

Indonesia, Asia, and the World

An Interview with Leonard C. Sebastian



Leonard C. Sebastian is Associate Professor and Coordinator of the Indonesia Program at the S. Rajaratnam School of International Studies (RSIS). He received his PhD from the Australian National University in 1997. Dr. Sebastian is author of Realpolitik Ideology: Indonesia's Use of Military Force (Institute of Southeast Asian Studies, 2006) and has been published in a number of journals, including The Journal of Strategic Studies, Indonesia, Defense & Security Analysis, the Cambridge Review of International Affairs, Southeast Asia Research, Soccer & Society, Southeast Asian Affairs, and Contemporary Southeast Asia. He also coauthored Indonesia Beyond Reformasi: Necessity and the "De-Centering" of Democracy (Maryland Series of Contemporary Asian Studies, 2014). A 2005 Freeman Fellow and visiting Fulbright Scholar at the Weatherhead Center for International Affairs at Harvard University, Professor Sebastian has served as a consultant to Indonesia's Ministry of Defense. Sebastian is a member of the Advisory Panel to the government of Singapore's Parliamentary Committee on Defense and Foreign Affairs. As consultant to The Asia Foundation in 2011, he served as International Policy Adviser to the Timor-Leste Ministry of Foreign Affairs and Cooperation, and assisted the Ministry in organizing its first ASEAN meeting. Currently, he is a Consultant to the ASEAN Secretariat undertaking a study assessing Timor-Leste's ASEAN membership application and its implications for the ASEAN Security and Political Community Pillar. He has recently been appointed an Adjunct Associate Professor at the University of New South Wales, Canberra campus and lectures regularly at various government and security agencies, both in Singapore and abroad.

Lucien Ellington: Leonard, please share with readers a bit about your background and the circumstances that led you to become interested in Indonesia.

Leonard Sebastian: My academic training is in history, political science, with a focus on political economy, and strategic and defense studies. I am Singaporean. Though Indonesia is our neighbor, unlike Australia, Singapore does not produce many Indonesia specialists. The Indonesia Program at RSIS conducts academic research on Indonesia; provides a course at the Master's level on contemporary Indonesia; engages in policy-relevant research; and our networking activities provide an opportunity for Indonesian leaders representing the government, academia, civil society, and the military to engage not only with their Singaporean counterparts but engage the Singapore community through seminars and public lectures. In reality, it was never my intention to work on Indonesia. Funding for my PhD scholarship came from Singapore government sources. There were certain conditions I had to fulfill on my return to Singapore after completing my degree program at the Australian National University, including five years' service in the Institute of Southeast Asian Studies (ISEAS). Prior to my departure for Australia in 1992, I interned there for three months. Although I wanted to write a thesis on ASEAN and the new multilateral security framework emerging in Asia, the late Professor Kernial Singh Sandhu, then ISEAS Director, impressed on me the need to undertake research that would benefit Singapore. I agreed reluctantly. When I embarked on my PhD program, I knew virtually nothing about Indonesia but was fluent in Bahasa Melayu—a language close to Bahasa Indonesia—which provided me with significant advantages.

Indonesia is such a friendly place and I enjoyed making new friends there. Much of my insights on the country are formed not through reading books but by interacting with a wide cross-section of Indonesians. Almost

every Indonesian I met seemed to become my friend. Through the relationships I have formed since my first visit to the country in 1994, I have come to know the complex nation of Indonesia well. Rapid recent changes and the dynamism of Indonesians mean that a researcher must work hard to understand new developments. I believe my approach to the study of Indonesia is unique, primarily because very few Southeast Asian scholars work on countries other than their own. As a Southeast Asian scholar engaging in cross-regional research, my insights will not necessarily mirror the perspectives of American or Australian scholars working on Indonesia.

Lucien: In sampling your work, I was struck by a recent Boston Consulting Group study you cited projecting that by 2020, more than half of Indonesia's population will qualify as middle class or richer. In the same report, 31 percent of Indonesians reported feeling financially secure, which easily surpassed percentages of citizens in China, India, Russia, and Brazil that affirmatively answered the same question. In your opinion, what are some of the major reasons for Indonesia's apparent economic realized and potential success?

