Australian Diplomacy Towards Indonesia 1965-1972. An Examination from the Australian Archival Record.

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“Prediction in Indonesia is a form of lunacy, unless one predicts that the outcome will be untidy, illogical, messy, unsatisfactory and thoroughly Indonesian. It is not enough to suggest that the Indonesians already produced a great deal for which we have to be thankful. The point is that they are very unlikely to produce a long-term situation with which we can comfortably live."

Keith Shann, Australian Ambassador to The Republic of Indonesia, 5 November 1965.

“Whatever happens, Indonesia is not just going to go away. This big amorphous mass with all its potential for...social upheaval is going to torment us for many moons.”

Keith Shann, 8 October 1965.
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Declaration

The work in this thesis is, to the best of my knowledge, entirely original, except as acknowledged in the text. I hereby declare that I have not previously submitted this work, in whole or in part, for a degree at this or any other institution.

Karim Najjarine
Abstract

Australia’s relationship with Indonesia has been a topic in diplomatic, academic, defence and intelligence circles in Australia for over fifty years. Australian diplomacy towards Indonesia in the period from the attempted coup in October 1965 until the fall of the Liberal – Country Party coalition in 1972, remains relatively overlooked by Australian researchers. There is virtually no research of this period drawn from Australian archival sources. This thesis seeks to rectify this gap in our knowledge.

The study suggests that Australian diplomacy towards Indonesia from 1965 to 1972 was dominated by a fear which contradicted Australian intelligence and defence assessments of Indonesia’s threat potential to Australia. The study will examine how this fear contributed to, and was also reinforced by, a lack of a clear working definition of what constituted ‘security’ in an Australian context. It bred a sense of insecurity and vulnerability by which Australian policy makers departed from a course of rationality.

This is reflected in Australian relations with the New Order Government which were dominated by strategic concerns. Although Australia desired an informal closeness to the New Order Government, ‘Jakarta’s increasing repression exposed Australia to international and domestic opprobrium with regard to the more salient abuses of the New Order Government.'
Acknowledgements

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Lastly, I would like to express my thanks to staff at the National Archives of Australia’s Canberra Reading Room and staff at the University of Western Sydney Libraries.
**Abbreviations and Acronyms**

ABC – Australian Broadcasting Commission

ABRI – *Angkatan Bersenjata Republic Indonesia* – Armed Forces of the Republic of Indonesia

AFTN – Aeronautical Fixed Telecommunications Project

ALP – Australian Labor Party

ALRI – *Angkatan Laut Republic Indonesia* – Indonesian Navy

ANZAM – Australia, New Zealand and Malaysia Defence Treaty

ANZUS – Australia, New Zealand and United States mutual defence treaty

ASEAN – Association of Southeast Asian Nations

ASIS – Australian Secret Intelligence Service

Bakin – *Badan Koordinasi Intelejen Negara* – State Intelligence Coordinating Body

BAPERKI – *Badan Permusjawaratan Kewarganegaraan Indonesia* – Indonesian Citizenship Consultative Body

Bappenas – *Badan Perencanaan Pembangunan Indonesia* – National Development Planning Board

BBC – British Broadcasting Corporation

BPI – *Badan Pusat Intelligens* – Central Intelligence Body

BPS – *Badan Penyebar Sukarnoisme* – Body for the Promotion of Sukarnoism

BTI – *Barisan Tani Indonesia* – Indonesian Peasants Front

Bulog – *Badan Urusan Logistik Indonesia* – National Logistics Board

CIA – Central Intelligence Agency

CONEFO – Conference of the New Emerging Forces

DPR – *Dewan Perwakilan Rakyat* – Peoples Representative Council

ECAFÉ – Economic Commission for Asia and the Far East
Gerwani – Gerakan Wanita Indonesia – Indonesian Women’s Movement

Gestapu – Gerakan September Tiga Puluh – Thirtieth of September Movement

HMI – Himpunan Mahasiswa Islam – Islamic Students Association

IBRD – International Bank for Reconstruction and Development

IGGI – Inter-Governmental Group on Indonesia

IMF – International Monetary Fund

JIB – Joint Intelligence Bureau

JIC – Joint Intelligence Committee

KAMI – Kesatuan Aksi Mahasiswa Indonesia – Indonesian Students Action Front

KAP – Gestapu – Kesatuan Aksi Pengganyangan Gestapu – Action Front to Crush the Thirtieth of September Movement

KAPPI – Kesatuan Aksi Pemuda dan Pelajar Indonesia – Indonesian Youth and Students Action Front

KASI – Kesatuan Aksi Sarjana Indonesia – Indonesian Intellectuals Action Front

KKO AL – Korps Komand – Angatan Laut – Commando Corps – Marines – Indonesian Navy

Kostrad – Komando Tjadangan Strategis Angkatan Darat – Strategic Reserve Command of the Indonesian Army

Koti – Komando Operasi Tertinggi - Supreme Operational Command (for the liberation of West Irian)

MPRS – Majelis Permusyawaratan Rakyat Sementara – Provisional Peoples’ Consultative Assembly

Nasakom – Nasionalisme, Agama, Komunisme – Nationalism, Religion, Communism

Nefos – New Emerging Forces
NEI – Netherlands East Indies

Nekolim – Neo-Colonialists, Colonialists and Imperialists

NZ – New Zealand

OCGA – Chung Hua Chiao Tuan Tsung Hui – Overseas Chinese General Association

OECD – Organisation for Economic Co-operation and Development

Oldefos – Old Established Forces

Parmusi – Partai Muslimin Indonesia – Indonesian Muslim Party

PKI – Partai Komunis Indonesia – Indonesian Communist Party

PNI – Partai Nasionalis Indonesia – Indonesian Nationalist Party

PSI – Partai Sosialis Indonesia – Indonesian Socialist Party

PSII – Partai Sarekat Islam Indonesia – Indonesian Muslim League Party

RA – Radio Australia

RAAF – Royal Australian Air Force

RAN – Royal Australian Navy

RPKAD – Resimen Para Komando Angkatan Darat – Army Para Commando Regiment

RRI – Radio Republic Indonesia

SEATO – Southeast Asia Treaty Organisation

Sekber Golkar – Sekretariat Bersama Golongan Karya – Joint Secretariat of Functional Groups

Seskoad – Sekolah Staf dan Komando Angkatan Darat – Army Staff and Command College

TNI – Tentara Nasional Indonesia – Indonesian Army

TPNG – Territory of Papua and New Guinea
UK – United Kingdom
UN – United Nations
US – United States
USI – United States of Indonesia
USSR – Union of Soviet Socialist Republics
VoA – Voice of America
WNG – West New Guinea
Note on Spelling

Towards the end of the period under consideration, the Indonesian and Malaysian governments implemented a common, phonetic spelling system. The major differences between the two systems are that words containing 'Dj' (as in Djakarta) in the old spelling are replaced by a 'J' (Jakarta) in the new. A 'J' (as in Jajasan) is replaced by a 'Y' (Yayasan), 'Tj' (as in Tjakrebrawa, Tjirebon) is replaced by a 'C' (Cakrabirawa, Cirebon), 'Oe' (as in Soeharto) is replaced by a 'U' (Suharto).

In the case of personal names, many individuals continued to use the old spelling. For purposes of consistency, throughout the thesis the new spelling has been used in all cases, except in quotations.
Introduction

The test of an effective foreign policy is not, of course, that it manifests no ambivalence. Few foreign policies would be able to pass this test. Nor should the effectiveness of policy be measured by its stability, consistency, or success in producing harmonious relations with other states, for acquiring these attributes may not be its main or even its desired goal. The only reasonable criterion of effectiveness is whether, on balance, a policy achieves those objectives desired by its makers.¹

Despite the centrality of Indonesia in Australian defence and foreign policy thinking, and significant research into the history of the bilateral relationship since 1945, the history of the relationship in the period from the attempted coup of 30 September – 1 October 1965 until 1972 has remained a relatively neglected aspect of one of Australia’s most important relationships. Not only has there been a dearth of scholarship on the history of the bilateral relationship in this period, there has been very little substantial research on Australian diplomacy towards Indonesia in this period undertaken from the archival record,² which, since January 1996, began to become available under the ‘thirty year rule’.³ There are several reasons for this apparent neglect.

Australian researchers have generally tended to focus on periods of conflict in Indonesian history such as Australia’s role in Indonesia’s struggle for independence,⁴ the dispute over West New Guinea (WNG),⁵ Confrontation (Konfrontasi) over the

³ Under the ‘thirty year rule’, documents more than thirty years old must be released upon request pending vetting by the Commonwealth Department from which they originated. See ‘Access to Records Under the Archives Act’. National Archives of Australia Fact Sheet number 10, May 1998. Obtained from the National Archives of Australia, Canberra.
⁴ Margaret George Australia and the Indonesian Revolution, Carlton, Vic: Melbourne University Press in Association with the Australian Institute of International Affairs, 1980.
creation in 1963 of the Malaysian Federation\textsuperscript{6} and Australia’s diplomacy towards Indonesia following the latter’s invasion and annexation of East Timor in 1975-76.\textsuperscript{7} However, Australia’s reaction to the attempted coup in Indonesia of 1965 and its portent for the future of Australian policy towards Indonesia remains an under-examined aspect of the history of the bilateral relationship. Some researchers have considered Australia’s response to the attempted coup only in the context of the degree to which it facilitated an end to Konfrontasi.\textsuperscript{8} Occasionally, scholars have attempted an examination of Australian policy and diplomacy towards Indonesia in this period. However, they have been hampered by the unavailability of archival records at the time.\textsuperscript{9} Following the scaling down and eventual resolution of Konfrontasi in August 1966, Australian attention was quickly drawn to its own escalating military involvement in South Vietnam which dominated the attention of Australians in the late 1960s. Attention did not return to Indonesia until 1975 when the abandonment of East Timor by Portugal prompted an invasion and annexation of East Timor by Indonesia.

This thesis seeks to rectify this scholarly neglect, as this period in the bilateral relationship was a major watershed that would shape and determine the tone of the bilateral relationship and Australian diplomacy towards Indonesia until the fall of


Suharto and his New Order Government in 1998. The scant attention paid to this period by researchers is difficult to understand, both in light of the fact that archival documents from the period began to become available after 1996, and given a general appreciation of the seminal importance of Australia’s relations with Indonesia in Australian academic, diplomatic, defence, intelligence and journalistic circles.

Australian foreign policy in the twenty years to 1965 occurred within a context of a perceived decline in Australia’s strategic position as a result of the loss by Britain, France and The Netherlands of their Southeast Asian colonies and the process of decolonisation that took place after the Second World War which was continuing apace into the 1960s. Writing in 1976, Camilleri noted:

The Dutch departure from West New Guinea, followed by Britain’s decision to withdraw from East of Suez and the growing indication of a new American policy of military disengagement, created havoc with Australian policies based, as they have been, on the expectation of a quasi-permanent European or American military presence.

Thus, with the coming of independence to British, French and Dutch colonies in Southeast Asia, Australia was faced with an unwelcome and dangerous new strategic paradigm as the security that European colonial domination of Southeast Asia afforded Australia vanished. In Australia, an under-developed and under-populated nation of mostly white European extraction, concern was palpable. The steady rise of communism in China in the late 1940s, communist insurgency in Southeast Asia, traditional racist fears of the ‘yellow peril’, the perceived downward thrust of communism, and the failure of the United Kingdom and European colonial powers to successfully defend themselves (and indirectly, Australia) from the Japanese invasion of the region left Australia with a heightened sense of vulnerability.

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10 Van Der Kroef describes the attempted coup as the ‘boundary’ separating the ‘Old’ and ‘New’ Order. See Justus M. Van Der Kroef ‘Indonesia: The Battle of the ‘Old’ and ‘New’ Order’, Australian Outlook, vol. 21, no. 1, April 1967, p. 18.
11 J.A. Camilleri An Introduction to Australian Foreign Policy, Milton, Qld: Jacaranda Press, 1976, p. 65.
In 1945, following the war, these fears were most immediately focussed on the challenge posed to Australian defence and foreign policy makers by the nascent Republic of Indonesia. Within a very short period of time, Australia and Indonesia became the most unlikely of neighbours, with little in common but a shared geographic proximity. However, it was due to this very geographic proximity, and Indonesia’s potential for instability, that Australia was forced to focus its regional diplomacy on so intently on Indonesia.

Australia’s core interest in Indonesia was (and still is) security. This stems from the view that any serious threat to the security of the Australian mainland and its off-shore territories and lines of communication would come from, or through, the Indonesian archipelago which was described by former Australian External Affairs Minister Percy Spender, in 1957, as ‘...our last ring of defence against aggression.'

In a similar vein, Eggleston asserted: “The approaches to Australia from crowded Asia are through the [Indonesian] archipelago of islands which provide many bases for attack.”

In this way, Australia’s relations with Indonesia, and with other major world powers, particularly the United States, were founded on a sense of extreme vulnerability that informed policy thinking, and a consequent and overriding quest for security.

In a similar vein, Mackie contended that this focus on security in the region in the post-war era was excessive, as it led to a degree of neglect of other important aspects of Australia’s regional relations. He stated that:

...the security aspects of our foreign policy have been grossly over-emphasised in the past at the expense of other objectives. Australian interest in Southeast

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Asia since World War II [sic] has been excessively coloured by our preoccupation with threats to our security, real or imaginary, from that region.\textsuperscript{14} These concerns were shared by Renouf, who accurately described Indonesia as ‘the crucible’ of Australian foreign policy in the sense that it served as a focus of traditional fears of ‘Asian hordes’ sweeping into Australia.\textsuperscript{15}

Renouf demonstrated that security concerns constitute only one of the objectives of foreign policy, although a primary one. Foreign policy should also serve to safeguard a nation’s independence and advance a nation’s economic and social well-being insofar as foreign policy can be used to achieve those ends.\textsuperscript{16} According to Bull, more broadly it is the role of foreign policy to achieve prosperity and welfare for the nation and its people, achieve the improvement of its quality of life and allow the nation to contribute to human purposes beyond those of security-dominated concerns.\textsuperscript{17}

Geographic and demographic factors were responsible for this nagging sense of vulnerability and insecurity. Australia is the only nation-state in the world that occupies an entire continent with an enormous and virtually indefensible coastline. Its natural defences are its isolation from the rest of the world, an absence of land borders with its neighbours, and vast deserts separating the most settled and densely populated parts of the country in the southeast of the continent, from Asia.\textsuperscript{18} Demographically, Australia had (and has) a small population, the overwhelming majority of whom were (and still are) of European descent and located far from their natural allies, the United States and Great Britain. This was much less of an issue prior to World War Two due

\textsuperscript{15} Alan Renouf \textit{The Frightened Country}, Melbourne: Macmillan, 1979, p. 11.
\textsuperscript{16} \textit{Ibid.}, p. 1.
\textsuperscript{17} Hedley Bull ‘Options for Australia’, taken from Gordon McCarthy (ed) \textit{Foreign Policy for Australia: Choices for the Seventies. Proceedings of the 39th Summer School}, Sydney: Angus and Robertson for the Australian Institute of International Relations, 1973, p. 137.
\textsuperscript{18} A.J. Rose ‘Strategic Geography and the Northern Approaches’, \textit{Australian Outlook}, vol. 13, no. 4, December 1959, p. 304.
to the presence of European colonial governments in areas to Australia’s north. As a result of these factors, Australian foreign policy in the post-war era was characterised by a high reliance on its powerful allies, the United Kingdom and the United States, and a consequent high degree of identification with these powers’ foreign policy aims and objectives in the region. In this sense, Australia’s role in its military and foreign policy has been described as being one of ‘spear carrier to the chief’. However, these same geo-strategic and demographic factors also insulated Australia from possible aggression. Any substantial assault against Australia would have been an extraordinarily difficult endeavour for a possible aggressor. Indeed, in the period under examination, only the United States possessed the necessary military capacity to launch such an attack. Nevertheless, this heightened sense of threat and vulnerability in Australian foreign policy was manifested in, and focussed upon, Indonesia, and was underlined by a relationship with Jakarta characterised by conflict, expediency, degrees of suspicion, and open confrontation.

These themes occur throughout the history of the bilateral relationship and are highlighted in episodes in this history. This included Australia’s response to the breakdown and relinquishment of Dutch authority in the archipelago aimed at assisting to some degree the transition to independence in Indonesia. The philosophy behind this was that Australia, on its own having very limited influence, would try to guide events outside its control in a direction most amenable to Australia. To this end, Australia assisted Indonesia’s achievement of independence, although the degree to which Australian support for Indonesia’s struggle for independence was instrumental

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20 Rose ‘Strategic Geography and the Northern Approaches’, pp. 304-5.
in the achievement of it is subject to debate. However, as Mackie pointed out, any goodwill built up between the two nations during the struggle for independence became dissipated by what he described as ‘the sixteen years of tension and ill-disguised disdain which characterised our attitude to her until 1966."

After this hopeful beginning, the bilateral relationship became characterised by conflict, first over WNG, which remained under Dutch control after independence, then the Konfrontasi dispute between Indonesia and British and Commonwealth forces over the establishment in 1963 of the Malaysian Federation. Underlining this gradual estrangement and escalating conflict was the failure of successive liberal democratic governments in Jakarta to achieve political or economic stability in the 1950s, and the advent of ‘Guided Democracy’ (Demokrasi Terpimpin), a system under which President Sukarno acquired wide executive powers under the original 1945 constitution.

In 1963, Sukarno, using external military adventurism to shore up his domestic political position, launched a campaign to ‘confront’ Malaysia. This increased the isolation of Indonesia from the West and was accompanied by a continuing economic deterioration throughout Indonesia. The period from 1964 until the attempted coup also saw an increasing radicalisation of Indonesian politics and a growing identification of President Sukarno with the Indonesian Communist Party (PKI). In 1965 this radicalisation seemed to reach a climax, first with in Sukarno’s withdrawal from the United Nations in February, then from the International Olympic

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Committee, and also his seeming acquiescence to PKI calls for the arming of a ‘fifth force’, intended to serve as a Maoist peasant army.25 According to most Australian academic and diplomatic commentators at the time, the direction of politics in Indonesia was moving inexorably to the left in 1964 and 1965, and the accession to power of the PKI in Jakarta was seen as almost inevitable.

Although the loss of Indonesia to the communists, most probably to a communist party sympathetic to Peking, would constitute a net loss to the Australian strategic position, it will be demonstrated that Australian diplomats in Jakarta, Canberra and other capitals felt that a communist Indonesia would not be significantly more difficult to deal with than the Government under Sukarno. This was due to the view that communism in Indonesia would be an ‘Indonesianised’ form that would differ in certain respects from that of Moscow or Peking. It was even felt that alignment with either of the major communist powers would provide a restraining influence on Indonesian foreign policy, and that closer rapprochement between Moscow and Jakarta would be strategically advantageous to Australia.

This increasingly radical environment in Indonesia, and the deteriorating regional security environment to which it led, did not go unnoticed in Canberra, which was in a process of altering the manner in which its foreign policy was formulated and administered. Partly in response to this, a review of Australian foreign aid practice at around the same time led to the same process occurring in Australian foreign aid policy and practice. The Department of External Affairs was re-organised to facilitate greater specialisation and focus on the region to Australia’s north. This reflects Canberra’s recognition of the growing significance of Indonesia and Southeast Asia more generally.

Canberra, much like other Western and Eastern Bloc countries, was highly confused by the attempted coup of 30 September and 1 October. Following the coup attempt, Canberra was circumspect. This was due primarily to the unclear nature of events in Indonesia following immediately after the attempted coup and Canberra’s inability to establish where authority lay. Despite this, Canberra hoped events would favour the Army under Suharto. Australia’s circumspection also arose from a desire not to alienate the future Indonesian government by openly siding with either the Army or PKI, although publicly highlighting PKI responsibility for the attempted coup. This persisted at least until March 1966 when Suharto extracted authority to restore law and order from Sukarno. From the time of the attempted coup until March 1966, Canberra’s efforts were focussed on gauging the transfer of real authority in Indonesia and doing everything in its power to assist the Army in its drive against both the PKI and Sukarno, without being seen to interfere in Indonesia’s internal affairs.

In this period, particularly after the onset of Indonesia’s Konfrontasi of Malaysia, Canberra was forced to take an even keener interest in world affairs, particularly focussed on events in Indonesia and Malaysia. Archival documents from the period demonstrate that Canberra was receiving information in advance about the possible timing of this anticipated Army-PKI confrontation and various plots and planned coups aimed at the removal of Sukarno. This throws into doubt claims made at the time by Canberra and the Australian Embassy in Jakarta that the coup was not anticipated. This is further thrown into doubt by the existence of tentative but credible evidence suggesting that the US Central Intelligence Agency (CIA), with the assistance of the Australian Secret Intelligence Service (ASIS), was involved in efforts before 30 September to destabilise Sukarno’s leadership and encourage senior
Army officers to seize power. Such evidence also implicates these organisations in the attempted coup and assistance to the Army throughout the period. This assistance included providing material assistance to the Army in the purge of hundreds of thousands of suspected PKI members and sympathisers following the coup.

There evolved at this time a dual explanation of who was responsible for the coup. Officially Canberra found it difficult officially to directly accuse the PKI of responsibility due to a lack of evidence pointing to an attempted communist seizure of power. However, they implied that this was the case by emphasising the groundswell of popular anger against the PKI throughout the archipelago. They also explored the involvement of Peking in the attempted coup and later accused them openly. Declassified Department of External Affairs cables, papers and intelligence reports imply that the general consensus amongst Australian diplomats and Departmental officers was that although the PKI, or elements of it, were certainly involved in, or complicit in the coup, they were certainly not, as a group, its main instigators. Nevertheless, Canberra used the involvement of elements of the PKI to do all in its power to discredit the party by highlighting its involvement in the coup. They assisted the Army at this crucial stage by failing to openly criticise or attack the Army for massacres which left hundreds of thousands of people dead and many thousands imprisoned. This assistance included emergency aid, in the form of foodstuffs, to shore up Army control against social unrest brought about by food shortages and inflation. Canberra also discussed other forms of possible covert assistance to the Army as well as taking guidance from the Army as to how the situation should be reported by Radio Australia (RA) and the provision of other assistance to the Army in the realm of information activities, including the use of RA to broadcast events in a manner favouring the Army’s version of events.
Following Suharto’s extraction of authority from Sukarno in March 1966, Canberra’s support for the Suharto government became more open. The formation of Suharto’s first Cabinet opened the way for the West to mount a multilateral effort to reschedule Indonesia’s staggering foreign debt. Australia actively participated in this effort, despite the fact that Canberra was not a creditor of Indonesia, that all its aid to Indonesia was in grant form, and that its standard practice was to avoid involvement in multilateral forums. Initially, Australia’s actions in this regard did not match its rhetoric as the Departments of External Affairs and Treasury clashed over the nature of Australian participation in any multilateral grouping. Treasury was concerned principally with the possibility of exponential increases in Australia’s aid expenditure, the pressure to make forward-aid commitments and the influence of inter-governmental and non-governmental groups on this. This can also be seen in Australia’s failure to accept encouragement and invitations to chair any such grouping despite being perfectly placed to do so as a Western nation that was not a creditor. In the late 1960s, however, Canberra’s actions caught up with its rhetoric. Australia dramatically increased most forms of aid, including military aid and defence cooperation programmes to Indonesia, and began to consider attempts to involve Indonesia in regional grouping (Indonesia was a founding member of ASEAN in 1967).

Assistance to the Army also took the form of a continued silence by Australia to continuing killings and imprisonment of suspected PKI members, and the Army’s interference in political parties to ensure their leaders were compliant. Canberra also had wide knowledge of, and expressed support for, Suharto’s postponement of general elections, scheduled for 1968, until 1971. This enabled Suharto to enact election bills which would ensure a victory for his electoral machine Golkar, and the
growth of ‘green shirtism’, or the increasing presence of military personnel in civilian bureaucratic positions. Canberra also refrained from criticising other aspects of what appeared to be the development of a police state, such as high-level corruption among the top Generals, and Suharto’s failure to take concerted action against it, except where it imperilled reception of aid to Indonesia or had the potential to damage relations with aid donors. By the end of the period under consideration, Canberra found itself locked into what Harris accurately described as a ‘cul de sac of uncertain bilateralism’, with the continued effectiveness of Australian diplomacy becoming tied intimately to the continuing success and political viability of the Suharto regime.

