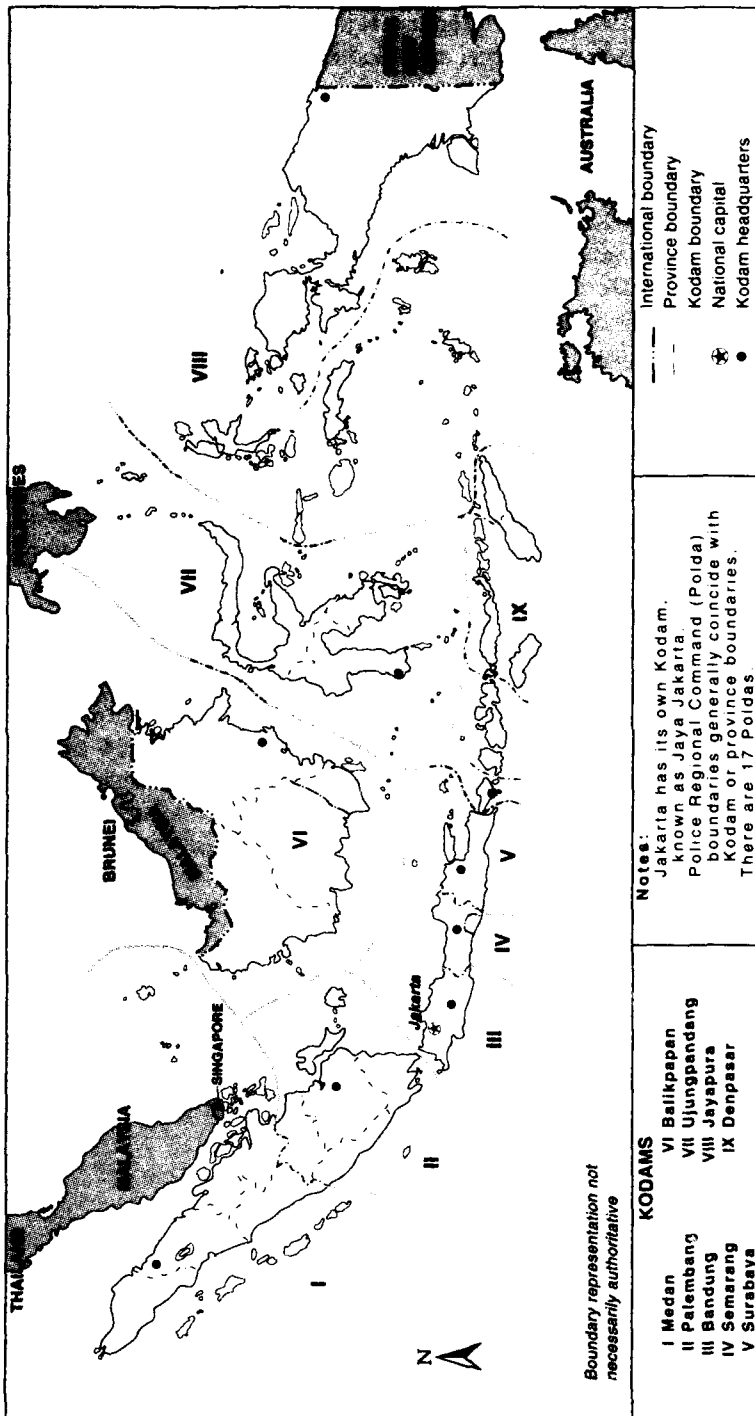


Figure 14. Military Regional Commands (Kodams), 1992

also referred to as the Military Academy, was located in Magelang as well. The Air Force Academy was located in Yogyakarta, the National Police Academy in Semarang, and the Naval Academy at Surabaya.

Similarly, the reorganization maintained a joint headquarters for the Armed Forces Command and Staff Schools (Mako Sesko) but returned control of the individual command and staff colleges to the service chiefs of staff. Each service ran its own command and staff college to which officers with the rank of major (or its equivalent) were sent for advanced leadership training. Cohort ties formed at the cadet academy and at the command and staff school were strong unifying elements among officers, and a large portion of the curriculum at this level was devoted to social and ideological issues to prepare officers for assignments in territorial *dwifungsi* roles. The ABRI command and staff college trained colonels, and the National Defense Institute provided training for senior command and staff officers at the senior colonel and one-star level. The institute also trained senior career civil servants and leaders of the business community.

The Army

The Army of the Republic of Indonesia (ADRI) historically has been the dominant service, with administrative control of the armed forces resting with the army chief of staff, in 1992 a four-star general. His staff included a vice chief of staff, an inspector general, and assistant chiefs of staff for logistics, operations, personnel, planning and budget, security, and territorial affairs. Total army strength, which had not changed substantially during the New Order era, as of 1992 was some 217,000, not including several thousand in nonmilitary positions throughout the government.

The chief of staff was responsible for personnel, training, administration, and logistical support of the army, but he did not exercise direct authority over the ten Kodams, the regional commands of the army that reported directly to the commander in chief. Commanders and staff of each Kodam were responsible for administration, logistics, personnel, training, and the general welfare of assigned and attached combat units. Each Kodam was divided into successively smaller administrative units. These included the Military Resort (Garrison) Command (Korem); Military District Command (Kodim); and Military Subdistrict Command (Koramil). At the bottom of the structure, noncommissioned officers (NCOs) were assigned to every village in the country.

Approximately two-thirds of the army was engaged in the national defense aspect of the armed forces' *dwifungsi* mission. Operations

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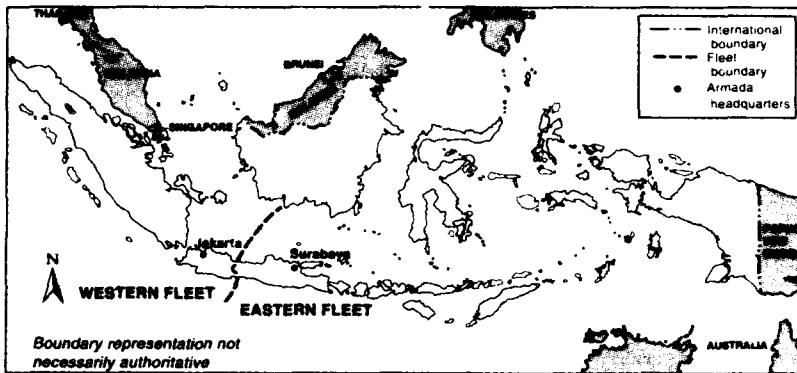


Figure 15. Navy Fleet Commands (Armadas), 1992

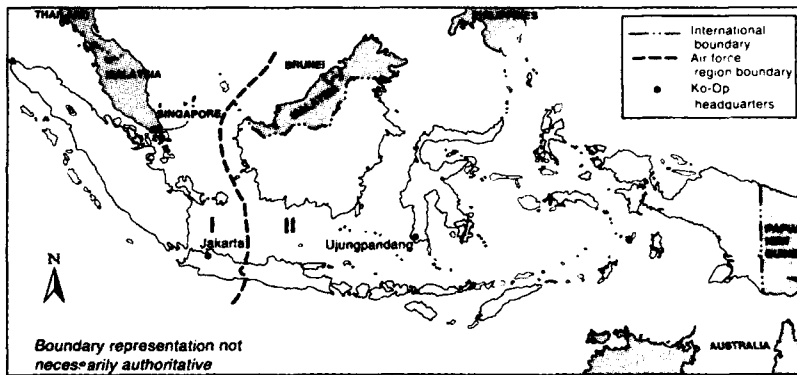


Figure 16. Air Force Operations Commands (Ko-Ops), 1992

were rarely, if ever, conducted in any formation larger than a battalion. Each Korem had control of at least one battalion, and one or more battalions came under the direct control of the Kodam. Army doctrine differentiated between tactical battalions, which were found in Kostrad and at least one quick reaction force battalion for each Kodam; and territorial battalions, which made up the majority of the units assigned to the ten Kodams. Each battalion had a strength of nearly 700 men, and personnel programs within a fixed staffing size called for recruitment of sufficient numbers to bring chronically understrength units up to authorized levels.

Some of these forces were occasionally assigned for temporary missions to Kostrad or Kopassus.

The army had its own small air arm that performed liaison and limited transport duties. It flew one helicopter squadron and one composite squadron composed mostly of light aircraft and small transports, such as the domestically produced CASA 235.

Factionalism within the army leadership, once a severe problem, no longer disrupted operations in the early 1990s. Traditional divisional identification continued to have some significance, however, especially in regard to that developed in the former Siliwangi, Diponegoro, and Brawijaya divisions, which covered western, central, and eastern Java, respectively, during the war of independence and the years immediately thereafter. The detachment of the Jakarta area from the control of the Siliwangi division and the restructuring of the army from a divisional basis to the territorial Kodam system diffused the powers of the divisions and eliminated warlordism.

Most of the army personnel not assigned to combat formations were involved in carrying out the social and developmental portions of the armed forces' *dwifungsi* mission. Many were attached to the Kodams as support elements, performing intelligence and internal security functions, and maintaining liaison with local officials charged with implementing the government's policies. Some military personnel filled civilian government positions from national and province levels down to the district, subdistrict, or village level. A large portion of the army's territorial forces participated in ABRI civic action projects, such as the nationally directed ABRI Masuk Desa program and locally directed programs at the Kodam level, as part of their mission to promote national development. They constructed roads, bridges, and public buildings, provided medical service in remote areas, and worked to improve rural conditions. The military's civic action mission received added attention after 1983 as part of a program designed to address the problems of a perceived growing gap between ABRI and the civilian population.

By 1992 virtually all of the army's heavy equipment of Soviet or East European-origin had been eliminated and replaced by equipment produced indigenously or purchased from Western countries. Because of funding constraints, emphasis was placed on maintenance and rehabilitation of older equipment. The mainstay of the armored force was the French-built AMX-13 light tank and AMX-VC1 reconditioned armored personnel carriers, mostly acquired in the late 1970s (see table 31, Appendix). The nation's small arms industry supplied nearly all of the army's small arms

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requirements, although a substantial number of M-16 rifles purchased from the United States in the 1980s remained in the inventory. Domestically produced arms included FMC rifles, submachine guns, and machine guns made under Belgian-licensed production. Ammunition was in short supply (see Defense Spending and Defense Industry, this ch.).

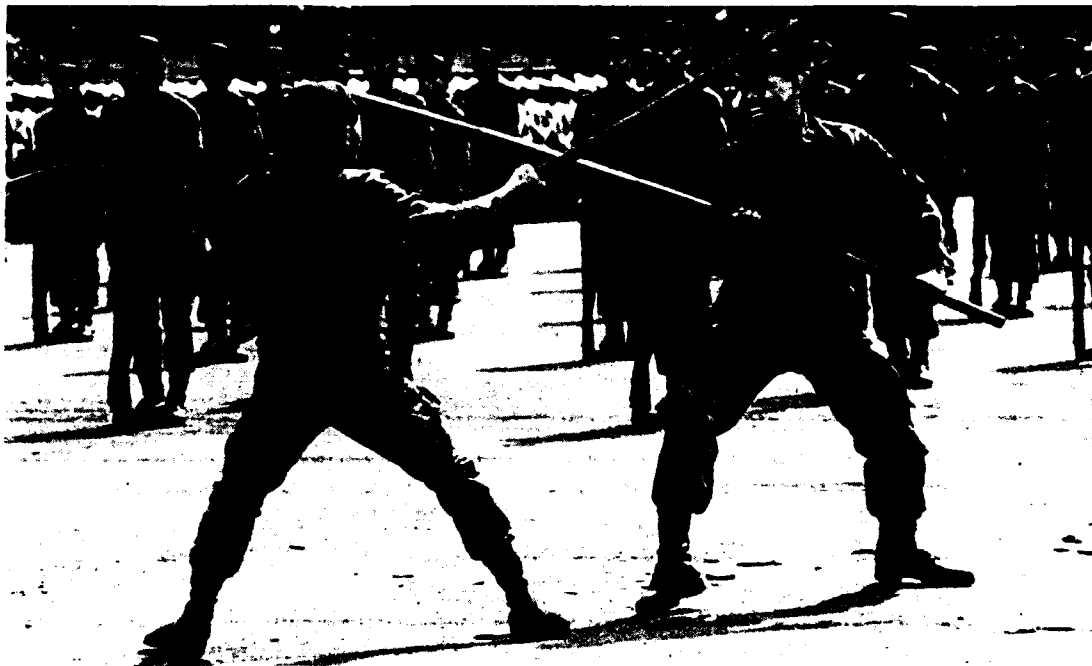
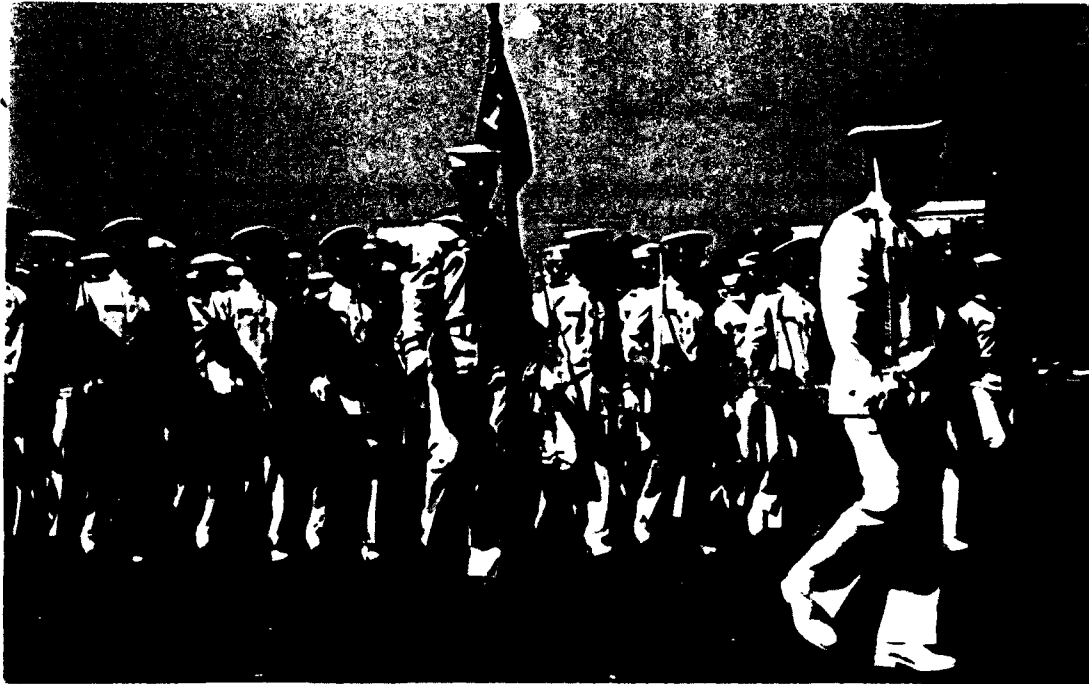
Although army recruits received their basic training in a central training facility located in each Kodam area, specialist corps training was provided at the appropriate national corps centers. NCOs were required to attend training courses and to pass examinations in their fields prior to promotion.

