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The Bali Bombing: What it Means for Indonesia

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Introduction

The bomb explosions in Bali on the night of 12 October 2002 were a shocking and unexpected event for most Australians and raised many questions about Australia's international and domestic security policies, particularly since the US campaign in response to the attacks of September 11 2001.

For Indonesia, however, the implications are even more far-reaching. The bombings intensified US pressure on Indonesia to crack down on militant Islamic groups in the country, particular those that are alleged to have links with a series of planned or executed bomb attacks throughout the Southeast Asian region in recent months. There has, for some time, been friction in US–Indonesia relations over what the US saw as Indonesia's failure to effectively support the US 'war on terror'.

The previous failure of the Government of Megawati Sukarnoputri to act decisively against alleged terrorist groups created international problems for Indonesia, but it also showed up the long-standing weaknesses of the Megawati Government as a whole. Internal divisions have caused President Megawati to neglect a range of urgent political, economic and security issues. The Bali bombings have underlined the continuing crisis of governance in Indonesia.

Megawati's inaction over US warnings can be explained in part by her desire not to alienate Islamic elements within Indonesia, including inside her own Government, but this is just one manifestation of a general policy immobility that affects her entire administration. The likely economic damage of the Bali bombings only serves to show the ongoing fragility of the Indonesian economy and the Government's failure to steer the country out of the doldrums in which it has drifted since the Asian economic crisis of 1997. Megawati has also been unable to confront the vested interests in Indonesia who oppose political reform, including the still-powerful military.

US Pressure and Indonesian Security Policy

The most immediate fallout of the Bali bombings for Indonesia was to expose existing tensions between the US and Indonesia. After the World Trade Centre attacks the Megawati Government initially prevaricated in its support for the US response, but soon made a commitment to support the US anti-terrorism campaign after coming under heavy pressure from Washington. The US, however, considered that Indonesia's promises had not been matched with sufficient action and that Jakarta seemed reluctant to prevent the

country from being used as a base for terrorist actions. The Indonesian Government was embarrassed when the US closed its Embassy in Jakarta for 5 days in September 2002 because of alleged plots to bomb the legation. The Government claimed that fears of an attack were unwarranted. The Vice-President, Hamza Haz, leader of a mainstream Islamic party, suggested that the US Ambassador was anti-Islamic.

The strength of US Government feeling about the issue was expressed by Secretary of State, Colin Powell, after the explosions in Bali. Chiding the Indonesian Government, he said:

This has been a very sobering experience for the Indonesian leadership when they see this kind of tragedy. So we now can see that you are not exempt from this; you cannot pretend it doesn't exist in your country. It exists everywhere where conditions are right and where this kind of terrorist organization can thrive. And that's why we have to go after them wherever they are.¹

The immediate response from the Indonesian Government indicated its sense of vulnerability to US pressure. Megawati agreed to the dispatch of Federal Bureau of Investigation (FBI) personnel to Indonesia and the formation of a joint team of Australian, British and US police to assist in investigations into the bombings. Abu Bakar Bashir, the man accused of being the leader (sometimes referred to as the 'spiritual leader') of Jemaah Islamiyah (JI), the group suspected of responsibility for the bombing, has been placed under arrest. This is despite the fact that, before the bombings, police had declared that there was insufficient evidence to question him on suspicion of supporting terrorist activities. The Government has issued a regulation to boost its legal powers against terrorism, under which suspects can be detained without trial for up to six months.²

The Indonesian Government's need to hastily readjust its position on these issues indicated that it has not yet re-established a good working relationship with the US since the fall of Soeharto. Both the Wahid and Megawati Governments have been highly reactive and have failed to deal with basic problems in the relationship in a consistent fashion. The US has been concerned not only about Indonesia's position on international terrorism, but also about Indonesia's role in regional institutions such as the Association of South East Asian Nations (ASEAN), the prosecution of alleged human rights abuses by the military and economic policy issues that affect Indonesia's attractiveness for foreign investment.

Domestic Strains—Political Stability and Reform

The lack of a firm policy stance on the question of Islamic extremist organisations can be partly explained by Megawati's personality. She is widely seen as an indecisive leader with little political ideology or policy agenda and whose main popular appeal is her famous father, the first President of Indonesia, Sukarno. But her temperamental inclination to inaction has been exacerbated by her being the head of a coalition government composed of virtually every party in parliament. Many of these parties represent powerful

forces from the Soeharto era opposed to reform, and others who are attempting to build a constituency amongst Islamist elements in Indonesian society.

