

50 YEARS OF CSIS
**IDEAS AND POLICY
IN INDONESIA**

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50 YEARS OF CSIS IDEAS AND POLICY IN INDONESIA

Peter McCawley



CENTRE FOR
STRATEGIC AND
INTERNATIONAL
STUDIES

50 YEARS OF CSIS
IDEAS AND POLICY IN INDONESIA

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The spirit and vision of CSIS are symbolized in its logo. The logo, in bronze, was designed by the renowned Indonesian sculptor G. Sidharta. The elements—the disc with an engraving of the globe, the youth with an open book on a cloth draped across his lap—combine to project CSIS' nature as an institution where people think, learn, and share knowledge.

The disc indicates that CSIS works in the midst of the world to help solve problems of life, nation and society. The logo envisions humanity as CSIS's core concern and the world its horizon. The bared torso symbolizes the scholar's open-mindedness and freedom from prejudices. The youth in the logo is not clothed, symbolizing readiness to receive teaching and reason in order to nurture noble character. The right hand facing upwards symbolizes teaching. The left palm on an open book represents learning. Teaching and learning are inherent in a noble mind.

An open book on a clean cloth symbolizes a source of knowledge with an infinite horizon and the clean white swaddling cloth signifies the purity of science sought in intellectual quests. The motto binds CSIS, its people and the conduct of relations, with stakeholders to the virtue of reason and learning as the exertion of the mind. It proclaims a commitment to strong work ethics in pursuit of ideas and vision to be shared in the pursuit of policymaking.

The inscription, "Nalar Ajar Terusan Budi" reflects the Centre's belief that "to reason and to learn naturally flow from an enlightened mind". In the solar-based Javanese chronograph (*suryasengkala*), the inscription encodes the time of a historical event: the year 1971 when CSIS was founded. The word 'Nalar' has a value of one, 'Ajar' is seven, 'Terusan' is nine, and 'Budi' is one. Read in the reverse order of appearance 'Nalar Ajar Terusan Budi' translates to 1971.

ACKNOWLEDGEMENTS

I have been generously assisted by many colleagues in Indonesia in writing this book. The main research began in 2018 but, in a sense, I have really been gathering material for much longer than this. I first lived in Indonesia, for a year in Jakarta, in 1969-70. In the five decades since then, I have watched closely many of the political, social and economic events discussed in this book which CSIS was involved in. I remember, too, the early years of CSIS because—as Indonesia’s first non-government think tank—within a year or so of being established in 1971 it became well-known in public policy circles in Jakarta and overseas.

My first thanks are to Medelina K. Hendytio and Faustinus Andrea. Medelina has been my key point of contact in CSIS throughout the collection of materials and the preparation of drafts. Medelina and I have exchanged hundreds of emails and have shuffled dozens of notes and drafts between Jakarta and Canberra. Andrea has gathered extensive research materials from CSIS files and, especially, carefully compiled sets of valuable chronologies of events to help guide the narrative.

Harry Tjan Silalahi, Jusuf Wanandi, Clara Joewono, and Djisman Simandjuntak are outstanding figures in CSIS. Their guidance and commitment can be found throughout all of the work of the Centre since the institution was established. In addition to the extremely rich trail of articles, speeches, and details of involvement in other activities that reflects their work over many years, they participated actively in the process of preparing this history. They prepared many papers and memos, recorded interviews, and provided numerous opportunities to discuss the history of CSIS. They have led the Centre in the production of this book.

Philips J. Vermonte, Shafiah F. Muhibat, Yose Rizal Damuri and Vidhyandika D. Perkasa were the CSIS team during the main period that this book was being prepared. Philips J. Vermonte took over as Executive Director of the Centre from Rizal Sukma in early 2016. Shafiah F. Muhibat, Yose Rizal Damuri and Vidhyandika D. Perkasa were, respectively, the Heads of the Departments of International Relations, Economics, and Political and Social Change who were closely involved in our work. They all joined in numerous meetings—both in seminars in Jakarta and in regular international internet discussions—to discuss the history of the Centre. They all also helped gather key briefing materials to ensure that the narratives throughout the chapters reflect the work of CSIS. When Arya Fernandes became Head of the Department of Political and Social Change in early 2021, he ensured that the flow of strong support was maintained. J. Kristiadi, who joined CSIS in the mid-1970s, was another of the senior scholars in the Centre who provided key guidance to our efforts.

It was Mari Pangestu who suggested, during a visit she was making to Canberra, that I might work on this history. I have known Mari since the late 1960s when her father, the late J. Panglaykim, was a senior staff member in economics in the Indonesia Project at the Australian National University. I was a student in the economics department at the time. Later, after J. Panglaykim and Mari joined CSIS to conduct research, the Indonesia Project established links with the Centre. These links have been maintained for over forty years. Mari has watched over the work on preparing this book from the beginning. She continued to share papers and participate in our internet meetings after she took up a post as one of the Managing Directors at the World Bank in Washington DC in early 2020.

Eko Napitupulu and Beltsazar Krisetya helped supervise the overall book production. Eko provided editorial oversight and Beltsazar guided the selection of photos.

Of the many other members of the CSIS family whom I have known and worked with in recent decades, I wish to mention Hadi Soesastro, an outstanding scholar and much-loved colleague for all of us who died, too early, in 2010 at the age of 65. He was not with us to

participate in the preparation of this book but his spirit and thoughts run through all the chapters. I hope Hadi would have been happy with the way this book has turned out.

Finally, I wish to say that it has been an honour to work with my CSIS colleagues on this history of their Centre. It is a wonderful thing to be invited to join a family for a major celebration like a 50th Anniversary. I was proud to be invited by Mari Pangestu, on behalf of CSIS, to work on this project. I gladly take all responsibility for the errors which readers will find in this book. I hope my CSIS colleagues will overlook these mistakes.

Canberra, September 2021

Peter McCawley

The abbreviation [Trans] in footnotes throughout the book indicates that the material in the text is a translation from an original document or reference in bahasa Indonesia. The author has prepared these translations and is responsible for the accuracy or otherwise of the text shown in English.



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THE AUTHOR

FOREWORD

Nation and Character Building

Many might perceive CSIS as a think tank that narrowly emphasizes international issues as its primary focus. However, looking at the Centre's history since its creation, one might find how it has been involved in a wide range of issues, from domestic to global, while at the same time placing humanity at its foundation. The Centre's attentiveness to domestic and global issues is part of its enduring nation-and-character building agenda, an agenda which is in accordance with Indonesia's founding father's vision, Sukarno. This vision is to spread the message embodied in Pancasila, that the notion of intergroup harmony, social equality, and humanity is above anything else. This vision has been shared by the Centre and has accompanied it in its journey.

CSIS is always keen to contribute to the nation and society in general. The main missions that CSIS is fighting for as an institution are none other than nation-building and character building. Efforts to be involved in Indonesia's nation-building are implemented through contributions to public policy thinking based on the spirit contained in Pancasila. Therefore, the focus of the Centre's study covers issues of economy, politics, security, human rights and citizenship, all of which are interrelated as part of a joint effort to build the nation.

The Centre is driven by the spirit of humanity, unity of the nation, and peace. The founders of CSIS have contributed to this nation's history in reviving Pancasila and contributed in regard to the nation's unity, as well as in fostering harmony between groups, ethnicities, and religions with a shared mission of placing Pancasila as a shared vision.

One of the concrete struggles of the founders of the Centre's was when they were actively involved in the formation of the Pancasila

Front, a combination of political party leaders and civil society from all groups. This history has also become the Centre's substantial capital in building relationships with major Islamic organisations in Indonesia to this day. Thus, after the establishment of the Centre, these are the spirits that this think tank has been trying to embody in the studies and struggles carried out until the present time.

Therefore, looking at the roots and spirit of the founding of this institution, the Centre is not merely a think tank in the style of a developed country. In developed countries, strong political and democratic institutions allow a think tank to gain an institutionalized strategic role. In developed countries, think tanks are only tasked with providing knowledge without any interest in ensuring that the knowledge is taken by both the state and society. Strong state institutions and active civil society have created a healthy environment for quality policy formulation.

However, the situation was different in developing countries, especially Indonesia, which still lacked institutional capacity and human resources. Established during Indonesia's transitional period from a deep economic and social crisis, the Centre saw an opportunity and a calling to contribute to the country and became part of the solution. Not only by channeling ideas but also by helping to implement those ideas to positively influence the nation and the people.

There were various ways to advocate the Centre's ideas. CSIS could take the most strategic step by directly communicating to the top decision-makers. Many of its views were disseminated through writings and publications. Since its establishment, the Centre has consistently published scientific journal publications in Indonesian as well as English so that the ideas from our researchers can be discussed at home and abroad. Apart from those platforms, the Centre was often engaged with civil society groups to advocate humanitarian missions.