The Navy

The Navy of the Republic of Indonesia (ALRI) became a separate service in 1946, after the National Revolution began. It was initially stocked primarily with craft once operated by European or the Australian navies. Beginning in 1959, the navy began to acquire a large number of craft from the Soviet Union and East European nations. In the aftermath of the abortive 1965 coup, however, the navy suffered a decline in influence within the armed forces and the nation because of suspected involvement in the coup attempt (particularly by the marine corps) and because of its small size in comparison with the army. A large portion of its vessels of Soviet or East European origin were quickly rendered non-operational owing to a lack of spare parts and maintenance expertise. Until the late 1970s, the only major replacements were four frigates acquired from the United States Navy in 1974.

Since that time, the navy has embarked on an upgrading program designed to develop a balanced fleet suited to operations in archipelagic waters. Over the 1978-92 period, it purchased submarines from the Federal Republic of Germany (West Germany), light frigates from the Netherlands and Britain, and fast attack craft from the Republic of Korea (South Korea). In 1992 the Indonesian government announced plans to acquire thirty-nine used ships of various types from the navy of the former German Democratic Republic (East Germany). The navy produced numerous small coastal craft in national shipyards as well. As of 1992, the fleet was composed of more than sixty ships and numerous smaller vessels (see table 32, Appendix).

The navy's mission was to act as a territorial force responsible for the patrol of Indonesia's immense coastline. The vast majority of operational ships were stationed at the main naval base at Surabaya, Jawa Timur Province. Whereas the 1970s saw an increase in the fleet's ship inventory, the 1980s witnessed a major effort to



*Navy personnel on parade in Jakarta
Marines practicing self-defense techniques
Courtesy Indonesian Department of Information*

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improve the navy's armament posture through the purchase of the Harpoon weapons system and the MK-46 torpedo. The 1990s were expected to be largely a period of consolidation and training.

Structurally, the navy comprised the headquarters staff at Jakarta under the overall command of the navy chief of staff, two fleet commands (the Eastern Fleet in Surabaya, the Western Fleet in Jakarta), the marine corps, a small air arm, and a military sealift command. There were about 44,000 uniformed personnel serving in the navy in 1992, including about 13,000 marines. The marines were organized into two brigades, one in Jakarta and the other in Surabaya, and were equipped with light tanks, armored personnel carriers, and anti-aircraft guns. Some of the marine elements were believed occasionally to be attached to Kostrad in operational missions.

The navy has maintained a small air arm since 1958. Headquartered at Surabaya, its personnel numbered some 1,000 in the early 1990s. It was equipped primarily for naval reconnaissance and coastal patrol duties, flying three squadrons of light airplanes, as well as several transports and helicopters. The military sealift command coordinated the navy's logistical support systems.

In the early 1990s, naval warships generally were not deployed to a particular region but were grouped in mobile flotillas, to be dispatched where needed. Usually these included eastern, western, and central groups, but activity was most often concentrated in the west in the vicinity of the bases at Belawan in Sumatera Utara Province, Tanjungpinang in Riau Province, near Singapore; and in the east near the base at Manado in Sulawesi Utara Province. This pattern was in keeping with the major missions envisioned for the navy in the 1990s. One mission concerned patrolling the strategic straits through which foreign ships enter and exit the Indian Ocean, particularly the Strait of Malacca. The other mission centered on halting smuggling and illegal fishing, considered to be problems particularly in the areas near the Natuna Islands and in the seas between Kalimantan and Irian Jaya. In support of the second mission, the navy announced plans to construct a number of limited-role bases in isolated areas in the eastern and western sections of the national territory. Patrol activity also increased in connection with the flow of refugees from Southeast Asia, particularly in the area near the Natuna Islands.

The naval shipyard—P.T. PAL—was turned over to the civilian government, but it, along with other facilities in Surabaya, continued to be the navy's primary training, repair, and industrial center. Since P.T. PAL's transfer to civilian control and designation as a state enterprise, it has developed and implemented

improvements for a management and technical upgrade of the shipyard to support the Indonesian fleet as well as to conduct commercial repairs for foreign navies. Small craft construction facilities were located at shipyards in Jakarta, Manokwari, Irian Jaya Province; Semarang, Jawa Tengah Province; and Ambon, Maluku Province.

Because of severe budgetary constraints imposed by the national government, no near-term acquisition of major new weapons systems was planned by the navy in the early 1990s. Continual overhaul of foreign-origin ships was perceived as the primary method to retain an operational fleet. Future projects included plans for an Indonesian-designed frigate and construction of a major naval base at Ratai Bay, Lampung Province. The immense costs involved, however, made achievement of these ambitious goals unlikely.

The Air Force

The Air Force of the Republic of Indonesia (AURI), like the navy, was also established as a separate service in 1946 and evolved from the aviation division of the People's Security Forces (BKR). When it became a separate service, the air force had only a few pilots. Nevertheless, it assumed responsibility for the air defense of the republic and took over all existing Dutch airfields and equipment. Initially, the air force was fairly small and flew mostly United States- and West European-origin aircraft. However, between 1958 and 1964, the force expanded rapidly and switched to Soviet-bloc aircraft, purchasing more than 100 MiG-17 fighters, Il-28 bombers, and other aircraft from Soviet and East European sources. Personnel strength doubled. By the early 1960s, the Indonesian air force was the best equipped air arm in Southeast Asia.

The influence and capability of the air force fell sharply after the 1965 attempted coup. The air force was heavily purged for its role in the events associated with the coup attempt, and the abrupt turn away from the Soviet bloc ended the significant flow of equipment and logistics support that had been the key to expansion during the early 1960s. The air force's large armada of Soviet aircraft subsequently fell into disuse and disrepair. At the same time, the sharp drop in defense expenditures initiated under Suharto and the anti-communist orientation of the New Order government prevented the purchase of needed spare parts and maintenance assistance and led to the rapid grounding of almost all East European-made equipment. Significant modernization did not get under way until the late 1970s with acquisition of the F-5 and A-4 aircraft from the United States.

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In 1992 air force strength was about 27,000. Approximately 4,000 of these personnel formed four battalions of "quick action" paratroopers. The structure of the air force consisted of a headquarters staff in Jakarta supporting the chief of staff, two subordinate commands (Air Matériel Command and Air Training Command), and three operational commands (Ko-Op I, Ko-Op II, and the National Air Defense Command). The Air Matériel Command was headquartered in Bandung, Jawa Barat Province, and the Air Training Command was in Surabaya, Jawa Timur Province. Indonesia's air operations were divided into two area commands, with Jakarta being the east/west dividing point. The largest of the operational commands was Ko-Op II, headquartered in Ujungpandang, Sulawesi Selatan Province, and responsible for all air force operations east of Jakarta (including Kalimantan). Ko-Op I, headquartered in Jakarta, covered air force operations west of Jakarta. The National Air Defense Command, also headquartered in Jakarta, had operational control over all fighter and counterinsurgency aircraft.

Most of the major weapons systems operated by the air force were manufactured in the United States and consisted of the C-130 Hercules, OV-10F Bronco, F-5E Tiger II, and A-4E Skyhawk (see table 33, Appendix). The air force also operated several B-737 aircraft for maritime reconnaissance. In 1990 the air force took delivery of the twelve F-16 Fighting Falcons purchased from the United States, which were based at Iswahyudi Air Base, Jawa Timur Province. During the modernization period of the 1980s, the air force also purchased the Automated Logistics Management System (ALMS) from the United States to upgrade its ability to track and requisition spare parts and materials.

In 1980 the air force enunciated a forward defense strategy that required building or upgrading air bases throughout Indonesia as well as main bases on Java. Most of those upgrades involved civilian airfields also used by the air force. A major upgrade at Ranai Air Base on Natuna Island provided a base for improved surveillance of the South China Sea. Iswahyudi Air Base was upgraded to enable it to handle modern jet fighter aircraft. In 1992, most airfield upgrade programs had been started but most combat aircraft were still based on Java. The exception was one squadron of A-4 aircraft at Pekanbaru Air Base, Riau Province, and another at Hasanuddin Air Base near Ujungpandang.

Pilots generally began flight instruction in propeller-driven T-34 Turbo-Mentors. A squadron of British Aerospace T-53 Hawks was used for advanced training. However, competition with higher paying civilian airlines led to a continuing shortfall of pilots and



*Elite air force paratroopers report to senior military officer.
Their Puma military helicopter waits in the background.
Courtesy Embassy of Indonesia, Washington*

aviation support personnel. To remedy the situation, the air force announced in 1981 that male and female senior high school graduates would be accepted for expense-free training as short-term aviation officers. Graduates of the two-year program would serve ten years in the air force and then be released to find employment in the civilian sphere.

The National Police

Since 1945 Indonesia's National Police organization has been a national force, financed, directed, and organized by the central government. The strength of the national police force in 1992 was around 180,000. Its main duties were to maintain public order and security. Like the other armed services, the police considered themselves to be a social force active in national development, and therefore they participated in the armed services' civic missions.

The commander bore the title of police chief and was the highest ranking uniformed police officer in the nation. He was assisted by a deputy police chief. Police headquarters in Jakarta included a staff and several separate administrative bodies that handled specialized police functions. The police had its own territorial organization made up of seventeen jurisdictions, each of which was known

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as a Police Regional Command (Polda). Each Polda was administratively subdivided at the district, subdistrict, and village level. Polda Metrojaya, which had responsibility for the metropolitan Jakarta area, was subdivided into precincts, sections, and police posts. It was commonly referred to as the Jakarta Raya Metropolitan Regional Police.

Each Polda had its headquarters in a provincial capital and was assigned police units varying in strength and composition according to the needs dictated by the characteristics of the area. These forces were organized as city police forces or rural units and were under the operational command of the Polda commander, who in turn was directly responsible to national police headquarters. All police elements were charged with supporting the local government in their areas.

Functionally, the police were organized into a number of specialized elements. The largest of these was the uniformed police, which included both the general police, who performed conventional police duties relating to the control and prevention of crime and protection of property, and the traffic police, who patrolled the nation's roadways and supervised the licensing of drivers and the registration of motor vehicles. Also part of the uniformed force were the women police, who specialized in social matters and the welfare of women and children. Elite units of special police were employed to enforce order in terrorist situations beyond the capability of the regular forces. These units were better armed and more mobile than the general police and lived in separate barracks under more rigid discipline. These police wore the same uniform as other police but were distinguished by special badges.

A small unit of Sea and Air Police patrolled the national waters and airspace, providing tactical aid to other elements by regulating traffic, guarding against smuggling and the theft of fish, and supplying transport. The unit was also active in disaster relief. Its equipment included a few helicopters and light airplanes and various small seacraft.

Plainclothes police were assigned primary responsibility for criminal investigations, especially in complex cases or in cases involving several jurisdictions. They also handled forensics, intelligence, security, and the technical aspects of crime fighting, such as fingerprinting and identification.

One of the oldest National Police units was the Mobile Brigade, formed in late 1945. It was originally assigned the tasks of disarming remnants of the Japanese Imperial Army and protecting the chief of state and the capital city. It fought in the revolution, and its troops took part in the military confrontation with Malaysia in

the early 1960s and in the conflict in East Timor in the mid-1970s. In 1981 the Mobile Brigade spawned a new unit called the Explosive Ordnance Devices Unit.

In 1992 the Mobile Brigade was essentially a paramilitary organization trained and organized on military lines. It had a strength of about 12,000. The brigade was used primarily as an elite corps for emergencies, aiding in police operations that required units to take quick action. The unit was employed in domestic security and defense operations and was issued special riot-control equipment. Elements of the force were also trained for airborne operations.

Police recruits were volunteers. Applicants were required to have at least a sixth-grade education and to pass a competitive examination. Other qualifications included physical fitness and good moral character. After three years' service as ordinary police, personnel with junior secondary-school diplomas could enter training to become NCOs. Those with three years' experience as NCOs were eligible for further training to enable them to become candidate officers and eventually enter the officer corps. Most higher ranking officers entered the force as graduates of the Police Division of Akabri.

Advanced training in vocational and technical subjects was available for regular police, for NCOs, and for officers. Promotions were often based on performance in advanced education. The Police Command and Staff School offered advanced training to police officers assigned to command units at the subdistrict, district, and Polda level. Training there focused on administration and logistics.

Conditions of Service

Compensation of all ABRI personnel was on a sliding scale according to rank and was uniform throughout the country and among the services. It included, for both officers and enlisted personnel, housing for married personnel of appropriate rank, subsistence items and rations paid in kind, and a variety of allowances in addition to base pay.

Compensation for military personnel has increased considerably since the 1970s, both in separate allowances, such as basic food allowances, and in basic pay. Military compensation, especially for lower ranking or nontechnically trained personnel, was believed to compare favorably with compensation in the civilian sector when extra allotments were figured in. Pay raises for the military paralleled raises for the entire civil service.

Officers' tours of duty were officially established at three years, but these limits were not strictly observed. Retirement age was mandatory for enlisted personnel at age forty-two and for officers at

fifty-five. However, the president had the authority to grant an unlimited number of extensions on active duty of one year, usually to officers in key posts of the armed forces leadership. Officers were eligible for small pensions at age forty-eight and those failing promotion to lieutenant colonel had to retire at that time. Two years before their retirement, personnel could be placed on preretirement status in which they drew full pay and allowances while they began to develop civilian careers. Higher level retired personnel often worked in the government, in military-owned businesses, and in industry. Many lower ranking members were offered land under the government's Transmigration Program (see Glossary) or were given vocational training (see Migration, ch. 2; Economic Benefits and the Transmigration Program, ch. 3).

Women in the Armed Forces

Each branch of ABRI had a women's component in 1992. There was the Women's Army Corps, the Navy Women's Corps, the Air Force Women's Corps, and the Women's Corps of the Police. According to official publications, women members of the armed forces were "set to work at places and in functions conform[ing] to their feminine disposition." More specifically, women were assigned to administrative work, to teaching English, and to working on improving health and social conditions of armed forces members and their families. The women police were said to "play an important role in solving problems [of] drug addicts and juvenile delinquents."

Uniforms, Ranks, and Insignia

Grade and rank structure was standard throughout the three military services and the police. It corresponded to that common to most military systems, with minor deviations. No formal class of warrant officers existed between the enlisted and commissioned hierarchies. The first and second assistant lieutenants ranks were being gradually phased out, and the two levels of officer candidate—*calon perwira*—were converted to NCO status. Changes announced in 1991 added two steps to enlisted ranks: chief private and chief corporal (see fig. 17; fig. 18).

One title unique to Indonesia is *panglima*, a traditional heroic rank revived during the National Revolution. Although *panglima* is often translated as commander, it carries a higher connotation of honor and power. Its bearers, usually flag officers of various ranks, derive enhanced personal status from serving as *panglima*. In the 1980s, tradition evolved to limit the title *panglima* to the

ABRI commander in chief and the commanders of Kostrad and the ten Kodams.

Uniforms of the four services were distinguished by color and style, with variations in headgear and other details distinguishing some elite troops, who wore various colors of berets. Army working and ceremonial uniforms were olive drab and those of the police, dark brown. Air force and navy uniforms were medium blue and navy blue, respectively. Rank insignia were standardized among the services. In ceremonial and service dress, officers wore rank insignia on the shoulder epaulet. Field uniform insignia were moved in 1991 from the front of the fatigue shirt to the collar tip. Rank insignia were worn on the sleeves for NCOs and enlisted personnel.

Foreign Military Relations

Consistent with its foreign policy of nonalignment, Indonesia maintained no defense pacts with foreign nations. It did, however, have military aid agreements with the United States and various other nations and participated in combined military exercises with several other countries. Over the years, Indonesia also supplied troop contingents—some involving either military or police personnel or both—to United Nations (UN) peacekeeping forces sent to the Suez Canal-Sinai Peninsula area (1957 and 1973-79), Congo (the former name for Zaire, 1960-64), the Iran-Iraq border (1988-90), Namibia (1989-90), and the Kuwait-Iraq border (1991). In 1991 new UN support missions were sent to Cambodia and Somalia (see Indonesia, ASEAN, and the Third Indochina War, ch. 4).