In the latter part of the 1960s, leading Australian academics began questioning the policy and perceptual bases upon which the post-Sukarno bilateral relationship had been constructed and the political costs of too close a relationship with the New Order Government.

There existed a dim hope in Canberra that Suharto would eventually preside over a gradual return to a more broadly based and democratic government after political and economic stability and rehabilitation had begun to take place. It became clear to Canberra after 1968 that this would not be the case, and that the forthcoming elections would neither be fair nor be allowed to lead to a change in government. This was immaterial for Canberra, whose continuing support for the Suharto regime was

27 Commenting on riots in Jakarta during the visit of Japanese Prime Minister Tanaka in 1973, Mackie noted: ‘The very close association with the Soeharto regime into which Australia plunged with such enthusiasm and relief after the overthrow of President Soekarno in 1966 has been called into question from many quarters over the last two years. The riots...reveal[ed] just how brittle is the structure of governmental authority in Indonesia and hence how risky a policy of too blatant an identification with any one particular regime.’ J.A.C. Mackie ‘Australia’s Relations with Indonesia: Principles and Policies I’, p. 3. Writing in 1973, Eldridge noted the presence in Australia of, ‘...doubts and misgivings which had been simmering below the surface in several quarters concerning alleged excessive support for a narrowly based power elite in Jakarta, for a pattern of economic development believed by many to be widening the gap between rich and poor, turning a blind eye to administrative corruption and refusal to protest clearly against the continued detention without trial of between 50 000 and 100 000 political prisoners, together with other forms of political repression.’ Philip J. Eldridge ‘Australia’s Relations with Indonesia: An Alternative Approach’, Australian Outlook, vol. 25, no. 2, August 1971, p. 34.
not dependent upon, nor affected in any way by, the restoration or not of any genuine constitutional democracy in Indonesia in the indefinite future. Australian diplomats and the Department of External Affairs were fully aware that despite the hopes of some in the Indonesian and Australian governments, as well as those in the international community, Suharto would not preside over the re-introduction of constitutional democracy in Indonesia. As it became clear that events were moving in a contrary direction, Australian diplomacy towards Indonesia was not affected and every assistance to bolster Suharto’s political position at the apex of authority was continued. Canberra was aware that Suharto intended to construct a new electoral machinery and system of representation which would ensure the domination of Suharto and the Army for years to come. There is nothing in the official Australian archival record to suggest that Australian diplomats discouraged this by making any representations critical to either civil or Army leaders. Australian diplomats in Jakarta quietly supported it. This reflects simultaneously the great relief felt in Canberra at the rout of the Communists in Indonesia and their consequent desire to ensure that the PKI were never again in a position to launch an attempt to seize control of the state. It also reflects the fear that a return to constitutional democracy in Indonesia would have left it vulnerable to a re-activation and re-emergence of the PKI, and an attempt by it to resume its struggle for power.

The legitimacy of the Suharto regime was also shored up in Australian eyes by Suharto’s addressing of Indonesia’s parlous economic situation. In this sense, Australian policy can be seen in some respects as short-sighted, only seeking to preserve its security and close relations with Indonesia in the short and medium term at the expense of the long term future, whilst simultaneously exposing itself to real
and potential fallout for its close support for a regime which became increasingly a
target of international opprobrium.

This thesis argues that Australia’s relations with Indonesia were too heavily pre-occupied with security concerns. Moreover, it will be shown that these very fears, upon which Australian policy towards Indonesia rested so heavily, had little to commend them considering the inability of either Indonesia or Communist China to seriously threaten Australia due to their limited military and industrial capacity. At no stage were either of these powers in the position to mount any serious threat to the Australian mainland. Assessments prepared by the Joint Intelligence Committee, a body comprised of military intelligence officers, civilian intelligence and External Affairs officers, charged with preparing reports and threat assessments, demonstrate that the threat to Australia from all types of possible hostile action by Indonesia, China, or even as a result of a general global war involving a nuclear exchange, was minimal. This highlighted the extent to which Australia’s strong sense of insecurity and vulnerability was not supported by its own assessments of the strategic environment at that time or projections of it in the short to medium term future.

This pre-occupation with security concerns was stridently criticised by both scholars and diplomats in the period under consideration as irrational, exaggerated and untrue. Walter Crocker, a distinguished former Australian diplomat and former Ambassador to Indonesia, noted:

No country, no matter how powerful or how favourably placed by geography it be, can have complete security, any more than any human being, however strong or well-doctored, can have complete security against cancer, or heart disease, or earthquake. Over-insurance is no safeguard.\(^{28}\)

From an examination of Australian diplomacy in this period, several insights into the nature of the bilateral relationship can be gleaned. The first of these is that Australia’s relationship was (and is) reactive. That is, the bilateral relationship’s tone and tenor was determined primarily by events within Indonesia over which Australia had little if any control. Millar noted:

Most decisions on Australia’s foreign policy are reactions to initiatives taken or pressure exerted elsewhere...for the most part, because of Australia’s size and its generally conservative foreign policy, it reacts more than it acts.29

Secondly, Australia’s level of influence in Indonesia was minimal, despite widespread acceptance of the ‘double myth’ first postulated by Viviani.30 According to Viviani, despite Australia’s assistance to Indonesia in its struggle for independence, there was little time for Australia to establish a working rapport with Indonesia, and no historical framework within which to conduct bilateral relations. Partly to remedy this, and to create a more favourable historical context for the conduct of bilateral relations, two myths came to be accepted to a large degree by both Indonesian and Australian elites. According to Viviani these ‘myths’, like most myths were dubious in their authenticity and have little basis in fact, nevertheless they served a diplomatic purpose. The first of these consisted of a belief that Australia played an instrumental role in Indonesian independence. The second was based on a belief in the existence of a ‘fund of goodwill’ towards Indonesia in Australia. However, Viviani rejects this view.31 In a similar vein, Meaney argued that Australian foreign policy itself, was a

29 T.B. Millar Australia’s Foreign Policy, Sydney: Angus and Robertson, 1968, p. 22.
31 Whilst it does not bear heavily on the thesis under discussion, Viviani does demonstrate that Australia did not become involved in Indonesian independence until after the first ‘Police Action’ of 1947 and even then Canberra’s belated support seemed more a response to the direction in which events were inexorably moving and were indeed beyond its control. See Ibid., pp. 13-15. According to Beddie, Canberra believed that the Dutch Police Action had the potential to turn into a political and military quagmire. It was hoped by Canberra that by building up goodwill and influence in Indonesia it could make diplomacy a substitute for specific bilateral and multilateral defence arrangements. See B.D. Beddie ‘Australian policy Towards Indonesia’, p. 129.
'creature of myth-making'. He argued that Australia had no independent foreign policy until after the Second World War, at which point she:

...inherited the image of the world held by the British foreign service; identified herself and was identified by others, in two world wars and in much of the inter-war conference diplomacy at the League of Nations, with the national attitudes, animosities, and allies of Britain.

In this way Meaney argues that Australia did not have a foreign policy of its own, and was happy to follow the lead given by the United Kingdom and the United States. It was only through a high degree of policy alignment with major powers, and cooperation with them, that Australia could have any appreciable influence over Indonesia and thereby encouraging it in directions compatible with its own (heavily security dominated) interests. An examination of Australia's relations with Indonesia in this period reveals a very high degree of satellitism in Australian foreign policy that at all times sought not to depart in any significant way from American and British policy.

The date parameters of the period under examination were selected as they encompass the attempted coup of October 1965, which marked a major watershed in the bilateral relationship and constituted a new era of Indonesian political history and foreign relations. The period ends in 1972, shortly after the first general elections in Indonesia following the attempted coup after which Suharto's consolidation of power and entrenchment of the New Order regime could be said to be more or less complete. The year also marks the fall of the Liberal-Country Party Coalition Government in Australia of William McMahon, ending 23 consecutive years of conservative government in Australia.

33 Ibid.
From an examination of Australian diplomacy towards Indonesia in this period it can be seen that Canberra was attempting to pursue an essentially realist policy within the context of the bipolarity of Cold War hostility. This necessitated an approach to Indonesia predicated on a desire to ensure Australian security, endangered, it was believed, by instability in the form of communist insurgency in Southeast Asia. This was the motivation for the unprecedentedly high levels of economic and diplomatic aid bestowed upon Indonesia in the period under examination.

However, necessary to the formulation and conduct of a realist foreign policy is the accurate assessment of the strategic environment and threat potential of an actor’s neighbours. Archival documents demonstrate that the Australian defence and intelligence establishment considered Indonesia, communist or otherwise, to constitute no serious military threat to the Australian mainland or its interests, either under a Sukarno or a communist-led Government. In light of the incapacity of Indonesia to pose any real measurable threat to Australia and its interests, such an approach is difficult to explain.

Accompanying this exaggerated sense of threat and vulnerability - and partly responsible for it - was a corresponding absence of a definition of what constituted ‘security’ in an Australian sense. The failure to achieve this contributed to a perpetual sense of insecurity, leading to a foreign policy reflecting both insecurity and a preoccupation with security concerns, in a time and strategic environment in which, as Meaney noted, Australian security had never been so assured. He noted:

Australia...for the first time in its history, has been successful in its quest for security...one might say that Australia for the first time finds itself in a relatively happy and optimistic position.\(^{34}\)

This was itself the product of a greater flaw in Australian foreign policy formulation - that of the domination of fear in its foreign relations with Indonesia and the region. Australian policy responses to Indonesia and the region more generally, as manifested in its policy and diplomacy towards Indonesia in this period, reflected an assessment of the strategic environment heavily influenced, if not dominated by fear. The presence of fear in the formulation and conduct of Australian foreign policy can be accurately gauged by an examination of the strategic environment and its benign nature, and highlighting the incongruence between Canberra’s assessment of this and the nature of Australian policy towards Indonesia in the period 1965-1972. Canberra was overly concerned with a fear of Indonesia becoming a communist state, and the opening this would provide to Peking to project its influence further into the region, the effect of this on the US-led involvement in South Vietnam, and the perceived out-flanking of British and Commonwealth Forces in Malaysia and other Western treaty partners in the region. Millar noted that the presence of a communist Indonesia ‘...would amount to China ‘leapfrogging’ SEATO and sitting athwart our communications to the north.’

This is a good example of the language of threat. For this reason, western diplomacy in the period before the coup attempt had the prevention of the fall of Indonesia to communism as its primary goal.

The presence of fear in Australian policy towards Indonesia can be gauged in the latter part of the 1960s by Australia’s extensive efforts passively and actively to support Suharto in the consolidation of his regime and the growing authoritarian tendencies which it was adopting. In this way, in the late 1960s and early 1970s, Australian policy became increasingly ‘regime specific’. That is, the bilateral

relationship became personalised to a point whereby it became a relationship not so much between two nation states as between the Australian Government and Suharto and a clique of generals. To a degree, this was necessary due to the highly personalised nature of governmental authority in Indonesia both prior to, and following, the attempted coup. In many respects this proved effective policy, affording cordial relations with Indonesia and ensuring the successful implementation of aid programmes, but could only continue to be effective as long as the Suharto Government remained in power. However, it also exposed Australia to criticisms that it assisted Suharto actively and passively in the creation and maintenance of a highly controlled regime. The over-identification with the Suharto regime committed Australia to an uncritical support for the New Order Government, alienating dissenting opinion both within and without Indonesia and ensuring that the continued effectiveness of Australian policy towards Indonesia had a use-by date which would expire upon the fall of the Suharto regime. What can be observed is an avowedly realist policy improperly conducted by Australian policy makers, due to an exaggerated sense of threat and vulnerability deriving from the presence of fear in Australian foreign policy formulation.

From an examination of the bilateral relationship several conclusions can be made. It confirms Viviani’s assertion that Australia had very little influence over affairs in Indonesia or the actions of the Indonesian government except when acting in concert with its allies. Developments in Indonesia in this period seem to have occurred largely as a result of Indonesia’s own internal political dynamic. Australia could only have any appreciable influence or leverage with Indonesia when it acted in concert with major Western powers, led by the United States and Japan. This can be seen in the very close cooperation and collaboration between Western diplomats in Jakarta and
other key posts, and close cooperation between Australia and friendly countries in such areas as information policy, debt rescheduling, and sharing of information. An overly intimate relationship with Jakarta exposed Australia to some degree of fallout from international criticism levelled at Indonesia in the period under examination and afterwards. The bilateral relationship appeared to swing from one pole to another, from one of near estrangement to unprecedented intimacy, with a minimal period of transition, further highlighting Canberra’s sense of fear and insecurity, of which Mackie commented:

An excessive eagerness to make friends generally betrays an element of over-compensation and insecurity, in international politics as well as personal affairs.  

The thesis relies on recently declassified and released archival documents from the National Archives of Australia. The archival record includes a range of documents including diplomatic cablegrams, letters, memos, records of conversations, Cabinet Minutes, documents supplied by foreign governments, departmental submissions, security and intelligence assessments and other administrative documents. Other primary evidence includes Hansard, private papers and interviews with diplomats in key posts in the period under examination. Corroborative and other supporting evidence has been sourced from newspaper clippings, academic studies including unpublished theses, journal articles, monographs and correspondence received by the author. However, emphasis is placed on archival documents where possible because of their primary nature and the certainty of their authenticity, and Australian secondary sources where possible and applicable. Such an approach allows considerable insight into the explanations, thoughts and motivation of key players in

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the bilateral relationship and others. The authors of such documents were not
constrained by the knowledge that their writings would be publicly available.
However, there are several shortcomings in this approach. The most serious is that the
archival record is highly selective. Under Section 33 of The Archives Act 1983,
archival documents can be expunged from the archival record on several grounds.
These principally deal with security-related issues such as the possibility of
information being injurious in any way to the security of the Commonwealth or
damage its relations with a foreign power.37 This gives Commonwealth censors wide
and discretionary powers to expunge information from the archival record. A second
problem is that of inclusion of documents into the archival record. Because of the
problem discussed above, it cannot be ascertained to what extent all pertinent
documents have been kept or released. A third problem with archival research,
particularly with regard to Australia’s international relations and diplomatic
correspondence, is the often highly speculative, and at times, second and third hand
nature of the information they contain, sourced from often dubious origins. The fact
that a particular piece of evidence is first hand does not necessarily vouchsafe the
accuracy of the information contained therein. Moreover, diplomatic reporting can be
highly speculative and often based on incomplete and sometimes false information
and many of the authors of such documents were junior diplomats, whose degree of
leverage and expertise in either the Embassy, the Department or the country to which
they were posted was slight, bringing into question the degree to which such
documents influenced policy or constituted an accurate representation of the situation.
However, this same factor highlights the nature of Departmental discourse within
Australian diplomatic circles and the range of views on Indonesia which it

37 See ‘Access to Records Under the Archives Act’. National Archives of Australia Fact Sheet number
encompassed at the time. It is for these reasons that the archival record offers unique insight into the nature and conduct of bilateral relations precisely because of the raw and speculative nature of such information.

The thesis proceeds using a loosely chronological framework. This is because the bilateral relationship between Canberra and Jakarta was largely a product of developments occurring in Indonesia through time and through the use of archival documents to highlight episodes and aspects of Australian diplomacy which demonstrate Canberra’s departure from rationality in its foreign policy due to insufficient and ill-defined concepts of security and the presence of fear in Australian foreign policy and diplomacy.

In light of the position being argued in the following pages - that Australian policy towards Indonesia in the period under examination was a product of an exaggerated sense of vulnerability and threat, arising from fear in Australia’s foreign policy formulation - the bilateral relationship is examined through the framework of the theory of fear in foreign policy formulation of international relations developed by Simon Philpott, and with reference to Morgenthauian realism, the concept of the balance of power and the role of national security in foreign policy formulation expounded by Barry Buzan. The reason for the employment of three different theories of international relations, their usefulness, and how they interact, will be addressed comprehensively in the following chapter.

The thesis has as its compass and point of reference, the attempted coup of October 1965 and events in the bilateral relationship arising as a result of the change in the Indonesian Government which it initiated. For this reason the issue of Australia’s response to the ‘Act of Free Choice’ in Irian Jaya in 1969 and its impact on the relationship is not examined. The issue of sovereignty over this territory,
insofar as it was an issue and possible source of conflict between Indonesia and Australia, was largely resolved from an Australian point of view when Canberra expressed satisfaction with the Indonesian promise to conduct an ‘Act of Free Choice’ there in 1962. Moreover, Australia’s relations with Indonesia with regard to the sovereignty of WNG date from the early 1950s. This is an issue requiring a considered archival study in its own right. For these reasons, a comprehensive examination of this is beyond the scope of this study.

Prior to embarking on a discussion of the subject under examination, it is necessary more fully to discuss the theoretical frameworks within which this study proceeds, and the reasons for their employment. It is also necessary to explore and examine the nature, context, and machinery of Australian foreign policy formulation and practice as it pertained in the 1960s in order to provide an appropriate context within which to appreciate how foreign policy was formulated and conducted towards Indonesia throughout the period under examination. Finally, some greater explanation of the strategic environment and threat potential to Australia at the time from the point of view of the Australian defence and intelligence community is required as foreign policy proceeded from this, and determined both the nature of Australian policy towards Indonesia, and the manner in which it was carried out.
Part A

Chapter One

Indonesian-Australian Relations 1945-65: An Overview

In the period between 1945 and 1965 the bilateral relationship between Indonesia and Australia was characterised and dominated by chronic and continuing conflict at varying levels. It was characterised by Canberra’s pre-occupation with security concerns; the myth of Australia possessing a high degree of influence with the Indonesian leadership; and the fear that an unstable Indonesia was a probable candidate for an eventual communist takeover. This policy was based largely on Australian fear of Indonesia as a threat, either as a potentially expansionist nationalist regime, or as a communist state.

The bilateral relationship had a unique and almost surreal quality, whereby cordial relations were maintained despite the relationship being punctuated and characterised by conflict. This was because of the great importance of Indonesia in Australian defence and foreign policy thinking generally, coupled with the need to maintain a working relationship with whichever government ruled in Jakarta. This can be seen in the salient episodes of the bilateral relationship to 1965, in particular Australia’s role in Indonesia’s struggle for independence, the dispute over sovereignty of WNG, and conflict over the establishment of the Malaysian Federation. It will be seen that Australia was in all cases a reactor to events in Indonesia over which it had no control. The only exceptions occurred as a result of American pressure – notably that placed on Holland by the United States to abandon efforts to retain WNG, and American (and to a lesser extent British) apathy – which were major factors in the
failure of Australian and Dutch efforts to prevent the passing of sovereignty of WNG to Indonesia.
1.1 Australia’s Involvement in Indonesia’s Struggle for Independence

The issue of Australian support for Indonesia’s struggle for independence has been the focus of academic debate for some time regarding the role, motives and degree of Australian support for Indonesia’s republican movement and the extent to which Australia’s involvement in the issue had any role in the achievement of independence.

Before entering into a discussion of Australia’s role in Indonesian independence, a brief outline of events is necessary. On 17 August 1945, Sukarno and Mohammad Hatta proclaimed the independence of the Republic of Indonesia in a small ceremony in Batavia (Jakarta). As Dorling pointed out, the declaration came at a crucial time, coming only two days after the Japanese surrender but before the arrival of Allied forces who were to accept the surrender of Japanese forces in the archipelago.38 The Dutch, like other European colonial powers in their respective colonies facing militant independence movements following the end of the war, refused to recognise the declaration of independence, with Holland and other Allied nations seeing it as a form of Japanese warfare, that, as Kingsbury pointed out, was correct from a Japanese point of view.39 The Australian Government first learnt of the proclamation via a short-wave radio broadcast from Batavia (Jakarta) on 19 August which aroused little surprise as intercepted Japanese military radio traffic indicated that Tokyo was anxious to grant independence as soon as possible.40 Canberra’s reaction to the initial declaration was one of circumspection and even-handedness, recognising the direction in which events in Indonesia and the region were moving but desirous not to alienate the Dutch who were wartime allies. Following the return of Dutch forces to the

40 Dorling Diplomasi, p. x.
archipelago, the Dutch commenced their first ‘Police Action’ in mid-1947 with approximately 150,000 troops in an attempt to crush Republican forces. A second Dutch offensive in 1948 was more successful but prompted much greater international concern and interest in the dispute. A 1946 United Nations Security Council resolution moved by the Ukraine that a committee of inquiry be established to assess the situation was opposed by Australia, which was then a non-permanent member of the Security Council. Canberra entered into close liaison with Indonesian nationalist leaders and, following the first Dutch police action in July 1947, condemned the action and raised the issue in the UN Security Council through its representative at the UN, under Section 39 of the UN Charter which condemned the use of military force without warning.\(^{41}\) The outcome of this meeting was the establishment of a Good Offices Committee, tasked with finding a resolution to the dispute. Australia was nominated by Indonesia to represent its interests, whilst Belgium represented the Dutch, with the United States being selected by both the Indonesians and the Dutch as a third party.\(^{42}\)

Following the second offensive by Dutch forces, Australia vigorously condemned Dutch actions and instructed its representatives at the UN to condemn the Dutch action and provide diplomatic support for the Republic.\(^{43}\) As a result of such apparently unambiguous support for Indonesian republicans and condemnation of Dutch military action, it came to be seen and accepted by many in both Indonesia and Australia that Canberra was both highly sympathetic to the Indonesian’s aspirations for independence and was instrumental in the achievement of it. Typical of this view is Beddie, who asserted that:

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\(^{41}\) Catley *Australian-Indonesian Relations Since 1945*, pp. 16-17.

\(^{42}\) Beddie ‘Australian Policy Towards Indonesia’, p. 124.

\(^{43}\) *Ibid.*
...there is a prima facie case for believing that it [the Australian Government] followed a fairly consistent and bold policy in support of the Republic. 44

In a similar vein Catley highlighted the bonding effect of Australia’s perceived influential role in Indonesia’s independence on the bilateral relationship. He alleged it led to:

...a very close relationship between Australia and the Indonesian independence movement, [it] suggests strong Australian support for Indonesia’s struggle for independence, and gives the impression that Australia was the major player in putting Indonesia’s case on the UN’s agenda. 45

However, this is deceptive, as when put in the context of international diplomatic manoeuvring and power relations at the time, Australia’s actions in the dispute, whilst helpful to the Indonesian cause, were by no means decisive. It must be remembered that it was in fact India which first brought the issue before the UN, not Australia.

