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**BUREAUCRATIC POLITICS
AND THE
SPOILED F-16 SALE TO INDONESIA**

LT COL GARY T ROGERS, USAF / CLASS OF 1998
COURSE NUMBER 5603
SEMINAR E

FACULTY SEMINAR LEADER
DR TERRY DEIBEL

FACULTY ADVISOR
COL B. ORRELL

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A little neglect may breed mischief. for want of a nail the shoe was lost, for want of a shoe the horse was lost and for want of a horse the rider was lost

*Benjamin Franklin
Poor Richard's Almanac
(1758)*

INTRODUCTION

On June 6, 1997 the office of U.S. Senator Russ Feingold (D-WI), a member of the East Asia and Pacific Subcommittee of the Foreign Relations Committee, released a statement applauding Indonesian President Suharto's decision to drop efforts to purchase nine U.S. F-16 fighter jets. Feingold stated he was long opposed to providing advance military equipment to the Indonesian government because of concerns over its "abysmal human rights record in East Timor."¹ The Indonesian government stated it dropped the offer in frustration because of Congressional delays and a flawed U.S. foreign military sales policy.² Despite efforts spearheaded by the United States Air Force and the State Department to see the deal through, the Clinton Administration withdrew its support to broker this \$200 million dollar deal under pressure from Congress and other interest groups. In fact, Congressional concerns for Indonesia's human rights record may have had little impact on President Clinton's decision to withdraw support for the deal. The little drama surrounding the F-16 sale to Indonesia clearly demonstrates Mile's Law of Bureaucratic Politics.³ Specifically, how any group sees an issue depends upon where the actors stand. This paper looks at how a number of actors seeking different goals used the Clinton Administration's plan to broker the sale of F-16 fighter jets to Indonesia to advance their own agendas.

BACKGROUND

Indonesia is the fourth most populous nation in the world, with over 200 million people, and the world's most populous Moslem nation. The Indonesian archipelago spreads across a distance of over 3,000 miles and is comprised of over 17,000 islands. Indonesia straddles, from a geostrategic point of view, key sea lanes of communication in the Pacific. Besides Indonesia's vital strategic position, she is one of the largest markets in the world and is of great economic interest to the U S. The Export-Import Bank of the United States alone has increased its exposure in Indonesia from \$800 million in 1989 to over \$3.5 billion today.⁴

Since Indonesia annexed the former Portuguese possession of East Timor in 1975, U S foreign military sales to Indonesia have exceeded \$1.1 billion despite cries over human rights abuses which include the alleged massacre of over 20,000 East Timorans and continued suppression of any Suharto opposition.⁵ During the Ford Administration sales continued despite the invasion. Even the Carter Administration, with its strict human rights policy, approved \$112 million in military sales in 1978.⁶ The Reagan Administration averaged \$71 million per year in sales, while during the Bush years sales dropped to a \$28 million average. The Clinton Administration averaged only \$14.3 million per year between 1992 and 1995.⁷ In 1994, the Clinton administration hoped the F-16 sale would start to cash in on President Suharto's new five-year defense modernization program.

Late in 1994, due to Congressional human rights concerns, the Clinton administration conducted a thorough policy review to "balance our [U S] important economic, political, security and human rights objectives with this strategically located

fourth largest country in the world ”⁸ As a result of the study, the Department of Defense established a policy prohibiting the sale of small arms or lethal crowd control items which could feasibly be used against the East Timorese or other dissident groups The policy, however, condoned sale of major items (F-16’s, helicopters, etc) needed for legitimate Indonesian defense requirements.⁹ Senator Feingold’s amendment to set more severe limitations and numerous rules on the use of any military equipment sold to Indonesia was defeated. The Department of Defense policy was supported by Senator J Bennett Johnston (D-LA) along with Senators Feinstein (D-CA), Dodd (D-CT) and State ¹⁰ The Democratic Senators supported the Department of Defense for purely political reasons State remained in step with the Executive Branch