From the very beginning, we were willing to contribute to various humanitarian missions and have been involved with peace-making and solving pressing national issues. One story that reflects our commitment is when actors from the Centre were actively involved and closely watched the release of hundreds of thousands of political

prisoners of PKI (Indonesian Communist Party). Another example of how CSIS has been putting humanity as its core mission was its effort to assist the Chinese minorities to claim Indonesian citizenship. That effort helped eliminate social injustices experienced by minority groups, such as difficulty accessing education.

The Centre was also involved in resolving the conflicts in East Timor, Aceh, and Papua. We worked to provide ideas and being directly involved in various lobbying processes and actual political activities in the field for many years. For instance, the Centre has a Working Group on Papua that frequently initiated discussions with CSOs and other stakeholders to find a peaceful resolution to the conflict in Papua. Thus, in order to inspire nation-building and character-building, the Centre not simply conducts studies but is also directly involved with the community.

In the aftermath of the Tsunami that devastated the Province of Naggroe Aceh in December 2004, CSIS in early 2005 worked in partnership with the Aceh Recovery Forum to bring together CSOs in Aceh to participate in the post-disaster reconstruction process.

Apart from domestic issues, the Centre has also attempted to participate in solving international crises such as in Myanmar and the issue of international refugees. One prominent example of the efforts was when the Centre tried to persuade the government to rescue the refugees or boat people from Vietnam that other regions had neglected. Prominent figures from the Centre directly lobbied the government to open our border and shelter these refugees. Considering the government's anti-communist stance and the possibility that these refugees might come from communist countries, the Centre provided the government with an alternative perspective that the crisis was beyond ideology. Together with UNHCR and the International Red Cross, the government placed these refugees in Galang Island and provided them with sufficient facilities until other countries are willing to shelter them. I remember meeting a former Galang island refugee in New York. He asked me, "Sir, are you from Indonesia?" "Yes, have you been to Indonesia?" I asked. Then he shared his experience and called the island "Hilton". It was named so

to describe how accommodative and supportive the assistance the refugees received at that time. Hearing his story, I remember how we felt when dealing with this issue to help these refugees.

After Myanmar opened up in 2012, the Centre worked with its counterpart in Yangon to organize a series of meetings to discuss how both countries deal with the challenges of democratization. Again, following the February 1, 2021 coup, the Centre played a role, together with several think tanks in South-East Asia, to explore ways to help Myanmar find a way out of the crisis.

The Centre's agenda in nation-and character-building is interchangeably bounded with the fifth principle of Pancasila, which is "*social justice for the whole of the people of Indonesia*". The Centre has become aware of the importance of achieving social justice that at the same time will play a pivotal part in guarding harmony amongst vast segments of society. On account of this, thus the economic element in nation-building cannot be underestimated. In its journey, the Centre realized that economic growth is a crucial thing that Indonesia must aim for. However, it is also recognized that growth must be accompanied by equity.

Economic growth must be ensured that it can provide prosperity and economic equality for people at every level. Therefore, with regards to the economy, the Centre has a clear focus on inspiring inclusive growth for society. However, rather than merely focusing on the role of the state, the Centre has attempted to encourage more involvement of the private sectors to the economy in the framework of *gotong royong* (mutual cooperation). Having said that, for years, the Centre has been deliberately promoting the internalization of Pancasila among national entrepreneurs, which is the values that the founders of the Centre firmly held. This was aimed to create understanding about social justice and incorporate the private sector's business agenda in lieu of the national economic development agenda. On the same spine, the Centre's founders eventually established Prasetya Mulya University as a real embodiment to preserve those ideals.

After 50 years, the Centre for Strategic and International Studies has shown its adaptability to social and political dynamics without

compromising its main principle in helping the country in nation-building and character-building projects, namely to achieve equal distribution of social justice and wealth in a united and dignified Indonesia. This guarding principle which plays as the Centre's foundation is hoping to be watered down through generation to aspire the CSIS future and young researchers to uphold it and contribute in carrying out this mission, a mission to create social justice for all.

Jakarta, September 2021

Harry Tjan Silalahi

Chair, Board of Trustees, CSIS Foundation

FOREWORD

The Early Years of CSIS

CSIS was established right after the 1971 General Elections. Golkar surprisingly won by 62% against nine other well-established parties. Harry Tjan Silalahi failed to win a seat in the parliament as candidate of the Catholic Party, but I won for Golkar. I was then the chief executive for Golkar elections committee, appointed by Pak Ali Moertopo, who was in charge on behalf of the President.

Harry and I had a discussion after the election and agreed that we should do something for Soeharto, who had served as President since 1968. We decided that the best way to serve him was from outside the government. This way, we could concentrate on long-term policies that could not be entertained by the bureaucracy already being overwhelmed by daily issues and challenges.

At that time, we did not even know what the function of a 'Think Tank' was. We got to know a group of Indonesian graduates from European universities who had assisted us in overcoming the influence of the Old Order in Western Europe. We thought that we should make use of the expertise of these bright people, which they had developed in Europe, and ask them to return to work in Indonesia.

We decided to stay outside government, mostly because we did not know how much Soeharto was willing to cooperate with Chinese Indonesians. We had good cooperation with Pak Ali Moertopo and Pak Soedjono Hoemardani, and they were glad to cooperate with us, but Soeharto was an unknown quantity in those early days.

During the early days of CSIS, we did not give a lot of thoughts to our future role. We concerned ourselves with supporting Pak Harto and the Armed Forces. We felt that we only could depend mainly on the Army to defend the country and the people against communist threats.

Prior to the abortive coup of September 30, 1965, we understood the importance of working with the Muslim groups—the Islamic University Students Associations (HMI) and the Islamic Students Associations (PII). We sought to build cooperation with them from the early 1960s. As pressures mounted against HMI from the communist-United Front, the Catholic students association (PMKRI) was prominent among Indonesian students groups openly defending HMI together with the Army. Between 1963-1968, we cooperated very closely to face the communist threat, while supporting Pak Harto and the Army.

Even before that, in the period of 1945-1950, and then again after 1950, the Catholic Party had worked more closely with the leading Islamic party Masyumi than with the nationalist PNI. Together they fought against Sukarno's "Konsepsi Presiden 1957" introducing his "Demokrasi Terpimpin" (Guided Democracy concept), and against the encroaching leftist groups under the Indonesian Communist Party (PKI) after 1960.

However, old problems recurred, creating tensions between the two sides. There was the issue with the Jakarta Charter proposal to make the sharia the law of the land, and the issue of 'Christianisation.' The Catholics were accused of 'misusing' their partnership with the Army against the PKI, and also to be opposed to Islam.

In the spring of 2002, the former Chairman of Muhammadiyah, Buya Ahmad Syafii Maarif, and I attended a USINDO Meeting in Washington D.C. Then Buya asked me about the issue of Catholics versus Islam and Christianisation. My answer was "Buya, we had not been educated adequately on Islam to face these issues competently. On top of that, we have never dealt with each other directly and adequately enough to trust each other. We only learned about the DI/TII rebellion, developments in the Constituent Assembly about an Islamic state as the basis of the Republic, and that there are issues about the idea of an Islamic state. Now we know more about Islam and how much you have sacrificed for Indonesia, including for us Christians/Catholics too. Remembering that good things happened in our relationship earlier, I do hope that we can do better in establishing

a much better future together. We have differences, but if we trust each other as part of the nation, then we should take them as a normal human challenge that we both should be able to overcome.”

What is important in these new circumstances is the fact that there are now many voices on the Islamic side, ideas, and leaders like Abdurrahman Wahid, Nurcholis Madjid, Mukti Ali, Harun Nasution, Buya Syafei Ma’arif, Djohan Effendi and many others who are going to come up with new ideas of a more inclusive Islam. They show how much thinking has been going among Indonesian Muslim intellectuals. I hope we Christians/Catholic can reciprocate in getting more scholars and intellectuals thinking about the same issues and develop them together with our Muslim brothers and sisters.

We at CSIS have already agreed with Muhammadiyah to conduct studies on Pancasila and Islam. In addition, CSIS together with Ambassador Todung Mulya Lubis in Oslo has started and will continue to make efforts to nominate NU and Muhammadiyah for the Nobel Peace Prize in recognition of their wonderful contributions and achievements in building Indonesia’s democracy.

The two Executive Directors of CSIS, Rizal Sukma and Philips J. Vermonte have done remarkable jobs in developing and expanding the work of CSIS. Their achievements are excellent examples of the cooperation we have in CSIS among Muslim and Christian leaders. This will continue in the future.