Leonard: A strong driver of Indonesia's economic strength is an abundance of natural resources extending from Sumatra to Papua. In Southeast Asia, Indonesia is the biggest palm oil producer and the second-largest producer of tin and coal. Also, Indonesia has substantial agricultural output (rice, fruits, spices, etc.) and marine products that are exported to Asian, European, and American markets. Still, limited technological expertise stymies Indonesia's economic potential, consigning it to function primarily as a raw materials exporter. This means that there is much untapped potential in the country.

Indonesia has the world's fourth-largest population, which is also a potential advantage. UN-compiled demographic projections (see Figure 1)¹ indicate that Indonesia's population will grow to 321 million by 2050. Of its

250 million residents, 66.5 percent are twenty to sixty-five, while 27.3 percent of its population is below the age of fifteen. The Boston Consulting Group is correct to assert that the country's young population base means present and near-future large workforces and low dependency ratios. The productive working years of its young population are almost twice that of Việt Nam, making Indonesia an attractive Southeast Asia destination for investors, especially in the manufacturing sector. Indonesia's minimum wage is lower than China, giving the nation another advantage. Indonesia's 20 percent increase in foreign direct investment (FDI) in 2015 means the nation is the biggest recipient of investment among all ASEAN states. Singapore, with a more developed economy, only had a 2015 FDI increase of 4 percent.²

Moreover, high Indonesian domestic consumption levels provide it the economic resilience to better survive a global economic downturn than countries of comparable size, like Brazil and Argentina.

Like China, Indonesia emerged out of the 2008 global recession relatively unscathed. Similarly, Indonesia's domestic economic resilience is again evident in the face of the current turbulence in the global economy with the concomitant economic slowdown and a downward spiral in oil prices. The majority of Southeast Asia's emerging economies have recently experienced greater capital outflows while Indonesia is enjoying greater capital inflows due to foreign investor confidence in its economic fundamentals. Not surprisingly, Indonesia is currently ranked fourteenth in the world as a favored FDI destination and is one of the top three Asia FDI destinations.

Growing foreign investment in Indonesia, along with significant annual increases, contribute to decreasing unemployment levels. IMF and World Bank data highlight that from 2009 to 2014, Indonesia's unemployment rate had gradually decreased from 7.9 percent to 5.9 percent.³ Higher FDI and lower unemployment rates portend well for Indonesia's economic future.

Sector (percent of GDP)	1965	1980	1996	2010
Agriculture	51	24	16	15
Industry	13	42	43	47
Services	36	34	41	37

Figure 2: Indonesia's gross domestic product (GDP). Source: World Bank. See data at <http://tinyurl.com/z94wrlr>.

Furthermore, Indonesia's growing industrial sector is significantly good economic news. In 1965, agriculture accounted for 51 percent of Indonesia's GDP, with industry only contributing 13 percent. By 2010, agriculture contributed only 15 percent to GDP, with industry accounting for almost half (47 percent) of national GDP (see Figure 2). The growing industrial sector does not merely consist of large manufacturers, but also small and medium industries. Increases in industrial firms both help and contribute to national GDP through exports.

The 2000 introduction of regional autonomy permitted locally elected leaders the power to shape local economic outcomes. This has caused