Indonesia is a member of ASEAN, and although the organization is not a defense alliance, military cooperation existed between Indonesia and its ASEAN partners. This cooperation was conducted on a frequent and bilateral basis and included exchanges of military representatives at national defense institutions, periodic security consultations, and a series of separate bilateral combined military exercises. Following the Vietnamese invasion of Cambodia in 1979, ASEAN foreign ministers meeting in Bali pledged their nations' support for the security of each of the other ASEAN nations, but stopped short of discussing the creation of a military alliance. The Cambodian peace accords of 1991 reduced tensions considerably. Moreover, there was a feeling of admiration for Vietnam's armed forces on the part of senior Indonesian military officers, particularly the powerful General Murdani. Murdani and others found much in common between the Vietnamese and Indonesian armed forces. They alone in Southeast Asia had fought against colonial powers for their independence, and both had based much of their

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INDONESIAN RANK	LETNAN DUA	LETNAN SATU	KAPTEN	MAYOR	KOLONEL	BRIGADIR JENDERAL	MAYOR JENDERAL	LETNAN JENDERAL	JENDERAL
ARMY									
U.S. RANK TITLE	2D LIEUTENANT	1ST LIEUTENANT	CAPTAIN	MAJOR	LIEUTENANT COLONEL	BRIGADIER GENERAL	MAJOR GENERAL	LIEUTENANT GENERAL	GENERAL
INDONESIAN RANK	LETNAN DUA	LETNAN SATU	KAPTEN	MAYOR	KOLONEL	MARSEKAL PERTAMA	MARSEKAL MUDA	MARSEKAL MADYA	MARSEKAL
AIR FORCE									
U.S. RANK TITLE	2D LIEUTENANT	1ST LIEUTENANT	CAPTAIN	MAJOR	COLONEL	BRIGADIER GENERAL	MAJOR GENERAL	LIEUTENANT GENERAL	GENERAL
INDONESIAN RANK	LETNAN DUA	LETNAN SATU	KAPTEN	MAYOR	KOLONEL	LAKSAMANA PERTAMA	LAKSAMANA MUDA	LAKSAMANA MADYA	LAKSAMANA
NAVY*									
U.S. RANK TITLE	ENSIGN	LIEUTENANT JUNIOR GRADE	LIEUTENANT	LIEUTENANT COMMANDER	CAPTAIN	REAR ADMIRAL LOWER HALF	REAR ADMIRAL UPPER HALF	VICE ADMIRAL	ADMIRAL

* Marine insignia are same as for navy officers; marine rank titles are same as for army officers

Figure 17. Officer Ranks and Insignia, 1992

INDONESIAN RANK	ARMY	U.S. RANK TITLE	INDONESIAN RANK	AIR FORCE	U.S. RANK TITLE	INDONESIAN RANK	NAVY*	U.S. RANK TITLE
		BASIC PRIVATE			AIRMAN BASIC			SEAMAN RECRUIT
		PRIVATE			AIRMAN			SEAMAN APPRENTICE
		PRIVATE 1ST CLASS			AIRMAN 1ST CLASS			SEAMAN
		CORPORAL SPECIALIST			SENIOR AIRMAN SERGEANT			PETTY OFFICER 30 CLASS
		SERGEANT			STAFF SERGEANT			PETTY OFFICER 20 CLASS
		STAFF SERGEANT			TECHNICAL SERGEANT			PETTY OFFICER 1ST CLASS
		SERGEANT 1ST CLASS			MASTER SERGEANT			CHIEF PETTY OFFICER
		MASTER SERGEANT FIRST SERGEANT			SENIOR MASTER SERGEANT			SENIOR CHIEF PETTY OFFICER
		SERGEANT COMMAND SERGEANT MAJOR			CHIEF MASTER SERGEANT			MASTER CHIEF PETTY OFFICER
		SERGEANT MAJOR			SERGEANT MAJOR			NO RANK
		WARRANT OFFICER W-1			NO RANK			NO RANK
		CHIEF WARRANT OFFICER W-2			NO RANK			CHIEF WARRANT OFFICER W-2

* Marine insignia are same as for navy personnel. marine rank titles are same as for army personnel

Figure 18. Enlisted Ranks and Insignia, 1992

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military doctrine on the tenets of guerrilla warfare. It was this perceived relationship between Indonesian and Vietnamese military leaders that gave Indonesia the impetus to assume an influential role in the Cambodian peace settlement process. The Indonesian government continued to stress that defense cooperation among ASEAN nations was a function of each nation's right to protect itself and that bilateral cooperation would not lead to any bilateral or ASEAN-wide defense pact. Indonesia continued to support normalization of Vietnam's relationship with Western nations, particularly the United States.

Indonesia has also held combined military exercises with non-ASEAN nations, including Australia, Britain, France, India, New Zealand, and the United States. During the 1980s, defense officials suggested that joint border patrols might be set up with Papua New Guinea, and the two countries signed a status-of-forces agreement in January 1992. Indonesian troops sometimes crossed the border from Irian Jaya Province into Papua New Guinea in pursuit of armed insurgents.

Indonesia has maintained military assistance agreements with several countries. It received funded security assistance from the United States every year since 1950 except 1965 and 1966 when relations were at a low ebb. Grant aid of military equipment, which ended in 1978, averaged US\$13 million per year and was used mainly for logistics equipment, communications systems, and combat matériel for internal security. The United States also provided grant aid training under the International Military Education and Training (IMET) program between 1950 and 1992, when the United States Congress cut the aid as a reaction to the human rights situation in East Timor. In that forty-two-year period, more than 4,000 Indonesian military personnel received IMET training in the United States. United States Foreign Military Sales credits were made available periodically to Indonesia starting in 1974, and have helped defray the expenses of purchases of United States-made military equipment. As of the early 1990s, Indonesia had also received military aid from Australia, Britain, France, the Netherlands, and West Germany, among others. Indonesia also acquired equipment from the Soviet Union in the early 1960s and, although most of it was inoperative by the 1970s, Jakarta continued to make payments to Moscow after the demise of the Soviet Union in 1991.

Security and Intelligence Agencies

Only very general information has been made public regarding the organization and activities of Indonesia's intelligence and security bodies. However, a major change in the status of security and

intelligence appeared to have occurred as a result of the 1985 military reorganization. Prior to that time, the foremost intelligence agency was the Operational Command for the Restoration of Security and Order (Kopkamtib), which focused primarily on mounting internal security operations and collecting intelligence data.

Kopkamtib was established in late 1965 in the wake of the attempted communist coup of that year. Its original function was to purge from the government and the armed forces PKI members and others suspected of complicity with the communists. By the late 1960s, that task had been largely completed. In early 1969, however, Kopkamtib was given new life by a presidential decree that provided it an organizational basis closely interwoven with Hankam. Kopkamtib was assigned a mandate on all matters concerning internal security as defined in its widest sense and quickly began to exercise sweeping powers of supervision over the national political life, using the army's territorial forces as its main operational units. By the early 1970s, Kopkamtib had become a large and powerful body that concerned itself with the activities of every political and social organization in the nation; its powers of interrogation, arrest, and detention were not subject to the regular criminal justice system.

As part of the 1985 armed forces reorganization, Kopkamtib was eliminated and its widespread powers were reorganized into the Coordinating Agency for National Stability (Bakorstanas). Unlike Kopkamtib, the new agency did not have a separate staff, but instead relied upon the operational chain of command for national security matters. The elimination of Kopkamtib reflected both a consolidation of the national security situation and a streamlined intelligence and security apparatus able to operate within the reorganized armed forces structure. The key organizations in the revised Bakorstanas system were the ten army Kodams and the two intelligence agencies, the State Intelligence Coordinating Agency (Bakin) and the Armed Forces Strategic Intelligence Agency (Bais). Bakorstanas relied on the regular staffs of those organizations for its manpower.

The Bakorstanas system reinforced the power of the ten Kodam commanders, forming a new coordinating body in each of the country's twenty-seven provincial-level jurisdictions. This body was called the Regional Security Council (Muspida). The provincial governor served as chairman of the Muspida within his geographical area, but the Kodam and Korem commanders exerted great influence. Other Muspida members were the provincial or regional chief of police, the provincial assembly chairman, and the senior air force and navy officers in the province or region (if present).

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The Muspida system was replicated at the district (*kabupaten*) and subdistrict (*kecamatan*) levels, with the army Korem and Kodim commanders serving as lower level Muspida chairmen (see Local Government, ch. 4).

Also eliminated in 1985 was the Special Operations Service (Opsus), which formerly compiled political intelligence and was sometimes used by the president to conduct delicate foreign diplomatic assignments. Opsus was originally a combat intelligence unit set up by Suharto during the Irian Barat campaign of 1963-66. For many years, it was headed by the late Ali Murtopo, a close confidante of the president who also served as the minister of information (see The Political Parties, ch. 4). Ali Murtopo and Opsus were identified with the implementation of the Act of Free Choice, through which the Irian Barat became a province of Indonesia in 1969. Opsus was also involved in negotiations with Portugal regarding East Timor in the mid-1970s (see The New Order Under Suharto, ch. 1).

In 1992 the central intelligence-gathering body was Bakin, which studied both domestic and foreign intelligence gathered by its own personnel as well as by the army and the police. Bakin was directly under the control of the president and maintained its own communications network outside the civilian and military administrations. In 1992 Bakin was headed by an army lieutenant general. Armed forces officers were sometimes seconded to Bakin for special duties. It was probable that Bakin, responsible for intelligence gathering relating to defense matters, was strengthened considerably under the reorganization and operated many of the security and intelligence functions under the Bakorstanas system that were formerly performed by Kopkamtib.

In the early 1990s, Bais was ABRI's agency for intelligence collection relating to external defense and internal security, processing, and operational functions. After the elimination of Kopkamtib, Bais received a major infusion of personnel, funds, and power. The head of Bais for many years, Murdani, served concurrently through 1983 as head of the Hankam intelligence staff, deputy chief of Bakin, and armed forces commander in chief. Like Ali Murtopo and Suharto himself, Murdani had served as an officer in Kostrad in the 1960s. Only when the minister and commander in chief posts were separated after the 1985 reorganization, with Murdani retaining only the ministerial portfolio, did he give up his Bais and Bakin posts. The reorganization eliminated the chance for one man to hold so many powerful posts at the same time. After the reorganization, the ABRI commander in chief acted as the chief of Bais,

but its day-to-day operations were directed by an army major general in the post of deputy chief.

The Criminal Justice System

The nation's criminal jurisprudence and its institutions of criminal justice derive from Indonesia's experience as an independent state, from the European tradition, and from the Dutch colonial period. The criminal law is one of three systems of law in operation in the nation since the nineteenth century, the other two being a system of European-derived commercial codes and a civil law based on customary law (*adat*), which included Islamic law (*sharia*, in Indonesian *syaria*—see Glossary; see Islam, ch. 2). The criminal law is the only one of these three systems that was essentially codified and applied uniformly throughout the national territory. Criminal justice was administered through a system that included a hierarchy of trial and appellate courts, a prosecutory arm of the national government, and an independent bar.

Several factors limited the actual use of these formal legal channels in dealing with activity defined as criminal. Owing in large part to a general shortage of trained legal personnel, the infrastructure of the criminal justice system was more extensive in urban locales and on Java than in rural or remote areas. In any case, its procedures often did not apply to military, security, and intelligence organizations, which in practice sometimes dealt with both political and ordinary crime. Moreover, Indonesians did not always resort to the formal legal system to resolve their conflicts because many did not share Western views regarding the nature of individual rights and the efficacy of law and procedural justice, but rather preferred to settle disputes by arbitration or accommodation. Retribution and revenge, however, were still popular ways of settling disputes in the early 1990s, especially away from the big cities and towns.

In rural areas, many conflicts, including some (mostly minor) criminal cases, continued to be settled by village chiefs. Even in towns and cities, complaints were not often filed with authorities, and cases were frequently settled out of court in order to save time and money or to avoid attracting public or official attention. In criminal cases, such settlements typically entailed accommodation between the accused and the police or prosecutors, whose roles in the criminal justice system were generally more critical than those of courts or judges. Wealth and status were apt to be important factors in the outcome.

Crime and Political Offenses

Like many countries, Indonesia experienced rising crime as a by-product of increased urbanization and the social and economic dislocations associated with national development. The scope of the crime problem was difficult to gauge, but conditions such as large numbers of unemployed or underemployed in the nation's cities, lack of sufficient jobs for high school and university graduates, and a breakdown in traditional systems of social control were often cited as responsible for the increase in crime. During the 1980s, the government sometimes resorted to extrajudicial means to control a perceived increase in crime, especially in urban areas. The government's clandestine "Petrus" operation in Java in the early 1980s is the best known. Specifically approved by Suharto and directed by the army's special forces, the Petrus campaign was directed at known criminals involved in robbery, rape, murder, and other violence. Public opinion approved of the operation, which was characterized by collection of detailed intelligence on targeted criminals and condoning of nighttime shootings. Public reports lacked details, but few if any innocent bystanders were killed by Petrus. It was thought that a similar operation was conducted against suspected criminals and radical separatists in Aceh in early 1991, but the government refused comment on the operation. By the early 1990s, the actual number of crimes increased only moderately from year to year. Both the authorities and the public, however, were concerned about their increasingly violent nature.

Under Indonesian law, certain categories of crime were handled under special statutes outside the penal code. Offenses such as bribery, the assessment of illegal "levies," and the diversion of public funds for private use by business figures or officials formed a special class of crime usually handled under a 1955 statute on economic crimes and a 1971 statute on corruption. Political offenses and acts that Indonesian authorities regarded as threats to national security were usually prosecuted under Presidential Decree Number 11 of 1963 concerning the eradication of subversive activities. Promulgated as a statute in 1969, it granted far-reaching authority in dealing with almost any act that did not conform to government policy and carried a maximum penalty of death.

The special statutes also contained special procedures that differed in important respects from those in the Criminal Procedures Code. Thus, for example, while the code stated that a suspect could be held only a maximum of 120 days before being brought to trial, the subversion law allowed suspects to be held up to one year.

The most prominent use of the special procedures regarding political offenses involved Kopkamtib's mass arrests and detention of some 200,000 persons in connection with the 1965 coup attempt, most of whom were never charged or tried. These prisoners were classified as group A, B, or C, according to the government's perception of how deeply they had been involved in the events of 1965 or in any of the banned organizations, including the PKI. The last 30,000 of those persons still not brought to trial were released between December 1977 and December 1979. Some PKI members were sentenced to death in the mid-1960s and remained in prison for years while their cases went through the appeals process. Several of these prisoners were executed as late as 1990. Only a handful of those convicted in connection with the coup were still in custody in 1992, although some 36,000 were still barred from voting, and 1.4 million former PKI members were closely monitored by Kopkamtib's successor organization, Bakorstanas.

Criminal Law

The Indonesian criminal code in force since independence is basically the Netherlands Indies Criminal Code, which was put into effect in 1918. It incorporates certain amendments promulgated by the revolutionary government in 1946. Since 1958 it has been applied uniformly throughout the national territory.