Jakarta, September 2021

Jusuf Wanandi

Vice Chair, Board of Trustees, CSIS Foundation

INTRODUCTION

The immediate period preceding the establishment of CSIS was one of great tumult for Indonesia. A struggle for an Islamic state by Darul Islam and its Armed Forces shortly after independence, a regional rebellion in Sumatera and Sulawesi when the republic was barely 10-years old, a harshening ideological confrontation between nationalist and communist political groupings, mistrust along the lines of ethnicity, adventurous foreign policy under the shadow of the Cold War, and a decaying and shrinking peasant economy combined to deform Indonesia into a miserable landscape. It was during these years of tumult that two of the future founders of CSIS, Harry Tjan Silalahi and Jusuf Wanandi, strove to collabourate with the fragments of anti-communist forces within the youth, the students, non-communist political parties and the armed forces, particularly the army to arrest Indonesia's drift into communism. Out of the fragments arose a formidable movement with the aim of reordering and realigning Indonesia back with the Constitution of 1945 and its Preamble, Pancasila: belief in one Almighty God, humanity with justice and civility, unity of Indonesia, the sovereignty of the people guided by the solemn wisdom of representative deliberation, and social justice for all people of Indonesia. The movement prevailed. Early in 1967, General Soeharto was appointed Acting President and one year later President. The New Order came into being and politics, economy and society were ordered anew.

Being part of the core movement that led to the New Order, Harry Tjan Silalahi and Jusuf Wanandi must have sighted the complex problems which the new government was compelled to deal with and were convinced of the necessity of policy ideas and options prepared independently and made available for the government. The

idea of supplying the government with policy ideas from outside was presumptuous under the prevailing culture. However, Harry Tjan Silalahi and Jusuf Wanandi cultivated a good relationship with the government through General Ali Moertopo and General Soedjono Hoemardani. They assembled a small team of like-minded people from within Indonesia such as Sofjan Wanandi and Clara Jowono. Reinforced by some Europe returnees such as Daoed Joesoef and Hadi Soesastro, the team founded the Centre for Strategic and International Studies on Wednesday, 1 September 1971.

As a strategic study centre, CSIS defines the scope of its works dynamically, extendable to changes in long-term issues, as well as new issues that arise as a consequence of evolving life. However, a focus, or a leitmotif or recurring theme (*benang merah*), is imperative in an infinite universe of policy issues. CSIS derives its leitmotif of work from the Constitution of 1945 with its preamble: Pancasila or *The Five Principles* mentioned earlier. Within the guidance of these Five Principles and their nexus, CSIS researchers engage in deepening learning and research. Some concentrate on issues of nation-building, spatial convergence, diversity and good governance. Others take up the issues of inclusion, sociality, social assistance, social security system and human capital, notably education. Staff with an education background in economics dwell on economic openness, competitiveness, globalisation, open regionalism and global cooperation, trade and investment liberalisation, marketisation, private sector, economic growth, structural change, technology change, digital economy, and sustainable or green development. Still, others focus on security and foreign policy which traditionally resides at the core of a think tank's agenda.

In each of these policy issues, Indonesia has progressed in the last 50 years to a higher life's plateau. In various ways, CSIS has been part of the collaborative endeavour for the attainment. The following brief elaboration illustrates the perplexity of the issues which CSIS has dealt with throughout its first 50 years of existence and will have to take up as it moves into its second 50 years of service.

Take the issues of nation-building for example. Given Indonesia's diversity issues of geography, demography, religion, ethnicity, social stratification, catching up with more developed societies and ideology becomes extremely challenging. The permanent lofty goal is to advance the upholding of non-discrimination or equality of citizens across all spheres, not a mere toleration of differences, for "being tolerated is no honour" as Isabel Wilkerson wrote in her 2020-book "Caste". The road to nationhood of diversity and equality is long, winding, and curves up and down through valleys and mountains as we clearly witness in Indonesia. More than 50 years after independence hundreds of thousands of people of Chinese descent were living with the unsettled issue of nationality despite cultural integration with their respective local communities. CSIS took up the issue. It persuaded the government to grant them Indonesia's nationality after a proper process of registration and nationalization policy. Likewise, CSIS through one of its senior staff was involved in settling the Aceh problems peacefully. For the same reason, the Papua issues are placed high on CSIS's agenda with dedicated analysts who continuously help frame the issues as a nation-building program within the corridors of Pancasila.

Of equal complexity are the issues of social justice. With economic growth and employment, social assistance, social security system, rising education attainment, and better health status of the citizenry, Indonesia has shown remarkable accomplishments in the last 50 years. As in the case of nation-building, CSIS has also been part of the solution in bringing Indonesia closer to the ideal of social justice or inclusive society. Yet, the remaining issues of inequality are daunting. Citizens inherit different stocks of capital from parent generations. Each of them accesses new technologies at different speeds. Better education and health translate only slowly to falling inequality. Even if the government had a limitless surplus of resources, it is earnings rather than transfers that endow citizens with dignity. Mining insights from bigger and bigger data is a constant litmus test for CSIS' preparedness to deal with extremely complex socio-economic issues.

The third issue that is covered extensively in this book is the market economy and private sector. The fact that Indonesian private enterprises and entrepreneurs have ascended to a prominent position in Indonesia's economy in the last 50 years is not mere chance. It is the results of a durable policy adjustment in favour of marketisation, deregulation and trade and investment liberalisation that, together, free business processes from choking bureaucratic restrictions. Indonesia came closest to an open market economy from 1982 to 1993 in which CSIS was instrumental in at least small ways. Unfortunately, the momentum was lost as rent-seeking grew in the following years and ceased to do so only after the meltdown of 1997-1998. The deeply-rooted suspicion of the private sector and its association with the strength of the powerful few returned to cloud policymaking. The subconscious idea about the state sector as the more benevolent actor gained traction. This is one area of policy research with high rewards for CSIS policy analysts.

Economists of CSIS argue very strongly for an Indonesian "entrepreneurial society" where citizens are free to engage in business and to grow in it nationally, regionally, and globally. The indispensability of innovative entrepreneurs and enterprises to inclusive and sustainable economic advancement is understood very well. With this commitment, CSIS pioneered the establishment of Yayasan Prasetiya Mulya in 1980 with the primary responsibility of spreading among a wider segment of Indonesians the mastery of entrepreneurial and managerial knowledge and skills. Out of this initiative emerged in 1982 the Prasetiya Mulya Business School which has grown to become a business school of choice for Indonesians. In recognition of the importance of science-driven entrepreneurs and enterprises to a successful catching up, the business school was transformed in 2015 into a full-fledged university. Indeed, CSIS with its strong body of scholars in international relations and Prasetiya Mulya University with its track record in university management have agreed to pool their resources to offer a program in international relations study with the first student intake scheduled for 2023. CSIS understands this education as a necessary part of nation-building.

CSIS studies on external security, political stability and foreign policy constitute the core of the agenda. Indonesia has more than recovered from the adventurous policy of the 1960s. In line with global security trends, there is currently no immediate security threat to Indonesia. It is in these areas that CSIS has probably contributed more to policy-making than in other areas in the last 50 years. At the same time, the list of outstanding security, political and foreign policy issues is long. It includes freedoms and peace in the South China sea, security and cooperation in East Asia, human rights and democracy in ASEAN, particularly Myanmar, the balance of power in the Asia-Pacific region, rearmament under the asymmetric economic growth, cyber threats and security, and bilateral relations in the region. What is more, these issues are widely perceived to be zero-sum in nature compared for instance to economic cooperation issues which are widely understood as a positive-sum game.

The last in this illustrative list of issues is openness which is discussed time and again in this book about our Golden Jubilee. Political and economic openness is the ticking heart of progress. Indonesian millennials might have never earned their reputation as leading users of social media and the few unicorns might not have existed had the government stuck to the censorship culture or anti-connectivity culture of the 1970s. In short, Indonesia is clearly a beneficiary of openness. Researchers at CSIS have participated actively in the making of Indonesia into an open spoke in world politics and economy in the last 50 years. In this game of opening, CSIS plays a dual role. It transmits Indonesia's perspectives to its partner institutions and interested parties overseas. On the other hand, it enriches policy-making in Indonesia with ideas on best policy practices from elsewhere. Needless to say, the opening is a never-ending journey. Its nature also changes over time following in particular technology changes and the different speeds at which countries climb the ladder of human progress.