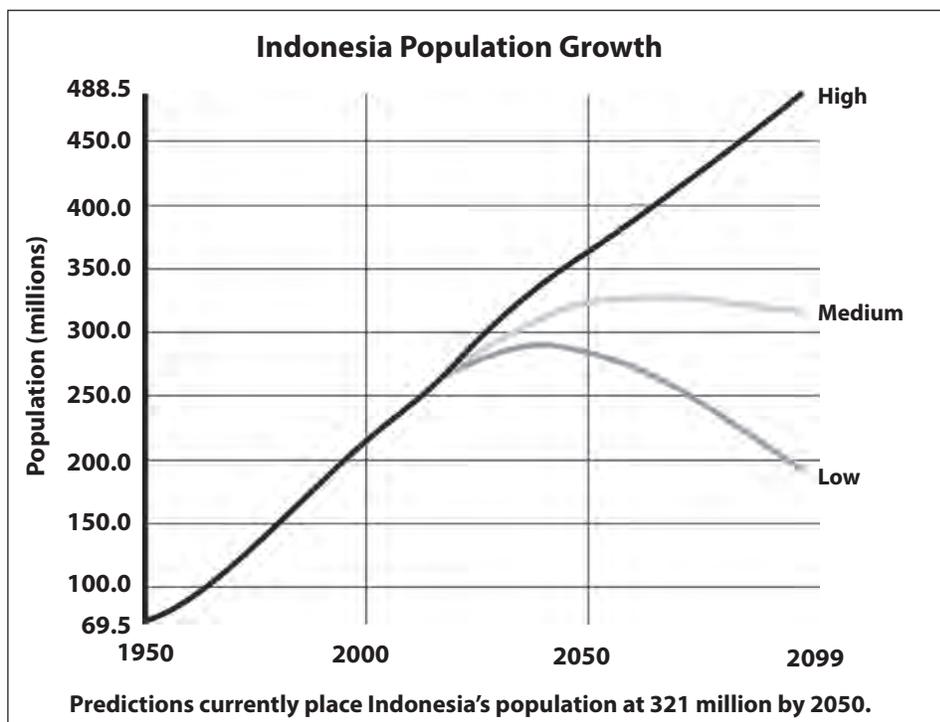


Figure 1: Indonesia's population growth. Source: World Population Prospects (2015 revision). Available at <http://tinyurl.com/pylgkcz>.

more equal development opportunities for all areas of Indonesia rather than a concentration of economic activity in Java. People living in the Outer Provinces now no longer need to travel to Jakarta or other cities in Java to search for work. Consequentially, beyond the cities of Surabaya and Makassar, there will be more hub cities in the eastern part of Indonesia. Some progress was already evident in Sumatra during the Yudhoyono presidency with its Master Plan for Acceleration and Expansion of Indonesia's Economic Development (MP3EI) and the construction of more infrastructures to support the economy. This pattern continues under the current administration of President Joko "Jokowi" Widodo. On taking office in 2014, President Widodo slayed a sacred cow by cutting fuel subsidies so as to utilize the surplus budget to optimize infrastructure development from 2014 to 2019. Though still a work in progress, equitable infrastructure development has the potential to divert investments and business activities from Java to all other Indonesian regions. If more equal development of Indonesia's provinces occur, they will contribute a bigger share to Indonesia's overall GDP.

President Widodo wants to transform Indonesia into a manufacturing-based economy in order to become a major exporter in Southeast Asia. Industrial sector growth will further lower unemployment and hopefully contribute to continued political stability. These developments should complement the objective of achieving clean government and a stable political environment. If these goals are achieved, Indonesia in time will be acknowledged as a rising economic power comparable to the BRIC nations.

Lucien: *In 1999, Abdurrahman Wahid became the first democratically elected president, and over sixteen years later, Indonesia remains the world's third-largest democracy. Please briefly highlight what you believe to be the most significant accomplishments of Indonesian democracy thus far and what you think are the most daunting actual or potential challenges to Indonesian democracy.*

Leonard: It must be remembered that Indonesia's transition toward democratization occurred under very perilous circumstances. In 1950, Indonesia flirted with democracy under a parliamentary system, which only lasted five years. Hence, its relatively smooth and enduring transition since 1998 has proven surprising. One of the more significant accomplishments

of Indonesia's recent democracy is its ability to neutralize, moderate, and eventually accommodate nondemocratic forces, whether in the form of patrimonial oligarchies that thrived under President Suharto's New Order, Islamic fundamentalist/vigilantes, or the once-hegemonic Indonesian military.⁴ A nascent democratic state weathered several crises and allows both diversity of opinion and political participation by the masses. Given Indonesia's rather tumultuous history of revolution and anticolonial struggle, it is encouraging that the myriad Indonesian political aspirations are now not conveyed through violent means but through the ballot box. Thus, it is not startling to see Islamic parties electioneering side by side with decidedly nationalist parties and the civilianization of former positions in government reserved purely for the military or the state-run Golkar, which was the sole party during most of the Suharto years.