The Code of Criminal Law is contained in three chapters. Chapter I defines the terms and procedures to be followed in criminal cases and specifies mitigating circumstances that may affect the severity of a sentence. Chapters II and III, respectively, define the categories of felonies and misdemeanors and prescribe the penalties for each type of offense. The distinction between felonies and misdemeanors generally conforms to that in Western countries. As noted above, several other statutes dealing with criminal offenses were also in force, the most significant of which were laws concerning economic offenses, subversive activities, and corruption.

As of 1992, penalties for major offenses included death, imprisonment for periods up to life, local detention, and fines. Total confiscation of property was not permitted. Penalties for minor crimes and misdemeanors included deprivation of specified rights, forfeiture of personal property, and publication of the sentence of the court. Punishments listed in the code were the maximum allowable; judges had discretionary authority to impose lesser punishment. A public drive for the abolition of the death penalty was launched in 1980 following the execution of two persons convicted of murder. In 1992, however, the death penalty remained in force.

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Because of widespread complaints about the penal code, which many regarded as a colonial legacy ill-adapted either to Indonesian cultural norms or to modern criminal offenses, a committee began working in the early 1980s on a complete revision. The committee was expected to finish its work in early 1993. The draft would then have to be approved by the minister of justice and submitted to the DPR for passage into law, a process not expected to be completed until mid-1993, assuming no major controversy arose over the draft law.

The proposed new code was likely to eliminate the distinction between felonies and misdemeanors and to pay greater deference to *adat* in the handling of certain crimes. Although not likely to replace the special subversion law, the proposed code attempted to describe offenses against the state with more specificity. It was also likely to recommend that prisoners who committed crimes because of personal conviction, such as political offenses, be treated differently from common criminals. Whereas two-thirds of the crimes detailed were expected to be the same as in the old code, the new penal code was expected to cover new classes of offenses such as computer crime.

A new Code of Criminal Procedures was promulgated on December 31, 1981. The new code replaced a 1941 revision of an 1848 Dutch colonial regulation that stipulated legal procedures to be used in both criminal and civil cases. Both national jurists and government officials had complained that statutory ambiguity in the old code and certain of its provisions in some cases had led to abuses of authority by law enforcement and judicial officials. Under the old system, several authorities, including the police, the regional military commands, and the public prosecutors, shared powers of arrest, detention, and interrogation—an often confusing situation that sometimes led plaintiffs to file complaints with the particular agency they believed would deal most favorably with their case. Individuals could be arrested and detained on suspicion alone, and there were broad limits on how long a suspect could be held before being charged or brought to trial. Moreover, the accused could request legal counsel only when his case was submitted to a judge and not during any pretrial proceedings.

The new code represents a considerable step forward in the establishment of clear norms of procedural justice. Criminal investigatory powers are vested mainly in the police. A suspect can be held only twenty-four hours before the investigating officials present their charges and obtain a detention order from a judge. Specific limits are established on how long a suspect can be held before a trial. The new code expressly grants the accused the right to learn

the charges against him or her, to be examined immediately by investigating officials, and to have the case referred to a prosecutor, submitted to court, and tried before a judge. The accused also has the right to obtain legal counsel at all levels of the proceedings. Should it turn out that a person has been wrongly charged or detained under the new code, he or she has the right to sue for compensation and for the restoration of rights and status.

In practice, the new criminal procedures code did not always live up to its promise. Prohibitions against mistreatment and arbitrary detention, for example, were sometimes ignored, as were guarantees regarding adequate defense counsel. This was especially true, as noted by outside jurists, in political cases. In addition, the 1981 code was supposed to apply to all criminal cases, with a temporary exception made for special laws on subversion and treason that contain their own procedures for prosecution; these special laws had not been brought under the provisions of the new code as of 1992.

The Administration of Criminal Justice

The prosecutory function rested with the attorney general, who held the position of supreme public prosecutor. The attorney general occupied a cabinet-level post separate from that of the minister of justice, both of whom reported directly to the president. In 1992 the Attorney General's Office included 27 provincial-level prosecutors' offices and 296 district prosecutors' offices.

The public prosecutor's principal functions were to examine charges of felonious conduct or misdemeanors brought by individuals or other parties, and then either to dismiss a charge or to refer it for trial to the state court having jurisdiction. The prosecutor's office was also responsible for presenting the case against the accused in court and for executing the sentence of the court.

The matter of control over the conduct of the preliminary investigation has had a history of contention between the prosecuting authorities and the police going back to the late 1940s and early 1950s. Practice under the old code of criminal procedure evidently rested on working agreements between the two services, under which the police, in principle, conducted primary investigations but deferred to the prosecutor whenever the latter asked to undertake the investigation. Under the new code of criminal procedure, a clear division was made between the investigatory function, which was given solely to the police, and the prosecution function, which remained with the prosecutor's office. The only exception was in the case of "special crimes," a category which was not further defined but which was believed to be reserved for unusually sensitive

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cases such as espionage and subversion, in which the prosecutor could also take a role in the investigation. Continuing tension between the prosecutor and the police was evident during debate over a new prosecution service law in 1991. The law as passed gave the attorney general the power to conduct limited investigations in cases that were determined to be incomplete. The 1991 law also established the positions of deputy attorney general and a sixth associate attorney general responsible for civil cases and administrative affairs.

The court system comprised four branches: general courts, religious courts, military courts, and administrative courts (see *The Judiciary*, ch. 4). In the early 1990s, all criminal cases (except those involving ABRI personnel) were tried in the general courts. The new criminal procedure code set forth rules for establishing in which court a case must be tried, should military and general court jurisdiction combine or overlap.

Since the late 1960s, the Suharto government, with the strong support of the legal profession, has made efforts to ensure the independence of the judiciary. The Basic Law on the Judiciary Number 14 (1970) prohibited all interference in judicial matters by persons outside the judiciary, a prohibition that in principle was also contained in the elucidation of the judicial articles of the constitution. The executive branch exercised some measure of influence over judges through the control exercised by the minister of justice over the appointment, training, promotion, and transfer of judges.

The president was empowered to grant amnesty or special dispensation to convicted persons. This power was used on several occasions to declare general amnesties—in 1980, for example, for suspected PKI members imprisoned on Buru Island. The president also could grant individual amnesty and clemency powers and was the final appeal authority for those sentenced to death. Under the new criminal procedures code, cases on which final judgment had been rendered could be opened for reconsideration should new evidence surface.

The Penal System

Indonesia's 441 prisons were administered by the Department of Corrections within the Department of Justice and included three categories of prisons based mainly on the number of inmates they could hold. The nine largest, or Class I prisons, held prisoners sentenced to life imprisonment or death.

A 1990 study of Indonesian prison conditions conducted by Asia Watch found conditions harsh in most cases. Poor food, unsanitary conditions, and inadequate medical care were common, as were

mistreatment and corruption. Overcrowding in ancient and inadequate facilities also occurred. The study noted the need for better training of prison personnel and renovation of prison facilities.

Several specialized prisons for women and two for youths were located in Java. Where it was not possible to confine such prisoners in separate institutions, as was usually the case outside of Java, efforts were made to segregate juvenile from adult offenders and females from males in separate sections of the same institution. Ordinarily, prisoners were permitted visits by family members and could receive limited amounts of food and other articles to supplement the minimal supplies they were issued. Under some circumstances, prisoners were permitted to spend their nights at home. Most prisons tried to provide medical service of some kind, although it was generally regarded as inadequate.

Rehabilitation provisions included literacy classes, moral and religious training, and workshops to teach crafts and skills. Some prisons operated small industries or agricultural enterprises that sold their products on the local market. Proceeds were used to pay a small wage to the working inmates, to buy recreational equipment, and to maintain buildings and grounds. In some prisons, inmates worked in fields outside the prison confines.

Although regular prisons often housed both convicted criminals and political prisoners, the latter were kept isolated from other prisoners. Political prisoners were also held in Kodam headquarters and in separate labor camps and detention facilities staffed by military personnel.

Between 1969 and 1979, Kopkamtib ran a separate penal colony on Buru Island for Group B prisoners, who were convicted on charges of indirect involvement in the 1965 attempted coup. In late 1979, following the nationwide release of Group B prisoners, the penal colony on Buru Island was closed and the island was designated a transmigration site.

Many released prisoners faced problems in reintegrating themselves into society because families were often shamed by the prisoner's incarceration or feared they would be discriminated against by officials or neighbors should they continue association with the released prisoners. In 1981 the nation's first prisoner's aid society was privately formed in Jakarta to help released prisoners overcome some of these difficulties and to find employment. Released political prisoners detained in connection with the 1965 attempted coup encountered particular problems upon their return to society. Their identification cards, which all Indonesians carry, had special markings indicating their status. Former political prisoners were denied employment in the civil service, the armed

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forces, and in essential industries. They were able to vote but could not hold any elected office. In some parts of the country, they were required to check in regularly with local authorities and to inform them of their movements.

Narcotics and Counternarcotics Operations

Although production of narcotics, particularly opiate-derived products from the Golden Triangle in the Thai-Burmese-Lao border area, substantially increased during the late 1980s, Indonesia did not become either a major producer or user of illicit drugs. There was, however, considerable concern on the part of the national leadership and police officials that Indonesia might become an important drug trafficking center as major drug routes in mainland Southeast Asia shifted to take advantage of Indonesia's relatively innocuous reputation. The booming tourist destination of Bali provided a base for individual traffickers and transactions. Although there was no extradition treaty between the United States and Indonesia, Indonesian authorities were cooperative in deporting drug suspects, particularly if the International Criminal Police Organization (Interpol) was involved. During 1991, for example, a suspected American drug trafficker was deported to the United States with the cooperation of the United States Drug Enforcement Administration, the Indonesian National Police, and Interpol. In addition, periodic police campaigns in the Special Region of Aceh and Sumatera Utara Province, which were the country's leading producers of marijuana (much of it used for local cooking and consumption), targeted marijuana fields in joint police/military eradication operations.

The criminal justice system was still evolving in the early 1990s, and was particularly under national and international scrutiny because of intense interest in the prosecution of civilians charged with criminal or subversive actions in the East Timor incident (see National Defense and Internal Security, this ch.). Those trials, which were monitored by the international press and foreign diplomats stationed in Indonesia, were judged to have been smoothly run. The trials illustrated the close relationship in Indonesia between the larger issues of internal security and national defense and Indonesia's criminal justice system.

* * *

Several works treat the development of the Indonesian armed forces before 1970, the most balanced and comprehensive being Ulf Sundhaussen's *The Road to Power: Indonesian Military Politics*

1956-1967. Ernst Utrecht's *The Indonesian Army* offers a very detailed and often critical view from the perspective of a former insider. Ruth T. McVey's two-part "The Post-Revolutionary Transformation of the Indonesian Army" focuses mainly on the military's shortcomings in its early years. *An Indonesian Tragedy* by Brian May and *The Army and Politics in Indonesia* by Harold A. Crouch are more concerned with the causes and effects of the 1965 coup; they also evaluate the armed forces in a somewhat negative light. *The National Struggle and the Armed Forces in Indonesia*, a collection of essays by ABRI's former official historian, Nugroho Notosusanto, presents the viewpoint of the armed forces and the government regarding ABRI's development, its role, and its doctrine. Several works by Harold W. Maynard provide the most comprehensive look at Indonesian military organization, the *dwifungsi* concept, and the role of the military in Indonesian society.

Current reportage is available in the *Far Eastern Economic Review* [Hong Kong] and in the periodically updated "Current Data on the Indonesian Military Elite," compiled in Cornell University's journal *Indonesia*. Data on the size and composition of the armed forces are collected by the International Institute for Strategic Studies in its annual publication, *The Military Balance*, and in the annual United States Department of Defense *Congressional Presentation Document*.

Annual reports by Amnesty International and Asia Watch examine the state of human rights practices in Indonesia, as does the annual *Country Reports on Human Rights Practices* prepared for the United States Congress by the Department of State. (For further information and complete citations, see Bibliography.)

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Appendix

Table 1. Metric Conversion Coefficients and Factors

When you know	Multiply by	To find
Millimeters	0.04	inches
Centimeters	0.39	inches
Meters	3.3	feet
Kilometers	0.62	miles
Hectares (10,000 m ²)	2.47	acres
Square kilometers	0.39	square miles
Cubic meters	35.3	cubic feet
Liters	0.26	gallons
Kilograms	2.2	pounds
Metric tons	0.98	long tons
.....	1.1	short tons
.....	2,204	pounds
Degrees Celsius	1.8	degrees Fahrenheit
(Centigrade)	and add 32	

Table 2. Climatic Statistics, Selected Stations, 1990

Station	Precipitation (in millimeters)	Temperature (in degrees Celsius)		Humidity (average relative, in percentages)	
		Minimum	Maximum	Minimum	Maximum
Banda Aceh	250 *	21.3	33.3	85	90
Banjarmasin	169	20.0	34.7	79	89
Dili	110	20.2	32.2	64	78
Jakarta	133	22.0	33.4	73	82
Jayapura	320	23.8	31.4	77	81
Mataram	195	20.4	35.8	68	90
Medan	166	22.0	33.6	81	87
Palembang	254	23.0	33.2	79	89
Semarang	202	19.8	32.6	73	84
Surabaya	129	23.6	35.0	60	85
Ujungpandang	195	22.7	32.6	72	82
Yogyakarta	131	19.1	33.7	77	88

* 1989 data.

Source: Based on information from Indonesia, Central Bureau of Statistics, *Statistik Indonesia/Statistical Year Book of Indonesia, 1990*, Jakarta, January 1991, 14-19; and Indonesia, Central Bureau of Statistics, *Statistik Indonesia/Statistical Year Book of Indonesia, 1991*, Jakarta, January 1992, 14-19.

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Table 3. Population Growth and Density, Selected Years, 1920-90

Year	Population (in thousands)	Growth Rate (during previous decade)	Density (per square kilometer)
1920	49,344	n.a.	26
1930	60,593	n.a.	32
1940	70,112	n.a.	37
1950	76,571	n.a.	41
1961	97,019	n.a.	51
1971	119,208	2.10	62
1980	147,490	2.32	77
1990	179,379	1.98	93

n.a.—not available.

Source: Based on information from Netherlands Indies, Central Bureau of Statistics, Department of Economic Affairs, *Statistik Indonesia/Statistical Pocket Book of Indonesia, 1941*, Batavia, February 1941, 5; Indonesia, Central Bureau of Statistics, *Statistik Indonesia/Statistical Pocketbook of Indonesia, 1970 and 1971*, Jakarta, August 1971, 22-23; and Indonesia, Central Bureau of Statistics, *Statistik Indonesia/Statistical Year Book of Indonesia, 1991*, Jakarta, January 1992, 39-41.