The pursuit of better policy ranks highest among the objectives of CSIS work. Therefore, the government is attached the highest importance among CSIS' stakeholder targets. When it comes to

servicing the government, CSIS and its researchers have never taken a parsimonious attitude. Whether one talks about Ministry of Foreign Affairs, Ministry of Defence, the Armed Forces (TNI), Ministry of Trade, Board of Investment, Ministry of Interior, the Parliament, Indonesia-based offices of the United Nations, the IMF and the World Bank, policy research service of CSIS is never far. The second group of stakeholders consists of policy research institutions in East Asia and the rest of the world and, through them, governments of the respective host countries. In the course of the last 50 years, the inter-think-tank network of CSIS has become vast of which the ASEAN ISIS, ASEAN-ISIS-Plus networks, Council of Councils, Council for Security and Cooperation in the Asia Pacific (CSCAP), the Trilateral Commission, Pacific Economic Cooperation Council (PECC), and Pacific Trade and Development (PAFTAD) and Council for Asia-Europe Cooperation (CAEC) are among the most prominent. The PECC paved the way for Asia Pacific Economic Cooperation (APEC) at the official level and CSCAP to ASEAN Regional Forum (ARF). Other important target stakeholders include learners across all policy spheres and businesses and their related associations and the public at large. Teaching at universities and staff colleges of government ministries has been an ongoing tasking of CSIS staffs.

In servicing the diverse stakeholders, CSIS deploys varied approaches. Foremost among them is the connection to relevant policymakers. The names mentioned in this book illustrate the vast networks that CSIS has built with policymaking officials in the last 50 years. The late Daed Joesoef was Minister of Education and Culture in 1978-1983. Mari Pangestu was Minister of Trade for two terms, though she was reassigned to the Ministry of Tourism and Creative Economy in the latter four years of her second term. The second approach is publication. The bulk of discussions in the current book is based on published materials during CSIS' long journey and intensive discussions between the author and CSIS researchers. The third strategy is seminars and conferences. Countless seminars and conferences have been organized by CSIS over the years in collaboration with partner institutions. Through the large circles

of seminar participants, policy ideas and synthesis are sought. Key insights from such events are communicated with relevant government officials. Thanks to progress in digital communication, CSIS now reaches a much wider number of interested individuals and institutions. Fourthly, as responsible citizens, many CSIS people engage in voluntary work with or without the formal involvement of CSIS as an institution. One notable example is CSIS's participation in the Galang project of transit for the Vietnamese boat people seeking asylum of the late 1970s. This work originated in Jusuf Wanandi's links with the United Nations High Commissioner for Refugees (UNHCR).

A think tank's contribution is determined overwhelmingly by its workforce. Most of the time, researchers at CSIS have been small in number. Of the small number, Harry Tjan Silalahi, Jusuf Wanandi, Hadi Soesastro, Sofjan Wanandi, Clara Joewono, Jusuf Panglaykim, and Daoed Joesoef acted in concert as co-founders with the two late Generals Ali Moertopo and Soedjono Hoemardani. In their life-time General Ali Moertopo and General Soedjono Hoemardani connected CSIS with President Soeharto and relevant offices and officials within the government as well as with Golkar and its myriad of associated organisations.

Written before the oil windfall of 1973 General Ali Moertopo's book on 'Twenty-five years of Accelerated Modernization' was published in 1972. The book argues for a one-generation transformation not unlike the industrialization strategy that South Korea pursued at roughly the same time with great success and later by China with unprecedented miraculous success. On his side, General Soedjono Hoemardani brought to CSIS an invaluable contribution in the form of indigenous spirituality perspective on how big events occur and evolve, reminding Indonesians of a belief system that was flourishing for millennia before the arrival of Hinduism and later Buddhism, Islam, Christianity and Confucianism. The practicing of the indigenous belief system, that of the ancient Javanese belief system in particular, is part and parcel of Indonesia's nationhood of pluralism and is secured with the ratification in 2005 of the International Covenant on Civil and Political Rights, particularly

Paragraph 18. General Soedjono Hoemardani was also successful in forging a close and surprisingly fruitful relationship with Japan in the early days of the New Order. This success provided CSIS with a point of entry to Japan and the rest of East Asia. It instilled Indonesia during the New Order with a sentiment of success and served CSIS like a tailwind in its early growth. Indonesia's economic development might have taken a much more inward-looking course had it not been for the foreign direct investments from and trade with Japan that partially locked Indonesia's economic policymaking in the direction of openness. Ironically, it was this success in building relations with Japan that CSIS opponents used to camouflage their hostility toward CSIS that climaxed in the demonstrations during Malari in 1974.

Of the other co-founders, the late Hadi Soesastro was one of the three main engines, the other two being Harry Tjan Silalahi and Jusuf Wanandi. Hadi Soesastro was an engineer in aeronautics turned economist. He perfected policy research in his unique way and became an artist of policymaking par excellence. He died in 2010 at the age of 65 but had left indelible footprints in the work of CSIS.

Of Harry Tjan Silalahi, Jusuf Wanandi and Sofjan Wanandi, a lot will be told throughout the book. Suffice it to say at this juncture that the three have served as an example for creative leadership, unshakeable commitment, and pioneering spirit in reaching out to domestic, regional and global policy research communities and in building strong work ethics. Needless to say, many more people have participated in CSIS works, each of them making distinct contributions. Many have grown with CSIS in their career but some have moved to other institutions after a short transition. Some have died with invaluable contributions to CSIS success, such as Prof. Panglaykim, Soedjati Djiwandono, Kirdi Dipoyudo, Pande Radja Silalahi, and Pranarka. Gratifyingly, the current demography of staff fits in well with the spirit of time (*Zeitgeist*). Though a few baby boomers still sail aboard CSIS, most of the current staff originate in the millennial generation.

A Golden Jubilee is the first step into a subsequent long future. We hesitate to even just speculate of the most probable of the possible

futures. What is indisputable at this day of the Golden Jubilee of CSIS is, first of all, that CSIS researchers will have to carry over a huge set of unfinished symphonies of the past fifty years. Unfinished nation-building, humane handling of Papua issues, uncompetitive democracy, sticky inequality, the unfinished war against the curse of natural resources possession, and deeply-rooted corruption and reordering of the world are a mere illustration of the profound challenges which the new CSIS will have to grapple with. At the same, the policy research agenda will have to extend to the equally fundamental issues covered in recent reports of the International Panel on Climate Change (IPCC), Paris Agreement 2015, Biodiversity Convention 2021 which was expected to be agreed upon in the Kunming meeting of August 2021, the 2018 Report of the International Panel on Social Progress (IPSP), the SDG 2030, look-Asia policy commensurate with the rise of China to global economic power, and a life of Indonesians with an unprecedented technology intensity, including data intensity. When the sun dawns on the first day after the Golden Jubilee, the policy research agenda of CSIS will most likely have looked frighteningly complex. However, the problems are not insurmountable. With a rejuvenated spirit, replenished stock of knowledge, and state-of-the-art reskilling and cooperation, even the most difficult problems are solvable as the big family of the homo sapiens has demonstrated time and again throughout its long evolution.

CSIS is deeply indebted to Peter McCawley for his willingness and success to write this book about our Golden Jubilee. He is more than familiar with Harry Tjan Silalahi, Jusuf Wanandi, and the many members of CSIS whose names appear in the book. He not only understands Indonesia very well, particularly its economic development, but he is also a long-time friend of Indonesia. It must have been extremely difficult to arrange the book in a way that tells the CSIS stories accurately and attractively, represents the 50-years works of CSIS, and accommodates the endless comments by CSIS staffs on the drafts of the book. It is our hope that the book has also been stimulating and rewarding to Peter McCawley intellectually.

The wider family of CSIS has been graced in many things that it has done or has refrained from doing in its first journey of 50 years. On the same grace and candid collaboration with old and new friends, we count on our resolve to serve Indonesia, South-East Asia, East Asia and the world better for many more years and decades to come.