A second significant aspect of Indonesia's democracy is its ability to constantly evolve according to the needs of its society. While a democratically elected presidency was quite unthinkable a few years into the reform era, this idea gained tremendous currency, especially after democratic regional decentralization and direct elections of provincial legislatures. At the same time, a gradual political maturation among Indonesians occurred that challenged and kept nondemocratic forces at bay. Although messy and at times perplexing to outside observers, democracy at the subdistrict, district, and regional levels has yielded certain gains that benefit the entire nation and generally increase the credibility of Indonesian democracy. While they may not be the majority, candidates of good quality unencumbered by nepotism and patrimony have well-served the government in various capacities. Such individuals include President Widodo; Basuki ("Ahok") Tjahaja Purnama, currently Governor of Jakarta; and Tri Rismaharini, Mayor of Surabaya, among others.⁵

Another aspect of Indonesia's democracy is its resiliency thus far despite continued attacks from vested interests or forces hostile to it. Although common criticisms directed at Indonesia's government include charges that democracy is stagnant and even diminishing, Indonesian democracy often proves its mettle overcoming and triumphing over myriad challenges. A recent challenge to democracy was the passing of the MD3 laws (amended law on legislative bodies) the day before the election of President Widodo that was intended to return power back to a legislature that included notably corrupt members.⁶ Another example is concerted attempts by the chairperson of the Indonesia Democratic Party of Struggle (PDI-P) to restore the primacy and monopolistic powers of the People's Consultative Council (MPR)—a facet of the New Order government—via the reformulation of Outlines for Government Policies (GBHN). The fact that these attempted power grabs have not prevailed is testament to the resilience of Indonesia's democratic model. However, enshrining principles of democracy and building strong institutions for good governance remain a work in progress.

A perennial problem in Indonesia is the questionable quality of democracy in practice. Observers of Indonesia's democracy have lamented on its compromises to patronage and the tendency for both politicians and constituents to always expect an implicit or explicit quid pro quo.⁷ Others have spoken of oligarchic elements within the democratic process that have kept democracy from progressing.⁸ Oligarchic competition within the Indonesian government has often stymied elected presidents from implementing greater efficiencies through liberal and transparent policies. High-ranking officials have also sought to capture new alliances through money and various forms of pork-barrel politics. For example, the once-popular Democratic Party under the Yudhoyono presidency was plagued by a series of graft cases involving official abuses of governmental funds for large-scale projects. Patronage and abuses of power also occur at local levels. Patronage politics and oligarchic tendencies also encourage dynastic politics at the local level, and affect recruitment of office seekers. One does not necessarily need to possess good qualifications in order to

climb up the "political ladder" if the aspiring politician procures a secure relationship with an influential patron. Thus, it is unsurprising that elected officials often make wrong decisions since many do not have the skill or in-depth knowledge of important policy issues.

Indonesian democracy has also been challenged by the possibility of the reassertion of military power either because of politics or the advent of a crisis. Some have asserted that political competition among elites has forced current President Widodo, a relative newcomer within Indonesian political circles, to rely increasingly on the military as a shield against political attacks.⁹ Separatist disputes, conflagrations, and even terrorism may trigger the need for greater state or military involvement in the affairs of the Indonesian people in the event state sovereignty is deemed to be threatened. A more recent example is the implementation of military "territorial invasion" policies in troubled provinces like Papua and Aceh.¹⁰ An increasingly worrying trend is the presence of Islamic State (IS) sympathizers within Indonesia wreaking violent havoc. This may force the government to significantly modify many of the reform laws that have created a freer society for the sake of internal security. President Widodo has begun discussions on changing terrorism laws in order to give the military a bigger role in antiterrorism efforts.¹¹ These potential challenges to democracy notwithstanding, Indonesians can find reassurance and hope for the future based on the nation's progress since 1998.