Appendix

Table 4. Area, Population, and Density by Provincial-Level Unit, 1980 and 1990

Provincial-Level Unit	Area (in square kilometers)	Population (in thousands)		Density (per square kilometer)	
		1980	1990	1980	1990
Aceh	55,392	2,611	3,416	47	62
Bali	5,561	2,470	2,778	444	500
Bengkulu	21,168	768	1,179	36	55
Irian Jaya	421,981	1,174	1,641	3	4
Jakarta	590	6,503	8,254	11,023	13,990
Jambi	44,800	1,446	2,016	32	45
Jawa Barat	46,300	27,454	35,381	593	764
Jawa Tengah	34,206	25,373	28,522	742	834
Jawa Timur	47,921	29,189	32,504	609	678
Kalimantan Barat	146,760	2,486	3,239	17	22
Kalimantan Selatan	37,660	2,065	2,598	55	69
Kalimantan Tengah	152,600	954	1,396	6	9
Kalimantan Timur	202,440	1,218	1,877	6	9
Lampung	33,307	4,625	6,006	139	180
Maluku	74,505	1,411	1,856	19	25
Nusa Tenggara Barat	20,177	2,725	3,370	135	167
Nusa Tenggara Timur	47,876	2,737	3,269	57	68
Riau	94,561	2,169	3,306	23	35
Sulawesi Selatan	72,781	6,062	6,982	83	96
Sulawesi Tengah	69,726	1,290	1,711	18	25
Sulawesi Tenggara	27,686	942	1,350	34	49
Sulawesi Utara	19,023	2,115	2,479	111	130
Sumatera Barat	49,778	3,407	3,999	68	80
Sumatera Selatan	103,688	4,630	6,277	45	61
Sumatera Utara	70,787	8,361	10,256	118	145
Timor Timur	14,874	555	748	37	50
Yogyakarta	3,169	2,751	2,913	868	919
INDONESIA	1,919,317	147,490	179,379	77	93

Source: Based on information from Indonesia, Central Bureau of Statistics, *Statistik Indonesia/Statistical Handbook of Indonesia, 1991*, Jakarta, January 1992, 39-41.

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*Table 5. Religious Affiliation, 1980 and 1985
(in percentages)*

Religion	1980	1985 *
Muslim	87.1	86.9
Protestant	5.8	6.5
Catholic	3.0	3.1
Hindu	2.0	1.9
Buddhist	0.9	1.0
Other	1.2	0.6
TOTAL	100.0	100.0

* 1985 was the last year for which total figures on religious affiliation were made available by the Indonesian government.

Source: Based on information from Indonesia, Central Bureau of Statistics, *Statistik Indonesia/Statistical Handbook of Indonesia, 1986*, Jakarta, January 1987, 168-69.

Table 6. Religious Affiliation by Provincial-Level Unit, 1991
(in percentages)

Provincial-Level Unit	Muslim	Protestant	Catholic	Hindu	Buddhist	Other	Total ¹
Acch	97.75	1.50	0.25	0.02	0.47	0.01	100.00
Bali	5.22	0.58	0.47	93.18	0.55	—	100.00
Bengkulu	97.38	1.32	0.62	0.22	0.46	—	100.00
Irian Jaya	14.90	64.30	20.70	0.14	0.10	—	100.00
Jakarta	84.83	5.94	4.76	0.96	3.51	—	100.00
Jambi	92.16	0.73	0.73	0.20	0.34	5.84 ²	100.00
Jawa Barat	97.70	1.10	0.50	0.11	0.50	0.20	100.00
Jawa Tengah	95.50	2.20	1.60	0.20	0.40	0.10	100.00
Jawa Timur	96.70	2.00	0.70	0.40	0.20	—	100.00
Kalimantan Barat ...	54.02	9.00	19.29	0.12	2.70	14.87 ²	100.00
Kalimantan Selatan ..	97.61	0.82	0.34	0.30	0.20	0.73 ²	100.00
Kalimantan Tengah ..	67.70	15.40	1.00	15.80	0.10	—	100.00
Kalimantan Timur ..	85.68	9.54	4.01	0.22	0.55	—	100.00
Lampung	94.40	1.60	1.00	2.37	0.60	0.10	100.00
Maluku	54.80	40.90	4.00	0.10	0.10	0.1	100.00
Nusa Tenggara							
Barat	95.90	0.60	0.40	2.90	0.10	0.1	100.00
Nusa Tenggara							
Timur	9.80	27.60	54.20	0.11	0.15	8.4	100.00
Riau	87.30	2.30	0.50	1.31	7.30	2.70	100.00
Sulawesi Selatan	88.40	8.50	1.40	0.50	0.30	1.00	100.00
Sulawesi Tengah	76.00	20.30	0.30	2.80	0.20	0.4	100.00
Sulawesi Tenggara ...	98.00	1.30	0.30	0.40	0.05	—	100.00
Sulawesi Utara	44.10	49.10	2.90	0.58	0.20	0.1	100.00
Sumatera Barat	97.90	0.90	0.90	0.20	0.30	—	100.00
Sumatera Selatan	94.30	1.30	1.10	0.30	1.80	1.30	100.00
Sumatera Utara	63.22	27.96	4.60	0.41	3.68	0.13	100.00
Timor Timur	1.70	2.60	91.40	0.30	0.10	3.90 ²	100.00
Yogyakarta	91.20	3.50	5.00	0.30	0.10	—	100.00

— means negligible.

¹ Figures may not add to totals because of rounding. The source of the information used in this table did not provide totals. The last year for which total figures on religious affiliation were made available by the Indonesian government is 1985.

² No "other" category was reported. The figure represents the estimated difference between the total of the other religions and 100 percent when data provided by the source did not add to 100.

Source: Based on information from Indonesia, Department of Information, Directorate of Foreign Information Services, *Indonesia 1992: An Official Handbook*, Jakarta, 1992, 55-72.

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Table 7. Participation in Popular Culture Activities, 1987
(in percentages of population ten years of age and over on weekly basis)

Type of Activity	Percentage
Watching television	64.4
Listening to radio	63.1
Participating in social organizations	49.8
Playing or watching sports	31.7
Reading newspapers and magazines	21.6
Attending cultural performances	8.4
Watching motion pictures	5.2

Source: Based on information from Indonesia, Central Bureau of Statistics, *Statistik Indonesia/Statistical Handbook of Indonesia, 1991*, Jakarta, January 1992, 134-35.

Table 8. Principal Ethnic Groups by Island, 1983

Major Island or Island Group * Island or Region Ethnic Group	Major Island or Island Group * Island or Region Ethnic Group
Sumatra	Enggano
Northern Sumatra	Enggano
Acehnese	
Angkola	Java
Batak	Javanese
Dairi	Sundanese
Gayo	
Karo	Madura
Kluet Alas	Madurese
Mandailing	
Pak-pak	Bali
Simlungen	Balinese
Singkil	
Toba	Nusa Tenggara
	Alor
Central Sumatra	Abui
Kerinci	Kabola
Melayu	Kafoa
Minangkabau	Kelon
Rejang	Kui
	Woisika
Southern Sumatra	Babar
Javanese	Babar
Komerling	Flores
Lampung	Ende-Li'o
Islands southwest of Sumatra	Kedang
Simeulue	Lamaholot
Simeulue	Manggarai
Nias	Ngada
Nias	Palu'e
Mentawai	Riung
Mentawai	Sikka

Table 8.—Continued

Major Island or Island Group * Island or Region Ethnic Group	Major Island or Island Group * Island or Region Ethnic Group
Nusa Tenggara (continued)	Jagoi
Leti	Kahayan
Leti	Kapuas (Ngaju)
Lombok	Katingan
Balinese	Kendayan
Sasak	Lara'
Pantar	Maanyan
Blagar	Mbaloh
Lama	Melanau
Nedebang	Merau
Tewa	Ot Danum
Roti	Siang
Roti	Silakau
Savu	Singgie
Savu	Tunjung
Sumba	
Anakalang	Southern Kalimantan
Kambara	Ancalong
Kodi	Banjar
Laboya	Dayak
Mamboru	Kutai
Wanukaka	Lawangan
Weyewa	Melayu
Sumbawa	Meratus (Bukit)
Bima	Ngaju Dayak
Sumbawa	Pasir
Timor	Tenggarong
Atoni	
Galoli	Sulawesi
Kemak	Northern Sulawesi
Makasai	Bintauna
Mambai	Bola'ang Mongondow
Tetum	Gorontalo
Tukudede	Kaidipang
	Minahasa
	Mongondow
Kalimantan	Tombulu
Northeastern Kalimantan	Tondano
Apokayan	Tonsawang
Bajau	Tonsea
Dusun	Tontemboan
Kenyah	
Modang	Central and Southern Sulawesi
Murut	Bada
Punan	Balantak
Tidung	Balesan
	Bugis
Central Kalimantan	Bungku
Bakumpai	Dompelasa
Biatah	Dondo
Bukar Sadong	Kaili
Dohoi	Kasimbar
Iban	Mamuju

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Table 8.—Continued

Major Island or Island Group * Island or Region Ethnic Group	Major Island or Island Group * Island or Region Ethnic Group
Sulawesi (continued)	Nuaulu
Mandar	Sepa-Teluti
Mori	Watubela
Pamona (Bare'e)	Wemale
Saluan	Sula
Sama	Sula
Tolitoli	Taliabo
Tomini	Taliabo
Toraja	Tanimbar
	Tanimbar
Maluku Islands	Ternate
Ambon	Ternate
Ambonese	Tidore
Aru	Tidore
Kola	
Ujir	Irian Jaya
Wokam	Asmat
Banda	Boazi
Bandanese	Dani
Biak	Dumut
Biak	Ekagi
Buru	Kemtuk
Buru	Kilmeri
Halmahera	Kwerba
Galela	Marind
Kalabra	Mekwei-Gresi-Kansu
Loloda	Mianmin
Modole	Moni
Pagu	Ngali
Sahu	Nimboran
Tehit	Ok
Tobaru	Papasena
Tobelo	Saberi (Isirawa)
Kai	Sempan
Kai	Sentani
Makian	Taikat
Makian	Tanamerah
Seram	Tor
Alune	Uhunduni
Geser	Waris
Hitu	Wodani
Manusela	Yotafa (Tobati)

* The major islands and island groups in this list are arranged geographically, generally from west to east. The category of Coastal Malays, which includes various groups listed in this table, are people found in northern and southern Sumatra and on the coast of Kalimantan.

Source: Based on information from Stephen A. Wurm and Shirō Hattori (eds.), *Language Atlas of the Pacific Area*, Canberra, 1981-83, 38-45; Frank M. LeBar (ed.), *Ethnic Groups of Insular Southeast Asia*, New Haven, 1972-75, various pages; and Indonesia, Department of Education and Culture, Directorate of History and Traditional Values, *Peta suku bangsa di Indonesia* (Geographic Distribution of Ethnic Groups in Indonesia), Jakarta, 1991, various pages.

Appendix

Table 9. Enrollment by Level of Education and Sex,
1987 and 1990
(in millions of students)

Level of Education	1987		1990	
	Males	Females	Males	Females
Primary school	12.76	12.17	12.82	12.34
Junior high school	4.72	4.10	4.21	3.76
Senior high school	2.85	2.33	2.58	2.15
Postsecondary institution	1.33	0.87	1.45	0.97

Source: Based on information from Indonesia, Central Bureau of Statistics, *Statistik Indonesia/Statistical Year Book of Indonesia, 1991*, Jakarta, January 1992, 103.

Table 10. Enrollment in Private and Semiprivate Schools
by Region, Level of Education, and Sex, 1985
(in percentages)

Region	Primary School		Junior High School		Senior High School	
	Males	Females	Males	Females	Males	Females
Sumatra	10	12	8	12	6	10
Java	15	18	13	14	10	10
Bali and Nusa Tenggara	4	4	7	8	1	1
Kalimantan	10	11	12	15	9	11
Sulawesi	5	6	7	11	7	10
Maluku and Irian Jaya	3	3	3	4	7	8
INDONESIA	13	15	11	13	9	10

Source: Based on information from Mayling Oey-Gardiner, "Gender Differences in Schooling in Indonesia," *Bulletin of Indonesian Economic Studies*, April 1991, 63.

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*Table 11. Health Care Use by Level of Education, 1986
(rate per year)*

Type of Use	Level of Education		
	None	Primary School	Secondary School
Hospital admissions (per 1,000 persons)	7.04	11.75	21.14
Outpatient visits (per person)			
Government hospitals	0.023	0.467	0.567
Private hospitals	0.003	0.042	0.071
Health centers	0.224	0.241	0.234
Private clinics	0.001	0.005	0.005
Physicians	0.044	0.088	0.186
Paramedics	0.084	0.085	0.060

Source: Based on information from World Bank, *Indonesia: Health Planning and Budgeting*, Washington, 1991, 8.

Table 12. Infant Mortality Rates by Level of Education of Mother, 1990

Level of Education	Mortality Rate (per 1,000 live births)
None	98.8
Some primary school	82.5
Primary school completed	60.1
Secondary and postsecondary institution	33.9
National average	75.2

Source: Based on information from World Bank, *Indonesia: Health Planning and Budgeting*, Washington, 1991, 4.

*Table 13. Comparative Health Care Expenditure Ratios,
ASEAN Countries, Selected Years, 1981-85¹*

Country	Year	Percentage of Central Government Expenditure	Percentage of GDP ²	Per Capita Income ³
Brunei	1984	0.03	0.01	140.34
Indonesia	1985	2.56	0.56	3.37
Malaysia	1981	4.39	1.36	23.40
Philippines	1985	5.95	0.63	3.75
Singapore	1985	6.47	1.78	122.29
Thailand	1985	5.69	1.20	8.98

¹ ASEAN—Association of Southeast Asian Nations (see Glossary).

² GDP—gross domestic product (see Glossary).

³ In United States dollars.

Source: Based on information from World Bank, *Indonesia: Health Planning and Budgeting*, Washington, 1991, 14; and Brunei, Ministry of Finance, Economic Planning Unit, Statistic Division, *Brunei Darussalam Statistical Yearbook, 1990*, Bandar Seri Begawan, 1991, 189, 196-97.

Table 14. Comparative Mortality Projections, ASEAN Countries, 1990-94 and 2000-04¹

Country	Infant Mortality (per 1,000 live births) ²		Life Expectancy at Birth	
	1990-94	2000-04	1990-94	2000-04
Brunei	10	7	76.3	79.2
Indonesia	55	34	63.0	68.1
Malaysia	20	13	70.8	73.6
Philippines	38	26	64.9	68.3
Singapore	6	5	74.9	77.4
Thailand	25	16	66.9	70.8
ASEAN average	26	17	69.5	72.9
East and Southeast Asia average	32	21	69.8	72.7

¹ ASEAN—Association of Southeast Asian Nations (see Glossary).

² Of every 1,000 live births, the number that would die before their first birthday.

Source: Based on information from Eduard Bos, Patience W. Stephens, My T. Vu, and Rodolfo A. Bulatao, *Asia Region Population Projections: 1990-91 Edition*, Washington, February 1991, 13, 43, 59, 75, 95, 97, and 105.

Table 15. Balance of Payments,
Selected Years, 1982-90 *
(in billions of United States dollars)

	1982	1984	1986	1988	'889	1990
Merchandise trade						
Exports	19.7	20.8	14.4	19.5	23.0	26.8
Imports	-17.9	-15.0	-11.9	-13.8	-16.3	-20.7
Trade balance	1.9	5.7	2.5	5.7	6.7	6.1
Net services	-4.4	-3.7	-3.4	-3.2	-3.6	-3.9
Net factor income	-3.0	-4.1	-3.2	-4.1	-4.5	-4.8
Transfers	0.1	0.2	0.3	0.3	0.3	0.2
Current account						
balance	-5.3	-1.9	-3.9	-1.4	-1.1	-2.4
Foreign direct investment ..	0.2	0.2	0.3	0.6	0.7	1.0
Portfolio investment	0.3	0.0	0.3	-0.1	-0.2	0.0
Official borrowings	3.7	2.9	2.6	1.9	2.8	0.8
Other borrowings	1.4	0.3	1.0	-0.2	-0.4	2.0
Capital account						
balance	5.6	3.4	4.2	2.2	2.9	3.8
Errors and omissions	-2.2	-0.6	-1.3	-0.9	-1.4	0.9
Counterpart items	0.0	0.0	0.0	-0.1	0.0	-0.2
Change in reserves (minus means increase) ..	-1.9	1.0	-1.0	-0.2	0.4	2.1

* Figures may not compute to balances because of rounding.