In November 1994, the Indonesian Air Force (IDAF) expressed strong interest in acquiring additional F-5E/F or F-16A/B aircraft to meet increased air defense requirements ¹¹ The U S moved on the opportunity to broker a three-way deal to satisfy a U S agreement to sell F-16’s previously sold to Pakistan but canceled by the 1990 Pressler Amendment ¹² Late in 1995, State authorized the USAF to provide pricing information to the Indonesia Defense Air Force for the purchase of the F-16’s previously sold to Pakistan The gears of the purchasing and bureaucratic politics processes were set in motion As 1996 began, Capitol Hill continued attempts to “kill” the sale with little or no effect Early attempts failed to materialize any solid opposition until election year politics and Indonesian internal affairs hit the front pages

Amidst the growing controversy over their human rights record, Indonesia’s reaction to pro-democracy demonstrations in Jakarta and East Timor further exasperated the Clinton Administration. In an effort to quell the surging internal unease, the

Indonesian government cracked down on East Timorese dissidents and also the leader of the Indonesian Prosperous Worker's Union¹³ The awarding of the Nobel Peace Prize to Indonesian dissents Bishop Belo and Jose Ramos Horta brought the East Timor fight for independence to the media and the lips of long-time Congressional human rights supporters

As the 1996 election drew close, campaign funding improprieties became an issue and the Indonesian Lippo Bank was near the epicenter The Republicans brought the pending sale of the F-16 fighters to the forefront to demonstrate influence peddling in the Clinton Administration. The Republicans accused the Clinton Administration of relaxing its trade policy with Indonesia, despite Indonesia's extensive human rights violations, because wealthy Indonesians had bought political influence¹⁴ In response to Congressional pressure, President Clinton announced a four month delay in the sale Shortly thereafter, House Speaker Newt Gingrich called for postponement of the U S sale amid "growing controversy over contributions from Indonesia billionaire Mochtar Riady's (Lippo Bank) family to President Clinton's campaign"¹⁵

Delays in closing the deal until the 105th Congress convened did not quench the controversy but merely provided additional time for the anti-deal camp to solidify their plan of attack Subcommittee hearings on the U.S policy toward Indonesia in May 1997 acted to lay out the human rights issue publicly In his opening statement, Senator Doug Breuter (R-NE) set the stage for the hearing by highlighting Indonesia's poor human rights and pro-democracy record but capped his remarks with a statement about the Lippo Bank's "unlawful activities with regard to the American election law and perhaps our national security"¹⁶

The Indonesia F-16 deal dragged on through the bureaucratic process. Campaign financing improprieties with regard to Indonesia continued to emerge. Finally, in early June 1997, President Suharto of Indonesia backed out of the deal due to “being constantly chastised for its track record on human rights”¹⁷. By August 1997, the Indonesia government had struck a deal with Russia to buy 12 Sukhoi Su-30MK fighters for \$410 million. The U.S. had lost an F-16 sale, the East Timorese were still being repressed, Indonesian labor leaders were still in jail, and normal trade with Indonesia continued. This event represents the first time U.S. arms sales to Indonesia have ever been foiled and demonstrates how Mile’s Law and timing can work together in bureaucratic politics.

MILE’S LAW

As Halperin and Allison stated, a key to understanding the bureaucratic politics process is understanding what determines a player’s “stand”¹⁸. Kozak expands on this thesis by explaining that policy positions are determined by the actor’s viewpoint derived by the actor’s bureaucratic culture, or “where you stand depends on where you sit”¹⁹. A summary of the actors (both for and against) and a simple description of the bureaucratic lens the actors viewed the F-16 deal through is shown in the figure below. Looking at the issue through the actors’ “lens” helps to see the issue as they see it. Within the bureaucracy, to understand the varied and complex positions of the players with regard to an issue, one must view the issue from where the players see it – from where they sit.

<i>View of Actors For and Against F-16 Sale to Indonesia</i>			
Favored F-16 Sale		Opposed F-16 Sale	
Actor	Lens	Actor	Lens
U S A F	F-16 unit cost to U S A F	Advocacy Groups	Human Rights and anti-Military Sales
State	Diplomacy	Republicans	Donorgate
U S Business	Money	Organized Labor	pro-Labor stand
Congress	Constituencies (\$)	Congress	Constituents and Human Rights
President	Economy	President	Politics

THE ACTORS - FOR THE SALE

U.S.A.F. The U S A F. and the Department of Defense generally encourage Foreign Military Sales. The additional F-16s sold to other nations lower the unit cost of the manufacturer (Lockheed). The lower unit cost is passed on to the U S A F , lessening the overall acquisition cost to the U S. The U S A F has created an office which is funded by a “sales tax” which supports Foreign Military Sales (SAF/IA). This office falls under the Under Secretary of the Air Force for International Affairs²⁰ SAF/IA, USCINCPAC, and the Indonesian country team favored the F-16 deal.