Lucien: *Indonesia has the largest number of Muslims (87 percent of the population) of any of the world's nations. Indonesian politicians project a society in which democracy, Islam, and modernity coexist, but others strongly critique this image. Is religious intolerance in Indonesia and the influence of hardline Muslim factions prone to engage in religiously inspired violence expanding, remaining stable, or diminishing in your opinion, and why?*

Leonard: My observations from the field have given me cause for concern that the moderate face of Islam in Indonesia is increasingly challenged from within by militant Islamist grassroots movements that stoke the fires of local grievances by engaging in or justifying religiously inspired violence.

For decades, Indonesian Muslims have been recognized as religious moderates who support the principal ideas of democracy such as freedom, respect for human rights, pluralism, and equality. Muslim leaders like the late Abdurrahman Wahid and Nurcholish Madjid were at the forefront of the 1990s democracy movement promoting moderation and pluralism. Yet over the past decade, many Muslims have experienced dispositional changes marked by cynicism and a willingness to use violence to resolve religious disputes. State institutions have been penetrated by proponents of extremist Islamism and have turned a blind eye to the growing levels of religious intolerance in society. Signs of this growing problem include increases in the number of incidents, as well as violations of freedom of religion and belief, the government's restrictions of particular religious sects it does not officially sanction, and the growing number of radical groups willing to use violence.

Islamists are savvy in their use of electronic, as well as print, media such as *Sabili*, *Al-Wa'ie*, and *Suara Hidayatullah* magazines for propaganda purposes, especially targeting youth. They are also active in using social media outlets such as Facebook, and websites, including *arrahmah.com*, *voya-islam.com*, *eramuslim.com*, *hidayatullah.com*, and *hizbut-tahrir.or.id* for missionary activities. This strict, legalistic, and exclusive understanding of Shari'ah law is acquiring greater support from Muslims. Consequently, Islamists' interpretation of Shari'ah is now becoming a dominant discourse among Muslims in Indonesia. A Pew Research Center Survey conducted between 2008 and 2012 revealed that 72 percent of Indonesia's Muslim population favor an Islamic legal code as the "official law of the land" if given the option and that 45 percent of Indonesian Muslims believe there is only one true interpretation of Shari'ah. By dominating the discourse on

Shari'ah, Islamists are incrementally making major inroads into the Indonesian Muslim community.

In the last decade, Islamists have successfully promoted a more austere interpretation of Islam and plan to continue to shape Indonesian Muslim belief systems. Ordinary Muslims with little knowledge of their faith are often the targets. A form of "cultural hegemony" is now being practiced with Islamists' narrow and dogmatic religious interpretations increasingly integrated in laws, rules, norms, and habits within Muslim society. A number of radical Muslim organizations, including *Hizbut Tahrir Indonesia* (Party of Liberation), *Front Pembela Islam* (The Islamic Defenders Front), and even establishment bodies like the *Majelis Ulama Indonesia* (Indonesian Ulama Council), *Persatuan Islam* (Islamic Union) and *Dewan Dakwah Islamiyah Indonesia* (Indonesia Islamic Preaching Council), are no longer peripheral players but increasingly challenge the long-established dominance of traditionally prominent Muslim movements like *Nahdlatul Ulama* (revival/awakening of Ulama) and *Muhammadiyah* (followers of Muhammad). Increasingly, even the young activists in these organizations are drawn to the rhetoric of Islamist groups due to their charisma and ability to manipulate the established societal culture by substituting alternative beliefs, explanations, perceptions, and values. The Islamists' objectives are to make their worldview the universally valid, dominant religious interpretation and, in the process, enshrine their social and political status.