Source: Based on information from International Monetary Fund, *International Financial Statistics Yearbook, 1991*, Washington, 1992, 434-35.

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Table 16. Structure of Gross Domestic Product by Sector at Current Prices, Selected Years, 1967-89¹ (in percentages)

Sector	1967	1971	1980	1984	1989 ²
Agriculture, forestry, and fishing					
Farm food crops	35.5	n.a.	14.0	14.0	14.5
Smallholder plantation crops	5.4	n.a.	n.a.	3.1	2.9
Estate plantation crops	2.2	n.a.	n.a.	0.7	0.8
Livestock	3.9	n.a.	n.a.	2.3	2.5
Forestry	0.7	n.a.	n.a.	1.0	1.0
Fishing	6.4	n.a.	n.a.	1.5	1.8
Total agriculture, forestry, and fishing	54.1	44.8	24.8	22.6	23.4
Mining					
Oil and LNG ³	n.a.	n.a.	n.a.	17.7	11.7
Other	n.a.	n.a.	n.a.	1.1	1.4
Total mining	2.7	8.0	25.7	18.9	13.1
Manufacturing					
Non-oil and LNG	n.a.	n.a.	n.a.	10.5	15.1
Oil refinery	n.a.	n.a.	n.a.	1.1	1.3
LNG	n.a.	n.a.	n.a.	3.0	2.0
Total manufacturing	7.3	8.4	11.6	14.6	18.4
Utilities	0.3	0.5	0.5	0.4	0.6
Construction	1.7	3.5	5.6	5.3	5.3
Commerce	17.6	16.1	14.1	14.9	17.0
Transportation and communications	2.2	4.4	4.3	5.6	5.5
Financial services	0.5	1.2	1.7	3.4	3.9
Public administration and defense	4.8	5.8	6.9	7.2	6.7
Other services	8.8	7.2	4.8	7.0	6.0
TOTAL	100.0	100.0	100.0	100.0	100.0
(in billions of rupiahs) ⁴	848	3,672	45,446	89,750	166,324
Private consumption	92.7	77.2	60.5	60.2	53.4
Government consumption	7.4	9.3	10.3	10.2	9.4
Gross investment	8.0	15.8	20.9	26.0	34.7
Net exports	-8.1	-2.2	8.3	3.5	2.5
Net factor payments	-1.1	-1.8	-4.4	-4.7	-4.9

n.a.—not available.

¹ Figures may not add to totals because of rounding.

² Preliminary.

³ LNG—liquefied natural gas.

⁴ For value of the rupiah—see Glossary.

Source: Based on information from Bank Indonesia, *Report for the Financial Year*, Jakarta, 1975, 1984, 1989, and 1990, various pages.

Table 17. Structure of Gross Domestic Product by Sector at Constant Prices,
Selected Years, 1967-89
(in percentages)

Sector	1967	1971	1980 ¹	1984 ²	1989 ³
Agriculture, forestry, and fishing . . .	51.8	43.6	30.7	22.2	20.6
Mining	3.8	9.8	9.3	20.6	15.6
Manufacturing	8.3	8.8	15.3	14.6	18.5
Utilities	0.4	0.4	0.7	0.4	0.6
Construction	1.6	3.1	5.7	5.3	5.5
Transportation and communications	3.6	3.8	5.5	5.4	5.3
Other services	30.5	30.6	32.9	31.5	34.0
TOTAL ⁴	100.0	100.0	100.0	100.0	100.0
Private consumption	85.3	72.1	79.4	59.0	52.6
Government consumption	8.0	9.5	13.3	10.1	10.2
Gross investment	7.4	15.5	25.9	27.3	27.8
Net exports	-0.7	2.9	-18.7	3.6	9.4

¹ Calculated in 1973 prices.

² Calculated in 1983 prices.

³ Preliminary and calculated in 1983 prices.

⁴ Figures may not add to totals because of rounding.

Source: Based on information from Bank Indonesia, *Report for the Financial Year*, Jakarta, 1975, 1984, 1989, and 1990, various pages.

Table 18. Central Government Budget, Selected Periods, Fiscal Years 1979-92¹
(in percentages)

	Repelita	Repelita V, 1989-93	
	III 1979-83	1989	1990 ² 1991 ² 1992 ²
	Repelita	Repelita V, 1989-93	
	IV 1984-88	1989	1990 ² 1991 ² 1992 ²
Revenues			
Domestic revenues	56.6	29.5	25.2 29.7 24.9
Oil and gas revenues	9.7	14.4	15.2 15.9 19.5
Income tax	4.3	15.3	15.9 16.3 19.7
Value-added and sales taxes ³	3.6	4.2	4.6 5.1 5.4
Import duties	4.1	3.9	4.5 4.4 4.4
Excise tax	1.5	0.5	0.3 0.2 0.1
Export tax	0.7	0.7	0.7 1.7 1.8
Land and building tax	1.1	1.5	1.4 0.7 2.1
Other taxes	2.7	5.4	6.0 5.6 5.2
Nontax revenue	84.3	75.3	73.7 79.5 82.9
Development funds⁴			
Program aid	0.3	2.6	6.7 3.0 0.9
Project aid	15.4	22.1	19.6 17.5 16.2
Total development funds	15.7	24.7	26.3 20.5 17.1
Total revenues	100.0	100.0	100.0 100.0 100.0

Table 18.—Continued

	Repelita III 1979-83	Repelita IV 1984-88	Repelita V, 1989-93		
			1989	1990 ²	1991 ² 1992 ²
Expenditures					
Routine expenditures					
Personnel	16.4	16.9	16.2	16.1	15.3 16.3
Material	6.4	5.4	4.5	4.0	4.4 4.3
Regional subsidies	8.6	10.4	9.3	9.9	9.2 9.4
Debt service	8.6	24.4	31.3	30.3	28.4 28.3
Other	8.5	1.8	2.4	1.9	3.1 0.8
Total routine expenditures	48.6	59.0	63.8	62.2	60.4 59.2
Development expenditures	51.4	41.0	36.2	37.8	39.6 40.8
Total expenditures	100.0	100.0	100.0	100.0	100.0 100.0
(Total expenditures in trillions of rupiahs) ³	66.4	124.0	38.2	42.9	50.6 56.1
(Total expenditures as percentage of GDP) ⁶	24.3	22.2	22.9	21.7	n.a. n.a.

n.a.—not available.

¹ Figures may not add to totals because of rounding.² Budget, not actual, figures.³ For definition of value-added tax—see Glossary.⁴ Derived from foreign aid and borrowing.⁵ For value of the rupiah—see Glossary.⁶ GDP—gross domestic product (see Glossary), based on calendar year.Source: Based on information from Indonesia, Central Bureau of Statistics, *Statistik Indonesia/Statistical Year Book of Indonesia, 1990*, Jakarta, January 1991, 437-38; Bank Indonesia, *Report for the Financial Year 89-90*, Jakarta, 1990, 55; and Bank Indonesia, *Report for the Financial Year 83-84*, Jakarta, 1984.

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*Table 19. Composition of Merchandise Imports, Selected Years, 1982-90
(in percentages)*

Commodity	1982	1984	1986	1988	1989	1990
Food and beverages	12.7	6.5	7.2	7.7	7.6	5.1
Raw materials	3.5	3.9	4.1	5.4	5.4	4.7
Fuels	16.2	19.5	10.3	7.2	7.7	8.9
Ores and metals	2.4	2.6	4.3	3.9	4.4	5.0
Machinery and equipment ...	33.5	36.3	38.4	38.7	37.7	42.7
Other	31.4	30.5	35.3	36.5	36.8	33.6
TOTAL *	100.0	100.0	100.0	100.0	100.0	100.0
(in billions of United States dollars)	10.8	13.9	10.7	13.2	16.4	21.8

* Figures may not add to totals because of rounding.

Source: Based on information from Indonesia, Central Bureau of Statistics, *Statistik perdagangan luar negeri Indonesia: Impor* (Indonesian Foreign Trade Statistics: Imports), Jakarta, 1985, 1987, and 1991, various pages; and United Nations Conference on Trade and Development, *Handbook of International Trade and Development Statistics, 1990*, New York, 1991, 169.

Table 20. *Composition of Merchandise Exports,
Selected Years, 1982-90*
(in percentages)

Commodity	1982	1984	1986	1988	1989	1990
Agricultural products						
Rubber	2.7	4.3	4.8	6.5	4.6	3.3
Coffee	1.5	2.6	5.6	2.9	2.2	1.5
Palm oil	0.5	0.5	0.8	2.3	1.8	1.2
Timber	2.5	1.7	1.9	3.1	4.1	1.1
Other	3.4	4.9	8.2	9.2	8.6	9.1
Total agricultural products	10.6	14.0	21.3	24.0	21.3	16.2
Crude minerals and nonferrous metals						
Petroleum and petroleum products	69.4	57.0	37.2	27.0	27.3	28.8
Natural gas	13.0	16.2	18.8	13.0	11.8	14.3
Aluminum	0.1	1.0	1.3	1.6	1.6	0.9
Tin	1.6	1.2	1.0	0.9	1.1	0.7
Other	1.4	1.5	2.4	4.0	4.1	3.5
Total crude minerals and nonferrous metals	85.5	76.9	60.7	46.5	45.9	48.2
Manufactures						
Plywood	1.4	3.6	7.6	11.7	10.9	10.9
Clothing	0.5	1.4	3.5	4.1	5.3	6.4
Fabric and yarns	0.2	0.9	2.1	3.5	3.8	4.8
Footwear	0.0	0.0	0.0	0.4	1.0	2.2
Furniture	0.0	0.0	0.1	0.4	0.8	1.1
Other	1.7	3.2	4.7	9.4	11.1	10.2
Total manufactures	3.8	9.1	18.0	29.5	32.9	35.6
TOTAL *	100.0	100.0	100.0	100.0	100.0	100.0
(in billions of United States dollars)	22.3	21.9	14.8	19.2	22.2	25.7

* Figures may not add to totals because of rounding.

Source: Based on information from Indonesia, Central Bureau of Statistics, *Statistik perdagangan luar negeri Indonesia: Ekspor* (Indonesian Foreign Trade Statistics: Exports), Jakarta, 1983, 1985, 1987, 1989, and 1991, various pages.

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Table 21. Merchandise Imports by Country, Selected Years, 1982-90¹
(in percentages)

Country	1982	1984	1986	1988	1989	1990
Asia						
Japan	25.4	23.8	29.2	25.4	23.3	24.9
ASEAN countries ²						
Singapore	16.7	12.9	9.0	6.6	6.3	5.8
Philippines	0.3	0.6	0.5	2.2	2.3	1.3
Thailand	1.4	0.1	0.5	0.3	0.4	0.3
Malaysia	1.2	0.4	0.7	0.7	1.3	0.8
Brunei	—	—	—	—	—	—
Total ASEAN countries	19.6	14.0	10.5	9.8	10.3	8.2
China	1.4	1.6	3.1	3.0	3.3	3.0
Other (includes South Korea and Taiwan)	6.8	5.9	6.8	9.8	12.1	13.4
Total Asia	53.2	45.3	49.6	48.0	49.0	49.5
Western Hemisphere						
United States	14.3	18.4	13.8	12.9	13.5	11.5
Other	1.7	3.3	3.6	3.8	4.6	4.2
Total Western Hemisphere	16.0	21.7	17.4	16.7	18.1	15.7
Europe						
EEC countries ³						
West Germany	7.1	5.9	6.7	6.7	5.6	6.9
France	3.4	3.1	2.6	3.6	2.5	3.0
Britain	2.6	2.1	3.2	2.5	2.2	2.0
Netherlands	1.1	1.9	1.8	2.0	1.6	2.6
Other	2.1	2.3	2.9	4.5	3.9	4.3
Total EEC countries	16.3	15.3	17.2	19.3	15.8	18.8
Other	3.7	3.1	3.8	4.2	4.1	3.8
Total Europe	20.0	18.4	21.0	23.5	19.9	22.6
Middle East	6.9	9.9	6.3	5.0	4.9	5.0
Australia and New Zealand ..	2.7	3.2	4.5	5.0	6.3	6.0
Other	1.2	1.2	1.3	1.8	2.0	1.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

— means negligible.

¹ Figures may not add to totals because of rounding.

² ASEAN—Association of Southeast Asian Nations (see Glossary).

³ EEC—European Economic Community.

Source: Based on information from International Monetary Fund, *Direction of Trade Statistics Yearbook, 1989*, Washington, 1990, 224-25; and International Monetary Fund, *Direction of Trade Statistics Yearbook, 1991*, Washington, 1992, 224-25.

Table 22. Merchandise Exports by Country,
Selected Years, 1982-90¹
(in percentages)

Country	1982	1984	1986	1988	1989	1990
Asia						
Japan	50.1	47.3	44.9	41.7	42.2	42.5
ASEAN countries ²						
Singapore	14.0	9.7	8.4	8.5	8.2	7.4
Philippines	1.3	0.8	0.7	0.4	0.7	0.6
Malaysia	0.3	0.4	0.6	0.9	1.0	1.0
Thailand	0.1	0.4	0.6	0.8	1.1	0.7
Brunei	—	—	—	—	—	—
Total ASEAN countries	15.7	11.3	10.3	10.6	11.0	9.7
China	0.1	—	0.9	2.5	2.4	3.2
Other (includes South Korea and Taiwan)	4.6	6.3	8.0	10.9	10.4	12.2
Total Asia	70.5	64.9	64.1	65.7	66.0	67.6
Western Hemisphere						
United States	15.9	20.6	19.6	16.2	15.8	13.1
Other	4.2	4.9	1.6	0.8	0.7	0.9
Total Western Hemisphere	20.1	25.5	21.2	17.0	16.5	14.0
Europe						
EEC countries ³						
Netherlands	1.2	1.5	3.1	3.3	3.1	2.8
West Germany	1.1	1.1	2.3	2.4	2.2	2.9
Britain	0.6	0.8	1.3	1.8	1.7	2.0
France	0.3	0.2	0.6	0.9	0.9	1.1
Other	0.9	1.4	2.1	2.8	2.6	2.9
Total EEC countries	4.1	5.0	9.4	11.2	10.5	11.7
Other	0.4	1.0	1.3	1.0	1.3	1.1
Total Europe	4.5	6.0	10.7	12.2	11.8	12.8
Australia and New Zealand ..	4.2	2.3	1.6	1.7	2.0	1.9
Middle East	0.5	0.8	1.5	2.2	2.6	2.9
Other	0.2	0.4	1.1	1.1	1.0	0.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

— means negligible.

¹ Figures may not add to totals because of rounding.

² ASEAN—Association of Southeast Asian Nations (see Glossary).

³ EEC—European Economic Community.

Source: Based on information from International Monetary Fund, *Direction of Trade Statistics Yearbook, 1989*, Washington, 1990, 224-25; and International Monetary Fund, *Direction of Trade Statistics Yearbook, 1991*, Washington, 1992, 224-25.