State Department. Historically, State had seen Indonesia as a valued ally and trading partner and the human rights issue as more complex than shown in the U.S.²¹ State saw brokering the three-way deal for the F-16 as a way to “make good” on President Clinton’s promise to find a buyer for the Pakistani F-16’s as a result of the Pressler Amendment. In October 1995, State authorized the U.S.A F to pursue the sale to Indonesia.

U.S. Business. Indonesia is simply an economic plum for U S business. The World Bank estimates Indonesia could be the world's sixth largest economy by the year 2010. Trade between the U S and Indonesia has grown 60% over the last five years alone.²² Furthermore, Indonesia had announced a five-year military modernization program which American business saw as future sales. Lockheed, Pratt and Whitney, and the conglomerate Eidetics from California would see "real" money if the F-16 deal succeeded – the deal was simply good business.

Congressional Support. Linked with business, the F-16 deal to Indonesia drew an interesting mix of supporters. Traditional supporters for any F-16 sales were joined by the unique liberal Democratic duo of Senators Dodd (D-CT) and Feinstein (D-CA). On the surface, both senators would have been expected to oppose the sale but in fact were the strongest supporters. The engines for the F-16 (and subsequent spare and replacement engines) are manufactured in Senator Dodd's home state of Connecticut by Pratt and Whitney. Eidetics, Inc., headquartered in Senator Feinstein's state, would make an immediate \$30 million from the deal for avionics and electronics.²³

The President. Early, the President saw the sale as a way to cash in on Indonesia's five year military upgrade program while improving relations with two allies (Pakistan and Indonesia). President Clinton had promised Pakistan that the U S would find a buyer for the aircraft withheld for export by the Pressler Amendment. Initially, the three-way deal seemed like a win-win proposition.²⁴

THE ACTORS - AGAINST THE SALE

Advocacy Groups. Vocal advocacy groups have long opposed sale of any military hardware and criticized Indonesia's human rights record, particularly in East

Timor Dr Paul Wolfowitz, Dean of the Paul Nitze School of Advanced International Studies at John Hopkins University, and Ms Sidney Jones, Executive Director of Human Rights Watch/Asia, testified against the deal before the Subcommittee on Asia and the Pacific²⁵ Indonesian dissents Bishop Belo and Jose Ramos Horta used their Nobel Peace Prize as a springboard to bring the East Timor fight for independence to the media

The Republicans. The Republicans had little problem using the deal as a pawn to discredit the Clinton administration and draw attention to the smoldering campaign contribution scandal “Donorgate” The Republicans had supported foreign military sales to Indonesia since 1975²⁶ Previous F-16 sales easily took place during the Reagan Administration. When seen in light of election year politics and attempts to press Donorgate to an independent counsel, however, the Republican leadership shifted position The new viewpoint taken by the Republicans acted to tip the scale against the F-16 sale and force the Indonesian government to withdraw

Organized Labor. Organized labor had been quiet until the Indonesian government imprisoned the leader of the Indonesian Prosperous Worker’s Union, Muchtar Pakpahan, in 1996 Until that time, foreign military sales were encouraged as a source of jobs for American workers Faced with an ideological dilemma of supporting U S jobs or the labor movement, the AFL-CIO joined with forty international labor unions and joined the anti-sale camp²⁷ The fact that the F-16s were already made and failure of the sale would have no effect on U S labor may, in fact, had been the reason for labor suddenly becoming a vocal advocate of Indonesian human rights

Congressional Support. Senators Russ Feingold (D-WI) and Patrick J Leahy (D-VT) in the true liberal Democratic tradition were ferocious opponents to the sale