Islamist groups attempt to control the operational definitions of key concepts in Islam such as *Shari'ah*, *kafir*, and *syrik*. By controlling discourse, they are able to influence Indonesian Muslims who lack a strong religious grounding by simply telling them what to believe or what to do. Moreover, their interpretation of Islam has been deployed as a form of social dominance to confirm, reproduce, legitimize, or challenge power relations in Indonesia. With their emphasis on a strict, legalistic, and exclusive understanding of Shari'ah, Islamist groups have also divided society into "the house of Islam" (Dar al-Islam) and "the house of the enemy" (Dar al-Harb), resulting in a perception that non-Muslims and "the West" are permanent "enemies of Islam." Indonesian Islamist groups emphasize their religious identity by following the doctrine *Al-Wala' Wal Bara'* (defining people in two extreme views, Muslims and nonbelievers). Hence they are acutely sensitive to threats emanating from a "foreign" presence. They are also likely to engage in religiously motivated violence in an attempt to expel the "foreign" presence by force.

An exclusive law enforcement approach to addressing religious intolerance in Indonesia will not address the root causes of the problem: the perception of the "permanent enemies of Islam" and high levels of hatred and anger on the part of Islamists. Much of current government policy focuses on promotion of the tolerant and "smiling face" of Islam in Indonesia or on addressing issues related to terrorism. These are laudable pursuits. However, preliminary fieldwork in Indonesia leads me to the realization that we need to better understand the factors that influence an Indonesian Muslim's state of mind and why Islamists act intolerantly toward Muslim religious minorities and other religions such as Christianity. Unless such issues are addressed at the roots, incarcerations notwithstanding, the pool of violent extremists is constantly being replenished. The growing attraction of Islamist ideology in Indonesia has prompted the Nahdlatul Ulama to meet this challenge by nationally promoting Islam Nusantara (Islam of the Archipelago), a tolerant form of Islam. After years of behaving like the proverbial ostrich who puts its head in the sand, the Nahdlatul Ulama has finally decided to address this issue. Let's hope it is not too little, too late.

Lucien: *Historically, Indonesia has been arguably the most assertive and influential member of the Association of Southeast Asia Nations (ASEAN). Based upon my probably superficial understanding of some of your work, Indonesia is certainly still active in ASEAN but increasingly pursuing policies that diverge, perhaps because of Indonesia's larger world impact, its democratization, and other specific national inter-*

Indonesia has sought to exercise its de facto position as Southeast Asia's regional leader through its involvement in managing internal conflicts among ASEAN member states.

ests, from those of a number of other ASEAN nations. What are major issues in which Indonesia and ASEAN interests converge? On what issues do Indonesia and many other ASEAN nations strongly differ?

Leonard: Indonesia was one of the founders of ASEAN in 1967 and since the founding historically made the organization the cornerstone of its foreign policy. Also important to note is that Indonesia has a track record of placing the interests of ASEAN above its own interests despite domestic criticism of this government policy.

Although under the Joko Widodo presidency, foreign policy objectives now serve primarily Indonesia's economic and domestic ambitions, engagement with ASEAN continues to remain important. The need to secure Southeast Asia in order to provide a zone of protection remains vital for all member states. Indonesia, however, currently perceives ASEAN differently than in the past. During the Cold War, Indonesia viewed the organization as a "buffer zone" of neutrality. Now, the Indonesian government considers ASEAN as a forum able to accommodate Indonesia's larger ambitions in order to ensure its relevance in the East Asia region.

Indonesia's interests and those of other ASEAN member states converge in a number of areas. Indonesia has sought to exercise its de facto position as Southeast Asia's regional leader through its involvement in managing internal conflicts among ASEAN member states. Two recent examples include a conflict management role during a 2008 border skirmish between Thailand and Cambodia, and the government's work to broker a peaceful outcome in the South China Sea, where China's militarization and overlapping claims involving China, Brunei, Malaysia, the Philippines, Taiwan, and Viet Nam pose a grave security risk. On October 28, 2015, President Widodo reasserted Indonesia's commitment to a code of conduct between claimants based on the United Nations Convention on the Law of the Sea (UNCLOS). Indonesia has also offered assistance to find a peaceful resolution to the Moro National Liberation Front (MNL) insurgency in Mindanao, the Philippines. In 2011, Indonesia facilitated the meeting of an ad hoc high level group (AHLG) and brokered peace talks between the Philippines government and MNL in Solo, Central Java. The meetings resulted in substantial progress toward enhancing mutual understanding between parties. Indonesia in 2015 had also deployed its civilian and military observers to monitor the peace process.