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Table 23. Production Trends for Agriculture, Forestry, and Fishing, 1977-79 and 1987-89 (in thousands of tons unless otherwise indicated)

Commodity	1977-79	1987-89 ¹	Growth Rate ²
	Annual Average	Annual Average	
Cassava	13,047	15,272	1.6
Cloves	32	78	9.5
Coconut (copra)	1,558	2,183	3.4
Coffee	216	409	6.6
Corn	3,593	6,107	5.4
Cotton	1	20	37.6
Eggs	149	471	12.2
Fish, freshwater	421	710	5.4
Fish, saltwater	1,234	2,148	7.3
Meat	476	941	7.0
Milk (in millions of liters)	65	259	14.8
Palm kernels	101	326	12.4
Palm oil	552	1,713	12.0
Peanuts	426	557	2.7
Pepper	45	55	1.9
Rice, hulled	17,091	28,345	5.2
Rubber	860	1,256	3.9
Soybeans	607	1,230	7.3
Sugarcane	1,518	2,189	3.7
Sweet potatoes	2,246	2,082	-0.8
Tea	97	139	3.6
Teak (in thousands of cubic meters) ³	514	737	4.1
Tobacco	84	125	4.1
Other timber (in thousands of cubic meters) ³	24,714	27,202	1.1

¹ Preliminary data for 1988 and 1989.

² Growth rate calculated as annual rate compounded from 1977-79 to 1987-89 or 1986-88.

³ Final figures for 1987-88 and preliminary data for 1989.

Source: Based on information from Indonesia, Department of Finance, *Nota keuangan dan rancangan anggaran pendapatan dan belanja negara: tahun, 1990-91* (Financial Note and Estimated National Budget, Fiscal Year 1990-91), Jakarta, 1990, 312-13, 359.

Appendix

Table 24. Distribution of Food Crop Production by Region, 1990¹
(in percentages)

Region and Province	Irrigated Rice Paddy	Dryland Rice Paddy	Corn	Cassava	Sweet Potatoes	Peanuts	Soybeans
Java							
Jawa Barat ..	23.4	16.6	4.3	13.1	23.9	18.7	6.5
Jawa Timur ..	18.7	9.5	38.3	23.4	12.5	22.7	31.7
Jawa Tengah .	18.0	6.9	22.5	22.3	12.3	20.6	16.0
Other	1.3	4.3	1.7	4.5	0.7	6.0	4.6
Total Java .	61.4	37.2	66.8	63.3	49.4	68.0	58.8
Sumatra							
Sumatera							
Utara	5.8	5.9	2.8	2.2	7.0	2.6	1.9
Sumatera							
Selatan	2.8	8.5	0.4	2.1	1.8	1.9	1.0
Lampung	2.6	9.9	7.4	10.3	1.8	1.9	7.8
Other	8.9	10.1	2.1	3.6	7.1	8.0	13.0
Total							
Sumatra ..	20.1	34.4	12.7	18.2	17.7	14.4	23.7
Sulawesi	9.2	4.0	10.7	5.7	8.3	7.9	6.5
Kalimantan	4.1	17.3	0.7	2.9	4.6	2.8	0.8
Nusa Tenggara and Timor							
Timur	3.2	6.3	7.3	6.6	8.5	4.3	7.8
Bali	2.0	0.2	1.4	1.8	4.6	2.0	2.2
Maluku and Irian Jaya							
Jaya	0.1	0.5	0.4	1.5	7.0	0.6	0.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total production (in millions of tons)	42.8 ²	2.4 ²	6.7	15.8	2.0	0.6	1.5
Total area (in millions of hectares)	9.4	1.1	3.2	1.3	0.2	0.6	1.3

¹ Figures may not add to totals because of rounding.

² Production measured in dry-stalk paddy.

Source: Based on information from Indonesia, Central Bureau of Statistics, *Buletin ringkas* (Summary Bulletin), Jakarta, January 1992, 96-98.

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*Table 25. Production and Exports of Estate Crops,
Selected Years, 1978-89
(in thousands of tons)*

Crop	1978	1982	1987	1988	1989
Cloves	21	32	70	76	84
Coconut (copra)					
Smallholders	1,554	1,707	2,054	2,083	2,268
Private estates	21	11	20	16	35
Government estates	—	—	24	25	25
Total coconut (copra)	1,575	1,718	2,098	2,124	2,328
(Exports)	324	337	381	387	n.a.
Coffee					
Smallholders	206	262	368	375	412
Private estates	7	6	8	11	11
Government estates	10	13	13	13	17
Total coffee	223	281	389	399	440
(Exports)	222	234	286	299	n.a.
Cotton	1	18	18	20	23
Palm kernels					
Private estates	22	47	76	76	104
Government estates	72	110	243	280	300
Total palm kernels	94	157	319	356	404
(Exports)	7	6	4	1	n.a.
Palm oil					
Private estates	165	285	352	362	496
Government estates	367	599	1,154	1,328	1,446
Total palm oil	532	884	1,506	1,690	1,942
(Exports)	412	231	648	853	n.a.
Pepper	46	34	49	56	59
(Exports)	38	37	30	41	n.a.
Rubber					
Smallholders	612	585	795	902	943
Private estates	110	125	135	157	161
Government estates	162	189	200	236	239
Total rubber	884	899	1,130	1,295	1,343
(Exports)	918	861	1,092	1,132	n.a.
Sugarcane					
Smallholders	485	1,352	1,654	1,743	1,817
Private estates	71	72	109	111	108
Government estates	960	195	323	347	354
Total sugarcane	1,516	1,619	2,086	2,201	2,279

Table 25.—Continued

Crop	1978	1982	1987	1988	1989
Tea					
Smallholders	17	17	25	26	32
Private estates	15	16	21	26	26
Government estates	59	61	80	84	97
Total tea	91	94	126	136	155
(Exports)	61	76	90	93	n.a.
Tobacco					
Smallholders	68	97	110	116	140
Government estates	13	9	3	3	3
Total tobacco	81	106	113	119	143
(Exports)	27	19	19	18	n.a.

— means negligible.
n.a.—not available.

Source: Based on information from Indonesia, Department of Finance, *Nota keuangan dan rancangan anggaran pendapatan dan belanja negara: tahun, 1990-91* (Financial Note and Estimated National Budget, Fiscal Year 1990-91), Jakarta, 1990, 328-33.

Table 26. Production of Major Manufactures,
Fiscal Years 1978, 1985, and 1989

Commodity	Unit of Measure	1978	1985	1989 ¹
Fuels				
Refined petroleum fuels ²	millions of barrels	n.a.	131	172
Liquefied natural gas	trillions of BTUs ³	192	789	1,001
Wood products				
Plywood	thousands of cubic meters	424	4,715	7,692
Sawn timber	-do-	2	9,437	10,854
Chemicals				
Urea fertilizer	thousands of tons	1,437	3,690	4,596
Non-urea fertilizer	-do-	141	1,533	1,850
Cement	-do-	3,629	10,027	15,636
Paper	-do-	155	516	1,133
Textiles				
Fabric	millions of meters	1,576	2,498	4,494
Yarn	thousands of bales	837	1,877	3,438
Equipment and vehicles⁴				
Tires, automobile	thousands of units	2,540	4,086	7,377
Tires, motorcycle	-do-	1,658	2,313	5,490
Automobiles	-do-	109	140	177

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Table 26.—Continued

Commodity	Unit of Measure	1978	198	1989 ¹
Motorcycles	-do-	331	227	281
Pesticide sprayers	-do-	37	229	284
Diesel engines	-do-	30	42	47
Airplanes	units	16	8	7
Helicopters	-do-	16	7	5
Hand tractors	-do-	280	973	5,645
Hullers	-do-	2,200	2,771	1,272
Metal products				
Sponge iron	thousands of tons	—	1,086	1,442
Steel ingot	-do-	80	1,023	1,736
Other steel products	-do-	518	1,350	2,028
Galvanized iron sheet	-do-	185	274	156
Aluminum plate	-do-	10	27	27
Steel vessels	thousands of BRTs ⁵	12	18	22
Other				
<i>Kretex</i> cigarettes	billions of pieces	43,500	84	129
White cigarettes	-do-	25,700	24	17
Refined coconut oil	thousands of tons	319	396	486
Olein	-do-	38	490	847
Soap and detergent	-do-	263	306	368
Electric cords	-do-	16	58	65
Cassette players	thousands of units	2,024	2,236	2,876
Television sets	-do-	733	750	797
Refrigerators	-do-	90	149	138
Sewing machines	-do-	600	171	34
Storage batteries	-do-	690	5,688	6,412
Dry-cell batteries	millions of units	420	952	1,077
Light bulbs	-do-	30	86	138
Toothpaste	millions of tubes	109	351	589
Matches	millions of boxes	540	2,214	2,837

— means negligible

n.a.—not available.

¹ Preliminary data.

² Calendar year.

³ BTU—British Thermal Units.

⁴ Mostly assembly.

⁵ BRT—Brute Registered Tons.

Source: Based on information from Bank Indonesia, *Report for the Financial Year, 89-90*, Jakarta, 1990, 124; Bank Indonesia, *Report for the Financial Year, 83-84*, Jakarta, 1984, 120; and United States, Embassy in Jakarta, *The 1991 Petroleum Report: Indonesia*, Jakarta, 1991, 127.

Appendix

Table 27. Production of Major Minerals, Selected Years, 1976-88
(in thousands of tons unless otherwise indicated)

Mineral	1976-78 Average	1986-88 * Average	Minimum	Maximum	
			Production Year	Production Year	Amount
Crude oil (in millions of barrels)	591	507	1969	1978	589
Natural gas (in millions of standard cubic feet)	615	1,768	1974	1988	1,887
Tin ore concentrate	26	28	1969	1981	36
Copper concentrate	199	273	1972	1988	303
Nickel ore	1,424	1,781	1969	1988	1,882
Bauxite	1,078	586	1988	1971	1,288
Coal	229	3,645	1974	1988	5,196
Iron sands concentrate	246	193	1970	1974	349
Silver (in tons)	3	60	1983	1988	64
Gold (in kilograms)	274	4,126	1981	1988	5,050

* Preliminary data for 1988.

Source: Based on information from Indonesia, Department of Finance, *Nota keuangan dan rancangan anggaran pendapatan dan belanja negara: tahun, 1990-91* (Financial Note and Estimated National Budget, Fiscal Year 1990-91), Jakarta, 1990, 397-99, 402-14.

Table 28. New Order Election Results, 1971-92

Party	1971	1977	1982	1987	1992
Golkar ¹	62.8	62.1	64.3	73.2	68.0
PPP ²	27.1 ³	29.3	27.8	16.0	17.0
PDI ⁴	10.1 ³	8.6	7.9	10.9	15.0
TOTAL ⁵	100.0	100.0	100.0	100.0	100.0

¹ Golongan Karya (literally, Functional Groups—see Glossary).

² Partai Persatuan Pembangunan (United Development Party).

³ Numbers represent the aggregate votes of the parties included in the PPP and PDI since 1973.

⁴ Partai Demokrasi Indonesia (Indonesian Democratic Party).

⁵ Figures may not add to totals because of rounding.

Source: Based on information from R. William Liddle, "Indonesia in 1987: The New Order at the Height of Its Power," *Asian Survey*, February 1988, 182; and Suhaini Aznam, "Indonesia: No Surprises, Election Confirms Golkar's Firm Grip on Power," *Far Eastern Economic Review* [Hong Kong], June 25, 1992, 14-15.

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Table 29. Order of Battle for the Armed Forces, 1992

Branch and Units	Personnel or Units
Army	
Personnel	217,000
Army Strategic Reserve Command (Kostrad)	1
Division headquarters	2
Armored cavalry brigade	1
Battalions	2
Infantry brigades	3
Battalions	10
Airborne brigades	3
Battalions	8
Field artillery regiments	2
Battalions	6
Air defense artillery regiment	1
Battalions	2
Combat engineer battalions	2
Military Regional Commands (Kodams)	10
Infantry battalions	63
Cavalry battalions	8
Airborne infantry battalions	4
Field artillery battalions	8
Air defense artillery battalions	9
Construction engineer regiments	2
Engineer battalions	6
Special Forces Command (Kopassus)	1
Special Forces Groups (1 training)	3
Aviation Command	1
Composite aviation squadron	1
Light helicopter squadron	1
Navy	
Personnel	
Line and staff	30,000
Naval aviation	1,000
Marines	13,000
Total	44,000
Fleet Commands (Armadas)	2
Main naval bases	6
Military Sea Communications Command	1
Marine Corps	
Infantry brigades	2
Battalions	6
Combat Support Regiment *	1
Air force	
Personnel	27,000
Paracommando battalions (about 4,000 personnel)	4
Operations Commands (Ko-Ops)	2
Tactical fighter squadrons	2
Counterinsurgency squadron	1
Fighter-interceptor squadrons	2
Helicopter squadrons	3
Transport squadrons	5

Table 29.—Continued

Branch and Units	Personnel or Units
Marine reconnaissance squadron	1
Training squadrons	4
Air Matériel Command	1
Air Training Command	1
National Air Defense Command	1
National Police	
Personnel	180,000
Police Regional Commands (Poldas)	17
Sea and Air Police Unit	1
Mobile Brigade	1
Explosive Ordinance Devices Unit	1
Total Personnel	468,000

* Field artillery and air defense artillery.

Source: Based on information from *The Military Balance, 1991-1992*, London, 1991, 164-65.

Table 30. Ethnic and Religious Diversity of Senior Military Officers, 1992 *

Island and Ethnic Group	Muslim	Christian	Hindu
Java			
Javanese	35	9	0
Sundanese	10	0	0
Madurese	2	0	0
Total Java	47	9	0
Sumatra			
Batak	1	2	0
Total Sumatra	1	2	0
Bali			
Balinese	0	1	4
Total Bali	0	1	4
Other	15	4	0
TOTAL	63	16	4

* Includes top officials of Department of Defense and Security (minister through director general of the Armed Forces of the Republic of Indonesia—ABRI); army, navy, air force, and national police (chiefs of staffs through principal staff officers); military academy and staff college governors; and all service regional commanders and chiefs of staff.

Source: Based on information from United States Embassy, Jakarta.

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Table 31. Major Army Equipment, 1992

Type and Description	Country of Origin	In Inventory
Armored vehicles		
AMX-13 light tanks	France	100
PT-76 light tanks	Soviet Union	41 ¹
Saladin scout cars	Britain	56
Ferret scout cars	-do-	58
AMX-VCI armored personnel carriers (APCs)	France	200
Saracen APCs	Britain	56
V-150 APCs/scout cars	United States	60
BTR-40 APCs	Soviet Union	80 ¹
BTR-152 APCs	-do-	24 ¹
Artillery		
M-48 76mm towed howitzers	Yugoslavia	150
M101 105mm towed howitzers	United States	170
FV Mk61 105mm self-propelled howitzers	West Germany	50
81mm mortars	United States	500
M-67 90mm recoilless rocket launchers	-do-	400
M-40 106mm recoilless rifles	-do-	n.a.
M-43 120mm mortars	Yugoslavia	n.a.
20mm Oerlikon air defense guns	Switzerland	20
40mm Bofors air defense guns	Sweden	90
S-60 57mm air defense guns	Soviet Union	200
Rapier surface-to-air missile system	Britain	n.a.
Aircraft		
Fixed wing		
BN-2 Islander	-do-	1
C-47 transports	United States	2
NC-212 transports	Indonesia ²	4
Cessna 185	United States	2
Cessna 207	-do-	2
Cessna 310	-do-	2
Aero Commander 680	-do-	2
Helicopters		
Bo-105	Indonesia ³	13
Soloy-Bell 47G (trainers)	-do-	8
Bell 205	United States	16
NB 412	Indonesia ⁴	28
Hughes 300C (trainers)	-do-	20
Maritime ships		
LST	United States	1
LCU (300-ton cargo)	various	20 ¹
LCU (transport)	-do-	14 ¹

n.a.—not available.