Megawati's most problematic relationship is that with her Vice-President, Hamza Haz. The Vice-President is a leader of the United Development Party (PPP), an Islamic-oriented party which was one of the three parties allowed to exist under the Soeharto regime. Hamza has openly associated himself with some of the more extreme Islamic organisations in Indonesia, the most notorious example of which was his visit in May 2002 to an imprisoned leader of Laskar Jihad, a group which gained prominence for its violent campaigns against Christians in eastern parts of the country. Before the Bali events, the Vice-President denied that any extremist Islamic groups were active in Indonesia and attacked Megawati's stance in support of the US after September 11.

Since the events of 12 October, Hamza Haz's criticism of Megawati has been muted. The reaction against the Bali bombings amongst the wider Islamic community seems to have isolated the more extremist elements. Groups such as JI and Laskar Jihad have minuscule support in Indonesian society, but some Muslims felt a little sympathy for them when they were attacked by the West because Western criticism is regarded as hypocritical and driven by anti-Islamic prejudice.³ Many Muslims also sympathise with the militants' opinions on broader issues such as Palestine. The extremists' association with the Bali events, however, will now probably cut them off from the mainstream Islamic community. The main Islamic mass organisations, Nahdlatul Ulama and Muhammadiyah, expressed support for the Government's actions against alleged terrorist groups.⁴ As one Australian observer commented, most political organisations 'will treat radical Islam not as a religious question but as an internal security and peace and order issue'.⁵

It is not clear, however, how long the apparent retreat of Islamist forces will last. Some observers are concerned that the arrest of extremist Islamic leaders and Megawati's 'acquiescence in the Western-led war against terrorism' will 'push moderate Muslim opinion towards more conservative political parties such as Hamzah's PPP'.⁶ But since 12 October, Megawati is less afraid of being seen as anti-Islamic if she attacks extremist Islamic groups.

Although the Bali events may have, at least temporarily, thrown Hamza Haz and the elements he represents somewhat off-balance, the Megawati Government is also hemmed in on other fronts. As mentioned above, there is an urgent need to tackle corruption in the legal system and in all the organs of government in Indonesia, but Megawati has proved reluctant to move on this issue because it would necessitate confronting powerful vested interests, especially in the party of the New Order, Golkar. The clearest example is that of Akbar Tanjung, the parliamentary leader of Golkar and Speaker of the Parliament. Tanjung has been convicted and sentenced to three years gaol on corruption charges, but is not only free pending his appeal, but remains active in his position as Speaker. The fact that Megawati did not support a parliamentary inquiry into Akbar's activities and has failed to criticise his staying on as Speaker, has been seen as symptomatic of the tacit

alliance that has developed between Megawati's party, the Indonesian Democratic Party of Struggle (PDIP) and Golkar.

Thus Megawati's failure to act against Islamic extremism should not be seen as giving any particular indication of Islamist tendencies, but rather as symptomatic of the failure of her Government to develop a policy agenda on many of the problems facing Indonesia, whether official corruption, economic stagnation, separatist conflicts or communal violence. The great dangers inherent in the stasis that has marked so much of the Megawati Government has been made painfully obvious by the Bali events.

After 12 October the Government was forced by international pressure to make an abrupt change of stance and act against militant Islamic groups, but its capacity to give real effect to its new policy quickly came into doubt. One common criticism has been that corruption and incompetence in immigration, customs and law enforcement agencies along the porous borders of the Indonesian archipelago, has allowed extremist elements to use the country to move arms and personnel across the Southeast Asian region. The quality of Indonesian police investigations into the Bali bombings was brought into question when the site was not properly sealed against contamination of evidence. The investigation is likely, in effect, to be conducted by the international police team.

The systemic problems in the Indonesian legal system were typified by the plans to arrest Abu Bakar Bashir, the alleged leader of JI. When police intentions to make the arrest were announced, Bashir was admitted to hospital, a move that has been one of the favourite methods for prominent criminal suspects in Indonesia to evade the law. The corruption case against Soeharto, for example, did not proceed because the former President was said to be medically unfit to be questioned. The legal system is regularly thwarted by delaying tactics, quite often with the complicity of judges and law enforcement officials themselves. Even in the current environment of international pressure, police did not intervene when Bashir's hospital was surrounded by dozens of his followers threatening to prevent his removal. Bashir is now formally under arrest, but has neither been questioned nor moved from the hospital.