Jakarta, September 2021

Djisman Simandjuntak
Chair, Board of Directors, CSIS Foundation

ABBREVIATIONS

ABI	<i>Aksi Bela Islam</i> (Islam Defence Movement)
ABRI	<i>Angkatan Bersenjata Republik Indonesia</i> (Indonesian Armed Forces)
AEC	ASEAN Economic Community
ADC	<i>Aide-de-camp</i>
AFTA	ASEAN Free Trade Area
AICOHR	ASEAN ISIS Colloquium on Human Rights
ANU	Australian National University
APA	ASEAN Peoples' Assembly
APEC	Asia Pacific Economic Cooperation
Apindo	<i>Asosiasi Pengusaha Indonesia</i> (Indonesian Employers Association)
APR	Asia Pacific Roundtable
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASEAN-ISIS	ASEAN Institutes of Strategic and International Studies
Bappenas	<i>Badan Perencanaan Pembangunan Nasional</i> (National Development Planning Agency)
BRI	Belt and Road Initiative
CICP	Cambodian Institute for Cooperation and Peace
CIDS	Centre for Integrative and Development Studies
CSARC	China-Southeast Asia Research Centre on the South China Sea
CSCAP	Council for Security Cooperation in the Asia Pacific
CSIS	Centre for Strategic and International Studies
CSO	Civil Society Organisation
DPR	<i>Dewan Perwakilan Rakyat</i> , or House of Representatives
EAS	East Asia Summit
ERIA	Economic Research Institute of ASEAN and East Asia

FPK	<i>Forum Persaudaraan Jayawijaya</i> (Jawawijaya Solidarity Forum)
Gerindra	<i>Partai Gerakan Indonesia Raya</i> (Great Indonesia Movement Party)
GMF	Global Maritime Fulcrum
Golkar	<i>Golongan Karya</i> (Functional Groups)
GVC	Global Value Chain
HMI	<i>Himpunan Mahasiswa Islam</i> (Muslim Students Association)
ICMI	<i>Ikatan Cendekiawan Muslim Indonesia</i> (Indonesian Association of Muslim Intellectuals)
IEAS	Institute of East Asian Studies, University of California
IFA	Institute of Foreign Affairs (Laos)
IIPS	Institute for International Policy Studies (Japan)
IIR	Institute for International Relations (Vietnam)
IJEPA	Indonesia-Japan Economic Partnership Agreement
IMF	International Monetary Fund
INCPEEC	Indonesian National Committee of the Pacific Economic Cooperation Council
ISC	International Student Cooperation
ISDS	Institute for Strategic and Development Studies (Philippines)
ISEI	<i>Ikatan Sarjana Ekonomi Indonesia</i> (Indonesian Economics Scholars Association)
ISIS Malaysia	Institute of Strategic and International Studies, Malaysia
ISIS Thailand	Institute of Strategic and International Studies, Thailand
JICA	Japan International Cooperation Agency
JIIA	Japan Institute of International Affairs
Kadin	<i>Kamar Dagang dan Industri</i> (Indonesian Chamber of Commerce and Industry)
KKN	<i>Korupsi, Kolusi dan Nepotisme</i> (or corruption, collusion and nepotism)
KPEN	<i>Komite Pemulihan Ekonomi Nasional</i> (National Committee for Economic Recovery)

KPK	<i>Komisi Pemberantasan Korupsi</i> (Corruption Eradication Commission)
KPPOD	<i>Komite Pemantauan Pelaksanaan Otonomi Daerah</i> (Committee to Monitor the Implementation of Regional Autonomy)
KPU	<i>Komisi Pemilihan Umum</i> (General Election Commission)
KPUD	<i>Komisi Pemilihan Umum Daerah</i> (Regional General Election Commission)
LIPI	<i>Lembaga Ilmu Pengetahuan Indonesia</i> (Indonesian Institute of Sciences)
LSM	<i>Lembaga Swadaya Masyarakat</i> (Non-Government Organisations)
MDGs	Millennium Development Goals
MPR	<i>Majelis Permusyawaratan Rakyat</i> (People's Consultative Assembly)
MPRS	<i>Majelis Permusyawaratan Rakyat Sementara</i> (Provisional People's Consultative Assembly)
NBIP	Non-Binding Investment Principles
NGO	Non-government organization
NISCSS	National Institute for South China Sea Studies
NKRI	<i>Negara Kesatuan Republik Indonesia</i> (Republic of Indonesia)
NU	<i>Nahdlatul Ulama</i>
OJK	<i>Otoritas Jasa Keuangan</i> (Financial Services Authority)
OPM	<i>Organisasi Papua Merdeka</i> (Free Papua Organization)
PAFTAD	Pacific Trade and Development
PAN	<i>Partai Amanat Nasional</i> (National Mandate Party)
PDI	<i>Partai Demokrasi Indonesia</i> (Indonesian Democratic Party)
PDIP	<i>Partai Demokrasi Indonesia Perjuangan</i> (Indonesian Democratic Party of Struggle)
PECC	Pacific Economic Cooperation Council
<i>Perludem</i>	<i>Perkumpulan untuk Pemilu dan Demokrasi</i> (Organization for Elections and Democracy)
<i>Pilkada</i>	<i>Pemilihan Kepala Daerah</i> (Elections for Heads of Regencies)

<i>Pilpres</i>	<i>Pemilihan Presiden</i> (Presidential Election)
PKB	<i>Partai Kebangkitan Bangsa</i> (National Awakening Party)
PKS	<i>Partai Keadilan Sejahtera</i> (Prosperous Justice Party)
PKI	<i>Partai Komunis Indonesia</i> (Indonesian Communist Party)
PPDN	Political Party Discussion Network
PPP	<i>Partai Persatuan Pembangunan</i> (United Development Party)
PSI	<i>Partai Solidaritas Indonesia</i> (Indonesian Solidarity Party)
PSI	<i>Partai Sosialis Indonesia</i> (Indonesian Socialist Party)
RCEP	Regional Comprehensive Economic Partnership
SBY	Susilo Bambang Yudhoyono
SIIA	Singapore Institute of International Affairs
SIIS	Shanghai Institute of International Studies
SIUPP	<i>Surat Izin Usaha Penerbitan Pers</i> (Press Publication Business License)
TDRI	Thailand Development Research Institute
TNI	<i>Tentara Nasional Indonesia</i> (Indonesian Armed Forces); previously ABRI
TPP	Trans Pacific Partnership
UDI	Unilateral Declaration of Independence
UNDEF	United Nations Democracy Fund
USAID	United States Agency for International Development





CHAPTER 1
CSIS:
An Introduction

The Centre for Strategic and International Studies (CSIS) is Indonesia's most well-known think tank. For many years during the 1970s and 1980s, and even after the turmoil of the Asian financial crisis in 1997-98, it was indeed the only think tank in Indonesia well-known to the international community.

More recently, since the *Reformasi Period* which began in 1998 following the end of the Soeharto *New Order* period, there has been a welcome flowering of think tanks in Indonesia. Long-established institutions such as the *Lembaga Penyelidikan Ekonomi dan Masyarakat* (LPEM, or Institute for Economic and Social Research) at the University of Indonesia, the *Lembaga Ilmu Pengetahuan Indonesia* (LIPI, or the Indonesian Institute of Sciences) and the SMERU Research Institute have expanded their activities, and a wide variety of other local think tanks have been established. But CSIS has had a prominent role within the community of think tanks in Indonesia. Moreover, to follow the history of CSIS during the past 50 years is to follow Indonesia's political and social history. CSIS has both led and has supported changes in Indonesia.

The *benang merah* (the central theme) which has guided CSIS activities for five decades emphasises openness and inclusiveness (Box 1.1). In Indonesia—as everywhere across the world—there are many voices that support inward-looking political, cultural, and economic views. The *benang merah* of CSIS has consistently stood out against these views. The *benang merah* of the Centre is reflected in the Javanese symbolism embodied in the CSIS logo as well.

Like most think tanks, CSIS has always aimed to reach out to a wide audience. One important audience has been Indonesian policymakers. Harry Tjan, one of the founders of CSIS, explained the early thinking in CSIS:

Box 1.1: The *Benang Merah* (Central Theme) of CSIS

An outward-looking international approach.

CSIS activities have always emphasised the importance of building links between Indonesia and the international community. The founders of CSIS looked to think tanks in the United States and Europe for ideas to guide them in establishing CSIS. A high proportion of the staff of the Centre has postgraduate degrees from the US, Europe, Australia, and other countries. And CSIS has always supported a very active program of collaboration with colleagues overseas. In their economic work, CSIS economists have played a central role in supporting trade and investment liberalisation in Indonesia and in strengthening Indonesia's links with international economic agencies.

Regionalism

ASEAN was founded in 1967, four years before CSIS was established in 1971. The Centre therefore set out to support a focus on regionalism as one of the earliest priorities for the new institution. Since then, CSIS has promoted a wide range of activities to support both the strengthening of regional links in South-East Asia through ASEAN and wider Asian regional links with Japan, the Republic of Korea, China, India, and other developing countries in the region. For example, in 1974 the Centre hosted a regional high-level conference that helped ASEAN gain prominence in member countries.

Pancasila

Pancasila (the Five Principles) was set out in the founding Constitution of Indonesia in 1945. The five principles are: Belief in One Almighty God, Support for a just and civilised human society, Unity of Indonesia, The Wisdom of collective action, and Social justice for the people of Indonesia. Perhaps the strongest commitment which underpins Pancasila is an emphasis on tolerance. Pancasila supports the national Indonesian motto of *Binneka Tunggal Ika* (Unity in Diversity). CSIS

programs have always reflected a strong commitment to Pancasila. The emphasis on tolerance, inclusiveness, and strengthening a united Indonesia has underpinned CSIS programs.