Following the first Police Action in July 1947, Nehru appealed to London and Washington to take action to stop the Dutch military campaign. When no response was forthcoming from either London or Washington, Nehru appealed directly to the Secretary General of the UN, and raised the issue in the Security Council, basing India’s claim on Section 34 of the Charter stating that international peace and security were threatened by the Police Action. Australia based their claim on section 39, stating that the Police Action constituted a breach of world peace. 46 Moreover, Australia’s first statements of condemnation of Dutch action, and support for independence were only forthcoming following the onset of hostilities between Dutch and Republican forces and certain internal and external factors. These included the Waterside Worker’s Federation ban on Dutch shipping, 47 the desire of Canberra to not

44 Ibid., p. 125.
45 Catley Australian-Indonesian Relations Since 1945, p. 17.
46 Ibid., p. 19.
47 For a treatment of this, see Rupert Lockwood Black Armada, Sydney: Hale and Iremonger, 1982.
be dislodged by another country such as India, and the desire not to depart too radically from British and American policy. Beddie noted:

...it is clear that the close interconnections between domestic and external factors in Australian policy worked in such a way as to drive the Government on at a faster rate than would have been the case had it been a freer agent.\textsuperscript{45}

Similarly, Camilleri noted the myth of significant Australian support for Indonesia in its struggle for independence is not really justified in view of such things as the fact that Australia’s position was never one of explicit support for an independent Indonesia; the fact that Australia continued to recognise Dutch sovereignty of the archipelago whilst expressing its neutrality in the conflict; and the very limited support of Canberra to the Republic which was confined to calling for conciliation on any terms acceptable to the parties concerned. According to Camilleri, the very fact of Canberra’s willingness to consider a shared sovereignty between the Dutch and Republicans throws doubt on Canberra’s support for an independent Indonesia.\textsuperscript{49}

Viviani noted that it is doubtful Australia’s role on the Good Offices Committee, although constructive, was as important to the outcome of the dispute as Australians and Indonesians believed.\textsuperscript{50} It is apparent that Canberra, once it became clear that the Dutch would not be dissuaded from reclaiming their former colony and yet were unable comprehensively to defeat Republican forces, decided on a policy of diplomacy with a focus on some measure of Indonesian independence. This was done with a view to avoiding the sort of protracted guerrilla warfare that would later occur in Indo-China. Canberra, realising its inability to reverse the direction in which events were moving, sought to guide them towards a state of affairs most conducive to regional stability. Viviani noted that Australia’s support for an independent Indonesia was not made public until after the second ‘Police Action’ against Republican forces.

\textsuperscript{45} Ibid.
\textsuperscript{49} Camilleri \textit{An Introduction to Australian Foreign Policy}, pp. 70-71.
\textsuperscript{50} Viviani \textit{Australian Attitudes and Policies Towards Indonesia 1950 to 1965}, pp. 13-15.
by the Dutch and that at this time public support in Australia for an independent Indonesia among the general public ran consistently at only 30%.\textsuperscript{51} Most commentators on the issue confirm that official support for Indonesian independence was at best ambivalent. Catley cited as evidence for this the lack of any substantive policy statement clearly outlining the Government’s position during the union boycotts of Dutch shipping in 1945.\textsuperscript{52} Mackie doubted the importance of Australian acts in the achievement of independence compared with the overarching threat from the US to cut off Marshall Plan aid to Holland.\textsuperscript{53}

The truth, or otherwise, of a myth holding that there was a ‘fund of goodwill’ between Indonesia and Australia as postulated by Viviani, is of secondary importance to the utility such a myth served in helping to construct a favourable historical context within which to conduct of the bilateral relationship.\textsuperscript{54} According to Millar, Australian policy in this period was designed,

\begin{quote}
...to give the impression to Indonesia that it was sympathetic to Indonesia’s struggle for independence, while it was able to argue to the Dutch that the massive boycott by the unions was not official policy.\textsuperscript{55}
\end{quote}

Mackie described Australian policy in this period as ‘one of sympathy, conveyed through various minor gestures’.\textsuperscript{56} The history of Australian diplomacy in this period is generally one of official ambivalence, with Australia simultaneously attempting to give minimal encouragement to Republican elements whilst attempting to conduct cordial relations with them, as can be seen in Canberra’s \textit{de facto} recognition of

\begin{footnotes}
\item[51] \textit{Ibid.}
\item[52] Catley \textit{Australian-Indonesian Relations Since 1945}, p. 18.
\item[54] Viviani \textit{Australian Attitudes and Policies Towards Indonesia 1950 to 1965}, p. 15.
\item[55] Millar \textit{Australia in War and Peace} p 225. Taken from Catley \textit{Australian-Indonesian Relations Since 1945}, p. 18.
\end{footnotes}
Indonesia in 1947 and *de jure* recognition in late 1949. This indicates an apprehension and suspicion of an independent Indonesia, and a belief that Indonesia's achievement of independence constituted a net deterioration in Australia's strategic position, but that this was seen more desirable than a protracted guerrilla war between Dutch and Republican forces in the archipelago. Thus, an independent Indonesia represented the lesser of two evils. Ultimately, Holland agreed to the transfer of sovereignty of the Netherlands East Indies to Republican forces due to American threats to withhold desperately needed Marshall Plan aid to Holland.\(^{58}\)

\(^{58}\) Kingsbury *The Politics of Indonesia*, pp. 45-46.
1.2 The West New Guinea Issue

Following the achievement of Indonesian Independence, the bilateral relationship became complicated by Jakarta’s claim to the territory of WNG, which remained under Dutch sovereignty following independence. It overshadowed major advances made in the bilateral relationship since the granting of independence in 1949 during which time the Menzies Government offered de jure recognition, co-sponsored Indonesia’s admission to the UN, and undertook the first Australian Ministerial visit to Indonesia. The conflict arose from Jakarta’s claim to be the successor-state to all the territories of the former Netherlands East Indies (NEI). The Dutch counter-claimed that WNG was ethnologically, linguistically, culturally and geographically distinct from the rest of the archipelago and thus could not be considered as in any way contiguous with the rest of it. Its population was of Melanesian extraction as opposed to the Malay peoples of the other islands of the former NEI. The Dutch and Indonesians had failed to settle the issue of WNG in negotiations both prior to, and after, the transfer of sovereignty of the rest of the former NEI. As a result it was decided by both parties to maintain the status quo and re-negotiate the issue twelve months after the transfer of sovereignty. A year later the Dutch simply failed to withdraw.

Initially, the Australian Government wanted nothing to do with the issue, but came to the side of the Dutch due to its own security concerns. The island of New Guinea was seen as the last geographic barrier to any armed force threatening Australia. A 1950 military evaluation of the area described it as ‘an absolutely

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59 Catley Australian – Indonesian Relations Since 1945, p. 20.
60 J.A.C. Mackie ‘The West New Guinea Argument’, Australian Outlook, vol. 16, no. 1, April 1962, p. 42. This point is supported by Articles 3 and 4 of the Linggajati Agreement which defined the territory of the United States of Indonesia (USI) as ‘the entire territory of Netherlands India’. Ibid., p. 31.
61 For a treatment of both Indonesian and Dutch arguments on the WNG issue and an assessment of their worth, see J.A.C. Mackie ‘The West New Guinea Argument’, pp. 40-44.
62 Ibid., p. 20.
essential link in the chain of Australian defence. Canberra was deeply apprehensive about the Indonesians assuming control over this territory and sharing a common land border with Indonesia in TPNG.

For these reasons, Canberra quickly came out on the side of the Dutch. Not only was Canberra concerned at the thought of an unstable or radicalised Indonesia, but also at the possibility that these conditions could be exploited by other powers seeking to use the archipelago for attacks on Australia. As Catley noted:

The Australian Government was obsessed with the idea that the existence of [an] aggressive, united or monolithic force would cause another World War, and it saw a politically unstable Indonesia, at the mercy of communist interests, as a potential threat to the security of East New Guinea and Australia itself.64

A secondary concern for Canberra was the fear that the acquisition by Indonesia of WNG would set a precedent for further Indonesian territorial expansion. This was based on Australian interpretations of statements by Sukarno and others in the Indonesian leadership implying expansionist aspirations. In 1950, Mohammad Hatta, then the Indonesian Prime Minister, after being asked if Jakarta sought to acquire the British North Borneo territories, replied that at that time Indonesia was only seeking to acquire WNG, which by omission left open the possibility that territorial expansion may be on the agenda at some stage in the future.65 A similar interpretation was applied to a more overt statement made by Sukarno on 11 July 1945 when he declared:

I have never said that Indonesia comprises only those areas that were ruled by the Dutch. In fact, I have on one occasion in my life dreamt of a pan-Indonesia, which will include not only Malaya and Papua [New Guinea] but also the Philippines...When I look at the islands situated between Asia and Australia

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63 Current Notes on International Affairs, June 1950. Taken from Catley Australian-Indonesian Relations Since 1945, p. 23.
and between the Pacific and Indian Oceans, I understand that they are meant to form a single entity. 66

With the benefit of hindsight, and knowledge of the extremely limited capacity of Indonesia’s industrial base and military forces necessary to undertake any such expansion, such statements were little more than bluster and rhetoric. That Australian officials would give such statements any credence says more about Canberra’s security fears than Indonesia’s real intentions and their concrete capabilities.

The view of the Department of External Affairs was initially that the issue was ‘a matter which the Indonesians will in due course have to work out for themselves.’ 67 A month later the Department reversed its view and opposed the transfer of sovereignty for the same reasons as the Dutch. 68 The reasons for this reversal were the geo-strategic position of WNG, and, more specifically, the fact that it shared a common border with TPNG. The territory was also seen as a possible route for the ‘teeming millions’ from Asia seeking to enter and overwhelm Australia. The Department of External Affairs considered WNG:

…the only foreign territory whose land frontier confronts our own and it occupies a strategic position…[and the] establishment of Indonesian control could lead to a large-scale influx of Asiatic peoples whose influence on Australian New Guinea might be disastrous. 69

This surprised the Indonesians, coming as it did soon after Australia’s support for Indonesia’s independence. Australian policy became one of seeking cordial relations with Indonesia whilst staunchly opposing its attempts to gain WNG. The External

67 Cable from Thomas Critchley, Australian Representative on the United Nations Commission on Indonesia, to John Burton, Secretary, Department of External Affairs, 16 May 1949. NAA: A1838/238, 400/1/11/1/2 ‘Separation of Netherlands New Guinea from Indonesia’. Taken from Peter Phelps ‘A Choice of Cuts’: Australia and the West New Guinea Dispute, Australian Foreign Policy Seminar, University of Sydney, 30 June 1998, p. 1.
68 Ibid., pp. 1-2.
69 Cable from the External Affairs to Australian Consul General (Batavia), 28 July 1949 in Neville Meaney (ed) Australia and the World: A Documentary History from the 1870s to the 1970s, Melbourne: Longman Cheshire, 1985, p 537. Taken from Phelps A Choice of Cuts, p. 2.
Affairs Minister, Percy Spender, underlining Australian fears of Indonesian territorial expansion, stated that if Indonesia were given WNG it would then demand Australian New Guinea.\(^{70}\) Interestingly, ideology was not the reason for such an apparently intransigent Australian policy. Australian assessments concluded that regardless of whether or not Indonesia became communist, the threat from Indonesia remained static.\(^{71}\) Throughout the 1950s, Australian officials maintained a persistent verbal campaign against Indonesia’s attempts to gain WNG. Indonesia tried four times between 1954 and 1957 to have the issue of the sovereignty of WNG brought before the UN General Assembly. On none of these occasions was Indonesia able to gain the two-thirds majority required to give force to any resolution passed on the issue.\(^{72}\)

In 1958, Australia concluded an agreement with the Dutch aimed at future cooperation between the two countries in the administration of their respective halves of the island of New Guinea. This was done with a view to supporting Dutch efforts to maintain control of the territory and induce the British and Americans into expressing a more open position in support of the Dutch.\(^{73}\) From then on, relations soured between Indonesia and Australia and the issue dominated the bilateral relationship. As late as 1959, Australia’s official position was one of opposition to Indonesia’s claim and the vitality of the area for Australian security was made clear to the Indonesian Foreign Minister, Dr Subandrio, on an official visit to Australia in 1959.\(^{74}\) Australian resolve was so firm, and fears for the implications of an Indonesian presence in WNG so high, that Menzies informed the British that Australia would go to war with Indonesia to keep the Indonesians out of WNG. Spender was quoted as saying that,

\(^{70}\) SMH 31 August 1950. Taken from Phelps A Choice of Cuts, p. 3.
\(^{71}\) Ibid., p. 4.
\(^{73}\) Catley Australian-Indonesian Relations Since 1945, p. 22.
\(^{74}\) Ibid., p. 24.
...if there was any Indonesian infiltration [of WNG] Australian troops would have to go in at once.\textsuperscript{75}

To ensure that cordial relations were maintained despite the conflict over WNG, the issue was consigned to a form of diplomatic ‘cold storage’ during which Canberra attempted to get the US and Britain involved in the dispute on the side of Australia and the Dutch, but to little avail, as British and American interests ran counter to, rather than parallel with, Australian and Dutch interests on this issue.

Australia’s defeat on this issue was sealed following the election in the United States of John F. Kennedy in 1961 who was elected during a Soviet diplomatic offensive to court neutralist and Third World countries. Following this, Washington became anxious to resolve the issue of WNG so that Jakarta would not become alienated from the West and thereby be lured into a closer association with the USSR.\textsuperscript{76} Subsequent American pressure on the Dutch forced them to concede, and Indonesia gained effective control of WNG in 1963, on the condition that the United Nations would conduct some form of plebiscite among the indigenous population of WNG within ten years. As Catley noted,

Australia had played no significant role in determining the future of a territory it had recently proclaimed was so vital to its defence. This was a major defeat for Australian diplomacy.\textsuperscript{77}

The British remained uninterested in the issue, seeing it as peripheral to the much larger issue of ensuring Indonesia remained non-communist, but agreed substantially with the Americans, and sponsored a settlement of the issue on terms favourable to Jakarta to avoid a growing alienation of Indonesia from the West.\textsuperscript{78}

In late 1959, it became clear that the United States had no intention of making a military commitment to any Dutch military action to defend WNG and that any

\textsuperscript{75} Ibid.
\textsuperscript{76} Ibid.
\textsuperscript{77} Ibid.
\textsuperscript{78} Ibid., p. 27.
Australian efforts directed to similar ends would greatly damage Australia’s relations with Indonesia. On 7 January 1959, Cabinet decided that:

...the strategic importance of Indonesia is of greater significance to the United States and to Australia than Netherlands New Guinea and it therefore should be a major objective to keep Indonesia non-communist and friendly. 79

Essentially, this amounted to recognition of the imperatives of American-led, Western Cold War strategy over those of the more immediate Australian national interest. Keeping Indonesia non-communist had to take precedence over keeping it out of WNG. As Phelps pointed out:

For the first time, it became official Australian policy that it was more important to keep Indonesia out of the hands of the Sino-Soviet Bloc than to keep Indonesia out of WNG. 80

Australian acquiescence in a future Indonesian takeover of WNG occurred in February 1959 during the visit to Australia of the Indonesian Foreign Minister Dr Subandrio. During Subandrio’s visit it was made known to him that if it were decided, as a result of peaceful negotiations between Holland and Indonesia, that sovereignty of WNG would be transferred, it would not be opposed by Australia. This was contained in the Casey – Subandrio communiqué signed by both foreign ministers in February 1959. The communiqué was characterised by a face-saving compromise by which Canberra maintained its in-principle opposition to an Indonesian takeover whilst expressing satisfaction with any agreement on the future of the territory between Indonesia and Holland. The communiqué stated that:

There was a full explanation of the considerations which have led each country to a different view over West New Guinea...with Australia recognising the principle of self-determination. This difference remains, but the position was clarified by an explanation from Australian ministers...that if any agreement were reached between Indonesia and the Netherlands as parties principal,
arrived at by peaceful processes and in accordance with internationally accepted principles, Australia would not oppose such an agreement.81

This was reaffirmed in 1961 during an official visit to Australia by the Indonesian Army Chief of Staff, General Abdul Haris Nasution.82 At around this time Sir Garfield Barwick was appointed Foreign Minister with the task of ‘turning around the ship of state’ on the WNG issue. Barwick spoke plainly about the issue and proceeded from the view that there was ‘...no evidence whatever of any present threat to Australia or to Australian territorial interest.’83

He willingly conceded that Australia had little power or influence in the issue and that there was a lack of support for Australia’s and Holland’s position by the major powers.84

Canberra wanted WNG to remain under Dutch control purely for reasons of its own security. This in turn was largely a product of a fear of Indonesian expansionism and the possibility of a common border between Indonesia and Australia in New Guinea being used as a conduit for uncontrolled mass migration of Asians into Australian New Guinea, or invasion or subversion by Indonesian forces into Australia. These fears were considered by the External Affairs Minister to be unreasonable and groundless. It was felt by the military establishment at the time that Indonesia was a threat regardless of its ideological leanings and that a communist Indonesia by implication would not be much more difficult to deal with, if at all. This fear was no doubt, magnified by Australia’s lack of military capacity to back up its policy of opposition to Indonesia’s claims as well as and the unwillingness of the United States to support any military solution to the problem. As a result of holding

82 Catley Australian-Indonesian Relations Since 1945, p 25. For a biographical treatment, see Ian MacFarling ‘General Shaped Indonesian Policy’, The Australian, 13 September 2000.
83 Ibid.
84 CPD, HR, vol. 36, 21 August 1962. Taken from Catley Australian-Indonesian Relations Since 1945, p. 27.
such an apparently intransigent position for so long, once again due to the belief that
Indonesia assuming control of WNG would prove disastrous for Australian security,
Australia was forced into an embarrassing reversal of the Sub and rio-Spender
communiqué. The WNG issue demonstrated to Canberra that unilateral Australian
initiatives were doomed to failure without the support of a major power which would
not be forthcoming if it was incompatible with that nation’s interests. That the
presence of Indonesia in WNG was seen by Canberra as not posing a threat to
Australia can be seen with the benefit of hindsight and in Spender’s frank admission
to that effect.
1.3 Konfrontasi

Canberra took to heart the lessons learnt in the WNG issue and applied them to the next major test of the bilateral relationship, Indonesia’s *Konfrontasi* (confrontation) with British and Commonwealth forces over the creation of the Malaysian Federation. The conflict itself centred on Indonesia’s opposition to the creation of the Malaysian Federation out of the federated states on the Malay Peninsula (which had been granted independence in 1957), the other peninsular Malayan territories, Singapore and the British territories of Sabah and Sarawak on the island of Borneo. Although in the beginning this opposition was rhetorical, it evolved into armed incursions into Sabah, Sarawak and peninsula Malaysia and Singapore, and armed clashes with Malaysian, British, Australian and New Zealand Forces bound by treaty to defend it. As Mackie pointed out, *Konfrontasi* was ‘...an enigmatic affair, less than a war but something more than a mere diplomatic dispute.’ It was not so much an attempt by Indonesia to conquer Malaysia, or any part of it, but merely a policy of rhetorical and low-level military harassment.

In the early 1960s the British were seeking to decolonise their remaining possessions on the Malay Peninsula, and on the island of Borneo, by federating them into a single entity. Australia was fully supportive of the move. On 25 November 1961, Menzies revealed that:

...the Australian Government was greatly interested in the concept of Greater Malaysia. If it proved practicable, it would contribute significantly to stability and progress in an area in whose development and progress Australia was deeply interested.

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87 Catley *Australian-Indonesian Relations Since 1945*, p. 74.
Canberra's policy throughout the dispute was one of opposition to Indonesia on the issue of Malaysia whilst maintaining cordial and cooperative relations with her in other areas. Such a policy was designed to prevent an unnecessary souring or break in relations which could in turn accelerate Indonesia's move into the pro-communist camp. According to Beddie, it was also due to such factors as the inadequacy of Australia's defences at the time, the desire to avoid complications between the Australians in WNG and TPNG, and the growing escalation of the war in Vietnam. To this end, Canberra pursued a policy that became known as 'graduated response'.

Initially, Indonesia also supported the concept of Malaysia. This support was expressed by the Indonesian Foreign Minister, Dr Subandrio, in a letter to The New York Times on the 3 November 1961, and in his speech to the UN on 20 November.

The United States was similarly in favour of the idea, seeing it as beneficial in the context of the already mentioned importance Kennedy and his administration placed on the Third World in the Cold War struggle, more specifically the susceptibility of these nations to communist pressure and subversion. Washington announced its official support for the proposal on 14 February 1963, the day after Indonesia announced its policy of Confrontation. On 17 February, Secretary of State Dean Rusk announced '...We consider Malaysia is the best solution, not only for the benefit of the area generally, but for the Philippines and Indonesia.'

Indonesian opposition to the scheme began in earnest following the defeat of the Brunei Revolt by Azahari, the leader of the anti-British and pro-Indonesian Brunei Peoples' Party which erupted in December 1962 and was put down by British troops

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88 B.D. Beddie 'Australian Policy Towards Indonesia', p. 136.
89 Sodhy 'Malaysian – American Relations during Indonesia's Confrontation against Malaysia, 1963-66', p. 111.
90 Ibid., pp. 120-121.
91 Ibid., p. 114.
92 Ibid., p. 115.
from Singapore. According to Mackie, the revolt itself was more a pretext for, rather than a cause of, Indonesia's opposition to Malaysia. \(^{93}\) Subritzky pointed out that London believed the Indonesian authorities were implicated in the uprising. \(^{94}\) The issue of the sovereignty of WNG had recently been settled and as Sodhy points out, '...Indonesia needed another new safety-valve to divert attention from its economic ills.' \(^{95}\) According to Camilleri, Sukarno viewed the creation of the Malaysian Federation as a British attempt to maintain the status quo by perpetuating its military presence there and to attempt to thwart Indonesian aspirations for regional leadership. \(^{96}\) More broadly, he believed that Malaysia was a front for the British to maintain their influence in the region after decolonisation, and claimed that it was constructed against the wishes of the people of the Borneo territories. \(^{97}\) It would also serve the purpose of drawing domestic attention away from the deepening economic crisis within Indonesia, which became exacerbated following the abandonment of a stabilisation program offered by the International Monetary Fund (IMF). Thus, domestic factors also played a part in Indonesia's opposition to Malaysia.

Throughout 1964, there were signs of a growing radicalisation of Indonesian foreign policy illustrated in a growing rapprochement with Peking and the growth in the influence of the PKI. \(^{98}\) Evidence of Sukarno's ill health \(^{99}\) and the jockeying for succession by Subandrio and others, who had the backing of the PKI, also contributed

\(^{93}\) Mackie *Konfrontasi*, pp. 113-14.
\(^{94}\) Subritzky *Confronting Sukarno*, p. 41.
\(^{95}\) Pamela Sodhy ‘Malaysian-American Relations During Indonesia’s Confrontation Against Malaysia’, p. 112.
\(^{96}\) Camilleri *An Introduction to Australian Foreign Policy*, pp. 66-67.
\(^{97}\) Catley *Australian-Indonesian Relations Since 1945*, p. 85.
\(^{99}\) It was made known to the Department of External Affairs in Canberra by the US State Department that Sukarno was suffering from the failure of one kidney and a stone in the other, which, if not removed, could have killed him within twelve months. See Memo number 1586/64 to The Secretary, Department of External Affairs, Canberra from A.D. Campbell, First Secretary, Australian Embassy, Washington D.C., 15 December 1964. NAA: A4359/14, 210/2 Part 2. 'Jakarta – President Sukarno'.
to a domestic political environment which became conducive to subversion.\textsuperscript{100} But as Mackie pointed out, ‘...there is no simple explanation for the interplay of domestic and external developments. One thing led to another with bewildering speed.’\textsuperscript{101}

Australia first expressed support for the creation of Malaysia in Parliament on 25 September 1963, when Menzies pledged Australian military support for Malaysia along with that of Great Britain and New Zealand. He stated:

\ldots we are resolved and have so informed the Governments of the United Kingdom and New Zealand...that if...in relation to Malaysia or any of its constituent states...we shall to the best of our powers and by such means as shall be agreed upon with the Government of Malaysia, add our military assistance to the efforts of Malaysia and the United Kingdom in defence of the Malaysia’s territorial integrity and political independence.\textsuperscript{102}

Indonesian regular and irregular forces commenced a series of incursions into Malaysia’s Borneo territories and, later, on the Malaysian peninsula. Australia was bound by the terms of the ANZAM Treaty to participate in the defence of Malaysia and already had forces stationed there alongside British and New Zealand forces as part of the Commonwealth Strategic Reserve. Australia’s decision to commit troops for the campaign against Indonesia had widespread support in the Australian community.\textsuperscript{103} Australian diplomacy towards Indonesia throughout this period was characterised by a high degree of caution and restraint, and was designed to keep Australia from a collision course with Indonesia.\textsuperscript{104} This mirrored US policy as it was feared that putting too much pressure on Sukarno, either diplomatically or militarily, would rally support for Sukarno and the PKI, which fully supported Confrontation,

\textsuperscript{100} Mackie \textit{Konfrontasi}, p 278. For an examination of the role of Subandrio in Indonesian politics and a biographical treatment, see Michael Van Langenberg ‘Dr Subandrio – An Assessment’, \textit{Australian Quarterly}, December 1966.