¹ Operational status uncertain.

² On license with Spain.

³ On license with West Germany.

⁴ On license with the United States.

Source: Based on information from *The Military Balance, 1991-1992*, London, 1991, 164-65; and *Jane's Infantry Weapons, 1991-92*, Ed., Ian V. Hogg, Coulsdon, Surrey, United Kingdom, 1991, 745.

Table 32. Major Naval Equipment, 1992

Type and Description	Country of Origin	In Inventory
Submarines		
Type 209	West Germany	2 ¹
Whiskey class	Soviet Union	1
Frigates		
Ahmad Yani class (Van Speijk), 1 Wasp helicopter, Harpoon surface-to-surface missile	Netherlands	6
Fatahillah class, 1 Wasp helicopter, Exocet surface-to-surface missile	-do-	3
Samadikun class (Claude Jones)	United States	4
M.K. Tiyahahu class (Tribal), 1 Wasp helicopter	Britain	3
Hajar Dewantara (trainer)	Yugoslavia	1
Patrol craft		
Siada class (Attack class)	Australia	8
Sabola class (Carpentaria class)	-do-	6
PGM 39 class	United States	2 ²
Submarine chaser (Hui class)	-do-	1
Missile attack boats (Dagger class)	South Korea	4
Torpedo boats (Lürssen FPB 57 class)	West Germany	8
Mine warfare ships		
Rengat class	Netherlands	2
T-43 class	Soviet Union	2 ³
Amphibious ships		
Teluk Langsa class LST, 200 troops, 16 tanks,	United States	7
Teluk Amboina class LST, 200 troops, 16 tanks	-do-	1
Teluk Semangka class LST, 200 troops, 12 tanks	South Korea	6
Miscellaneous transport/support	various	64 ⁴
Fixed-wing aircraft		
CASA 212	Indonesia	8
Aero Commander	United States	4
F-33 Bonanza (trainers)	-do-	2
PA-38 (trainers)	-do-	6

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Table 32.—Continued

Type of Description	Country of Origin	In Inventory
Helicopters		
NAS-332B	Indonesia ⁵	3
Wasp	Britain	9
Marine reconnaissance		
N-22 Searchmaster B Nomad	Australia	12
N-22 Searchmaster L Nomad	-do-	6
Marine Corps equipment		
PT-76 light tanks	Soviet Union	30 ⁶
AMX-10 armored infantry fighting vehicles	France	40
AMX-10 armored personnel carriers (APCs)	-do-	25
BTR-50 APCs ⁶	Soviet Union	32
M-38 122mm towed artillery	-do-	40
130mm rocket launchers	Yugoslavia	n.a.

n.a.—not available.

¹ Not operational.

² Operational status uncertain.

³ Possibly were decommissioned in 1988.

⁴ Operational status varies.

⁵ On license with France.

⁶ Limited operational capability.

Source: Based on information from *The Military Balance, 1991-1992*, London, 1991, 164-65; and *Jane's Armour and Artillery, 1991-92*, Ed, Christopher F. Foss, Coulsdon, Surrey, United Kingdom, 1991, 778.

Table 33. Major Air Force Equipment, 1992

Type and Description	Country of Origin	In Inventory
Fighters		
A-4E Skyhawk	United States	28
F-16 Fighting Falcon	-do-	12
Interceptors		
F-5E Tiger II	-do-	10
F-5F Tiger II	-do-	4
Counterinsurgency aircraft		
OV-10F Bronco	-do-	12
Maritime reconnaissance aircraft		
737-100	-do-	3
C-130H-MP	-do-	2
Hu-16	-do-	4
Transports		
C-130 Hercules	-do-	19
Boeing 707	-do-	1
C-47	-do-	7
Cessna 401	-do-	5
Cessna 402	-do-	2
F-27 Friendship	Netherlands	7
F-28 Friendship	-do-	1
CASA NC-212	Indonesia ¹	10
Skyvan	Britain	1
Trainers		
AS-202	Switzerland	20
C-47	United States	2
Cessna 172	-do-	2
Cessna 207	-do-	5
Cessna T41D	-do-	10
Beech T34C	-do-	23
Hawk T-53	Britain	15
Helicopters		
UH-34T	United States	12
Bell 204-B	-do-	2
Bell 206-B	-do-	2
Hughes 500	-do-	12
NAS-332 Super Puma	Indonesia ²	7
NAS-330 Puma	-do-	13
NBo-105	Indonesia ³	12
SE-316 Alouette III	France	3

¹ On license with Spain.² On license with France.³ On license with West Germany.Source: Based on information from *The Military Balance, 1991-1992*, London, 1991, 164-65.

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Glossary

- abangan*—Refers to people who are nominally Muslim and who, in fact, are followers of *kebatinan* (*q.v.*). The word is derived from the Javanese *abang*, which means “red.”
- Asian Development Bank—Established in 1967, the bank assists in economic development and promotes growth and cooperation in developing member countries. The bank is owned by its forty-seven member governments, which include both developed and developing countries in Asia and developed countries in the West.
- Association of Southeast Asian Nations (ASEAN)—Founded in 1967 for the purpose of promoting regional stability, economic development, and cultural exchange. ASEAN’s founding members were Indonesia, Malaysia, the Philippines, Singapore, and Thailand; Brunei joined ASEAN in 1984.
- Bahasa Indonesia—The Indonesian national language, also known as Indonesian; an Austronesian language reported to be modelled on Riau Malay and 80 percent cognate with Standard Malay.
- Confrontation (Konfrontasi)—Indonesia’s 1963-66 effort to disrupt the new state of Malaysia, which Indonesian leaders regarded as a front for a continued British colonial presence in Southeast Asia.
- Consultative Group on Indonesia (CGI)—Formed after the March 1992 demise of the Inter-Governmental Group on Indonesia (IGGI; *q.v.*). Except for the Netherlands, the membership is the same as IGGI.
- fiscal year (FY)—April 1 to March 31.
- Food and Agriculture Organization (FAO)—A United Nations specialized agency established in 1945 to raise living standards and increase the availability of agricultural products.
- Fretilin—Revolutionary Front for an Independent East Timor (Frente Revolucionária do Timor Leste Independente); a guerrilla movement seeking the independence of East Timor. Fretilin was established in 1974.
- General Agreement on Tariffs and Trade (GATT)—Negotiated in 1947 among twenty-three original signatories who were members of the United Nations Economic and Social Council and went into effect January 1, 1948, as an interim arrangement pending the ratification of the proposed International Trade Organization. GATT functions as a multilateral treaty aimed

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at promoting the expansion of international trade on a non-discriminatory basis. As of 1992, 101 nations, including Indonesia, had acceded to the GATT.

Golkar—Golongan Karya (Functional Groups); the de facto ruling political party; a federation of groups within society, such as peasants, workers, and women.

gross domestic product (GDP)—The value of domestic goods and services produced by an economy in a given period, usually a year. Only output of goods for final consumption and investment is included, as the value added by primary or intermediate processing is assumed to be represented in the final prices.

gross national product (GNP)—Gross domestic product (*q.v.*) plus income from overseas investments and wages minus earnings of foreign investors and foreign workers in the domestic economy.

Group of Fifteen—Group of Third World countries that participated in the Conference on International Economic Cooperation, held in several sessions between December 1975 and June 1977; it has continued to meet and add additional members since 1977. The group in 1992 included nineteen members: Algeria, Argentina, Brazil, Cameroon, Egypt, India, Indonesia, Iran, Iraq, Jamaica, Mexico, Nigeria, Pakistan, Peru, Saudi Arabia, Venezuela, Yugoslavia, Zaire, and Zambia.

Group of Seventy-seven—Established in October 1967 with the aim of promoting economic cooperation among developing countries. Indonesia was among the seventy-seven original members. Despite the name, which persists, by 1992 there were 123 members.

Inter-Governmental Group on Indonesia (IGGI)—An international group of lenders established in 1967 by the Netherlands to coordinate multilateral aid to Indonesia. The other members included the Asian Development Bank, International Monetary Fund (*q.v.*), United Nations Development Programme, World Bank (*q.v.*), Australia, Belgium, Britain, Canada, France, Germany, Italy, Japan, New Zealand, Switzerland, and the United States. In March 1992, Indonesia announced that it was rejecting further IGGI aid as long as the Netherlands chaired the organization. IGGI was replaced by the Consultative Group on Indonesia (*q.v.*).

International Monetary Fund (IMF)—Established along with the World Bank in 1945, the IMF is a specialized agency affiliated with the United Nations and is responsible for stabilizing international exchange loans to its members when they experience balance of payments difficulties.

kebatinan—An amalgam of animist, Hindu-Buddhist, and Islamic (especially Sufi) mystical elements that combine to form Javanese mysticism. As a body of belief, *kebatinan* is officially recognized in the 1945 constitution and is administered by the Department of Education and Culture rather than by the Department of Religious Affairs. Also known as *kejawen*, *agama Jawa*, or Javanism.

Nonaligned Movement—Established in September 1961 with the aim of promoting political and military cooperation apart from the traditional East and West blocs. Indonesia was among the original members; as of 1992, there were 101 members, 9 observers, and 12 “guests.” Indonesia was elected to chair the Nonaligned Movement from 1992 to 1995.

Organization of the Petroleum Exporting Countries (OPEC)—Founded in Baghdad, Iraq, on September 14, 1960, the organization aims to coordinate petroleum policies of its member countries: Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela. Indonesia joined OPEC in 1962.

Outer Islands—Term used by some sources to refer to all islands of the Indonesian archipelago other than Java and Madura. Other sources, however, use the term to refer to all islands except Java, Madura, Bali, and Sumatra; still others say except Java and Bali or exclude Java, Madura, and Bali. The term as translated from Dutch—*buitengewesten*—means outer territories or regions while a similar term from Bahasa Indonesia (*q. v.*)—*tanah seberang*—means land (or lands) over there, or across the seas. The term is sometimes considered pejorative by those people living on the islands indicated.

Pancasila—The state philosophy based on five interrelated principles: belief in one supreme God; just and civilized humanitarianism; nationalism as expressed in the unity of Indonesia; popular sovereignty arrived at through deliberation and representation or consultative democracy; and social justice for all the Indonesian people. The Pancasila was announced by Sukarno on June 1, 1945. From Sanskrit: *panca* (five) and *sila* (principle).

pribumi—Literally, an indigene, or native. In the colonial era, the great majority of the population of the archipelago came to regard themselves as indigenous, in contrast to the nonindigenous Dutch and Chinese (and, to a degree, Arab) communities. After independence the distinction persisted, expressed as a dichotomy between elements that were *pribumi* and those that were not. The distinction has had significant implications for economic development policy.

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- Repelita (Rencana Pembangunan Lima Tahun)—A five-year economic development plan: Repelita I (FY 1969–73), Repelita II (FY 1974–78), Repelita III (FY 1979–83), Repelita IV (FY 1984–88), and Repelita V (FY 1989–93).
- rupiah (Rp)—Basic unit of currency. The exchange rate was fixed at Rp415 to US\$1 from 1971 to 1978, when the rupiah was devalued to Rp625. Thereafter, the rate has floated slightly, although two major devaluations occurred in 1983 and 1986, bringing the exchange rate to Rp1,641 at the end of 1986. A policy of more gradual depreciation at about 5 percent per year has been followed through 1992. In November 1992, the exchange rate was valued at Rp1,881 per US\$1, or Rp1 = US\$.00018. The rupiah is made up of 5, 10, 25, 50, and 100 coins and 100, 500, 1,000, 5,000, and 10,000 notes.
- santri*—Orthodox Muslims. In the Javanese context, the *santri* are also sometimes referred to as *putihan* (white ones), an allusion to their purity, especially as contrasted to *abangan* (*q.v.*) Javanese.
- sharia (Arabic; *syariah* in Bahasa Indonesia, *q.v.*)—Islamic canon law. Among Shia (*q.v.*) Muslims, the sharia includes the Quran and the authenticated sayings of the Prophet (*hadith*) and the Twelve Imams.
- Shia (or Shiite)—A member of the smaller of two great divisions of Islam. The Shias supported the claims of Ali and his line to presumptive right to the caliphate and leadership of the Muslim community, and on this issue they divided from the Sunnis (*q.v.*) in the first great schism of Islam. Later disagreements have produced further schisms among the Shias. Shias revere the Twelve Imams, most of whom are believed to be hidden from view.
- Sufi—Comes from *suf*, the Arabic word for “wool.” The term derives from the practice of wearing a woolen robe, a sign of dedicating oneself to the mystical life, known in Islam as becoming a Sufi. Sufis, who seek mystical union with God, have been condemned by some Sunni (*q.v.*) legal schools.
- Sunni—Comes from *sunna* meaning “custom,” giving a connotation of orthodoxy. A member of the two great divisions of Islam, the Sunnis supported the traditional method of election to the caliphate and accepted the Umayyad line. On this issue, they divided from the Shia (*q.v.*) discipline in the first great schism within Islam.
- Transmigration Program—A voluntary rural resettlement plan that seeks to move large numbers of Javanese to Indonesia’s underpopulated Outer Islands (*q.v.*). *Transmagrasi* in Bahasa Indonesia (*q.v.*).

Glossary

value-added tax—A tax levied on the value added income of a firm, defined as the difference between total sales revenue and costs of intermediate inputs, such as raw materials, used in the production process.

wayang—Literally, “shadow.” A dramatic form in several major variations, in which puppets or human performers, and sometimes both, portray gods, heroes, villains, and other characters in literary epics. The *wayang kulit* is shadow theater using highly decorated flat leather puppets.

World Bank—Informal name used to designate a group of four affiliated international institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). The IBRD, established in 1945, has the primary purpose of providing loans at market-related rates of interest to developing countries at more advanced stages of development. The IDA, a legally separate loan fund but administered by the staff of the IBRD, was set up in 1960 to furnish credits to the poorest developing countries on much easier terms than those of conventional IBRD loans. The IFC, founded in 1956, supplements the activities of the IBRD through loans and assistance designed specifically to encourage the growth of productive private enterprises in the less developed countries. The MIGA, founded in 1988, insures private foreign investment in developing countries against various non-commercial risks. The president and certain officers of the IBRD hold the same positions in the IFC. The four institutions are owned by the governments of the countries that subscribe their capital. To participate in the World Bank group, member states must first belong to the International Monetary Fund (*q.v.*).

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550-173	Germany, Fed. Rep. of	550-48	Pakistan
550-153	Ghana	550-46	Panama

550-156	Paraguay	550-53	Thailand
550-185	Persian Gulf States	550-89	Tunisia
550-42	Peru	550-80	Turkey
550-72	Philippines	550-74	Uganda
550-162	Poland	550-97	Uruguay
550-181	Portugal	550-71	Venezuela
550-160	Romania	550-32	Vietnam
550-37	Rwanda and Burundi	550-183	Yemens, The
550-51	Saudi Arabia	550-99	Yugoslavia
550-70	Senegal	550-67	Zaire
550-180	Sierra Leone	550-75	Zambia
550-184	Singapore	550-171	Zimbabwe
550-86	Somalia		
550-93	South Africa		
550-95	Soviet Union		
550-179	Spain		
550-96	Sri Lanka		
550-27	Sudan		
550-47	Syria		
550-62	Tanzania		