Pluralism

Reflecting the commitment to Pancasila values, CSIS activities have emphasised pluralism and inclusiveness, both within Indonesia and across its international programs. Within Indonesia, the Centre has aimed to encourage discussion of a range of national, regional, and social issues and to involve a wide cross-section of groups from across Indonesian society. There were times when the Centre served as a clearing house for divergent views. In many CSIS events, tripartite participation has been arranged where researchers, policymakers, and business representatives exchange ideas. In international activities, the Centre has worked with organisations from most countries in Asia, from North America and Europe including Russia, and Australia, and has sought to maintain links with nations in Africa and Latin America.

Work with Government

From the beginning when CSIS was established in 1971, the Centre aimed to balance the aim of preserving independence with the need

We provided advice to policymakers in the hope that they would adopt better policies. The policymakers whom we were hoping to influence were not just the senior figures in government agencies and government departments but also leaders of political parties, leaders of social organisations, and people in the private sector including entrepreneurs (Tjan 2020a,1). [Trans]

In addition to policymaker, in its wide range of activities—meetings, seminars, and publications—CSIS reached out to many other partners as well, both in Indonesia and overseas.

to maintain access to government. On one hand, especially during the 1970s and 1980s, CSIS leveraged connections with military colleagues to preserve access to President Soeharto and senior echelons of the Indonesian Government. On the other hand, the Centre maintained a distance from direct involvement in government affairs. The *raison d'être* of the CSIS approach was that the institution could best contribute to governance in Indonesia by providing a supportive but independent voice on public policy issues.

Modernisation and Rationalism

Ideas of modernisation, rationalisation, and a focus on evidence-based approaches towards the evaluation of policies underpin CSIS programs. Modernisation has been seen as important because traditional ideas and social relationships can sometimes stand in the way of reforms to promote development. Rationalism, too, which emphasises an evidence-based approach to issues, and the process of gathering facts and weighing the pros and cons of alternative ideas has guided CSIS activities. A realistic approach to policymaking has been part of this approach as well, although a contemplative approach is needed to bridge the gap between rapid technological change and sound policymaking.

Within Indonesia, CSIS adopted a pluralistic approach, aiming to involve stakeholders from many groups across the nation—policymakers from parliament, political parties, and the bureaucracy, journalists, academics, private sector participants and a wide variety of social organisations. At the international level, within just a few years after CSIS was founded, the Centre had established links with a wide range of foreign partners, constantly organising conferences and participating in track-two programs overseas. Quite soon, CSIS

became a regular point of contact for diplomats, foreign journalists, and many other visitors to Jakarta seeking to take soundings about developments in Indonesia.

These themes will echo throughout the narrative in the chapters below. However, the story of CSIS starts before the Centre was founded in 1971. The beginnings of the activities that led to the establishment of CSIS can be found in the early years of President Soeharto's *Orde Baru* (New Order) government. Some of the leading founders of the Centre, who included Catholic student activists such as Harry Tjan Silalahi and Jusuf Wanandi, began to work with the New Order Government on economic and political issues which they would carry through into their activities in the 1970s and 1980s. The challenges that the nation faced in the late 1960s, therefore, defined much of the agenda that the founders of CSIS would later set down for the new Centre.

The Beginning of the New Order

Soeharto became the acting president of the Republic of Indonesia on 12 March 1967. However, in many ways, his hold on government was tentative. Although Sukarno had been pushed aside, there was still wide support for some of his main ideas. He had, after all, dominated the political stage in Indonesia for over twenty years. Indeed, while the incoming New Order administration would soon introduce sweeping changes in some areas of government, in other areas Soeharto would see considerable advantage in being seen as ready to preserve key aspects of the legacy that Sukarno had left to the nation.

In foreign policy, Sukarno had emphasised the need for Indonesia, having fought for a hard-won independence, to establish a proud position as a non-aligned country in its international relations. He had often spoken of the need for emerging countries such as Indonesia to throw off dependence on colonial or imperialist powers. He had espoused these principles in the ambitious goals set out at the Asia-Africa Conference in Bandung in 1955. The historic Bandung conference—which brought together countries newly independent from European colonialism and which was chaired by Sukarno—had

been attended by world figures such as Premier Zhou Enlai from the People's Republic of China, Prime Minister Jawaharlal Nehru of India, and President Gamal Abdul Nasser of Egypt (Mackie 2005, 75).

The aspirations reflected in the declarations from the Bandung conference were important ones. They had resonated with the Indonesian people. The moves by the New Order Government, therefore, to welcome assistance from international donors through the Inter-Governmental Group on Indonesia (IGGI) were seen by some in Indonesia as compromising the principles of a *bebas dan aktif* (free and active) foreign policy. The IGGI was a Western-oriented aid consortium supported by the United States and the World Bank and was chaired by the Government of the Netherlands. It seemed clear that in agreeing to work with the IGGI, the New Order Government was moving decisively towards a pro-Western stance in foreign policy. Later, in 1992, following heightening Dutch criticism of Indonesia after events in East Timor, the consortium was dissolved and a new donor group, the Consultative Group on Indonesia, was established.

In other ways as well, the New Order Government seemed to be moving away from a *bebas dan aktif* foreign policy. Law No 1 of 1967 on foreign investment, which had been approved while Soeharto still held the position of acting President, introduced a new and liberal approach towards international investment in Indonesia. The law had been approved as part of a deal under which the International Monetary Fund provided support to Indonesia (Lindblad, 2015, 219). The law made it easier for companies from countries such as Japan and America to open operations in Indonesia. Later, in October 1967, Indonesia had taken the significant step of formally suspending relations with China.

Nonetheless, other aspects of Soeharto's policies were not universally accepted. Reflecting the trend towards liberalisation and the adoption of more pro-market policies, a new banking law was proposed which would allow foreign banks to establish commercial or development banking activities in Jakarta. Public comments suggested that in Indonesian banking circles, the proposal to readmit foreign banks was received with mixed feelings. Moves to reduce subsidies

for items, such as fuel and electricity by increasing administered prices, were not popular either.

Neither was there unconditional support within the Indonesian military for the army major general who had risen to the position of acting president or for his economic policies. The powerful Siliwangi Corps at a meeting in Bandung in May, for example, passed a resolution expressing (Arndt 1967,7) “its regret of the consequences of the Government’s monetary policy in industry, agriculture, plantation and export trade, especially in the social and labour sector, which cannot be allowed to continue indefinitely, considering its effect on social and political stability.” Thus, although Soeharto’s position as the new leader of the nation strengthened throughout 1967, the political situation in Indonesia remained uncertain. Indeed, Soeharto’s position would remain uncertain until the 1970s.

Quite soon, the activist students and their colleagues decided that it was important to lend support to Soeharto and the emerging New Order Government. They believed that new ideas were needed in a range of fields—domestic political and social policies, economic management, and international affairs. The activists who had been caught up in the transition from Sukarno to Soeharto were keen to help design new policies and to participate in their implementation.

Domestic policies, especially political affairs, dominated attention. Political activists were absorbed in discussions about the emerging shape of Indonesia’s new political architecture. They were soon to learn that Soeharto did not feel that he needed advice about broad political strategy. Soeharto had his own ideas about economic management as well. It turned out that he took the view that the best approach was to entrust the management of the economy to economic “technocrats” whom he had faith in. The central group was economists trained at Berkeley University in California, derogatively called the “Berkeley Mafia”, that included Widjojo Nitisastro, Ali Wardhana, Mohammad Sadli, Emil Salim, and Subroto. Other “econocrats” such as Sumitro Djojohadikusumo and J.B. Sumarlin were not seen as part of the original Berkeley Mafia group but also held key economic positions.

In international affairs, there was more room for policy inputs with new ideas. In 1967, Jusuf Wanandi visited nearby countries in the region. This began his “lifelong affair with international relations”. He prepared a report after his trip (Wanandi 2012, 128) “which was given to President Soeharto, and some people around him also saw it.” According to Jusuf Wanandi, one of them commented to Harry Tjan that his report was good. “Pak Ali (Moertopo) had not expected that and was pleasantly surprised. It was to prove the first of a long stream of writing from my travels and meetings.”