\textsuperscript{101} Mackie \textit{Ibid.}

\textsuperscript{102} \textit{CPD}, HR, 25 September 1963, pp. 1338-1339. Taken from Catley \textit{Australian-Indonesian Relations Since 1945}, p. 84.


\textsuperscript{104} Beddie ‘Australian Policy Towards Indonesia’, p. 135.
and hasten the fall of Indonesia to communism. Australia was guided by a policy of ‘graduated response’. This meant that Australia’s military and diplomatic role would be increased in response to increased Indonesian raids. The strategy was devised during negotiations in Manila in 1963. According to Kissinger, this approach became popular in the 1950s and 1960s for dealing with communist subversion. Its underlying philosophy was to defeat subversion without the use of overwhelming military force and was designed to keep any war against subversion within manageable bounds by preventing any exponential escalation of hostilities which could arise if the Soviet Union became involved. Kissinger noted of the strategy:

Each limited commitment involved the danger of being interpreted as inhibition rather than resolve, thereby encouraging an adversary to continue his climb along the ladder of escalation; time enough to settle, he might reason, when and if the risks in fact become intolerable.

This policy also suited Australia’s unique defence and foreign policy needs at the time, representing a carrot and stick approach to its dealings with Indonesia, whereby opposition to Indonesian aggression would be maintained militarily whilst preventing any significant increase in hostilities and keeping open avenues of dialogue. In an Australian context, graduated response was:

...designed to avoid direct military battle with Indonesia and negotiate at a diplomatic level. Australia would not lose its good relationship with Indonesia, but it would resist Indonesia’s policy of Confrontation.

In 1963, Canberra, in response to a deteriorating economic and political situation in Indonesia, undertook a significant increase in the number and capability of Australia’s military forces. Indonesia was clearly the reason for this military build-

105 In a 1964 article, Denis Warner reported that the prevailing American view was that, ‘...pressures on Indonesia must never go so far that Sukarno will ‘do a Castro.’ See Denis Warner Reporting Southeast Asia, p. 40.
106 See Catley Australian-Indonesian Relations Since 1945, p. 100.
108 Ibid.
109 Catley Australian-Indonesian Relations Since 1945, p. 86.
up. The upgrade involved an increase in the Army from 21,000 to 28,000, doubling the Pacific Islands Regiment from 700 to 1400, the acquisition by the RAAF of an additional 40 Mirage fighters, and the purchase of a replacement to the Canberra long-range bombers (the F111 fighter bomber), Caribou transport aircraft, and the construction of six new air bases.\textsuperscript{111}

Despite the emergence of a state of military conflict with occasional fighting between Australian and Indonesian forces, cordial relations were maintained and aid projects continued, albeit at a slower pace. Initially, Canberra was reluctant to send combat troops although it did provide other military support. Commitments of further Australian military personnel to the conflict were resisted by Canberra as it was felt that an increase in Australia’s military commitment to Malaysia should be avoided as long as hope remained that a diplomatic solution could be arrived at.\textsuperscript{112} However, on 17 March 1964, Paul Hasluck announced a massive increase in military aid to Malaysia. On 16 April, he announced an increase in Australia’s military contribution, making available two RAN minesweepers and an engineering squadron for the construction of bridges, roads, air bases and other necessary military infrastructure.

Following the failure of talks initiated by Washington and held in Bangkok, Jakarta refused to withdraw its forces from the Borneo territories or abandon the Confrontation policy, but did agree to continue to observe a cease-fire that had been put in place prior to the talks. Following the failure of these talks, the military situation became appreciably worse, with an increase in incursions by Indonesian Forces into North Borneo. On 17 August of that year, the Indonesian Navy landed at Pontian, north of Singapore and on 2 September, 50 Indonesian Paratroopers were

\textsuperscript{110} Ibid., p. 79.
\textsuperscript{111} Ibid.
\textsuperscript{112} Ibid., p. 109.
landed at Labis, in peninsula Malaysia.\textsuperscript{113} In response to the deteriorating security situation plans were put in place for major military operations against Indonesian forces by Commonwealth forces. This involved the use of Australian, Malaysian, British and New Zealand forces in the destruction of Indonesia’s air and naval capabilities and attacks on certain Indonesian islands. However the plans, code-named Spilikin, Hemley and Shaltone, were never activated.\textsuperscript{114} Incursions and aggressive rhetoric reached a peak between late 1964 and into 1965. Following the failure of the abortive coup in October 1965, the incursions occurred with less and less frequency before a comprehensive formal resolution was reached in Bangkok in October of 1966.

Throughout Confrontation, it appears never to have been the intention of Indonesia to invade Malaysia but merely to maintain a certain level of harassment. Canberra’s great increases in military expenditure and the purchase of the F111 indicate that Australia was prepared for an extended period of instability in the region due to Indonesia’s aggressive policies and the probability that Indonesia would eventually become communist. Australian policy moved in tandem with American policy throughout this period, and was heavily influenced by it.

The lack of great acrimony in the bilateral relationship during even the most volatile period of Confrontation is noteworthy. Whilst Indonesian mobs invaded and sacked the British Embassy in Jakarta in September 1964, and attacked other British and US interests, the Australian Embassy remained untouched.\textsuperscript{115} This may be interpreted as an example of the continuing ‘fund of goodwill’ between Indonesia and Australia and the ‘special relationship’ between the two countries. Shann put it down

\textsuperscript{113} Ibid., p. 87.


\textsuperscript{115} Catley \textit{Australian-Indonesian Relations Since 1945}, p. 107.
to ‘...a conscious effort on the part of both governments to behave in a reasonably sophisticated way.’\textsuperscript{116} He also suggested in 1965 that,

Indonesians haven’t yet made up their minds whether Australian support for Indonesia’s independence struggle or its present opposition to their present international policies is the aberration.\textsuperscript{117}

However, it is more likely that the largely undisturbed cordiality between Australia and Indonesia in this period was due to the fact that they were not directly in conflict with each other, in the sense that Australia’s involvement in Confrontation was that of a third party, a product of its alliance commitments with Malaysia and Britain. It may also have been due to the view that Australia on its own posed no threat to Indonesia\textsuperscript{118} and that unlike the US and Britain, Australia lived ‘in the neighbourhood’ and had a legitimate stake in its long-term stability.

\textsuperscript{116} Inward Cablegram number 626 from Keith Shann, Australian Embassy, Jakarta. Dated and received 20 May 1965. NAA: A6364/4, JA1965/03. ‘Jakarta Cables Inwards Chronological, Numbers 400 to 799, 25 March to 5 July 1965’.
\textsuperscript{118} Ibid.
1.4 The Radicalisation of Indonesian Politics in 1964-65 and Internal Political Turmoil in Indonesia

From 1964 on, Indonesian politics became increasingly radicalised, and Indonesia’s drive to the left more accelerated and pronounced. This was reflected internally in the rise to prominence of the PKI, the banning of the Murba Party, Indonesia’s withdrawal from the United Nations and refusal of American aid, the announcement of the establishment of a ‘fifth force’ (Angkatan Kelima) and the Peking – Pyongyang – Hanoi – Phnom Penh – Jakarta Axis. This radicalisation is underlined in Sukarno’s 1964 Independence Day speech entitled ‘The Year of Living Dangerously’, which, according to Warner, represented a ‘final break’, and in which Sukarno exhorted Indonesians to ‘….attack and destroy every power, whether foreign or not, endangering the security and the continuation of the revolution.’ 119 Pauker noted of the direction in Indonesian politics in 1964:

What had started in July 1959 as a personal regime, based on a delicate balancing of political forces and labelled ‘Guided Democracy’ for public consumption, is being transformed slowly but steadily into a political system shaped by the Communist Party of Indonesia...President Sukarno’s Government became in 1964 a mere form of transition toward a Communist state. 120

In 1965, it was widely felt in Canberra that an endgame was in progress between the Army and the PKI over the succession. It was believed that Sukarno’s ill health would mean his demise within the foreseeable future and a final reckoning between the Army and other anti-communist groups on one side and the PKI on the other. This took place against the backdrop of an increasingly parlous economic situation. As early as 1963 Indonesia’s First Minister Juanda had attempted to implement a stabilisation plan which was formulated by the IMF, the implementation

119 Warner Reporting Southeast Asia, p. 80.
of which was a prerequisite for large-scale Western aid necessary for the rehabilitation of the Indonesian economy. The plan was abandoned on 17 April following prolonged and vehement attacks on the plan by the PKI.\textsuperscript{121}  

By mid-1964, the money supply was twice what it was in December 1963 and Indonesia’s foreign debt had blown out to over US$1.5 billion.\textsuperscript{122} The PKI, by 1964, claimed a mass membership of 3.5 million. However, as Hindley points out, the political usefulness of this mass membership is dubious.\textsuperscript{123} Nevertheless, it succeeded in persuading Sukarno to ban the Murba Party on 6 January 1965. The Murba Party espoused a brand of nationalist socialism not unlike that of Tito of Yugoslavia and this had affinities with the Army’s officer corps.\textsuperscript{124} It had been under attack for some time due to its involvement in anti-communist campaigns in 1964, its defence of US film imports and alleged close liaison with Soviet officials. According to Pauker, the banning of Murba marked:

\begin{quote}
...the victory...of the Communist Party and its allies in the succession struggle activated in the last months of 1964 by mounting evidence that the 63 year old President’s health is deteriorating.\textsuperscript{125}
\end{quote}

This shift in political orientation became noticeable following Sukarno’s visit to China in December 1965.\textsuperscript{126} Whether this was a deliberate action on the part of Sukarno, or whether he was simply caught in the accelerating pace of politics is subject to debate. Mackie noted:

\begin{quote}
...it is debateable whether he deliberately decided to embark upon a course involving closer relations with China and a further severing of ties with the
\end{quote}

\textsuperscript{121} Ibid.
\textsuperscript{122} Ibid., p. 95.
\textsuperscript{124} Guy Pauker ‘Indonesia in 1964: Towards a Peoples’ Democracy?’ p. 89.
\textsuperscript{125} Ibid., p. 88.
\textsuperscript{126} Mackie \textit{Konfrontasi}, pp. 282-283.
West...or whether he simply found himself swept along by the momentum of events which he could only control intermittently.127

To counter the growing political clout of the PKI, a group of anti-communist newspapers joined forces to form the ‘Body of Supporters of Sukarnoism’ (Badan Penyebar Sukarnoisme – BPS) in what Lev describes as ‘...an ad hoc group of anti-communist newspapers joined in a campaign to discredit the PKI.’128 Under the leadership of Adam Malik and B.M. Diah (the latter would later be at the centre of a plot to overthrow Sukarno), it officially concerned itself with the ‘teachings of Sukarno’ but as Pauker demonstrates was really trying to mobilise public opinion against the PKI.129 Legge described it as ‘...one of the moves in the laying of an ideological smokescreen behind which an anti-PKI campaign might be launched.’130

Australian Ambassador to Indonesia, Keith Shann, described it in a despatch as:

...a loose anti-communist alliance between certain politicians and Army leaders whose main interest was not, I fear, to lead Indonesia on to more sensible paths through an organisation governed by great principles, but was rather the reflection of a fairly widespread fear of the growth in influence of the PKI resulting in a feeling that something must be done about it to save anti-communist necks.131

The BPS was banned by Sukarno in December 1964 on the grounds that ‘...it had created symptoms of friction among the progressive and revolutionary national forces.’132 This was yet another crushing blow to non-communist political forces in Indonesia and portended a further shift to the left in the coming year.

Also at this time, information surrounding the frail state of Sukarno’s health fuelled speculation that he might die in office in the near future and contributed to

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127 Ibid.
132 NAA: A1838/280, 3034/10/1 Part 24. ‘Indonesia – Political – Relations with Australia’.
133 Pauker ‘Indonesia in 1964: Towards a Peoples’ Democracy?’ p. 94.
domestic political instability. Documents received by Australian diplomats in Washington suggested that Sukarno was suffering from the failure of one of his kidneys which contained a number of small stones and was causing uraemic poisoning. The other contained one large stone. Medical experts consulted by the State Department expressed the view that:

...if he [Sukarno] ignored the advice he received in Vienna and failed to undergo early surgery to remove the large stone, he might be dead within twelve months. If the operation were performed, his life expectancy could probably be prolonged to about five years.\textsuperscript{133}

In Canberra, Robert Furlonger, Assistant Secretary of the South and Southeast Asia Branch of the Department of External Affairs, interviewed a Dr A.J. Proust, who was recommended to him by Dr Downes, the Assistant Director-General of the Department of Health. Based on the evidence available to him, Proust concluded that:

i. A rapid deterioration of Sukarno’s condition was not to be counted on;
ii. Sukarno could well remain active for, say, another two years, with the prospect of a rapid decline once his health began to worsen;
iii. Alternatively, there could be a gradual decline in energy over this period. Even in this case, the side effects would be more likely to produce depression than irrational behaviour.\textsuperscript{134}

Thus, the best medical advice was ambiguous as to how long Sukarno might live, yet the most optimistic prognosis appeared to be no more than five years, indicating a protracted period of political instability and jockeying for position between the contending forces.

At around this time, the PKI sought to form its own armed militia. The idea first came to Canberra’s attention in late January of 1965.\textsuperscript{135} It was first mooted by D.N.

\textsuperscript{133} Memo number 1586/64 to The Secretary, Department of External Affairs, Canberra from A.D. Campbell, First Secretary, Australian Embassy, Washington D.C., 15 December 1964. NAA: A4359/14, 210/2 Part 2. ‘Jakarta – President Sukarno’.

\textsuperscript{134} Memo for Gordon Jockel from A.D. Furlonger, 16 December 1964. NAA: A4359/14, 210/2 Part 2. ‘Jakarta – President Sukarno’.

\textsuperscript{135} See Memorandum number 161 to The Secretary, Department of External Affairs, Canberra, from T.H. Barnett, First Secretary, Australian Embassy, Jakarta, 28 January 1965. NAA: 1838/280, 3034/2/2 Part 12. ‘Indonesia – Internal – Communism’.
Aidit, Chairman of the Central Committee of the PKI and appeared to have been supported by Sukarno, if only verbally, who on 1 June 1964 encouraged Army Territorial Commanders to give serious thought to the idea of a ‘fifth force’. The idea was canvassed in the context of Confrontation and the landing of Indonesian troops on the Malay Peninsula. On 17 January 1965, Aidit called for the arming of five million workers and twice that number of peasants for operations against Malaysia. Understandably, this was bitterly opposed by the Armed Forces who were concerned about losing their monopoly on the use of armed force in the country. Sukarno, who was using the whole exercise to play off the Army and PKI against each other, maintained an ambiguous position, giving it verbal support, but never taking concrete steps to bring it about. Ironically, this served to quicken the pace of events and helped to hasten the coming conflict between the two forces, compelling the Army to close ranks and thereby sowing the seeds of Sukarno’s demise. As Macfarling noted the issue of a fifth force:

...served the purpose of unifying the dissent in the Army high brass about Confrontation and focus it on opposing the PKI [as it] had the potential to reduce the Army’s monopoly on weapons and the management of violence in the name of the Republic.

Nevertheless, it is important to note that throughout this period there were some very real boundaries placed on the further rise of the PKI. The greatest were the Army and non-communist political groups, both of which were acting as a brake on the further advance of the Communist Party.

The drift to the left in Indonesia’s domestic politics and foreign relations can seem deceptive. Considering the staggering numbers the PKI claimed were members

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137 J.D. Legge Sukarno: A Political Biography, p. 380.
138 Ibid.
139 Ian Macfarling The Dual Function of the Indonesian Armed Forces: Military Politics in Indonesia, Canberra: Australian Defence Studies Centre, 1996, p. 70.
of it or one of its organisations, which it put at 27 million,\textsuperscript{140} this can give an inflated image of the PKI’s actual strength in the 18 months or so prior to the coup.\textsuperscript{141} To begin with the increase in the influence of the PKI was mostly restricted to Jakarta. Mackie expressed doubts about the extent of Indonesia’s drift to the left before the coup as he noted the political turbulence in Jakarta was not reflected to the same extent in the provinces.\textsuperscript{142} Furthermore, as Walkin pointed out, despite PKI advances throughout 1964-65, Muslim and nationalist groups were most powerful in East Java at the time and the strength of the PKI in this region was overrated.\textsuperscript{143}

This was borne out in the failure of the Aksi Sepihak (unilateral action) by the PKI peasant organisation, the Barisan Tani Indonesia (Indonesian Peasants Front - BTI). This was an attempt by the PKI, through the BTI and the PKI youth organisation Pemuda Rakyat, to unilaterally entice the peasantry to enforce the Crop Sharing Law of 1959 and the Basic Agrarian Law of 1960. Under these laws, tenants who cultivated land belonging to an absentee landlord were entitled to keep half of the entire crop and the maximum size of a peasant’s farm plot could not exceed five or six hectares, anything more than that having to be distributed to landless peasants.\textsuperscript{144} This led to a spate of groups of communist-led peasants invading farms, occupying them and dividing up the land as the law required (or as they saw fit). The program was a failure and was abandoned in mid-1965, following resistance from elements of the

\begin{footnotesize}

\textsuperscript{141} According to Brackman, the events surrounding the coup attempt and afterwards themselves demonstrate the grossly inflated notions of PKI membership. See Arnold Brackman \textit{Indonesia: Suharto’s Road}, New York: American – Asian Educational Exchange, 1973, p. 12.

\textsuperscript{142} Mackie, \textit{Konfrontasi}, pp. 278-279.

\textsuperscript{143} According to Walkin, the PKI in East Java at this time, ‘...consisted of a small, well-organised and well-financed group of activists without a consistent mass following.’ Jacob Walkin ‘The Moslem – Communist Confrontation in East Java, 1964-65’, \textit{Orbis}, vol. 13, no. 3, Fall 1969, p. 822. Walkin pointed out that the appearance of PKI strength in East Java was largely illusory due to the fact that it increased its vote from 23% in the general elections of 1955 to 27% in the provincial elections of 1957. He also attributed it to skilful use of propaganda by the PKI and the favour shown to the party by Sukarno following 1963. \textit{Ibid.}

\textsuperscript{144} \textit{Ibid.}, p. 824.
\end{footnotesize}
military and non-communist political and religious groups. Nevertheless, it demonstrated to the Army that the PKI was prepared to act outside the law to implement their policies, although, conversely, as Mortimer demonstrates, it also showed that ‘...faced with strong resistance that was backed up by the Army and local officials, the communist followers tended to wilt.’

Despite the very real limitations on the PKI’s power as long as Sukarno lived, and the Army’s continued monopoly on the use of armed force in the three years to 30 September 1965, Indonesian politics had turned decidedly to the left. The deteriorating health of Sukarno, the suppression of anti-communist political parties and organisations, Sukarno’s open endorsement of an alliance with the major communist regimes in East and Southeast Asia, and the apparent acquiescence of Sukarno in arming of a communist-inspired fifth force caused serious concern in Western capitals. It was felt that if the trend continued, Indonesia would become a Peking-oriented communist state, which it was believed would cause an appreciable deterioration in the Western position in Asia, and that of Australia in particular. It was feared such an event would effectively outflank the British in Malaysia and the Americans in South Vietnam. Western capitals, in particular Canberra, awaited the calamitous resolution of political strains in Indonesia, which most feared would be in the PKI’s favour.

Thus, the bilateral relationship since the achievement of independence had been characterised and punctuated by conflict and ambivalence. In each crisis conflict was caused by political developments occurring within Indonesia that were a product of its own internal dynamic. This has been shown in Australia’s role in the granting of independence to Indonesia, which appears to have been minimal. Australian attempts

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to achieve its objectives on the issues of WNG and Malaysia proved ineffectual, in
WNG through a lack of great power interest or support for Australia’s position and in
Confrontation because of a treaty commitment obliging Australia’s military support
for Malaysia. Australia’s diplomacy throughout the period was pre-occupied by issues
of security and reflected perceptions of Indonesia as a threat to Australia. Behind this
was nothing short of an irrational fear which led to sometimes hostile and irrational
Australian statements and positions, including threatening to declare war on Indonesia
when such an option was not available given Australia’s small military capacity at the
time and a lack of great power support for such a course of action. The remainder of
this study will be devoted to locating and gauging how this same fear manifested itself
in Australian diplomacy towards Indonesia after the abortive coup of 30 September
1965.
Chapter Two

The Domestic Context of Australian Foreign Policy and its Strategic Assessments 1945-1965

Australian policy towards Indonesia is viewed in this thesis through the prism of three theories of international relations. These are Morgenthauian realism; the role of security in international relations devised by Buzan; and the role of fear in foreign policy formulation based on the work of Philpott. More specifically, it will be viewed through the last, but in order to do this, an understanding of the other two is required. The reasons for this are that Australian policy towards Indonesia in the period under examination reveals a failure on the part of Canberra to implement a realist foreign policy as espoused by the orthodox realist, Hans Morgenthau and others, due to an exaggerated assessment of Indonesia's and China's threat potential and the perception that Australia's strategic environment was characterised by a high degree of threat and that Australian security was seriously imperilled. This was facilitated to a large extent by a failure of policy-makers to define what constituted 'security', thereby depriving themselves of more concrete measures of achievement for Australian policy and contributing to a sense of perpetual insecurity. These failures were themselves the result of a much broader element of fear in Australian foreign policy formulation.

Also necessary for an understanding of Australian diplomacy to Indonesia in the period under consideration is an appreciation of the way in which foreign policy was formulated in this period, and the domestic political and administrative context within which this took place. This reveals a high degree of domination of foreign policy by the Executive, with a population and parliament characterised by an equally high degree of insularity and indeed apathy in international affairs, although by 1965 this
was changing. Administratively, the Department of External Affairs was small and understaffed, with little long term planning and initiatives which were often *ad hoc*.

These characteristics are borne out in Australian diplomacy towards Indonesia. Also necessary is an understanding of Australian strategic assessments in this period as from it can be seen to what extent the defence, foreign policy and intelligence establishment believed Australia was threatened and from where any such threats might emanate. From this it will be demonstrated that Canberra did not view national security as seriously threatened in any way in this period, with the threat potential of Indonesia and Communist China as minimal to negligible.
2.1 Realism, the National Security Dilemma and Fear in Foreign Policy Formulation

Throughout its history, Australia has claimed to follow an avowedly realist approach to its foreign relations. The principal proponent of this school of thought in the twentieth century was Hans Morgenthau, who expounded and codified the nature and tenets of realist theory in his 1948 book *Politics Among Nations: The Struggle for Power and Peace*.\(^\text{146}\) Realism also lay behind the work of E.H. Carr in his *The Twenty Years’ Crisis, 1919-1939*,\(^\text{147}\) (first published 1940) and George Kennan’s *Realities of American Foreign Policy*,\(^\text{148}\) (first published 1954) although the basic tenets of *Realpolitik* and *raison d’état*, cornerstones of orthodox realism, were first put forward millennia ago. The historical antecedents of this school of thought can be traced to ancient Greece when Thucydides observed in ‘The Melian Dialogue’ in his *History of the Peloponnesian War* that ‘...the strong do what they have the power to do and the weak accept what they have to accept.’\(^\text{149}\)

In more modern times realism was developed by Cardinal Richelieu in France in the seventeenth century who introduced the modern system of international relations based on the nation state as its object and motivated by the idea of the national interest as its ultimate purpose.\(^\text{150}\) These same themes can be found in Niccolò Machiavelli’s treatise on the practice of statecraft, *The Prince*.\(^\text{151}\) It was these same theories, and the practice of them by Napoleon which can be found in Carl Von Clausewitz’s treatise

\(^{150}\) Henry Kissinger *Diplomacy*, p. 17.
Vom Kriege (On War).\textsuperscript{152} Realist thought was further consolidated and developed as a comprehensive theory following the Second World War as disillusionment grew with the perceived failure of the legalistic and moralistic assumptions held by the Idealist and Liberal school of international relations whose ideas realists felt were largely responsible for the outbreak of both World Wars. More specifically, realists felt that it was the failure of institutions such as the League of Nations, founded upon liberalist and idealist premises that led to the outbreak of the First World War.\textsuperscript{153} Latter day realists such as Henry Kissinger would later blame the outbreak of the Second World War on the failure of the Treaty of Versailles, more specifically the insistence by the United States on Wilson’s famous ‘fourteen points’, which he required to be met before agreeing to sign the Treaty of Versailles. These included such things as an insistence on collective security arrangements rather than the balance of power and ideas of open diplomacy, which were based on the idealist approach to international politics.\textsuperscript{154}

According to the realist paradigm, the reason any nation practices statecraft is national survival and advantage in a hostile international political environment characterised by anarchy,\textsuperscript{155} and the overriding object of the state is to do all in its power to ensure the peace and advancement of the nation through an arrogation of power to itself. This is eloquently expressed in The Melian Dialogues in The History of the Peloponnesian War, in which the Athenian delegation remarked:

Our opinion of the Gods and our knowledge of men lead us to conclude that it is a general and necessary law of nature to rule wherever one can. This is not a law we made ourselves, nor were we the first to act upon it when it was

\textsuperscript{152} Carl von Clausewitz On War, Harmondsworth: Penguin, 1968.
\textsuperscript{154} Kissinger Diplomacy, pp. 225.
\textsuperscript{155} Kegley and Wittkopf World Politics: Trends and Transformation, p. 31.
made. We found it already in existence, and we shall leave it to exist forever among those who come after us.\textsuperscript{156}

In this way, a balance of power would develop between nations, and military power become distributed in such a way that no single power or bloc of nations could dominate others, and peace and stability would thereby be maintained by ensuring a continuation of the \textit{status quo}.