Cordial relations between ASEAN member states stem from Indonesia's nonimposing attitude. Contrast this with India's approach to regional diplomacy in the Indian subcontinent or China's behavior in the South China Sea and we can understand why Indonesia's role as first among equals in Southeast Asia has enabled ASEAN to become an influential regional institution. To gain the legitimacy and support of member states and external dialogue partners, Indonesia adopts a neutral stance in its diplomacy. Consequently, on November 12, 2015, Indonesia rejected China's Defense Minister Chang Wanquan's invitation to conduct joint military drills in the South China Sea.

For Indonesia, adopting a neutral stance enhances its position, allowing it numerous platforms for engagement with regional powers. In this regard, Indonesia has forged strategic partnerships with the US, China, Japan, South Korea, Australia, Brazil, India, Viet Nam, the European Union, the United Kingdom, France, Russia, South Africa, and Turkey. Foreign governments agree upon these strategic collaborations, not only because

of Indonesia's economic potential, but also due to the perception that Indonesia, despite its size, does not dominate its smaller neighbors but seeks to work in unison with Southeast Asian states in shaping regional order. Indonesia understands that its status is enhanced by its ability to gain the consent and make bargains with the other ASEAN member states, thereby strengthening the external powers' perception of Indonesian centrality within the group.

In an effort to further mutual economic gains, President Widodo has assigned ministers to explore the possibilities of deepening partnerships with ASEAN countries. For example, the president deployed Agriculture Minister Amran Sulaiman to reach out to the states of mainland Southeast Asia. Coordinating Minister for Political, Legal, and Security Affairs Luhut Pandjaitan is exercising a similar function with Singapore, and Coordinating Minister for Maritime Affairs Rizal Ramli is working with Malaysia.

While ASEAN centrality is still perceived as important, the current administration now adopts an "Indonesia first" approach to foreign policy, with Foreign Minister Retno Marsudi articulating that Indonesia's focus would also be "domestic and people-oriented"—prioritizing national interests above regional ones. Such an outlook was also evident in President Widodo's remarks about the ASEAN Economic Community (AEC). There is growing opposition within Indonesia to the AEC's single market and production base idea, since the perception is that Indonesian businesses will be in a disadvantageous position if this plan is implemented. The continued presence of a variety of nontariff barriers to trade means that despite signing on to the AEC, Indonesia continues to adopt protectionist policies. The introduction of local content requirements for smartphones and handheld devices, restrictions on alcoholic drink retail sales, reduced beef imports, and the latest rise in import duties on a wide range of manufactured goods are signs of the government's willingness to succumb to the agenda of domestic interest groups.

Not being an establishment figure and having weak political networks, President Widodo needs time to consolidate his position. Culture is an important consideration here. As is typical for Javanese, he addresses challenges incrementally. In the short term, to bolster his weak domestic political position, President Widodo has adopted a nationalist cast to foreign policy. His desire to defend the national interest to shore up his domestic position could very well come at the expense of good ASEAN relations. A few ASEAN countries have raised concerns over Indonesia's tough policy of sinking vessels caught fishing illegally in Indonesian waters.

Lucien: *As a "middle power," Indonesia must carefully calibrate foreign policy and relations with two major powers, the US and the PRC. What are a few of the most major problems and potential opportunities Jakarta must consider in its interactions with Washington and Beijing?*

Leonard: The growing rivalry between the United States and China has become a dominant theme in international relations in East Asia. In November 2011, then-US Secretary of State Hillary Clinton outlined the US policy of strategic rebalancing to the Asia Pacific by highlighting that one of the most important American foreign policy objectives for the next decade will be more diplomatic, economic, and strategic investments in the region. It is in the strategic interest of the US to ensure freedom of navigation throughout the sea lanes of East Asia, especially the South China Sea, and more critically to maintain a stable balance of power in the region. Market reform since 1978 has seen China transformed from a centrally planned to a market-based economy, bringing more than 500 million people above the poverty line. China's real annual GDP has been growing at an average of nearly 10 percent through 2014. China is currently the world's largest economy based on purchasing power parity, a leading manufacturer and merchandise trader, and holds the largest foreign exchange reserve. China's rise brought with it questions over its intentions as a rising power—whether it will be a benign power that will contribute to stability in the region or if it aims to recast the overall balance of power in Asia.