The session of the Provisional People’s Consultative Assembly (MPRS) in March 1968 was another turning point. Before the MPRS session, Soeharto consulted with various political, student and religious groups (Soeharto, G. Dwipayana and Ramadhan 1989, 225). The manoeuvrings behind the stage were intense. Military figures, such as Ali Moertopo and Soedjono Hoemardani, and activists such as Jusuf Wanandi urged Soeharto to reject some of the more controversial suggestions being aired in the MPRS meeting. The meeting was also a milestone because political struggles took place in the MPRS rather than on the streets or through military manoeuvres. Soeharto himself became more closely involved in the politics of the meeting rather than leaving the details to others. The result was that on 27 March 1968, the MPRS took the historic decision to appoint Soeharto as the second president of the Republic of Indonesia.

Issues for the New Order

The New Order Government faced many challenges. The activists who would later establish CSIS became involved in three of the priority issues of the time: economic revival; the incorporation of Papua¹ into Indonesia; and plans for the 1971 elections.

1 The name “Papua” refers to the western part of the New Guinea island which Indonesia shares with Papua New Guinea. This is the current official name the the Indonesian territory. It has undergone several changes, from “Dutch New Guinea” to “West New Guinea” when it was a Dutch territory, while Indonesia had called it first “Irian Barat”, and then “Irian Jaya”, and now “Papua.” In 2007, Indonesia divided the territory into two provinces, one of which is called “Papua Barat” or “West Papua Province” and the other is called “Papua Province”.

The first steps toward economic revival included firmer controls on wasteful government spending and redirection of expenditures towards activities such as public works. Although the activists were not directly involved in helping formulate the new economic policies, they supported the reforms. Soeharto also adopted more liberal policies towards foreign investment. Foreign investment had languished under Sukarno because of the ideological fervour and political instability during the 1950s and 1960s.

At the practical level of establishing links with Asian investors who were interested in expanding operations in Indonesia, Soeharto also asked one of his closest advisors, General Soedjono Hoemardani, to make special efforts to strengthen connections between Indonesia and investors in Japan. Soedjono Hoemardani soon became, in effect, Soeharto's personal emissary for economic and commercial relations with Japan. Senior government officials and business leaders in Japan quickly had the advantage of having a direct link to the new President and began to rely on Soedjono (or "Pak Djono" as he was often referred to in Indonesia) as a channel of high-level communications in working with Indonesia.

Over time, Soedjono Hoemardani's links with both Soeharto and with Japan became an important element in the work of CSIS. But even at this early stage when the New Order Government was just beginning to set up arrangements for governance, key personal links between the activists and military figures such as Soedjono Hoemardani were formed. These links would endure after CSIS was established throughout the 1970s and into the 1980s.

One early link was formed when Soedjono Hoemardani asked Sofjan Wanandi to become his personal secretary. At the time, in 1967, they were both members of the Indonesian parliament, the DPR-GR (*Dewan Perwakilan Rakyat-Gotong-Royong*) or *Gotong-Royong* House of Parliament. Sofjan Wanandi had been sworn in on 1 February 1967 to represent the Golkar faction. Soedjono Hoemardani was a member of the Armed Forces (ABRI) faction. He invited Sofjan to work as his personal secretary because although he had been assigned various duties to support President Soeharto, he had not been provided with

any staff. Around the same time, another key military figure, General Ali Moertopo, was appointed as a personal assistant (*asisten pribadi*, or *aspri*) to the President with responsibility for Special Operations (*Opsus= Operasi Khusus*) and he asked Sofjan Wanandi to assist him on a part-time basis.

The relationship which Sofjan Wanandi established in 1967 with these two key military figures—Soedjono Hoemardani and Ali Moertopo—was later carried through in the strong support that they both gave to the work of CSIS in the 1970s. Sofjan's usual routine after he agreed to work with Pak Djono in 1967 was to meet with him in his home in the Jakarta suburb of Jatinegara rather than in his office in the State Secretariat to discuss activities that Pak Djono had in mind (Adhi 2018, 64). Arrangements in Jakarta at the time were often rather *ad hoc*. Pak Djono suggested that Sofjan become a State Secretary civil servant but Sofjan preferred to remain outside the civil service. And Sofjan rode around Jakarta on a motorcycle until Ali Moertopo provided him with a new Nissan Patrol in 1968. Many transactions in Indonesia at the time involved exchanges of commodities rather than financial arrangements.

Sofjan, along with his brother Jusuf Wanandi, also met with Ali Moertopo from time to time. Sofjan Wanandi's activities required him to liaise between Soedjono Hoemardani and Ali Moertopo, and with another rising military figure, Benny Moerdani, as well. However, Sofjan's main work was with Pak Djono perhaps because, as he recalled (Adhi 2018, 64), "Ali Moertopo was a politician who tended to keep a distance from anyone he was not familiar with."

Papua

After Soeharto became acting president in 1967, one urgent item that he needed to deal with was the situation in Papua. Soeharto was already familiar with the problems in Papua. In December 1961, President Sukarno had proclaimed the Trikora (*Tri Komando Rakyat* or the People's Triple Command) campaign to mobilise the Indonesian state to regain authority over Papua (or West Irian as it was often referred to) from the Netherlands. As it happened, Brigadier General

Soeharto had been given charge of the Mandala Command for the Liberation of West Irian (*Komando Mandala Pembebasan Irian Barat*) and, on 1 January 1962, was promoted to the two-star rank of Major General (Soeharto, G. Dwipayana and Ramadhan 1989, 103).

As part of the preparations for an invasion of Papua, Soeharto established an operational base in Makassar in Sulawesi. He drew up plans for a large-scale attack involving up to 100,000 troops and volunteers. However, the US became concerned about the trend of events. President Kennedy sent his brother, Attorney General Robert Kennedy, to persuade Sukarno to consider a negotiated settlement. Sukarno agreed, and after negotiations under UN and US auspices, an agreement between the Netherlands and Indonesia was signed in New York in August 1962. The New York agreement provided that authority over Papua would be turned over to Indonesia. It was also agreed that after six years of temporary Indonesian sovereignty, an Act of Free Choice would be held to settle the future of the territory.

There was a side effect to this series of events which became an important influence in the work of CSIS in the 1970s and later. Interventions of this sort by the US in South-East Asia—which soon became much more pronounced as the war in Vietnam expanded during the 1960s—sent a clear reminder across the region of the international outreach that the US could easily extend. The later activities of CSIS, therefore, paid attention to the policies and aims of the US in Asia.

Soeharto was naturally quite familiar with all of these events and with the agreement to hold an Act of Free Choice in Papua in 1969 when he became the acting president. He therefore appointed Ali Moertopo to take charge of the plans for the Act of Free Choice. At the time, Jusuf Wanandi had just joined Pak Ali's staff and, in May 1967, he was sent on a fact-finding mission to Papua. What he found suggested that major changes in policy were required:

It was abundantly clear that this could become a real crisis for Pak Harto. Papua had been completely neglected since it was returned in early 1963, primarily because of the unfolding national crisis in Jakarta. In the meantime, the whole region had

been plundered by our Armed Forces. ... what I saw was nothing less than plunder. ... The local economic situation was already dire. This made it much, much worse. And clearly, the people were very angry with Indonesia because of the pillaging and neglect. If there had been an Act of Free Choice right then, we were surely going to lose it (Wanandi 2012,128).

In an effort to respond to the difficult situation in Papua, Jusuf Wanandi and his colleagues developed a program of assistance. To finance the activities, they drew on a fund of USD 17 million in Malaysia and Singapore bank accounts which Ali Moertopo had access to. Ali needed Soeharto's permission to use these funds and Soeharto agreed.

The program in Papua emphasised that Indonesia's future was based on Pancasila. A modest activity along the lines of a domestic peace corps was mobilised to help with the distribution of goods and prefabricated housing in various parts of Papua. The program of assistance began in mid-1967 and continued for almost two years until the Act of Free Choice was held in August 1969.

The conduct of the Act of Free Choice, supervised by the United Nations, attracted considerable international attention. It had been agreed that an indirect system of choice would be arranged which relied on voting conducted through local leaders selected by traditional means. This electoral process had been decided upon because of the poor standards of education and widespread illiteracy in Papua. It hardly seemed practical to arrange for a direct poll across the territory. Thus, an Electoral Council of 1,025 leaders representing every district of Papua took part in the Act in August 1969. The Council voted unanimously in favour of remaining part of Indonesia.

The process, however, and the role of the Indonesian government, attracted considerable international criticism. It was suggested that the Papuan leaders in the Electoral Council had been pressured by key Indonesian military figures and that the electoral process was not really representative of the will of the people of the territory. Nevertheless, the United Nations special envoy ambassador Ortiz Sanz agreed that the Act of Free Choice was done fairly and openly.

In late 1969 the results were voted upon in the United Nations General Assembly in New York and Indonesia was supported by the majority of states. The result was that in accordance with the New York agreement of 1962 and the United National General Assembly, Papua remained part of Indonesia.