Maintaining this balance of power and the practice of power politics has traditionally been the focus of Australian foreign policy. As Harper points out, Australian analyses of international relations have typically been viewed in terms of a Morgenthauian idea of the balance of power.\textsuperscript{157} As much is evident in Paul Hasluck’s speech to the House of Representatives on 23 March 1965, when he declared:

\begin{quote}
Force is being used and, in such a world in which the possession of power is the main determinant of what happens, anyone engaged in foreign affairs must recognise and study the facts of power and also recognise the reality of power politics...\textsuperscript{158}
\end{quote}

Seen through this framework, the main threat to Australian security in the 1960s was considered to be Chinese Communism due to China’s enormous population, ideological zeal, and the belief that it intended to project itself into Southeast Asia.

This came to be known as the ‘Domino Theory’, the view that communism in the region, beginning with the fall of China to the communists in 1949, would lead to other nations in the region suffering a similar fate, not unlike the fall of a line of dominos.\textsuperscript{159} For this reason, China, the perceived focus of this spread, was seen as the

\textsuperscript{156} Thucydides \textit{History of the Peloponnesian War}, p. 363.
\textsuperscript{159} As Kissinger points out, this concept had its genesis in February 1950 in United States National Security Council (NSC) document 64 which warned that if the Indo-Chinese states were allowed to fall to Communism, Burma and Thailand would soon follow and the balance of power in the Southeast Asian region would thereby be gravely imperilled. See Kissinger \textit{Diplomacy}, pp. 623-624.
greatest regional foreign policy challenge for Australia. In April 1966, Hasluck stated to a press conference in Washington D.C. that,

Our concern is with the future shape of Asia and with global security...that future is an uncertain one if Asia is going to be an Asia that is dominated by a single great power – China...China cannot be ignored, China cannot be suppressed. It is a problem of coexistence with China and that lies behind all that is happening in Asia. 160

However, critical to the practice of a realist foreign policy is an accurate analysis of the balance of power situation as it pertains at a particular point in time, and in a particular place. In Australia’s case in the period under examination, this assessment was sound. Australian defence and intelligence assessments of the strategic environment dealing with the threat to Australia throughout the period under examination, and prior to it, maintained that Indonesia posed little direct threat to the Australian mainland or its off-shore territories and that Peking’s capacity for external aggression projected far from its shores was similarly limited. The threat from the Soviet Union was also seen as minimal. Following the attempted coup and the Army control it facilitated, Indonesia was considered to pose even less of a threat due to the advent there of an Army-dominated regime under Suharto which was vigorously anti-communist and desperately seeking Western economic aid on a large scale to rehabilitate Indonesia’s crumbling economy.

The nature of a nation’s foreign policy is dictated largely by, and flows from, an understanding of that country’s strategic situation, more specifically, the threat potential of its neighbours and other actors. The former ideally should reflect the latter. It is at precisely this point, at the nexus between Australia’s strategic analyses and its foreign policy formulation and practice, that the presence of fear in foreign policy becomes manifest. More specifically, it exists in the gap which can be

identified between Australia's accurate assessment of the minimal threat potential of
Indonesia to Australia and the nature of Australia's post-Sukarno policy towards
Indonesia, characterised as it was by a desire for unprecedented intimacy with, and
support for, the Suharto regime, which was pursued with a vigour and sense of
urgency which Mackie accurately described as 'over-compensatory'.\textsuperscript{161}

In light of the problem discussed above, orthodox Morgenthauian realism alone
fails to adequately explain Australian policy towards Indonesia at this time as it only
takes into account the issue of power in international relations. Realism sees power as
the sole end of statecraft and assumes that states are always rational actors which
perceive and analyse the strategic environment, their interests, and the threat potential
of neighbours within it, in a completely dispassionate and objective manner. Realism
considers international politics being governed by objective laws which do not change
through time. As Burchill noted:

\textit{...[International] politics is governed by objective laws which have their root
in human nature. These laws do not change over time and are impervious to
human preference.}\textsuperscript{162}

In practice, this is not necessarily the case. In Australia, foreign policy has historically
been directed not simply to the pursuit of power, but to the quest for, and
characterised by a preoccupation with, security. In this way, it can be seen that the
orthodox realist view that security is a by-product or derivative of power does not
hold true in and of itself.\textsuperscript{163} Buzan noted:

\textit{In the realist orthodoxy, power dominated both as end and means. Security
necessarily shrank conceptually to being a way of saying either how well any
particular state or allied group of states was doing in the struggle for power, or
how stable the balance of power appeared to be.}\textsuperscript{164}

\textsuperscript{161} Mackie 'Australia's Relations with Indonesia: Principles and Policies I', p. 9.
\textsuperscript{162} Scott Burchill 'Realism and Neo-Realism', in Scott Burchill and Andrew Linklater \textit{Theories of
\textsuperscript{163} Barry Buzan \textit{People, States and Fear: The National Security Problem in International Relations},
\textsuperscript{164} \textit{Ibid.}
Neither is it an accurate statement about the perceptual bases of Australian foreign policy thinking in the period under examination. It has already been briefly discussed how national security and strategic concerns dominated Australian foreign policy thinking in the period under consideration, despite the apparently increasingly benign nature of its strategic situation generally, and more so following the attempted coup.

The reason for this lies in the strategic necessities placed on Australian policy by geography and demography. As Renouf noted, a nation state’s foreign and defence policy will necessarily be determined by its geography, economic and military capacity, history, tradition, culture and national politics.\(^{165}\) In the case of Australia, the principal determinant of its foreign policy has always been geography. A Joint Intelligence Committee paper from 1969 noted ‘the geography of Australia is the principle determinant of her strategic situation.’\(^{166}\)

According to Renouf, the facts of Australia’s geographical situation are particularly significant in its thinking about foreign policy. Renouf asserted ‘for Australia, the problems created by its geography complicate, to an unusual degree, Australian foreign policy.’\(^{167}\) Geographically, Australia is the only country in the world that occupies an entire continent with an enormous coastline. On its northern fringe it is mostly flat and without natural defences, except for that of distance itself.\(^{168}\) Australians then, as now, are mostly of European stock but located far from both Europe and the United States and therefore isolated to an unusual extent from their natural allies. This was less of an issue in the years prior to the Second World

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\(^{165}\) Renouf *The Frightened Country*, p. 11.


\(^{167}\) Renouf *The Frightened Country*, op.cit.

\(^{168}\) Ibid. See also ‘International Developments and their Implications for Australia’. Joint Intelligence Committee Paper, 1969. NAA: A452/34, 1969/1290. JIC [Joint Intelligence Committee] (Australia) – International developments to 1971 and their Implications for Australia’.
War due to the presence in Australia’s near north of European colonial regimes. However, following the Second World War, this gave rise to a heightened sense of vulnerability, despite the continuing absence of a serious threat to the Australian mainland.\textsuperscript{169} Australia was not a powerful nation, with a small population with (in the 1960s) a decreasing birth rate and little prospect for rapid population growth. Australia had a strong industrial base but its location on the coast left it vulnerable to external attack. For these reasons, Australia would have been unable to defend itself against any concerted military assault against its mainland, requiring the need for assistance from ‘great and powerful’ friends,\textsuperscript{170} a view supported by Millar who posed the question:

Is there still a remnant of the colonial mentality in Australia? It is sometimes suggested that there is, and that this has taken the form in foreign policy of hanging on to mother, and when that became impossible, hanging on to stepmother [the United States].\textsuperscript{171}

However, these same factors make an equally valid claim for security. The fact that Australia occupies an island continent far removed from possible aggressors represents just as much an insurance against aggression as it does vulnerability to it. The mostly dry, flat nature of the north of the Australian continent and the location of major population and industrial centres far from this area confer a high degree of natural security. This was similarly the view of the Australian Joint Intelligence Committee, during the period under consideration. In 1969, the committee noted:

Being an island continent several hundreds of miles from her nearest neighbour, Australia has immunity from across-the-border ground attack; moreover, potential invaders would require a massive and sophisticated naval, air and ground force capacity to reach and govern a distant continent of nearly three million square miles...long distances and arid deserts afford a degree of

\textsuperscript{169} Ibid., pp. 12-13.
\textsuperscript{170} Ibid.
\textsuperscript{171} Millar Australia in War and Peace, p. 7.
protection to the major population and production centres of Australia in the east, south east and south west.\textsuperscript{172}

According to Rose, these are the factors which have been paramount in the minds of policy-makers, rather than unjustified fears of perceived threats emanating from the area to Australia’s north. In light of this, he inferred that it is the high degree of natural security conferred on Australia by distance and the nature of continental Australia which should rightly govern Australia’s foreign policy, at least at the regional level. Rose remarked:

These three factors, distance, command of the sea, and the presence of deserted Australia, with its concomitant, the concentration of our wealth and population in the South and East, as far removed from Asia as it would be possible, should be fundamental to our thinking on the relations between Australia and Asia.\textsuperscript{173}

In light of the above, and the command of the Pacific by the United States, Rose pointed out that the only nation at the time capable of successfully bringing Australia to heel was its closest ally, the United States.\textsuperscript{174} In light of this, it can be seen that through a combination of strategic circumstances, the Australian mainland was, for all intents and purposes, secure from any serious military threats, a security which increased further following the attempted coup.

Despite this unique set of circumstances, security was not, and should not be, the only objective of foreign policy. According to Renouf, a nation state must also advance the economic, cultural and social well being of its citizens insofar as foreign policy can be used to achieve this.\textsuperscript{175} Meaney saw this overriding quest for security as having far older antecedents than the Second World War. He noted:

From the entry of contending European powers into the South Pacific at the end of the nineteenth century down to the present time, Australia’s defence and

\textsuperscript{172} ‘International Developments and their Implications for Australia’. Joint Intelligence Committee paper, 1969. NAA: A452/34, 1969/1290. JIC [Joint Intelligence Committee] (Australia) – International Developments to 1971 and their Implications for Australia\textsuperscript{.}

\textsuperscript{173} A.J. Rose ‘Strategic Geography and the Northern Approaches’, pp. 304-305.

\textsuperscript{174} \textit{Ibid.}

\textsuperscript{175} Renouf \textit{The Frightened Country}, p. 1.
foreign policy has been dominated by one idea – the search for security in the
Pacific.\footnote{Meaney ‘Australia’s Foreign Policy: History and Myth’, p. 173.}

Meaney noted that as early as the 1870s, the various Australian colonies were
petitioning the British Government to annex unclaimed island groups in the
Southwest Pacific before a rival power did,\footnote{Ibid.} and that national security concerns
were a major factor in the momentum towards Federation in the late nineteenth
century. He pointed out:

Sir Henry Parkes in that famous Tenterfield speech of 1889, when he called the
Federation movement into existence, put forward as his chief argument on
behalf of national unity Australia’s vulnerability in an uncertain and
unpredictable Pacific.\footnote{Ibid., p. 174.}

Because of its proximity and strategic importance to Australia, Indonesia has been
paid particular and close attention by Australian policy makers. Australian writers
have tended to see Indonesia as occupying a central role in Australian foreign policy
thinking both in its own right and in the role it plays as a ‘surrogate’ for Australia’s
relations with the rest of the region.\footnote{Mackie ‘Australia’s Relations with Indonesia: Principles and Policies I’, p. 5.} Renouf described Indonesia as ‘the crucible of
Australian foreign policy,’ as ‘…upon Indonesia primarily hinges the fate of
Australia’s efforts to live in harmony with Southeast Asia.’\footnote{Renouf The Frightened Country, p. 399.} In a similar vein Grant
noted how Indonesia was a focus for much more deeply held fears of Asia generally
in the Australian psyche, noting in 1972 that:

Indonesia…acted as a locum for the abstract threats which Australians sensed
in their bones. Indonesia gave substance to what has long been called ‘the
threat from the north’. It brought into focus the vague and undifferentiated
fears about Asians which Australians have traditionally held.\footnote{Bruce Grant The Crisis of Loyalty: A Study of Australian Foreign Policy, Sydney: Angus and Robertson in Association with the Australian Institute of International Affairs, 1972, p. 82.}
Mackie highlighted the domination of security concerns in Australian thinking about Indonesia. To demonstrate this, he pointed out that Canberra tended to forget all about Indonesia in periods ‘when there seemed to be no imminent threats to disturb our peace of mind.’\textsuperscript{182} He pointed out that this pre-occupation with security concerns in its relations with Indonesia was unnecessary and should not have been governed by them. Mackie noted:

Security Considerations are not – and should not be – the only factors affecting our relationship with her [Indonesia], but they do tend to be the dominant factors, except insofar as Indonesia tends to serve a special role as a kind of surrogate for Asia at large in much Australian thinking about the region to which we belong.\textsuperscript{183}

Apart from the confusion of issues of power and security evident in the gap between Australia’s assessment of the strategic environment and the nature of its diplomacy in the region, Australian policy-makers were proceeding without a working definition of what constituted ‘security’ in an Australian context. Consequently, even the most benign set of strategic circumstances did not induce a feeling of security. Consequently, Australian policy remained predicated upon a sense of continuing insecurity and vulnerability in a strategic environment which, following the attempted coup, was arguably the most unthreatening it had ever been in Australia’s history.

In the context of Indonesia, Australia’s failure to adequately define or develop an idea of what constituted security is one of the failures of its policy towards Indonesia. Buzan has suggested that one needs to identify a referent object for security and define the necessary conditions for it. With regard to what is the referent object of a nation’s security, the answer: the state, which he describes as a ‘multi-faceted collective object’, is insufficient. Moreover, as he has demonstrated, there are a multitude of states, and there is a difficulty in discussing the security of one

\textsuperscript{182} Mackie ‘Australia’s Relations with Indonesia: Principles and Policies I’, p. 5.
\textsuperscript{183} \textit{Ibid.}
separately and apart from the security of the others. Therefore, the questions that
must be posed are, 'what constitutes a threat to the state?' How does it define its
security borders, based on the manner in which it perceives threats? Canberra saw
both a communist and a highly nationalist Indonesia as a potential threat to Australia,
and in the period under examination expressed concern that at some stage in the future
Indonesia might pursue either course. In terms of how Australia defined its security
borders, Canberra viewed the Southeast Asian region as where its most immediate
strategic interests extended. This is revealed in a JIC assessment from 1962 entitled
'Review of Present Priority of Australian Intelligence Targets', which described
Australia's area of primary interest as being China, Southeast Asia and Japan.

Australian policy towards Indonesia and the region more generally suffered from this
under-developed and under-defined concept of security since policy makers
continually perceived its strategic circumstances and its 'security' as being
perpetually imperilled at a time when no serious military threat to Australia could be
identified. Moreover, as Crocker has pointed out, no state can have complete security,
even if the term were adequately developed.

Yet the under-defined nature of security, its application from an Australian foreign
policy point of view and the over-emphasis of it in Australian policy still does not
adequately explain the problems and failures of Australian diplomacy towards
Indonesia in this period. The pre-occupation with security concerns, flowing from an
exaggerated and largely unwarranted sense of threat, was itself the result of another

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184 Ibid., p. 13.
185 Barry Buzan People, States and Fear: The National Security Problem in International Relations, p. 36.
186 'Review of Present Priority of Australian Intelligence Targets'. Report by the Joint Planning and
Defence Organisation – Intelligence JIC [Joint Intelligence Committee] – Australian Intelligence
Targets and Priorities'.
and more deeply infused element in Australian foreign policy formulation, that of fear.

The presence of fear in foreign policy formulation and practice is a relatively underdeveloped area of international relations theory. To date, the only relevant work in this area has been that of Philpott. Philpott maintained that fear was the dominant factor shaping Australia’s foreign relations with Indonesia specifically, and Asia more generally, and is an ‘integral and inescapable element of Australia’s relations with Indonesia’. Although his theory is very much focussed on Australian writing and perception of the role played by Indonesia in the popular imagination, the theory holds true in an examination of Australian diplomacy towards Indonesia. The same exaggerated sense of threat and vulnerability that is evident in Philpott’s examination of Australian journalistic and scholarly writing on Indonesia is also present in the specific acts and nature of Australian diplomacy towards Indonesia in the period under examination. In terms of Australia’s foreign relations with the region, he contended that fear is a ‘constitutive element’ in Australia’s relations with Indonesia, in much the same way that trust has and does in Australia’s relations with the United States. Philpott located the origin of fear in Australian foreign policy thinking to concerns over unrestricted Asian migration into Australia in the 19th century, and of possible invasion by various Asian powers, the fear of which has changed through time. Philpott explained that:

While the overriding fear has always been one of invasion, the form of that fear has changed with the circumstances. China was initially feared because its large population seemed threatening to inhabitants of poorly defended and isolated colonies. Japan’s military might alarmed many Australians during the first half of the twentieth century while post World War Two communist Asia was widely perceived as hostile to US allies... (Indonesia’s) proximity, large

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189 Ibid., p. 371.
190 Ibid.
and predominantly Muslim population, and perceived expansionist tendencies at different times of its history has been chief among Australian sources of concern.¹⁹¹

Reinforcing Meaney’s view that a major factor hastening Federation were fears over security, Philpott also noted that:

...by conferring the power to govern on an over-arching sovereign, a community of sorts is created because others enter into agreement with the same sovereign. In short, fear is a factor in the formation of political community. Ironically...the over-arching of fear requires the institutionalisation of fear.¹⁹²

Philpott traces the fact of fear in social life to Hobbes’ The Leviathan, in which he claims that fear was the main factor encouraging individuals to transfer their allegiance to an all-powerful state. Seen in this light, Philpott noted:

Fear of Asia is integral to white Australian identity [and is] an enduring feature of Australia Asia relations and can be gainfully manipulated in the domestic political discourse.¹⁹³

He maintained that fear is present in an examination of Australian writing about Indonesia which reveals:

...a steady low-key anxiety about Indonesia...much of what has been written attempts to alleviate Australian anxieties about the threat of Indonesia but generally fails because of enduring Orientalist, even Manichean, descriptions of it by journalists, academics and politicians.¹⁹⁴

This same anxiety can be identified in Australian foreign policy and defence thinking and diplomacy towards Indonesia. In this way, fear in Australian thinking about Indonesia in particular, and Asia more generally, can be demonstrated in much Australian writing about Indonesia, a fear which was also heavily manifested in its relations with Indonesia. Cairns, writing in 1965, noted of Australian responses to

¹⁹¹ Ibid., p. 372.
¹⁹² Ibid., p. 374.
¹⁹³ Ibid., p. 376.
¹⁹⁴ Ibid., p. 384.
Asia: 'Springing from our fear and suspicion and our scant knowledge, our national reactions to Asia are either negative and aggressive or apathetic and fatalistic.'\(^{195}\)

Fear is at the heart of the anomalous nature of Australian policy towards Indonesia and explains the striking gap between the nature and conduct of Australia's relations with Indonesia in the period under examination in light of the very limited threat potential Indonesia posed to Australia.

The major flaw with Philpott's hypothesis however, is that he did not view the presence of fear in Australian foreign policy as constituting a flawed diplomacy when it clearly was, since it did not accurately or faithfully reflect an Australian understanding of the strategic environment at the time, characterised by a minimal threat potential posed by Indonesia, Communist China or the Soviet Union to Australia. If, as is being contended in this work, Australian foreign policy formulation and practice towards Indonesia was the result of an exaggerated sense of threat and vulnerability not justified by the assessment and analysis of the strategic environment and threat potential of its neighbours, then this most assuredly represents flawed diplomacy.

2.2 The Context and Machinery of Australian Foreign policy formulation in the mid 1960s

Before examining the bilateral relationship, the context and nature of foreign policy formulation in Australia in the mid 1960s is analysed since foreign policy was formulated and conducted within a specific political and bureaucratic framework. Foreign policy debate and formulation in the period under examination was characterised by a population and parliament relatively disinterested in foreign policy and international relations, although by the mid 1960s, this was changing. There was a highly under-developed machinery for the formulation of foreign policy in Australia at the time relative to that other Western nations. In the mid 1960s, Australia did not have a very well developed tradition of foreign policy formulation and practice. Indeed Australia only took on full responsibility for its own foreign relations after the end of the Second World War. Foreign policy in Australia tended to be dominated by the Executive and the Department of External Affairs, as was the case in the United Kingdom and other Western nations. Australia was an insular country, and, as Harris pointed out, most members of the Commonwealth Parliament were ignorant or apathetic towards issues of international relations, to a large degree reflecting the view of the wider community. However, according to Greenwood, in the period 1961-66, greater interest was shown in foreign policy by both major parties. Indeed by 1966 both parties saw electoral advantage in emphasising their views on foreign policy. This was no doubt brought about by the increasing impact of regional events on Australia such as the her escalating role in the deteriorating military and

196 Neville Meaney ‘Australia’s Foreign Policy: History and Myth’, p. 173. See also T.B. Millar Australia in War and Peace: External Relations 1788-1977, p. 86.
199 Ibid.
political situation in South Vietnam, Australia's involvement in Confrontation and increasing political radicalisation in China.

The Commonwealth Parliament did not seem to directly affect foreign policy to any measurable degree. Its only real role in foreign policy formulation was through its Foreign Affairs Committee, which was established in 1950 and was mandated to be '...a standing committee on Foreign Affairs which can give constant attention to the broad issues of foreign policy.' The committee was created to discuss and research in depth, international issues of significance to Australia, and thereby lead the Parliament in debate on such issues. The Committee was not established by statute, but by resolution of the Parliament, requiring a renewal motion at the beginning of each Parliament. It was originally conceived in 1949 but remained on the drawing board until the following year. It was intended to consist of twelve representatives, drawn from both sides of the House of Representatives. Meeting infrequently, its deliberations and findings could be in camera and those reports that were tabled in Parliament were few in number and dealt mostly with issues of peripheral importance, due to the Government's strong desire to safeguard information obtained from the Department of External Affairs. Moreover, Opposition members refused to sit on the Committee, precluding the development of the Committee as a bipartisan channel for the development of thought on Australian foreign policy.