Serious problems are also associated with the credibility of the military (*Tentara Nasional Indonesia* (TNI)) as an instrument for internal and external security in the post-Bali environment. TNI is ridden with factionalism, corruption and functional incapacity. The military have been the object of a plethora of accusations, including partisan involvement in civil conflicts such as Maluku, human rights abuses in Aceh and Papua, and the sale of arms and explosives to the highest bidder. The fact that suspicions of TNI involvement in the Bali bombings were raised (and were given wide credence) is a strong indication of the urgent need for reform of security policy and a rethinking of the place of the military in Indonesian politics and society as a whole. Continued failure to come to grips with this reality can only lead to further embarrassment for the Megawati Government. Indonesia will continue to be seen as the weakest security link in the region.⁷

Nevertheless, the Bali events will probably strengthen the political position of the military and the police. International pressure is for Megawati to increase resources for the security forces and to allow them a freer hand in tackling alleged terrorist groups. This is likely to induce Megawati to reinforce her already close links with the military in order to balance any possible Islamist backlash against a crackdown on extremist groups.

International and domestic human rights groups have expressed concerns that Megawati's reliance on the military, together with the creation of the new anti-terrorism regulation, will lead to the neglect of due legal process and further human rights abuses. Critics fear that abuses in places such as Aceh and Papua will be encouraged and that already weak legal instruments, such as the tribunals prosecuting cases from the events in East Timor in 1999, will be further undermined.⁸ Though these concerns may be justified, the reality is that the Bali bombings are likely to reinforce the standing of the military and delay any efforts to carry out reforms in the security forces.

The Economic Impact

One of the many important concerns created by the Bali bombings is the effect on the Indonesian economy. The most obvious effect is the damage to tourism on the island of Bali. Bali is one of the less-developed regions of Indonesia and is heavily dependent on this one industry to provide jobs for a workforce that is otherwise mostly involved in semi-subsistence agriculture. Bali accounts for about 40 per cent of Indonesia's earnings from tourism, which last year earned \$US 5.4 billion in foreign exchange.⁹ Tourism revenue ranks alongside clothing, textiles and petroleum products as the biggest sources of foreign income for Indonesia.

Tourist numbers to Indonesia slumped badly after the economic and political crises of 1997 and 1998, but Bali had been relatively immune from negative perceptions. Arrivals to Bali remained firm, although the steady growth of previous years was brought to an end. It remains to be seen how long it will take for tourists to return, but the shattering of Bali's image as a peaceful enclave sheltered from the violence affecting the rest of the country could make rebuilding the industry a very difficult process. Tourism in the neighbouring island of Flores was badly affected by communal violence in 2000, and experience there has been that several years are required to re-establish confidence amongst international tourists.¹⁰ Visitors have reportedly been deserting tourist sites in other parts of Indonesia since the Bali events.¹¹

But apart from the immediate effect on the tourism industry, the Bali explosions are likely to add to Indonesia's already serious problems with lack of foreign investment. In the last year or so there had been some return of confidence in the Indonesian economy, with the Government projecting a growth rate of 3.5 per cent for the coming year. Following the formation of the Megawati Government, the currency recovered some strength, the stock market has been healthy and inflation brought under control. Most growth, however, has been sustained by domestic demand and desperately needed foreign investment has remained at negligible levels. Without new investment, sustained growth will be

impossible, especially since five years of no investment in infrastructure such as power generation has left the economy with emerging structural weaknesses. Regular power failures are beginning to occur across the key island of Java.

The Bali bombings will reinforce negative sentiment about the country amongst prospective investors. Investors have been reluctant to commit to Indonesia because of perceived political instability and poor economic prospects, as well as problems with corruption in the bureaucracy and the legal and judicial system that make doing business costly and risky. The Bali events will add to perceptions about violence and threats to the personal safety of foreigners.

Relations with Australia: Problem or Opportunity?

The Bali bombings initially raised concerns that Australia's relations with Indonesia would be damaged by Australians blaming Indonesia for the atrocity. But Megawati's rapid moves in response to pressure from US, Australian and other Western countries has assuaged such fears. In fact, it has been the Australian Government that has been the target of most opprobrium, with accusations that it failed to pass on warnings about terrorist threats in Bali. The rapid formation of the Joint Investigation and Intelligence Team to investigate the Bali bombings, involving law enforcement officials from Australia and Indonesia, was a signal that there could be good cooperation between the two Governments on the issue.