As a rising middle power, Indonesia sees China's rise as both an opportunity and a challenge. President Widodo, known for his pragmatic foreign policy approach, aims to reap benefits from China's economic boom. During his May 2015 visit to Beijing, President Widodo and President Xi Jinping were keen to develop a Sino-Indonesian "maritime partnership," where Xi pledged to tap into the China-initiated Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund to support the improvement of Indonesian maritime infrastructure by building ports and railways, as well as enhancing Indonesia's shipbuilding sector. However, there is no guarantee that China's investment promises will materialize. Head of the Investment Coordinating Board (BKPM) Franky Sibarani stated that the implementation rate of China's investment pledges currently stands at 7 to 10 percent, far lower than those of the Japanese and South Koreans, both of which are above 70 percent.¹² China only recently made it into Indonesia's top ten investors, and China's investment in Indonesia is still not significant compared to its investment in other East Asian countries.¹³

Aside from the slow rate of economic cooperation, Jakarta is also increasingly worried over China's assertiveness. One source of concern is China's reluctant acceptance of current international norms, reflected in its approach to addressing the South China Sea dispute. China's "nine-dash line" map, a radical demarcation of maritime sovereignty that covers a large amount of legitimate territorial claims of other countries, reportedly overlaps with a portion of Natuna Island's 200-mile exclusive economic zone (EEZ), although Indonesia repeatedly emphasizes that it is not a claimant state. Chinese fishermen continue to venture into waters around Indonesia's Natuna Islands, accompanied by Chinese fishery patrol vessels, causing a number of incidents between these vessels and Indonesian maritime authorities. While China's intention in issuing the nine-dash line is still unclear, China's disregard for the international arbitration system has been disconcerting. In 2014, the Philippines submitted its legal analysis

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and relevant evidence of its claim to a chunk of the South China Sea to the International Arbitral Tribunal at The Hague. The tribunal process required China to present its counter memorial, yet China refused to participate in the arbitration. China's recent aggressive behavior in building artificial lands on South China Sea waters also demonstrated that it is challenging the Indonesia-initiated United Nations Convention on the Law of the Sea (UNCLOS).

Beijing's military buildup has also been a source of anxiety for Indonesia. While it is normal for states to modernize their military, China's military spending has surged significantly (up to 12.2 percent in 2014), and most of it is spent on offensive and power projection capabilities. China is currently the second-biggest military spender, and its budget for the People's Liberation Army (PLA) is more than three times that of the other major spenders such as the United Kingdom, France, and Japan. Although China's muscle flexing may not pose a direct threat to Indonesia, Jakarta is worried that such moves will trigger an arms race between China and secondary states in East Asia (such as Japan, South Korea, and the Philippines), which will threaten stability in the region.

While some secondary East Asian states respond to China's growing assertiveness by taking shelter in the US's security guarantee, Indonesia does not intend to pursue such a policy in the near future. Although Indonesia engaged Washington through the US-Indonesia comprehensive partnership, it is not willing to trade strategic autonomy for security protection. Upholding its free and active foreign policy principle, Indonesia aims to portray itself and ASEAN as an honest broker between conflicting parties in the region and repeatedly emphasize that Southeast Asia should not be an arena of competition between extraregional powers. For instance, when Washington's *USS Lassen* carried out a freedom of navigation operation within twelve nautical miles of China's artificially built islands, President Widodo called for all parties to "exercise restraint and refrain from taking actions that could undermine trust and confidence and put at risk the peace and stability of the region."¹⁴ Jakarta is aware that in the face of an unclear future in the region, it needs both US and China as its partners. In the near future, Indonesia is unlikely to get significantly closer to one side, as such moves would limit the range of strategic options for Jakarta.

Lucien: Leonard, thank you for the interview! ■

NOTES

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