As a result of this, the Committee, up to 1966, had only reported to the Parliament on five occasions. As Turner pointed out, External Affairs Minister at the time Percy

201 Ibid., pp. 24-25.
202 Turner offers several reasons for the refusal of the Opposition to allow its members to sit on the committee, including a perceived lack of autonomy of the committee, the balance of representation of both parties on the committee and concerns that a bipartisan approach to foreign policy might harm the Opposition's chances at the polls by appearing to approve of and acquiesce in the Government's foreign policy. Ibid., p. 22.
Spender, was anxious that the Committee had no role in making policy, which he saw as the preserve of the Executive and would only address broad issues in the realm of foreign policy affecting Australia, but not specific decisions of policy.\textsuperscript{203} It is for these reasons the Committee cannot be said to have influenced the direction of Australian foreign policy in any significant way due to the Executive's wish to keep secret the discussion of issues it deemed sensitive or confidential; the absence of members of the Opposition on the Committee; and the peripheral importance of the Committee's tabled reports. The Committee became even less relevant under Harold Holt, who directed greater responsibility towards the External Affairs Minister\textsuperscript{204} and the Prime Minister as the main agents of foreign policy, although controversial decisions were usually placed before Cabinet for discussion.\textsuperscript{205}

The Department of External Affairs in the 1960s was a small and understaffed organisation, lacking both personnel and a capacity for formal and in-depth research and knowledge of specific countries, although this was mitigated to some extent by the high degree of professionalism and dedication of officers in the Department. These deficiencies were highlighted in the 1960s as regional instability increased, requiring more and specialised personnel. For these reasons, the Department of External Affairs rapidly expanded throughout the 1960s, becoming more professional and specialised. However, it still continually suffered shortages of experienced personnel, with staff developing expertise at a particular post before being re-appointed to another. Whilst giving the Australian diplomat a wide range of experience, it tended to preclude the development of in-depth knowledge of particular

\textsuperscript{203} Ibid., pp. 18-19.
\textsuperscript{204} Porter notes that Hasluck was a central and dominant figure in the development and direction of Australian foreign policy. Robert Porter \textit{Paul Hasluck A Political Biography}, Nedlands, WA: University of Western Australia Press, 1993, p. 279.
\textsuperscript{205} T.B. Millar \textit{Australia's Foreign Policy}, Melbourne: Angus and Robertson, 1968, p. 15.
countries. According to Millar: 'The result is a game of musical chairs...in which members of the Department change their field of interest with great frequency.'

One of the consequences and one which is most pertinent for the purposes of this study of this under-staffing in the Department was a lack of quality long-term analysis and planning. Millar noted:

In a department so pre-occupied with the current crisis and its telegrams, there is a vital need for a section, even if it be small, which can stand off and try to look at the directions which policy is taking and its possible implications, which can examine alternative policies and indulge in judicious forecasting.

This is borne out from an examination of the archival record, in which long-term planning and forecasting was attempted mostly by Ambassadors to Indonesia and other senior External Affairs officers on an ad hoc basis. In the period under examination there existed no concrete procedures for policy coordination between the Departments most concerned with foreign policy – External Affairs, Prime Minister and Cabinet, Defence, Trade and Territories — and this was highlighted in the issue of Australian involvement in Vietnam, during which Millar alleged there was no established process for coordinating thoughts and actions.

The Government’s method of intelligence gathering and assessment was similarly under-developed. Intelligence reports were prepared by the Joint Intelligence Committee which consisted of military, External Affairs and intelligence officers. More specifically, it consisted of one External Affairs officer, the directors of intelligence of each of the armed services and the Director of the Joint Intelligence Bureau of the Department of Defence. The problem with this composition was the danger of reports becoming compromised by the concessions to individual members,

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206 Ibid., p. 17.
207 Ibid., p. 21.
208 Ibid., p. 18.
convinced their views, gained through their experience as diplomats or intelligence or military officers were correct. Millar noted:

The resulting intelligence assessments may on occasions contain so many concessions to individual viewpoints as to lose much of their sharpness and effectiveness.\textsuperscript{209}

The direction of Australian diplomacy to Indonesia in the latter stage of the period under examination reflected these deficiencies, and highlights the professionalism of senior Departmental officers, who mitigated the bureaucratic and procedural deficiencies of both the Department and the wider government administrative apparatus as it pertained to Australia’s foreign relations.

\textsuperscript{209} Ibid., p. 16.
2.3 Australian Intelligence Assessments of the Indonesian Political Situation

prior to GESTAPU

Well before the attempted coup, Canberra’s defence and intelligence community was considering what would transpire upon Sukarno’s death or incapacitation. Interestingly, most reports played down the possibility of either a PKI or Army led coup following Sukarno’s removal from the political scene, apparently banking heavily on the Indonesian ability to compromise among competing groups. These assessments seem to suggest that upon Sukarno’s removal, an uneasy coalition of political and military forces would form, under a new president, who would perform the mediating role that Sukarno had played hitherto. In the event that either the PKI or Army launched a coup, it was felt that a state of civil war would develop. However, the view that a degree of stability could be maintained between Indonesia’s competing political forces was not shared by the Australian Director of Military Intelligence, who argued that contingency planning should proceed on the understanding that the Indonesian Army would seek to seize control upon Sukarno’s death or incapacitation.

In a paper entitled The ‘Outlook for Indonesia’,\(^{210}\) the Joint Intelligence Committee attempted to predict the likely political and economic developments in Indonesia for the next three years and the impact these might have on Indonesian foreign policy. The paper, dated March 1965, painted a depressing picture of likely developments in Indonesia and confirmed the view that Canberra felt that Indonesia was on a collision course with the West over its foreign policy, and with itself, for an imminent upheaval in Indonesia’s leadership, due to Sukarno’s rapidly failing health. The paper stated: ‘...because of deteriorating health, it seems quite possible that

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\(^{210}\) Joint Intelligence Committee (Australia), ‘Outlook for Indonesia’, JIC (Aust), Final March 1965. NAA: A1838/346, TS666/65/43. ‘Outlook for Indonesia’.
Sukarno may die of natural causes during the period.\textsuperscript{211} This was based on leaked medical reports that Sukarno would not survive until the end of the period covered by the paper, (March 1968). The paper continued: ‘There is also medical opinion that without an operation he may not last more than one year.’\textsuperscript{212}

The prospects of an attempted coup by either the Army or the PKI were minimised by the Committee, as were the prospects of regional dissidence in the outer islands:

While Sukarno remains President the PKI is unlikely to attempt a coup d’État and any significant movement for reform or revolt is most unlikely either from within political groups or from other sources throughout Indonesia.\textsuperscript{213}

The paper even asserted that the presence of low-level separatist activity in Sulawesi as having ‘...help[ed] the regime to some extent by promoting the notion that it is threatened, thereby encouraging the generation of nationalistic fervour.’\textsuperscript{214} The Committee predicted that Indonesia would cause Confrontation with Malaysia but ‘would be concerned to prevent it from reaching the point of limited war.’\textsuperscript{215} The only group in Indonesia that could benefit from this would be the PKI, who the committee considered ‘...may even be quite willing to push Confrontation to the point where it could invite retaliation, since this could assist the achievement of their objectives.’\textsuperscript{216}

According to the Committee, this rather balanced \textit{status quo} would be violently wrenched asunder following the death of Sukarno, believed to be imminent. A state of chaos and anarchy was predicted for this period with a situation approaching civil war developing between the PKI and the Army accompanied by an explosion of separatist activity throughout the archipelago. An attempt at a seizure of power by the PKI was discounted on the grounds that as they had to date tried to expand their power through

\textsuperscript{211} \textit{Ibid.}
\textsuperscript{212} \textit{Ibid.}, p. 3.
\textsuperscript{213} \textit{Ibid.}, p. 4.
\textsuperscript{214} \textit{Ibid.}, p. 3.
\textsuperscript{215} \textit{Ibid.}, p. 1.
\textsuperscript{216} \textit{Ibid.}, p. 9.
peaceful means, it would be out of character for them to attempt a coup or provoke one against them. It was felt that following Sukarno’s death, they would merely attempt to maintain the status quo. With a breath-taking naivété the committee went as far as to state that in such an atmosphere, the Army would refrain from hostile action against them:

We believe that the communists are not themselves likely to attempt a coup d’état in present circumstances...but will merely seek a greater share of power through alliances with politicians concerned to retain their own positions in the Government...Under these circumstances, we consider that harsh repressive action by the Army against the communists, resulting in widespread bloodshed, would be difficult to justify and may not, therefore, be undertaken.²¹⁷

What is surprising about this paper is that it does not even attempt an assessment of the prospects of an Army-instigated coup attempt. Admittedly, it is easy with the benefit of hindsight to criticise the inaccuracies in a paper attempting to see into the future of a highly unstable and volatile nation with often very tenuous information of dubious credibility. Nevertheless, the findings of the Joint Intelligence Committee were at least naive in believing that with Sukarno dead and unable to protect the PKI, the Army would refrain from liquidating the PKI to the best of its ability. Moreover, the question remains, why is there no examination of the likelihood or otherwise of the prospects of an Army coup?

An intelligence assessment written later that year cast its net wider in terms of possible developments in the event of Sukarno’s death or incapacitation in the few months following 26 September 1965. This report is important as it is the last that was completed before the attempted coup and therefore represents Canberra’s assessments of the future political situation in a post-Sukarno Indonesia based on all the knowledge at their disposal. The paper envisaged five possible scenarios should

²¹⁷ Ibid., p. 4.
Sukarno die in the last few months of 1965. The list included: civil war and general disorder; a PKI coup; a military coup; a coalition in which the PKI had the upper hand; and a coalition in which the balance would be against the PKI. The possibility of a PKI coup is again almost completely ruled out, with a minor qualification that a PKI coup could conceivably succeed on Java but not on the outer islands.\textsuperscript{218} It was considered more likely that an attempted coup by the Army against the PKI would force the hand of the PKI and a situation of civil war would develop. It was seen as a possibility that either General Nasution or Adjie could stage such a coup and although any such coup would probably be successful, it was believed senior Army figures would shy away from any such action through a desire to avoid triggering a civil war.\textsuperscript{219} It was felt that regardless of whether a communist or Army-dominated government succeeded in Indonesia, the need to pursue policies aimed at Indonesia's economic rehabilitation would compel the new leaders to some moderation in official attitudes towards the West. In light of these assessments, it was felt that Australian objectives should be to:

(a) Contribute, if this is possible, to ensuring that Sukarno is succeeded by a non-communist Government likely in the long run to moderate Indonesian foreign policy;

(b) To support, and be seen to be supporting, the continued cohesion of the Indonesian states.\textsuperscript{220}

This latter point would not preclude Australia supporting some looser form of political organisation for Indonesia than a unitary state, such as a federal system, as long as this did not expose Canberra to criticism from Indonesian leftist elements that Australia was seeking the break-up of Indonesia. In view of this, the active backing of anti-communist forces in Indonesia was discouraged. The paper noted that:

\textsuperscript{218} 'Likely Political Developments in Indonesia in the Event of Sukarno's Death within the next few Months', no author, 26 September 1965. NAA: A1838/280, 3034/21 Part 48. 'Indonesia – Political – General'.

\textsuperscript{219} Ibid.

\textsuperscript{220} Ibid.
...it does not seem practicable in the period before Sukarno’s death to develop any policy of backing or promoting the anti-communist forces in Indonesia, except simply through being in Jakarta and offering encouragement in private to those who might seek it.\textsuperscript{221}

However, if a state of civil war developed, the Committee considered the possible necessity of using the Commonwealth Government’s military or intelligence resources to influence the outcome in a manner favourable to it. The paper noted: ‘...we should have to consider covert intervention against the PKI and its supporters.’\textsuperscript{222}

The paper concluded by emphasising the high degree of importance, and by implication the cost of failure, of any such intervention, noting:

...we will have to bear in mind that what will be at stake for us, if we engage in any positive action, will be Australia’s long-term relationship with Indonesia. We cannot afford to intervene on the wrong side.\textsuperscript{223}

Speculation on what form upheaval would take in Indonesia, however, did not begin in Western capitals in 1965. As early as 1963, Australian defence and foreign policy makers were considering the prospects for Indonesia following Sukarno’s unexpected death or incapacitation and accompanying implications for Australian policy. Typical of this is a Joint Intelligence Committee report entitled ‘Possible Developments in Indonesia in the event of Sukarno’s early death or incapacitation’. This report, with an accuracy that can only be described as prophetic stated that: ‘...his [Sukarno’s] removal from Indonesian politics would entail a major readjustment of the balance of forces (in Indonesian politics).\textsuperscript{224} Significantly, this assessment (and most others like it) discounted the likelihood of either a PKI or an Army coup taking place upon Sukarno’s demise or removal from office.

\textsuperscript{221} Ibid.
\textsuperscript{222} Ibid.
\textsuperscript{223} Ibid.
\textsuperscript{224} Joint Intelligence Committee, Agendum number 28/1959. ‘Joint Intelligence Committee Australia (59) – 112 – Possible Developments in Indonesia in the Event of Sukarno’s Early Death or Incapacitation’.
A PKI coup was seen as unlikely as it was believed that its leaders lacked the aggression and impetuosity such an endeavour would require. This would also have been out of step with the PKI’s modus operandi since the Madiun uprising of 1948 which prescribed for the party a constitutional road to power. Moreover, as Mortimer pointed out, the PKI lacked both the organisation and equipment to launch a credible, sustained attempt to seize power throughout the archipelago. The reason for this was restrictions imposed upon the party by the nature of Sukarno’s Guided Democracy, under which:

...all roads to power for the PKI had effectively been blocked under Guided Democracy and...it was unable to move outside the bounds he set for its activities.\(^{225}\)

This belief in the PKI’s military impotence was shared by Crouch, who asserted:

The PKI, which had been organised for agitation rather than warfare, was in no position to defend itself against the Army-backed offensive [following the attempted coup]. Its leaders wavered on whether to encourage resistance and its friends in the armed forces were too few in number to provide protection.\(^{226}\)

A coup by sections of the armed force was also considered unlikely except in the event of a communist coup or a situation of ‘severe deterioration of the domestic situation under the present government’,\(^{227}\) should a communist coup be launched, the report predicted that ‘conditions of civil war would develop’\(^{228}\) and that:

A strong military government (that succeeded) would be anti-communist and endeavour to enforce strict controls over foreign trade and internal revenues, which, if successful, would lay the basis of sound economic development.\(^{229}\)

This reads almost like an observation of the consolidation of power of Suharto’s New Order regime.


\(^{226}\) Crouch The Army and Politics in Indonesia, p. 135-136.

\(^{227}\) ‘Possible Developments in Indonesia in the Event of Sukarno’s Early Death or Incapacitation’. NAA: A1838/269, TS666/59/112.

\(^{228}\) Ibid.

\(^{229}\) Ibid.
This view was reinforced by other assessments made by both Australian and foreign governments in the twelve months prior to the coup attempt. In December 1964, Thomas Critchley, the Australian High Commissioner in Malaysia, reported information he received from Indonesian sources which remained ill-defined. Critchley noted:

According to this analysis the Communists have no intention of attempting to take over the Government when Sukarno goes. They argue that if they were to take control they would have to face not only the Armed Forces but probably also other non-Communist social and political forces.\textsuperscript{230}

According to Critchley, it was more likely that the PKI would work towards the establishment of a 'National Democratic Government' which would be headed by a non-communist but left-leaning political figure who would be amenable to Communist direction.\textsuperscript{231} However, Military Intelligence in Canberra did not share the view of the Committee. Its view was that the Army, under General Nasution, would attempt to seize power upon Sukarno's demise, and could expect widespread support from within the Army, particularly all KODAM (Regional Military Command) Commanders. A 7 May 1965 memo to the Department of External Affairs from the Director of Military Intelligences noted:

It [an Army seizure of power] would be in the interests of all officers, and particularly KODAM Commanders, to see military government established, so that apart from personal support many would give him (Nasution) support because of self-interest.\textsuperscript{232}

The memo concluded:

We believe that some sort of assertion of military authority on Sukarno's death is a logical basis of contingency planning and although sound information is lacking, military government is probably envisaged.\textsuperscript{233}

\textsuperscript{230} Memorandum number 1870 from T.K. Critchley, Australian High Commission, Kuala Lumpur, to The Secretary, Department of External Affairs, Canberra, 18 December 1964. NAA: A1838/280, 3034/2/2/2 Part 12. 'Indonesia – Internal – Communism'.

\textsuperscript{231} Ibid.

\textsuperscript{232} Memo from Director of Military Intelligence to the Department of External Affairs, Canberra, 7 May 1965. NAA: A1838/280, 3034/2/1/6 Part 1. 'Indonesia – Background Political Studies'.

\textsuperscript{233} Ibid.
By June, this view had begun to filter into External Affairs’ thinking, with a briefing paper dated June 1965 noting that: ‘There is a good possibility that the Army leadership would move in quickly on Sukarno’s death and assume control of Government.\textsuperscript{234}

Thus, the observer is presented with a confusing picture of what Canberra’s defence and intelligence establishment thinking was about the nature of a post-Sukarno government in Indonesia, and the manner in which this would be brought about. Whilst the JIC for many years affirmed the view that a coup arising either from the right or left of Indonesian politics was unlikely, at least by mid 1965, the Directorate of Military Intelligence had offered the view that the Army would try to seize power following Sukarno’s departure or removal. Assessments confirming the former seem to have underestimated the extent to which the tenuous stability of the Indonesian political scene, in the years of Guided Democracy until the coup, was due to Sukarno’s unique role as ‘Father of the Revolution’ and Dalang (puppet master) of Indonesian politics, by which he mediated Indonesia’s opposing political forces, playing them off against each other to his own advantage.

2.4 Australian Assessments of the Threat Potential of Indonesia and China in the mid 1960s

The major premise upon which the thesis proceeds is this: that the ability of Indonesia and Communist China, the two nations most likely to threaten Australia in some way at some future time, was minimal prior to the attempted coup, and negligible after the attempted coup, and the strategic underpinnings of Australian foreign policy, highlighted in its diplomacy in the period under examination, were therefore erroneous. At the heart of this was the inability of either power, with their existing or projected capabilities, to successfully negotiate the ‘air-sea gap’ between northern Australia and the Indonesian archipelago with sufficient numbers and equipment to make a concerted assault on the Australian mainland or the Territory of Papua and New Guinea (TPNG). The capability and inclination of potential enemy powers to undertake lower level military operations against Australia, its interests and lines of communication, were considered to be similarly limited. These potential aggressors were identified by Australian defence and intelligence organisations as Indonesia, China, The Soviet Union and Japan.

The potential threat to Australia from external attack was regularly examined by the Joint Intelligence Committee. Throughout the period under discussion, and prior to it, Canberra was conscious of the serious constraints on the Indonesian Armed Forces, and their limited capacity to sustain either a concerted external military campaign, or even a defensive campaign on its own territory, for an extended period without substantial external assistance. It was felt that the most Indonesia was capable of in terms of offensive capability was low-level operations, including such things as the disruption of civilian shipping, raids on oil rigs on the Northwest Shelf, guerrilla operations in TPNG launched from WNG and, at the very most, small raids on
Christmas Island and towns on the North and Northwest coasts of Australia. The JIC considered the greatest threat from Indonesia was the capacity of the Indonesian Air Force (AURI) to bomb targets on the Australian mainland, arguing that an increase in the number and type of aircraft available and an upgrading of ground facilities (expected by the end of 1961) could allow the Indonesian Air Force to bomb targets in North and Northwest Australia, including Darwin. According to the JIC, if by 1969, the AURI had Badger bombers, they would be capable of bombing any targets on the Australian mainland within an arc stretching from Perth to Rockhampton. A 1963 Department of Defence Minute Paper indicated that without the capacity for inflight refuelling (which, according to the paper, Indonesia had no intention of acquiring), Indonesian jet bombers could not attack the key population centres of Sydney, Canberra, Melbourne or Brisbane. The paper noted:

From overt sources, medium jet bombers based on Biak [off the north coast of WNG] or Kupang [in West Timor] could not reach Brisbane, Sydney or Melbourne. They could just reach Adelaide, Rockhampton, and Western NSW but not most of Victoria or Southern and Eastern NSW.

Apart from this, the Indonesian Armed Forces in this period were hampered in their ability to project their power militarily beyond their shores by a lack of air-lift and amphibious capability, although the latter was expected to improve by about 35 percent by 1962.

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235 'Indonesian Military Capability up to the end of 1961', JIC(AUST)(59)40 (August), taken from 'Summary of JIC Australia Intelligence Assessment affecting Australian Defence Policy', 1960. NAA: A1838/269, TS666/60/5. 'Joint Intelligence Committee Australia - Summary of JIC Australia Intelligence assessment affecting Australian Defence Policy'.

236 Ibid.

237 'The Threat to Australia', Department of Defence Minute Paper, by The Joint Secretary, Joint Intelligence Committee, 22 October 1963. NAA: A1945/41, 146/1/16. 'Indonesian Military Capability – Including Long-Range forecasting'.

238 'Indonesian Military Capability up to the end of 1961', JIC(AUST)(59)40 (August), taken from 'Summary of JIC Australia Intelligence assessment affecting Australian Defence Policy', 1960. NAA: A1838/269, TS666/60/5. 'Joint Intelligence Committee Australia - Summary of JIC Australia Intelligence Assessment affecting Australian Defence Policy'.
A 1960 study was more dismissive about the Indonesian Military's offensive capability. It argued that ABRI was mainly concerned with internal security, having just defeated a revolt led by disgruntled officers in Sumatra. The military was also restrained by such things as the administrative and political distractions of senior officers, inter and intra service jealousies and rivalries, the penetration of ABRI by communists, limited industrial capacity and the backward state of the national economy.\textsuperscript{239} The Army's effectiveness as a fighting force was also severely affected by shortages of weapons, armour, engineering equipment, transport and major weaknesses in its leadership.\textsuperscript{240} Further constraining the Army's ability to project itself externally or in the outer islands was the very limited capacity of the Navy (ALRI) and Air Force (AURI) to provide transport, fire and logistics support. The Navy's docking facilities were considered to be inadequate and the proficiency of its personnel low. Despite the existence of a threat due to the AURI's ability to strike targets in Australia, its ability to conduct offensive air operations was restricted by limited maintenance of aircraft, poor logistics and the poor state of airfields.\textsuperscript{241} The last assessments before the attempted coup highlighted the limited capability of ABRI in any offensive operations. A 1964 JIC report concluded:

\textit{...the Army is only capable of employing and supporting in operations, of a conventional type over an extended period, a force of up to 5000 men.\textsuperscript{242}}

A report the following year argued that even with continued Soviet military support, the fighting capacity of the Indonesian Armed Forces was severely circumscribed even in defence of its own territory, contending:

\textsuperscript{239} 'Indonesian Military Capability up to the end of 1962 and 1970', Joint Intelligence Committee (Australia), JIC (AUST)(60)40, Final, April 1960. NAA: A1838/269, TS666/60/40. 'Joint Intelligence Committee Australia - Indonesian Military Capability up to the end of 1965 and 1970'.

\textsuperscript{240} Ibid.

\textsuperscript{241} Ibid.