Senator Feingold had, in fact, been a strong supporter for East Timorese independence and opposed most actions undertaken to aid Indonesia. Senator Feingold, it seems, has a major Portuguese constituency, many who lost holdings in 1975 when Indonesia “annexed” the former Portuguese territory.²⁸ Senator Leahy has no interests in Indonesia and opposed the sale of military hardware to Indonesia on a purely ideological basis.²⁹

President Clinton. The President’s inaction worked to delay and eventually cancel the deal. Early on he favored the sale but, to avoid adding fuel to the Donorgate controversy, he delayed and then failed to push the deal. By not actively supporting the deal, the President, either knowingly or unknowingly, allowed the sale to effectively die on the vine, a tactic of “defensive procrastination”.³⁰ After the Republican’s Donorgate inquiry started the President had to have seen the deal as a political “hot potato” and not worth the fight or exposure.³¹

CONCLUSION

When the Clinton Administration initially announced intentions to broker a three-way deal to sell Indonesia nine F-16’s most observers would have anticipated a rapid Congressional approval. Historically, the U.S. had never denied foreign military sales to Indonesia including F-16’s purchased from the U.S. during the Reagan Administration. Indonesia, is both an economic plum the U.S. hopes to pick as well as a strategically located military ally. The U.S. saw the F-16 deal as a win-win proposition, satisfying a presidential promise to Pakistan and giving the U.S. a foothold on Indonesia’s five-year military modernization program. With the exception of the U.S. cancellation of International Military Education and Training aid in 1992, efforts to end support due to Indonesian’s poor human rights record had always been overcome by economic interests.

Timing, it's said, is everything, and election year politics and reaction to Indonesian crack-downs on dissidents saw a strange camp develop, intent on destroying the deal

As the drama unfolded the Indonesian F-16 deal demonstrated Mile's Law, or where you stand on an issue depends upon where you sit. As seen through the eyes of the players, only human rights, anti-military sales, and ideologically driven Congressional support was totally consistent. Human rights and pro-democracy banners often mask the desire to satisfy constituents. Furthermore, Republicans who normally would have rubber stamped the deal used the sale to promote partisan politics and Donorgate. Organized labor even took an uncharacteristic stand against the sale in protest for anti-labor actions by the Indonesian government. Moreover, President Clinton's flip-flop and failure to press the sale doomed the deal to failure. It seemed the deal had become a political debit which simply needed to go away. Time had changed the position from where the President viewed the issue.

The intricacies of bureaucratic politics are difficult to see without an analysis of each player's stand on an issue as seen through the player's lens. Had this drama taken place during a non-election environment the Republicans would have probably not entered the debate. Furthermore, had the sale been for new F-16s and not ones already manufactured, Organized Labor would have probably not been vocal. Without these two groups, Indonesia would be taking delivery of U.S. made F-16 instead of Russian made Su-30's. Kismet has dealt the F-16 deal with Indonesia a blow and history has given the thesis of Mile's Law another example in bureaucratic politics: how a position on an issue depends upon the viewpoint of the actor.