For the Indonesian Government, however, close cooperation with Australia includes the danger of being seen domestically as acting under pressure from the West, especially the US. The possible problems created for the Megawati Government by a negative reaction amongst sections of the Muslim community in Indonesia has already been discussed. This danger, which has not yet eventuated, will have to be monitored carefully in Australia.

For the Australian Government, efforts to boost the anti-terrorist capacity of the Indonesian Government contain similar risks to those confronting the Indonesian Government. The key anti-terrorist capability in Indonesia is the special forces unit *Kopasus*. This unit, however, has allegedly been responsible for many of the worst human rights abuses in Indonesia, most recently the killing of Papuan nationalist leader Elius Theuey, and the killing of three foreigners in Papua. Strengthening the operational capacity and, indirectly, the political position of the TNI and the police inevitably means giving encouragement to one of the key elements opposing reform in Indonesia. There are, of course, pro-reform elements within TNI, but it will be difficult to ensure that they are the only ones that benefit from Australian assistance.

The renewed attention to the importance of Indonesia in Australia's diplomatic and security environment has emphasised a major issue for the Australian Government's policies. A key challenge will be to balance demands for increased resources to be devoted to the immediate region, especially to anti-terrorist activities in cooperation with other Southeast Asian countries, with the Government's intention to broaden Australia's

relations in the wider Asia-Pacific and with the US. This has created a particular problem for the Government's efforts to persuade the Australian public that material support for the US action against Iraq is both justifiable and feasible.

In the longer term, the one benefit that may flow from the atrocity in Bali is some bringing together of the peoples of Australia and Indonesia. One of the underlying problems in the relationship between two such differing countries is that there is an absence of shared historical experience. The Indonesian expressions of sympathy for Australia in the wake of the bombings indicate that Indonesian eyes have been turned to Australia in a way that rarely occurs. Suggestions that a hospital be built in Bali are an indication of an awareness in Australia that the people of Bali have also suffered greatly from these events. Australia and Indonesia will continue to suffer from mutual ignorance and mis-perceptions, but close cooperation during times such as these may contribute to a commonality created by sharing the same corner of the world.

Conclusion

Whoever was responsible for the Bali bombings has created a potentially major shift in Indonesian politics. The atrocity has amplified international pressures on the Megawati Government and induced a rapid change in its internal security policies. Internal dynamics within the sprawling coalition of the Megawati Government have been profoundly affected and may have strengthened Megawati's position in relation to her most prominent critic, Vice-President Hamza Haz, and the forces he represents. These changes may galvanise an otherwise inactive Government. But the Megawati Government will have to take care that its new policies are not seen to be driven by Western pressure alone, or moderate Muslim opinion may swing back to a more hardline position.

The crisis has revealed the Indonesian Government's lack of progress in dealing with many of the critical issues of reform and institutional strengthening that must be tackled before the country can make further progress towards democratisation and economic recovery. Corruption and incompetence in government administration and law enforcement may have helped allow the bombings to occur and the systemic problems in the Indonesian legal system will limit the Government's capacity to respond effectively. The main economic effect of the bombings will be to worsen Indonesia's reputation amongst international investors and further inhibit the recommencement of foreign capital inflows into the country. The greatest immediate danger lies in the possibility that the Government will rely too heavily on the security forces to deal with the perceived threat from militant Islam and allow the continuation of human rights abuses and a slide back to the authoritarianism of the past.

Endnotes

1. *Washington Post*, 16 October 2002.
2. The Government has issued a 'regulation in lieu of law', a Presidential instrument with the same status as a law, which must be ratified by the Parliament within twelve months of its issuance.
3. The US, in particular, is regarded as hypocritical when it vilifies Palestinian leaders for allegedly supporting terrorism, but gives what is seen as unconditional support for any action by Israel. Reports of indiscriminate attacks against Muslims living in Western countries adds to an instinctive sense of solidarity that many Muslims feel with fellow Muslims, even if they strongly disagree with the radical Islamist religious and political agenda.
4. 'Top Indonesian Muslim groups back anti-terror moves', *Reuters*, 20 October 2002.
5. Tim Lindsey, Director, Asian Law Centre, University of Melbourne, ABC radio, *Law Report*, 15 October 2002.
6. Oxford Analytica Daily Brief, 18 October 2002.
7. John McBeth, 'Weak Link in the Anti-Terror Chain', *Far Eastern Economic Review*, 24 October 2002.
8. *The Times*, 17 October 2002.
9. Oxford Analytica Daily Brief, 17 October 2002.
10. Oxford Analytica Daily Brief, 17 October 2002.
11. *Jakarta Post*, 19 October 2002.