\textsuperscript{242} 'Indonesian Military Capability up to the end of 1966 and 1969', JIC(AUST) (69) 40, Final, November, 1964. NAA: 1945/41, 146/1/16.' Indonesia Military Capability - Including Long-Range Forecasting'.
...it is highly unlikely that Indonesia alone could sustain operations in a limited war in defence of her own territory for more than a few months at the most. In the event of a limited war situation involving air and sea attacks against targets throughout Indonesia it is unlikely she could maintain effective operations for more than a few weeks.\textsuperscript{243}

Following the attempted coup, ABRI was pre-occupied with the anti-communist campaign whilst simultaneously involved in operations against Malaysian and Commonwealth Forces on the Malay Peninsula and Borneo. These factors, coupled with Suharto’s desire to resolve Confrontation, address the perilous state of the economy, and re-orient foreign policy away from the Communist bloc, meant Indonesia was less willing to or capable of undertaking military operations against Australia. In 1968, the JIC asserted:

The policies of the present Indonesian government have reduced the likelihood of Indonesia pursuing an aggressive foreign policy in the years immediately ahead, and therefore Australia is unlikely to be involved in a limited war with Indonesia.\textsuperscript{244}

This was repeated in an assessment the following year, in which the JIC maintained:

While the present government, or one similar to it, exercise power in Indonesia, limited war between Indonesia and Australia is unlikely and Indonesia is unlikely to become involved in war with her neighbours.\textsuperscript{245}

Despite this very low likelihood of a limited war with Indonesia, it was felt that should this occur, ABRI was capable of Confrontation-type guerrilla incursions into TPNG, with very limited support from the Navy and Air Force, low-level raids along the northern Australian coastline by both sea and airborne raiding parties, the seizure of Christmas Island, and interference in military and civil shipping and aircraft in the

\textsuperscript{243} \textit{Ibid.}

\textsuperscript{244} ‘The Threat to Australia, her Territories, and Lines of Communication’, JIC (AUST) (68) 50, Final, May 1968. NAA: 452/34, 68/2690. ‘JIC [Joint Intelligence Committee] threat series - The threat to Australia (68)50’.

These actions would constitute the greatest offensive capability of the Indonesian Armed Forces, which, in a worst case scenario, would have had little more than a nuisance value, represent no real gains for Indonesia, and result in virtually no strategic loss to Australia.

Following the attempted coup, the Indonesian Army (TNI) was pre-occupied initially with the anti-communist drive, and in the late 1960s, with issues of economic stabilisation and rehabilitation. This, and the desire of the Army to end Confrontation, meant that Indonesia was most unlikely to return to military adventurism. This was reflected in a 1967 JIC assessment which reported:

Recent developments and internal problems in Indonesia have reduced the likelihood of her pursuing an aggressive foreign policy in the years immediately ahead and therefore the risk of limited war with Indonesia is slight...and limited war arising through border incidents (in New Guinea) is also unlikely.

Moreover, conflicts sharpened in the Armed Forces between services and units loyal to Sukarno, and those loyal to Suharto, reducing its ability to initiate hostilities. This was expounded upon in a 1966 assessment which asserted that:

The Armed Forces suffer from problems of unity and from technological weaknesses, and, while being able to contain current internal security problems would be hard pressed to withstand an attack in force from outside.

By the late 1960s, the JIC could not identify any serious threat to Australia in the short to medium term. The only possible threat to Australia envisaged was seen as coming from the aggressive actions of Communist China or an Indonesia in which a

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247 'International Developments to 1971 and their Implications for Australia', Paper prepared by the Joint Intelligence Committee (Australia), 1969. NAA: A452/2, 1969/1290. 'JIC [Joint Intelligence Committee] (Australia) - International developments to 1971 and their implications for Australia'.
248 'Summary of 'Threat to Australia' for Civil Defence Purposes', Joint Intelligence Committee paper number 19/1967, Canberra, October 1967. NAA: A452/2, 1967/6505. 'JIC [Joint Intelligence Committee] - Threat to Australia for Civil Defence Purposes'.
249 Paper entitled 'Indonesia'. No date, no author. NAA: A1838/280, 3034/2/1/8 Part 13. 'Indonesia – Political – Coup d'Etat of October 1965'.
communist or nationalist regime had assumed power and sought to augment its power and influence through military adventurism. In 1969 the JIC noted:

...while a threat to Australia...could arise from the long-term aims of the major Communist powers or, under certain circumstances, from Indonesia, there was unlikely to be a threat from any other external source.250

Thus, the Army, preoccupied by internal issues of inter and intra service rivalry and outdated equipment, were perceived to pose virtually no threat to Australia or its interests in the short to medium term, noting that Indonesia, even if it wished to do so, would not be able to acquire the military capability to threaten Australia before the late 1970s at the earliest.251

Further restricting any intention by Indonesia to initiate hostile actions against Australian targets was the very circumscribed degree of support it was perceived Indonesia could expect from either the Soviet Union or China if Jakarta were to engage in hostilities with any Western power. A 1964 JIC report considered the likely assistance Jakarta could expect in a limited war with Australia and its allies. The Committee believed little concrete assistance would be forthcoming from Peking. It concluded that in general: ‘China’s response to a request for military assistance [from Indonesia] would be strong in enthusiasm, but light on performance.’252

Moreover, China’s ability to provide substantial military assistance to Indonesia was limited due to its lack of financial and technological resources. The Committee anticipated that the Soviet Union would not want any conflict to become protracted and thereby lead to American involvement. It would therefore be likely to supply


251 Ibid.

Indonesia with little in the way of overt military support although Soviet thinking on this would be to some extent influenced by the need to curb the growth of Peking’s influence in the region. The Committee believed that the Soviet Union would not supply Indonesia with any military equipment that would require the use of Soviet military personnel in a combat role in which their detection by Western forces would become a probability. However, it was also felt that Peking would have no such qualms in providing ‘volunteers’ as they did in the Korean War.\textsuperscript{253}

The threat to Australia by China was considered minimal. It was considered that Peking would seek to avoid limited war with Western countries and would only engage in hostilities with Western powers in the region if provoked by the threatening of its national survival or that of a neighbouring communist state. The greatest risk of the outbreak of such hostilities was seen to lie in an escalation of American involvement in the conflict in South Vietnam.\textsuperscript{254} According to the JIC, even if such hostilities broke out, there was no threat of direct military attacks by China on mainland Australia or its offshore territories, although attacks on its lines of communications in the South China Sea would be likely.\textsuperscript{255} The Committee believed that even the loss of South Vietnam to Communism would not constitute a serious threat to Australia or its territories from China.

In the most extreme case of a general global war involving the use of nuclear weapons, Australia, despite being considered by China and the Soviet Union as an American ally, was not seen to be a target for Soviet or Chinese nuclear attack, and the risk of any such attack was described by the Committee as ‘slight’, with the exception of the United States VLF (Very Low Frequency) communications facility at

\textsuperscript{253} \textit{Ibid}

\textsuperscript{254} ‘The threat to Australia’, JIC Report number (68)50. NAA: A452/34, 1968/2690. ‘JIC [Joint Intelligence Committee] Threat Series - The threat to Australia (68)50’. ‘JIC [Joint Intelligence Committee] threat series - The Threat to Australia’.

\textsuperscript{255} \textit{Ibid.}
Northwest Cape in Western Australia, which it was believed could be targeted by Soviet ICBMs or submarine-launched missiles.\textsuperscript{256}

The acquisition by China of a nuclear deterrent was similarly played down as a threat, either in the form of a direct attack on Western targets and interests in the region, and the possibility that Peking might provide such technologies to Indonesia at some stage in the future. A 1962 JIC assessment claimed that there was no evidence to justify the claim that a Chinese nuclear test was imminent, and may not be for many years.\textsuperscript{257} Even after China successfully tested its first nuclear device in 1965, it was estimated that it would take another year before Peking could construct a bomb suitable for delivery by long-range bomber and another three years before it could construct a bomb suitable for delivery by a missile. It was not believed that the Soviet Union would supply nuclear weapons to China.\textsuperscript{258}

In 1965, there had been some concern in Canberra that Indonesia was attempting to acquire a nuclear capability. This was an issue it understandably monitored very closely.\textsuperscript{259} On 30 September 1965 the Australian Trade Commission in Hong Kong (which acted as a de-facto embassy until diplomatic relations were established with Beijing in 1972), reported information from Taiwanese Intelligence that the British Naval Attaché in Taiwan had reported to London that Indonesia was close to testing a nuclear device which was allegedly made in China but had not yet been delivered. The Trade Commission was sceptical about the report, citing the notoriously

\textsuperscript{256} 'The Threat to Australia, her Territories and Lines of Communication', JIC (AUST) (68) 50, May 1968. NAA: A452/34, 1968/2690.
\textsuperscript{257} 'Advanced Weapon Development in Communist China', Extract from JIC Report number 28/1962. NAA: A1838/346, 666/62/28. 'The Development or Acquisition of Nuclear Weapons and the Means of Delivery by Communist China up to the end of 1968'.
\textsuperscript{258} Ibid.
\textsuperscript{259} See NAA: A1209/100, 1960/315. 'Nuclear Development in China'. See also NAA: A1946/14, 1968/1179. 'Indonesia – Development of Nuclear Capability'.
unreliable nature of information emanating from Taiwanese/Nationalist Intelligence.

It commented that:

...our only comment is that reports emanating from the Nationalists are notoriously unreliable and, in the absence of further evidence, we would normally regard with scepticism the story that China will give the Indonesians a nuclear device.\(^{260}\)

The Department of External Affairs in Canberra also thought such a scenario unlikely, with Sir James Plimsoll advising the Minister that if he were asked a question in the House on Indonesia acquiring a nuclear capability, that his response should be that it was doubtful Indonesia had the capacity to develop nuclear weapons and it was similarly doubtful Jakarta could obtain significant foreign assistance in this regard.\(^{261}\)

To date, there is no evidence that Peking ever concretely supported Indonesia’s nuclear aspirations. On 29 September 1965, the Chinese Foreign Minister, Chen Yi, officially declined Indonesia’s request for assistance in the construction of a nuclear weapon.\(^{262}\) The possibility of a hostile Western response to such proliferation of weapons or technology to a radicalised regime viewed as being on the verge of becoming communist may have acted as a brake on Peking if they had desired such a course of action.\(^{263}\)

Thus, Canberra’s own assessments were that the threat to Australia from Indonesia, China and the Soviet Union, from the early 1960s until 1970 was minimal. The Australian defence and intelligence community even saw little threat or likelihood from attack in any form from Indonesia or China or the Soviet Union in the case of a global general war involving the use of nuclear weapons.


\(^{261}\) ‘Possible Parliamentary Question: Indonesian Nuclear Capability’, no date, no author. NAA: A1838/277, 3004/1/2. ‘Southeast Asia – General – Parliamentary Questions on Indonesia/Malaysia Situation’.


\(^{263}\) Ibid.
As Suharto became entrenched in power and the bilateral relationship became more intimate, the likelihood of conflict with her became remote to the point of negligibility. Prior to this, Indonesia did not represent a serious threat to Australia due to the highly circumscribed capabilities of Indonesia’s Armed Forces, Indonesia’s limited economic and industrial capacity, and political problems within the armed forces. It would be difficult to contend that Indonesia’s threat potential to Australia was anything but minimal in the five to ten years prior to the coup attempt, and close to negligible afterwards, particularly after March 1966. This points towards a very low degree of threat in Australia’s immediate strategic environment, at least in the short to medium term which, seen in conjunction with American domination of the Pacific, as Meaney has pointed out, was without precedent.\(^{264}\)

\(^{264}\) Meaney ‘Australia’s Foreign Policy: History and Myth’, p. 181.
Chapter Three

Australian Knowledge of Coup Plots and Conspiracies Prior to GESTAPU, and ASIS Involvement in the Coup

As discussed briefly in the previous chapter, Indonesian politics and foreign policy in 1964 and 1965 was becoming increasingly radicalised and the economy was lurching towards collapse. These trends appeared to favour the positions of Sukarno and the PKI at the expense of the Army and non-communist political groups. It was a generally held view that events in Jakarta were working towards a violent conclusion in the form of a confrontation between the PKI, its various organisations, and sympathetic sections of the Armed Forces on the one hand, and the bulk of the Army and other anti-communist groups on the other.

Reinforcing this view were reports received by diplomats at the Australian Embassy in Jakarta of coup plots and conspiracies aimed at the removal of Sukarno, one of which involved a prominent Indonesian diplomat of the time. Documents demonstrate that although senior Australian Departmental officials met to discuss the possibility of encouraging the Indonesian Army to seize power in Jakarta and of providing overt and covert assistance to the Army to this end, the Department determined that any Australian assistance in this regard could be counter-productive, and the wisest course of action would be to simply await events with great interest. Nevertheless, as will be shown, there is tentative but credible evidence that suggests knowledge of, and complicity in, the Army’s activities during the attempted coup, and afterwards, by the Australian Secret Intelligence Service (ASIS), which is at odds with documents that appear to confirm no Australian involvement in the coup. This is particularly evident in the Department’s decision to refrain from overtly or covertly supporting the Army to remove Sukarno (regardless of what, if any role ASIS may
have played in this regard). Considering the above, it can be seen that there is little else Canberra could have done to advance its interests in Indonesia in the months preceding the attempted coup.

In the twelve months preceding the attempted coup, Canberra acted to prepare itself for this anticipated clash by the careful placement of the Department’s small pool of Indonesia specialists in key posts in Canberra and Jakarta from where they could best witness, analyse and report on events as they would unfold. This is noteworthy as it represented a break with standard Australian Departmental and diplomatic practice, further underlining the importance Canberra placed on relations with Indonesia.
3.1 Australian Knowledge of Coup Plots and Conspiracies to Topple Sukarno

Throughout 1965, the Australian Embassy in Jakarta and other Australian posts abroad had been receiving rumours of plots to topple Sukarno. None of the documents in the archival record indicate any Australian involvement in plans to topple Sukarno, although subsequent studies have indicated some degree of ASIS involvement in such schemes, when with the benefit of hindsight, Colonel Terrance Warren, the Australian Army Attaché at the Australian Embassy in Jakarta, noted in a report several events which he felt pointed to some sort of action being taken by the Generals towards the end of September. For example, he made note of an editorial in the Christian Newspaper Sinar Harapan (The Voice of Hope) on 6 September 1965 entitled 'Bung Karno, The People Are Getting Impatient. Do Not Wait For The Storm'. The editorial warned that many Generals were becoming very rich and living way above the standards of most people. Warren also cited an unnamed source that at least one Army unit which was ordered to Jakarta for the annual Armed Forces celebrations was warned to come prepared for any emergency. He also quoted from a weekly report of the British Consul in Medan, Sumatra, who reported that Medan 'was full of rumours that the Generals were going to carry out a coup.'

Another one of these rumoured plots centred on the then Indonesian Ambassador to Thailand, BM Diah. Earlier that year, Diah's anti-communist newspaper, Merdeka, was banned by Sukarno after the latter moved against the BPS. In June

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265 'Coup and Counter – Coup in Indonesia 30th September to 8th October', by Colonel Terrence Warren, Military Attaché, Australian Embassy, Jakarta. NAA: A1838/280, 3034/2/1/8 Part 5.

266 Ibid.

267 Diah was also Chief Editor of his newspaper. Born in Kutara, Aceh on 7 April 1916, he was a member of the Left faction of the PNI and a former PNI member of the provisional DPR (until 1956). See NAA: A1838/280, 3004/5/1. 'Southeast Asia – Who's Who – Indonesia – General'. For a more detailed biographical treatment, see G.B. Clancy A Dictionary of Indonesian History since 1900: Over 500 People, Events and Ideas that have contributed to the History of Indonesia this Century, Sydney: Sunda Publications, 1992, p. 46. The Department of External Affairs in Canberra considered Diah a valuable source of information due to his close association with Adam Malik. See Memorandum from
1965, the Australian High Commissioner to London was informed by the American Ambassador to London, David Bruce, that he had recently been informed by Washington that Diah had told the American Ambassador to Thailand, Graham Martin, that he had devised a plot to hold Sukarno at Bangkok whilst in transit to Algiers, where he was to attend a meeting of the Non-Aligned Movement. This would allow the Army to then seize control of Jakarta. Others who had been informed of the plot were the Malaysian Ambassador to Thailand and the American Secretary of State Dean Rusk. It was stressed to Menzies by the State Department, via Ambassador Bruce that the US was not involved in any way in the plot.\textsuperscript{268} A similar assurance was to be passed to Prime Minister Holyoake of New Zealand. According to Poulgrain, this plot was conceived by the British and the scheme was only aborted after the personal intervention of Rusk, who described it as a ‘half-baked coup’.\textsuperscript{269} In a cable to Canberra, the Australian High Commissioner to Malaysia, Thomas Critchley, commented somewhat sceptically, that:

Razak thought Thanat must know about the plot and from this surmised that the Americans might be involved. He seemed more sceptical about it than he had been earlier. However, he firmly believes that the situation in Indonesia is coming to a head and expects that unless Sukarno is able to produce something out of a hat at Algiers, the Army may take direct action in July.\textsuperscript{270}

Nothing more can be found of this plot in the archival record and Canberra, along with the US and Malaysia, appear to have let the matter drop.

\textsuperscript{269} Greg Poulgrain ‘1965: Suharto’s Sights were set on Dhani and Subandrio’, \textit{Tempo}, 5 February 2001, pp. 40-41.
A similar plot concoction was put to Commander Vernon Parker, the Australian Naval Attaché at the Australian Embassy in Jakarta on 20 December 1964. The approach to Commander Parker, reported by Embassy Counsellor Alf Parsons, was made by an Indonesian man by the name of Hasanuddin, who claimed to be privy to a coup which was planned for sometime between 19 December 1964 and early January 1965. Hasanuddin claimed to belong to a group which was dissatisfied with growing PKI influence in the government. The plan for the coup (which Hasanuddin claimed had the support of most of the Army) was for five top leaders (who remained unnamed) to ‘disappear’. In the uproar that would ensue, Chaerul Saleh and Adam Malik (both Deputy Prime Ministers) would also ‘disappear’, Sukarno would be placed under arrest and ‘a high Army officer’ (who remained unnamed) would be appointed leader. Hasanuddin’s reason for informing Parker of the plot (he claimed not to want money or any other form of material assistance) was that he did not want Australia to intervene militarily during the transfer of power. Like the Diah plot, the value of the ‘Hasanuddin plot’ is extremely difficult to assess, as cablegrams asserted. However, they serve to illustrate the nature of opposition to Sukarno even among highly placed diplomats such as Diah, the political ferment in Jakarta, and the belief held by Western diplomats that events in Indonesia were working towards some sort of climax (and that Western intelligence agencies were similarly working towards this), which would be characterised by a violent realignment of political forces in Indonesia sometime in the near future.

Some indication of the timing of the anticipated turbulence was gleaned from the Malaysian Government in June 1965. The Malaysian Government had been in contact with Army leaders since at least August 1964 under Ali Murtopo, Suharto’s

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271 For a biographical treatment, see *Who's Who in Australia 1980*, p. 661.
KOSTRAD intelligence assistant. The reason for this liaison was so that Army leaders could inform the Malaysians, and through them, the British, that they were not ideologically committed to Confrontation, that they had no desire to escalate tensions and were interested in settling the dispute peacefully. On 11 June 1965, W.A. Luscombe, a Second Secretary at the Australian High Commission in Kuala Lumpur, noted that during a conversation with Dato Ghazali, Secretary of the Malaysian Department of External Affairs, Ghazali stated:

Sukarno was basically a coward and would back down on his stand in support of the PKI if confronted by a determined effort by the Army and other anti-communist groups. At this point he hinted at some such move in about July or August of that year but did not elaborate.

Seeing the storm brewing on the horizon, the Department sought to position its small pool of diplomats expert in Indonesia, and Southeast Asia more generally, into key posts from which they could report and analyse events as they unfolded. The first such strategic posting occurred in early 1964 when the Ambassador to Indonesia, Keith Shann, was asked to remain as Ambassador for a further term. He had served as Ambassador in Jakarta since 1962. On 11 February 1964, Departmental Secretary Arthur Tange wrote: ‘It would be much to the government’s advantage if you could remain on for another year and I would be disposed to recommend so to the Minister.’

This was something quite out of the ordinary for the Department and represented a departure from standard practice. At around the same time, Lawrence McIntyre,

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275 Outward Cablegram number 188 from Arthur Tange to Shann 11 February 1964. NAA: A63664, JA1964/O1/1. ‘Jakarta Cables Outwards Chronological, Secret and Below, numbers 2 to 400, 1 January 1964 to 3 April 1964’.
276 In a 1999 interview with the author, Parsons said that to his knowledge he was the first in the history of the Department to be posted to the same place twice. Interview with Alf Parsons, Canberra, 15 May 1999. Interviewer Karim Najjarine.
Australian Ambassador in Tokyo, was recalled to take up a position as Acting Secretary of the Department. Alf Parsons, a former Third Secretary at the Australian Embassy in Jakarta where he served from 1950-53 was suddenly recalled from his post at the Australian Mission to the United Nations in New York and appointed Counsellor at the Australian Embassy in Jakarta.277 Again, this represented a sharp departure from established practice. Thus, by 30 September, the Department had its ‘best and brightest’ in crucial positions both in Jakarta and Canberra, enabling them to receive and analyse incoming information and relay it to Canberra.

By the end of September 1965, Australian officials in the Department of External Affairs were divided on whether Australia should do anything to assist in an Army takeover of power in Indonesia following Sukarno’s death or incapacitation. This was provoked by reports of Sukarno’s ill-health, which seemed to suggest his death may occur by the end of the year if he did not receive medical treatment abroad.278 At a meeting called by the Acting Secretary of the Department, Sir Lawrence McIntyre, O.L. Davis, an Assistant Secretary of the Department of External Affairs and Chairman of the JIC noted that:

...these reports were serious enough to warrant work by the Department to prepare for the event...the Department should examine whether or not there was anything which Australia could do to encourage a take-over by the Army when Sukarno died.279

Renouf, along with other officers present at the meeting, disagreed with the view that Australia should involve itself in Army efforts to oust Sukarno. He and others felt that any overt or covert action to support the Army at this stage could, if uncovered,
be exploited by Sukarno and the PKI and risk alienating Jakarta further and possibly accelerate their drive to the left. Moreover, there was a possibility Sukarno might die soon, following which the Army might be able to seize power or achieve dominance in any post-Sukarno governing arrangements without outside support. Renouf felt that the political costs associated with the failure of any Australian intervention in this regard were too high, stating that:

Personally, I do not see that we can do anything except sit back and await developments with great interest...we should certainly prepare our minds for Sukarno's death as well as the mind of the Minister. And when we have done this, see whether Washington or London have anything of interest to throw into the ring...²⁸⁰

Whilst Canberra was fully aware of a range of plots and rumours of plots to topple Sukarno, they did not demonstrate any Australian involvement or complicity in them. Moreover, evidence suggests that senior Departmental officers were divided on whether or not Australia should become involved in efforts to assist an Army takeover, with a majority favouring no action by Canberra to assist the Army in this regard. Any overt Australian assistance to the Army at this crucial stage, if uncovered by Sukarnoist elements, could adversely affect the Army's position and Australia's, possibly provoking further radicalisation in Jakarta. This was similarly the approach of Washington, which was maintaining a low profile and non-hostile stance towards Sukarno in order not to accelerate his move into the communist camp.²⁸¹

²⁸⁰ Ibid.
²⁸¹ Sodhy 'Malaysian – American Relations During Indonesia's Confrontation against Malaysia, 1963-66', pp. 122-123. For a treatment of American policy towards Indonesia in the twelve months prior to the attempted coup, see Frederick Bunnell 'American 'Low Posture' Policy Toward Indonesia in the Months leading up to the 1965 Coup', Indonesia, no. 50 (October 1990).
3.2 ASIS Involvement in the Attempted Coup

Whilst a comprehensive examination of the role, if any, of ASIS in the attempted coup and the killings which followed, is beyond the scope of this study (even if sufficient information on this subject could be gathered), some exploration of the possibility of this should be undertaken, first in order to come to some tentative understanding of whether or not ASIS did play any part in events, and secondly, if it did, how this fits into the greater scheme of Australian diplomacy towards Indonesia in this period. What is intended here is not a thorough and convincing demonstration that ASIS was directly involved in the coup, either in support of CIA efforts or on their own initiative. The inaccessibility of ASIS station files or other relevant documents from the period preclude the possibility of this. Former agents and diplomats are reticent to relate any knowledge they may have of ASIS operations in Indonesia in this period. Such evidence is generally scant, tentative, circumstantial and based on rumour and hearsay, however, taken together, it is sufficient to argue a *prima facie* case of some degree of knowledge of, and/or complicity in, the Army’s actions during and following the attempted coup, most probably assisting the CIA in this regard. It is unfortunate that due to the above-mentioned difficulties, this is the most that can be demonstrated.