NOTES

- ¹ Feingold press release of 6 Jun 1996 Available from <http://www.senate.gov/member/wi/feingold/general/66rel.htm>
- ² David E Sanger, In the Shadow of Scandal U S Challenges a Suharto Project, *New York Times*, June 14, 1997, pp 2
- ³ David C Kozak, "The Bureaucratic Politics Approach The Evolution of the Paradigm" in Kozak and Keagle, *Bureaucratic Politics and National Security, Theory and Practice* (Boulder, CO Lynne Rienner, 1988), pp 7 (NWC Reprint)
- ⁴ *Export-Import Bank of the U S, Guidelines for Financing U S Exports*, Revised August 22, 1997 Available from <http://www.exim.gov/country/ebd-y-10.htm>
- ⁵ *Customer Profile Indonesia, Arm Sales Monitoring Project*, Federation of American Scientist, Available from <http://www.fas.org/asmp/index.html>
- ⁶ Jennifer Washburn, Twisting Arms, *The Progressive* Vol 61, Issue 5, (Madison 1997), pp 27
- ⁷ Data compiled from memorandums from Defense Security Assistance Agency (DSAA) director, LTGEN Thomas G Rhame to the Honorable Russell D Feingold, U S Senate dated 5 August 1994 and 1 September 1993
- ⁸ Memorandum from Assistant Secretary of Defense for International Affairs to Deputy Secretary of Defense, dated June 28, 1994, Subject Response to Sen Johnston on Proposed Indonesia Legislation - ACTION MEMORANDUM Memorandum on file at DSAA pp 1
- ⁹ Ibid, pp 1
- ¹⁰ Allan Nairn, Beat the Devil Hearts of Darkness, *The Nation*, Vol 258, Issue 8, (New York 1994), pp 260
- ¹¹ Secretary of the Air Force International Affairs Directorate point paper, Indonesia's Interest to Buy Additional Fighters, dated 12 Nov 97
- ¹² Winston Lord, U S Relations with Indonesia, U S Department of State Dispatch, Washington, dated September 16, 1996 View from files at Defense Security Assistance Agency The Pressler Amendment prohibited the sale of 28 F-16's to Pakistan when evidence of Pakistan having a nuclear device surfaced After consultation with Congress, President Clinton promised Pakistan Prime Minister Bhutto the U S would try to sell the planes on Pakistan's behalf The Pakistan government had already paid Lockheed for the aircraft but the amendment blocked returning the money
- ¹³ Press Eyal, Indonesian scandal, *The Nation* Vol 263, New York, November 11 1996, pp 7
- ¹⁴ Howard Hobbs, Why Bill Clinton Sold Out the American People, *The Daily Republican*, October 21, 1996, pp 1
- ¹⁵ Mimi Hall, GOP questions Clinton's funds from Indonesia, *USA Today*, pp A6
- ¹⁶ Statement of Senator Douglas Bereuter, M C Hearing on U S Policy Toward Indonesia, Subcommittee on Asia and the Pacific, May 7, 1997, pp 1 Copied from Defense Security Assistance Agency file
- ¹⁷ Hindu-Sridhar Krishnaswami, ASEAN U S South-East Asia policy snubbed Indonesia F-16 deal off, June 8, 1997, *BurmaNews Network* (BNN), Available at <http://www-uv1-eunet.fr/asia/euro-burma/congress/aaabnn5=01jul1997-7.html>
- ¹⁸ Graham T Allison and Morton H Halperin "Bureaucratic Politics A Paradigm and Some Policy Implications," *World Politics XXIV* Supplement (Summer 1972) pp 48-49 (NWC Reprint)
- ¹⁹ Ibid, pp 7
- ²⁰ Col Bob Peterman, Briefing entitled USAF Security Assistance Programs in the Pacific, presented to NWC class on National Security in the Pacific, October 20, 1997
- ²¹ Aurelia E Brazeal, Deputy Assistant Secretary for East Asian and Pacific Affairs, Testimony before the House Subcommittee on Asia and the Pacific, U S Relations with Indonesia, May 7, 1997, pp 2 Copied from Defense Security Assistance Agency files
- ²² Ibid pp 7
- ²³ Nairn, pp 2
- ²⁴ It is not even necessary to speculate over influence peddling or campaign law improprieties President Clinton's economic focus would have undoubtedly looked favorably on the deal The administration had

already provided China with Most Favored Nation Status despite human right abuse outcries In 1994, Clinton suspended a review of Indonesia's U S General System of Preferences trade privileges despite similar human rights abuse complaints

²⁵ Subcommittee on Asia and the Pacific Hearing U S Policy Toward Indonesia, hearing minutes, May 7, 1997 Copied from Defense Security Agency file

²⁶ Hobbs, pp 3

²⁷ Press, pp 8

²⁸ Interview with SAF/IA official at SAF/IA offices on November 12, 1997

²⁹ After considerable research, I couldn't find any link between Indonesia and Senator Leahy The Senator's voting record consistently demonstrated a purely (and commendable) ideological passion to advance a pro-human rights agenda

³⁰ Alexander L. George, *Presidential Decisionmaking in Foreign Policy* (Boulder Westview Press, 1980), ch 2, "Psychological Aspects of Decisionmaking," pp 35 (NWC Reprint)

³¹ President Clinton first ordered the delay of the deal for four months just before the 1996 election Perhaps this was a maneuver to take away the issue from election debate