These events turned out to be the beginning rather than the end of the interest that Jusuf Wanandi and his CSIS colleagues had in the problems of Papua. Indeed, for the next fifty years, CSIS would hold seminars and sponsor research in an effort to understand and encourage debate into the issues of security and development in Papua.

General Election

A third major issue which quickly came to claim the attention of political activists in 1967 was the plan to hold a general election. The proposal was of fundamental importance for the governance of the nation: for many, it held the promise of a new beginning for Indonesia. The first and the last general election had been held in 1955. Since then, many political freedoms—including the freedom for political parties to carry out their regular activities—had been severely curtailed. The opportunity of holding a general election seemed to offer hope of drawing a line under many of the political divisions of the 1950s and 1960s.

The activists who would later become the founders of CSIS were caught up in the enthusiasm for the new approach to political life that the plan for a general election encouraged. Harry Tjan Silalahi recalled that the plans for an election were based on the guidelines set down in the 1966 meeting of the MPRS. The key principles, as Harry Tjan saw them, were the following (Tjan 2020a, 11):

- Indonesia is a country founded on the principles of the sovereignty of the people based on Pancasila and the 1945 Basic Constitution (*Undang Undang Dasar 1945*, or UUD 1945).
- Institutions of consultation and representation through a general election are needed to implement these principles.

- Until now, these institutions have not been established through a general election.
- The lack of these institutions, so far, has caused democracy in Indonesia not to function as effectively as might be the case.
- To return to the implementation of the UUD 1945 in a firm and consistent way, it is necessary to establish the required institutions through the process of a general election. [Trans]

Many other political activists were in sympathy with this line of thinking. The initial idea was that an election would be held in July 1968. In anticipation of an early election, some of Indonesia's well-established political parties, such as the PNI (*Partai Nasional Indonesia*, or Indonesian National Party) and the NU (*Nahdlatul Ulama*, or Ulama Revival) stepped up their activities. However, there were delays. In particular, a package of three laws needed to be approved and it proved difficult to get agreement about the details of the laws, especially about the law relating to political parties (*Kepartaian*), mass organisations (*Keormasan*), and functional groups (*Kekaryaan*). There were also disagreements about how to define each type of organisation, ideology (including the incorporation of Pancasila into the laws), the number of parties that might be allowed to contest the elections, and other organisational issues.

Jusuf Wanandi belonged to a group consisting of academics, intellectuals, and ex-student leaders who had been supporters of Soeharto's presidency since 1967. In early 1969 they met with Soeharto to discuss the outlook for the election. Their view was that Soeharto's position was vulnerable without the backing of a political party. They proposed that a party be established with Soeharto as its leader.

However, Soeharto did not agree. The idea of encouraging political parties to flourish too freely, and indeed joining into the political fray, did not appeal to the president. He had other ideas. The problem, he told the group, was that, "You are a bunch of scholars, intellectuals, and my army would accuse you of being PSI (*Partai Sosialis Indonesia*, or Indonesian Socialist Party), in disguise. You will be considered one of them, and then you will have no chance." (Wanandi

2012, 103) Rather, he said, they should join Golkar, the coalition of functional groups which had been formed in 1964.

Golkar had grown out of ideas of syndicalism and had been formed in opposition to the growing strength of the Indonesian Communist Party, the PKI. It was a loose alliance of members from a wide variety of groups such as farmers, workers, women, students, professionals, artists, and teachers. The Golkar executive was expected to help rally these groups under the guidance of the military.

However, a major problem with Soeharto's suggestion was that Golkar did not have a good reputation. Various stories of freewheeling activities tolerated by Golkar were well-known in Jakarta. As a compromise, the activists established the *Fraksi Karya Pembangunan* (Functional Development Faction) as a faction of the Golkar grouping in the parliament.

In 1970, arrangements for the election got underway.² Since Golkar was seen as rather close to the military and was not especially popular, Ali Moertopo entrusted Jusuf Wanandi and his colleagues to plan a strong civilian effort to promote the Golkar cause. He arranged for them to have a building in Jl. Tanah Abang III next to the future office of CSIS where they established the *Badan Pengendalian dan Pemenangan Pemilihan Umum Golkar (Bappilu Golkar, or Golkar Election Oversight Office)*. During the rest of 1970 and into 1971, the Golkar election team carried on a vigorous program. They drew on civil defence officials, supported by the military, to go from house to house to urge support for Golkar. Mass rallies were arranged as well where film stars and well-known singers provided performances interspersed with publicity for Golkar.

The Golkar team emphasised the messages of the importance of stability and development. They organised lunches and dinners with established business executives who were given the opportunity to talk to Soeharto's governors or *bupati* (regents) when asked to support Golkar financially. The Golkar team also relied on the bureaucracy. They worked with the influential Ministry of Home Affairs to

² For a useful summary of arrangements leading up to the general election, including a discussion of the role of political parties and Golkar, see Crouch, *The Army*, 1971.

emphasise the idea to public servants the importance of mono-loyalty to the government. In early March 1971, Pak Ali approved their plans to start a new daily, *Suara Karya*, in support of Golkar. The first issue appeared on 11 March 1971, Supersemar day.³

Meanwhile, many other groups and political parties were jockeying for position. From the beginning, there were mixed feelings in some quarters towards the elections, both as to the advisability of holding them at all and about the way in which the government was controlling the preparations for the elections. There was also much criticism of the political parties, most of which were seen as weak and disorganised. There was a widespread feeling that the parties were spending their time wheeling and dealing rather than considering what policies they might propose for the electors to consider.

In early February 1970, President Soeharto had played an important card. In effect, he had proposed a reorganisation of the way political parties operated in Indonesia. At the same time, he had signalled that he did not want to see the Indonesian political system return to the disorganisation and bickering of the 1950s. The President floated the suggestion that the various motley political parties should combine and form coalitions that would be separate from other groups in parliament. The President had a three-group system in mind: the functional organisations would continue to act together and would form a *functional* group (in effect, Golkar); the existing nine political parties would join into two groups, a *nationalist* coalition and a *religious* coalition.

On the whole, the President's suggestion was a popular one. It took some bargaining between the parties to decide which coalition each party would join but after a time, the main issues were settled. The result was that Golkar became, in effect, a quasi-party representing the government (although it did not refer to itself as a

³ "Supersemar" is an abbreviation for *Surat Perintah Sebelas Maret* (Letter of Authority of 11 March) which was a key letter that President Sukarno signed on 11 March 1966. The Letter of Authority transferred effective power to Soeharto. The date, 11 March, became known as "Supersemar Day."

party) while the mixed group of nine political parties contested the election loosely joined together into nationalist and religious groups.

The election was held on 5 July 1971. Golkar won over 60% of the vote and 236 of the 360 seats in the parliament. But activists such as Harry Tjan Silalahi had mixed feelings about the results. Harry Tjan had stood for the Catholic Party but did not get elected. One of his colleagues from the Catholic Party offered electoral assistance to help him obtain a seat but Tjan preferred to stand aside. As he saw it, four main factors had underpinned the Golkar victory (Tjan 2020c, 2). First, the general approach of the government which tried to make sure that things went smoothly for Golkar because Golkar was seen as supporting the administration and Pancasila. Second, Golkar's efforts at mass mobilisation, relying on *Hansip* (civil defence units), civil servants, social organisations, and the security apparatus. Third, the support provided by the Ministry of Home Affairs to the idea of mono-loyalty from civil servants. And finally, the combined effort of the influence felt through the three channels of Golkar itself, the Armed Forces, and the bureaucracy. As Tjan saw it, the experiences of the 1971 election were perhaps best seen as improving the general understanding of democracy in Indonesia.

Ali Moertopo, Jusuf Wanandi and their Golkar team were pleased with the outcome of the election. But over time, as they considered the way things were turning out, several things were becoming clearer to the former student activists and the colleagues that they mixed with in Jakarta. One was that Soeharto had no intention of allowing liberal democracy to flourish in Indonesia in the near future. His aim, as it turned out, was to allow political parties only a very limited amount of room to manoeuvre. He preferred to ensure that Golkar remained the dominant political force in the New Order period.

The other thing that was becoming clear was that the hope that some of the former activists had harboured that Indonesia would adopt a Korean model of development was unlikely to eventuate. In Korea, there had been a strong focus on supporting a disciplined industrial policy combined with effective government and economic planning. In Indonesia, however, industrial policy lacked any clear direction

and the processes of government often remained haphazard. By mid-1971, the New Order Government had established firm political control in Indonesia but seemed to lack clear directions in economic policy and in preparing a long-term vision for the nation.