In recent years, new research and information has been offered which infers the involvement of Western intelligence agencies in the removal of Sukarno from office and his replacement with a Pro-Western regime. Much of this recent evidence deals with the involvement of the CIA, and indicates that the CIA aided and encouraged the Army to seize control upon Sukarno’s death, or if his death was imminent.\(^\text{282}\) It is

curious that this has not led to a similar interest in the role, if any, of ASIS in events. ASIS’s Jakarta station was one of the intelligence agency’s most important posts. By the mid 1960s, Jakarta had become the largest ASIS station. The ASIS station in Jakarta opened in September 1954 with two officers and an operational assistant. In 1962 its strength was boosted to two officers and two assistants. In 1965, in response to growing instability and radicalisation in Indonesia, the personnel was further increased to five. The ASIS station in Jakarta did have a history of operations designed to destabilise Sukarno’s government. In the period prior to the coup attempt, ASIS undertook at least six operations in Indonesia which were sanctioned as ‘Special Political Actions’. These involved assistance to Sukarno’s enemies in the form of funding and propaganda activities. In one instance, ASIS was cooperating with MI6 to produce a pamphlet purported to be from the PKI which was intended to sow the seeds of division within the party. In another instance such assistance took the form of provision of medical treatment to Sukarno’s enemies. Toohey and Pinwill alleged that ‘According to an unconfirmed source there were much more direct attempts to bring about the fall of Sukarno.’

It would be reasonable to suggest that what was being implied here were plots to directly assassinate Sukarno. Toohey and Pinwill cited the testimony of Captain Edward Richard Noel Kenny, a former ASIS agent, who alleged that it was Australian government policy to, with the cooperation of the Americans, overthrow Sukarno. Kenny alleged:

283 Ibid.
284 Ibid., p. 92.
285 Ibid.
286 Ibid., pp. 96-97.
287 Ibid.
By 1964, it became clear that President Sukarno was planning to establish a communist state in Indonesia. The Government of Australia in cooperation with the US Government embarked upon a plot to have President Sukarno overthrown. Together with an officer of the CIA named Peter Flanagan, who was in charge of the operation, high-ranking officers of the Indonesian forces were bribed to get rid of Sukarno and his followers.\footnote{Ibid., p. 105.}

In an interview and subsequent correspondence with a former member of the ASIS station in Jakarta at the time of the coup, the nature of ASIS assistance to the CIA prior to and after the attempted coup was related. When asked whether or not ASIS or any other Western intelligence agencies were assisting anti-communist elements to overthrow Sukarno, the source said that the CIA were providing training to Indonesian troops and supplied weapons to elements of the military through the US Embassy in Jakarta.\footnote{Email received from confidential source, 10 February 2001.} The source also stated that ASIS was assisting the CIA to help the Army round up PKI suspects and others after the coup, principally through their operative placed at the University of Indonesia who compiled lists of PKI activists which were then conveyed to either the Army or CIA station in Jakarta. The source recalled handling documents which he claimed were stained with blood of victims from interrogations.\footnote{Ibid.} This testimony is corroborated by recently declassified (and subsequently reclassified) American diplomatic correspondence from the period.

These documents suggest that information from the American Embassy contributed to the killings following the coup attempt including a list of the PKI’s most senior leaders.\footnote{James Risen ‘Secret History Reveals US Role in Soeharto Coup’, SMH, Monday 30 July 2001.} Most damning among these documents is a 2 December 1965 telegram from US Ambassador to Indonesia, Marshall Green, to the State Department, discussing the payment of fifty million rupiah to Adam Malik for activities conducted by the KAP Gestapu (Action Command to Crush the 30 September Movement),

\footnote{Ibid., p. 105.}
which was headed by Subchan Z.E.,\textsuperscript{292} Chairman of the \textit{Nahdatul Ulama} and Harry Tjan Silalahi, Chairman of the \textit{Partai Katolik} (Catholic Party). The purpose of the payment was to boost Malik’s standing in the group. The telegram noted that “The chances of detection or subsequent revelation of our support in this instance are as minimal as any black bag operation can be.”\textsuperscript{293}

Further evidence supporting ASIS involvement in the coup attempt is evident in a 1980 television documentary entitled ‘Allies’ in which Keith Shann and Edward Clark, US Ambassador to Australia at the time of the coup, were interviewed and asked about the role, if any, played by ASIS in the overthrow of Sukarno. Shann replied: “We certainly contributed to the military Government after the thing (the attempted coup).”\textsuperscript{294} Clark, answering the same question, said: “They (ASIS) were doing everything they could to help overthrow...the Sukarno Government.”\textsuperscript{295} As well as more information suggesting some involvement by Australian and U.S. intelligence in events in Indonesia, new theories of what occurred during the coup have been developed which accommodate the possibility of such involvement.

Hypotheses that the CIA and other Western intelligence agencies had some involvement in the coup are not new, and significant doubts have been cast over the official version of events propagated by the Indonesian Army and Western governments by some of the world’s leading Indonesianists, including Coen Holtzappel,\textsuperscript{296} W.F. Wertheim,\textsuperscript{297} Harold Crouch,\textsuperscript{298} Benedict Anderson and Ruth

\textsuperscript{292} For a biographical treatment, see Clancy A Dictionary of Indonesian History since 1900, p. 181.
\textsuperscript{293} Telegram from Marshall Green, US Embassy, Jakarta, to Department of State, Washington D.C., 2 December 1965. Obtained from confidential source.
\textsuperscript{294} ‘Allies’ (documentary), Coral Sea Archives Pty Ltd in Association with Cinema Enterprises Pty Ltd, 1983. State Library of New South Wales.
\textsuperscript{295} \textit{Ibid.}
\textsuperscript{296} Holtzappel explores the possibility that the attempted coup and its defeat by Suharto were part of a trap designed into which the PKI and its mass organisations fell. He asks, “Were the PKI and its mass organisations really and intentionally involved in the kidnapping and murder of the Generals as the Indonesian Army Information Service led both the press and the public to believe from the beginning? Or, had the communists fallen into a cleverly constructed trap, as could be surmised from a number of
McVey, Bernhard Dahm, and Roger Paget. None of these have directly asserted that the CIA or other Western intelligence agencies were involved in the coup, but all reject the official explanation that the PKI were responsible for it, and thereby at the very least leave open the possibility, or indeed probability of such intervention by Western Intelligence agencies in events to some extent.

The most recent article asserting covert involvement of Western intelligence agencies, involving the CIA, MI6 and ASIS, can be found in a 1990 article in the journal Lobster. In this article, Scott argued that the attempted coup was a ‘three-phase right wing coup, one which had been both publicly encouraged and secretly assisted by U.S. spokesmen and officials.’ He asserted that, ‘Gestapu, Suharto’s response, and the bloodbath were part of a single coherent scenario for a military takeover.'

He claimed this plot had the cooperation of Japan, Britain, West Germany and Australia. In support of this Scott noted that the Army General Staff prior to the coup attempt was split into two factions. One faction centred around the Army Commander General Yani who was generally reluctant to challenge the policy of NASAKOM. The second group, centred on Suharto and Nasution, and consisting of those opposed

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298 Crouch doubts the official version of the coup as an attempted communist seizure of power. See Harold Crouch ‘Another Look at the Indonesian “Coup”’, Indonesia, no. 15, 1973, pp. 16 ff.
299 See Benedict Anderson and Ruth McVey A Preliminary Analysis of the October 1, 1965 Coup in Indonesia, Ithaca: Modern Indonesia Project, Cornell University, 1971, pp. 89-95.
303 Ibid., p. 4.
to Yani and his Sukarnoist leanings.\textsuperscript{304} As Scott pointed out, not one anti-Sukarno General was targeted by GESTAPU, with the exception of Nasution, who had a cool relationship with Suharto due to the latter’s investigation and dismissal from his command of Suharto for corruption in 1959.\textsuperscript{305} Also, by 1961, the CIA had become disillusioned with Nasution as a reliable asset.\textsuperscript{306} Untung, in his address, stated that a CIA-backed Council of Generals (\textit{Dewan Jenderal}) was planning a coup to take place prior to the 5 October, Indonesia’s Armed Forces Day. Untung employed troops from East, Central and West Java for that purpose. What Untung didn’t mention was that he was personally involved in the planning for the Armed Forces Day parade and selected the units to take part.

Suharto’s first two broadcasts blamed the death of the Generals on PKI youth and women’s groups based ‘...on no other evidence than the site of the well where the corpses had been found.’\textsuperscript{307} Scott also claims that he knew very well that the killings were in fact committed by troops under Suharto’s own command.\textsuperscript{308} Also peculiar is the fact that so few troops were involved in both the attempted coup and counter coup and that, ‘...the same battalions that supplied the ‘rebellious’ companies were also used to put the rebellion down.’\textsuperscript{309}

All but one of the commanding officers of these units were present or former officers of the Diponegoro regiment who were close to Suharto. The Gestapu leader in Central Java, Saherman, had recently returned from training at Fort Leavenworth in the United States. This meant that he would have had to have passed a vetting procedure

\textsuperscript{305} See Crouch \textit{The Army and Politics in Indonesia}, pp. 124-125.
\textsuperscript{306} \textit{Ibid}.
\textsuperscript{307} Scott ‘The United States and the Overthrow of Sukarno, 1965 – 67’, p. 3.
\textsuperscript{309} \textit{Ibid}.
of some sort prior to his acceptance.\textsuperscript{310} One must acknowledge the highly conspiratorial nature of theories such as Scott’s and Wertheim’s,\textsuperscript{311} and the apparent paucity of other than circumstantial evidence. Nevertheless, taken together with evidence already presented, it would appear that there is at least a \textit{prima facie} case which suggests that ASIS was active in Indonesia in the period prior to the coup. Its activities probably consisted of assistance to the CIA and other Western intelligence agencies in schemes which aimed to undermine Sukarno’s leadership in various ways, possibly including assassination attempts against him.\textsuperscript{312} Scott’s theory lends further credibility to such claims.

The available Australian archival record does not demonstrate either any knowledge of American efforts to oust Sukarno or any Australian complicity in any such scheme. This is not surprising, as any documents demonstrating otherwise would as a matter of course have been removed from the archival record under Section 33 of \textit{The Archives Act}. Moreover, if, as seems likely, ASIS was involved in assisting the CIA and the Army in Indonesia prior to and following the attempted coup, it is likely that, apart from certain ASIS personnel, the number of people aware of any such schemes would have been minimal. That virtually no documentary evidence can be presented to demonstrate ASIS involvement in the coup attempt does not prove the opposite, and the evidence that can be presented is sufficient to tentatively support the suggestion of some degree of ASIS knowledge and support of such schemes.

By late September 1965, Canberra had appeared to do all in its power to prepare for violent political confrontation and transformation in Indonesia, regardless of the nature and form it would take. It is probable that ASIS was working with

\textsuperscript{310} \textit{Ibid.}
\textsuperscript{311} See W.F. Wertheim ‘Suharto and the Untung Coup – The Missing Link’, \textit{Journal of Contemporary Asia}, vol. 1, Winter
\textsuperscript{312} Email from confidential source, 10 February 2001. The source alleged that the CIA funded at least three of the attempts on Sukarno’s life.
sections of the Army and with the CIA to help bring about the removal of Sukarno, and further assisted the Army in its anti-communist drive which followed. It cannot be asserted conclusively that senior Departmental officials were aware of such activities, and if they were, which ones and how much they knew. The most likely explanation is that senior Departmental officers were either unaware of such activities, or any documents indicating otherwise were expunged from the archival record under Section 33 of The Archives Act, or are in files that remain closed under that same section of the Act. In light of the continuing sensitivity of the issue of Australian involvement in the coup attempt, the latter seems more plausible, although due to the expunging of any such records, no evidence supporting this can be offered. Nevertheless, this, combined with rumours of coup plots and conspiracies, casts sufficient doubt on Canberra’s claims that it was caught unawares by the coup and had no role in any way in it.
Part B

Chapter Four

The Attempted Coup and Australian Diplomatic and Departmental Responses to March 1966

There have been numerous academic and journalistic studies of what precisely occurred in Jakarta between 30 September and October. A comprehensive examination of the various theories surrounding what happened is beyond the scope of this thesis. It is sufficient for the purposes of this study to outline the events from the abduction of the Generals and the defeat of GESTAPU by forces loyal to Suharto. Following this, Australian diplomatic correspondence and other archival material will be examined with a view to establishing how the Embassy in Jakarta and the Department in Canberra interpreted the coup and the killings which followed, and how they felt it could be exploited to advance their foreign policy objectives in Indonesia. From this it can be demonstrated that Australian responses to events in Indonesia were characterised by a high degree of confusion, uncertainty and circumspection with regard to public statements, with a view to not prejudicing an outcome in Indonesia favourable to Australian interests, or by incautious or inflammatory statements, or actions that might bring about an outcome in diametric opposition to them.

The months leading up to the end of September 1965 were tense and characterised by galloping inflation and a collapsing economy, coupled with what Lev described as a ‘rising spiral’ of palace intrigue in Jakarta.\textsuperscript{313} The capital was also pervaded by an expectant mood. Parsons described it as being,

\textsuperscript{313} Lev ‘Indonesia 1965: The Year of the Coup’, p. 106.
...almost physical...[it was] hard not to believe that something decisive was about to happen...tensions were so high that something would have to break.\footnote{Alf Parsons \textit{South East Asian Days}, Griffith University, Qld: Centre for the Study of Australia-Asia Relations, 1998, p. 60.}

On 17 September Shann had noted forebodingly of the rising tensions in Jakarta that month. He wrote, ‘...when he [Sukarno] does go there will be an unmanageable political eruption.’\footnote{Memorandum number 1177 to The Secretary, Department of External Affairs, Canberra from Shann, 17 September 1965. NAA: A1838/280, 3034/2/1 Part 47. ‘Indonesia – Political – General’.} He described the country as a ‘bubbling volcano’.\footnote{\textit{Ibid.}} On 27 September, the British Consul in Medan, North Sumatra, included in his weekly report that ‘the Generals were going to carry out a coup’.\footnote{\textit{Ibid.}}

On the night of 30 September, six of the Indonesian Army’s leading Generals\footnote{They were Generals Yani, Harjono, Panjaitan, Parman, Suprapto and Sutojo. See John Hughes \textit{The End of Sukarno: A Coup that Misfired: A Purge that Ran Wild}, London: Angus and Robertson, 1968, p. 42.} were abducted by a group calling themselves the 30 September Movement (\textit{Gerakan September Tiga Puluh})\footnote{\textit{Ibid.}} headed by an obscure Battalion commander of the Cakrabirawa Palace Guard by the name of Colonel Untung.\footnote{\textit{Coup and Counter Coup in Indonesia 30 September to 8 October 1965}, no date, no author. NAA: A1838/280, 3034/2/1/8 Part 1. ‘Indonesia – Political – Coup d’Etat of October 1965’.} The generals were subsequently taken to the Halim Air Force base outside Jakarta. Those who were not killed during the abduction (Parman, Suprapto and Sutojo) were murdered at some later stage. General Nasution escaped by jumping over his fence into the yard of his neighbour, the Iraqi Ambassador to Indonesia.\footnote{\textit{Ibid.}} Also killed were Nasution’s 13 year old daughter Ade Irma Suryani and his personal aide, Lieutenant Pierre Tendean, who

\begin{footnotesize}
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\item[\footnote{Alf Parsons \textit{South East Asian Days}, Griffith University, Qld: Centre for the Study of Australia-Asia Relations, 1998, p. 60.}]
\item[\footnote{Memorandum number 1177 to The Secretary, Department of External Affairs, Canberra from Shann, 17 September 1965. NAA: A1838/280, 3034/2/1 Part 47. ‘Indonesia – Political – General’}.]
\item[\footnote{\textit{Ibid.}}]
\item[\footnote{\textit{Coup and Counter Coup in Indonesia 30 September to 8 October 1965}, no date, no author. NAA: A1838/280, 3034/2/1/8 Part 1. ‘Indonesia – Political – Coup d’Etat of October 1965’}.]
\item[\footnote{They were Generals Yani, Harjono, Panjaitan, Parman, Suprapto and Sutojo. See John Hughes \textit{The End of Sukarno: A Coup that Misfired: A Purge that Ran Wild}, London: Angus and Robertson, 1968, p. 42.}]
\item[\footnote{For a more thorough treatment of events surrounding the attempted coup see Harold Crouch \textit{The Army and Politics in Indonesia}, Ithaca: Cornell University Press, 1978. See also Benedict R Anderson and Ruth McVey \textit{A Preliminary Analysis of the October 1, 1965 Coup in Indonesia}.}]
\item[\footnote{Untung had previously been considered a national hero, when he was the first Indonesian paratrooper to be dropped in West New Guinea as part of Sukarno’s \textit{Mandala} campaign to ‘liberate’ WNG and which was commanded by Suharto. It is also known that Suharto attended Untung’s wedding in Yogyakarta. May asserts that the reason Suharto wasn’t targeted by GESTAPU was a degree of loyalty felt by the former toward the latter. \textit{See Brian May \textit{The Indonesian Tragedy}, London: Routledge and Keegan Paul, 1978, pp. 97-98.}}]
\item[\footnote{\textit{Ibid.}}]
\end{enumerate}
\end{footnotesize}
was mistaken for Nasution and taken in his place. He was later killed at Halim. The Movement seized key buildings in Jakarta including the telephone exchange and subsequently cut communications in Central Jakarta. In a radio broadcast on the afternoon of 1 October, Untung announced that he had acted to forestall a seizure of power by a ‘Council of Generals’ (Dewan Jenderal) whom he alleged were planning a coup to take place on Armed Forces Day, 5 October. Untung announced that the country would temporarily be governed by a revolutionary council which would be established in Jakarta. 322 By the following day, however, Untung’s coup had failed and was crushed by loyalist forces headed by a little known commander by the name of Lieutenant General Suharto. 323

Although it was generally felt that the rising tensions in the capital, the failing economy, and Sukarno’s ill-health would trigger a violent confrontation between opposing forces, there can be little doubt that the exact timing of the attempted coup caught Australian diplomatic personnel in Jakarta, and Department of External Affairs officials in Canberra, by surprise. Shann was in the mountains south of Jakarta at the time, where many in the expatriate community retreated on weekends to escape the heat. 324 This indicates that Shann had no credible evidence to suggest that a coup attempt would take place that weekend. If he did it would be reasonable to assume that he would have remained in Jakarta where he could properly inform the Australian government of events. Alf Parsons in his memoirs confessed that the Australian

324 Parsons Southeast Asian Days, p. 61.
Embassy in Jakarta was ‘caught unawares’. In Canberra, parliament was in recess and most of the staff at the Department of External Affairs were on leave and the Minister, Paul Hasluck, was preparing to return home to Western Australia for the break. If diplomats in Jakarta or Departmental officers had sufficient evidence to warrant the view that a coup was imminent, it is reasonable to assume that both diplomats and Departmental officers would have remained at their posts.

325 Ibid.
4.1 Initial Australian Responses

An examination of the Australian archival record of Australian diplomatic correspondence from the time of the coup until March the following year reveals that Canberra and diplomats in Jakarta were pre-occupied with five main themes:

- Establishing the precise nature of events surrounding the coup;
- Assessing the degree of involvement and complicity of the PKI, Communist China and Sukarno in Untung’s coup attempt;
- Assessing the implications of the attempted coup on future Indonesian leadership, and its foreign policy;
- Assessing the possibility of a formal and comprehensive resolution to Confrontation in light of the attempted coup; and
- Organising Australian and other Western propaganda efforts in Indonesia via short wave radio services.

Initial Australian responses to the events were mostly characterised by confusion, and were dedicated to attempting to establish exactly what had happened. In light of this, it was felt that Canberra should refrain from any overt support for the Army under Suharto as it was far from clear that he held the reins of effective authority in this period. Indeed, another major difficulty was precisely this inability to establish where effective governmental authority lay, an opacity which was not dispelled significantly in the weeks and months which followed. Canberra believed any overt Australian assistance to the Army would be exploited by Sukarno, the PKI and their supporters, as interference in Indonesia’s internal affairs and an attempt to subvert the legitimate and internationally recognised government of Indonesia. Given this set of circumstances, Canberra felt that it could best demonstrate its support for the Army under Suharto by refraining from comment, save for that of most benign
concern for stability. RA was also enlisted to broadcast events in a manner supportive of Army and Western aims in Indonesia. Canberra also considered aid to the Army, mostly in the form of foodstuffs needed to prevent inflation and popular unrest, and publicly subscribed to the Army’s interpretation of the coup attempt as an attempted communist seizure of power in the face of a general consensus among Australian, other Western, and Communist diplomats in Jakarta and elsewhere, that the PKI were not the main instigators of the coup attempt. This will be more comprehensively treated in the following chapter.

Initial Australian and other Western embassies’ cables in the period generally reveal a consensus at the time that there needed to be a high degree of circumspection in public statements on events in Indonesia. It was felt that Australian objectives of removing Sukarno from power, and with it any possibility of the PKI being allowed to succeed to power, were best served by saying very little, whilst subtly playing up the Army’s version of events and the involvement of the PKI and Peking through propaganda activities and private encouragement to individual officers in the Army to pursue the anti-communist drive.

The first communication from the Australian Embassy to Canberra following the attempted coup was written sometime in the afternoon of 1 October, presumably by Shann. It recorded: ‘Some form of coup appears to have taken place in Djakarta on the night of 30th September. Only a few facts yet clear.’

It also noted Untung’s first broadcast over Radio Republic Indonesia (RRI) and the cutting of telecommunications links with the outside world and a brief sketch of events as they were then known. Shann noted:

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Strong rumour has it that a number of top-ranking Generals have been arrested including Nasution, Jani and Sutojo [Inspector of Legal Affairs]. Pandjaitan is rumoured to be arrested or dead... With so little known at this stage it is difficult to speculate on what is actually happening and this uncertainty will remain until we know what, if anything has actually happened to Sukarno and something more about Untung and his 30 September movement.  

In the period following the defeat of the attempted coup, there was at least a tentative view that Suharto was going to make some sort of move against the PKI and Sukarno, the latter being rumoured to have been in some way involved in or aware of the coup plans beforehand, although in the immediate aftermath of the coup attempt, Shann doubted his involvement. According to Shann, if he were ‘...better arrangements could have been made, including particularly a summons from him to the Generals to come to the palace.’

The situation on the ground was complicated by the cutting of communications in Jakarta. However telecommunications were only cut in central Jakarta which took in the Australian Embassy and Post Office. Telecommunications in the exclusive residential suburb of Kebayoran remained in service, and Embassy staff living there were not cut off at any stage. Telecommunications in Central Jakarta weren’t restored until 5 October. Interestingly, the Embassy’s Military Attaché, Colonel Terrance Warren, reported that even after the restoration of telecommunications in Central Jakarta on 5 October, he could communicate with Shann and the Embassy’s Air Attaché (both of whom presumably lived in the central Jakarta area) but not the Embassy whose phones were not operating for several more days. During this period, the Embassy was communicating with Canberra by radio via a Royal Australian Navy

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327 Ibid.
330 Ibid.
vessel in the Timor Sea and the HMAS Harman Naval Base in the Australian Capital Territory. This method of communication was actually devised by former Minister for External Affairs, Sir Garfield Barwick during his term as External Affairs Minister in order to circumvent the Indonesian government’s control of news coming from Jakarta. According to Marr:

...this method of communication was so inefficient that it took the best part of a day [to send one message] and the system was too cumbersome for regular traffic.

If this is true then it remains to be explained how between 1 and 6 October no less than 66 cablegrams were received in Canberra from the embassy in Jakarta. The mystery of this is compounded when one considers that the Australian Embassy in Jakarta was also handling communications for the New Zealand Legation in Jakarta during the period in which communications in central Jakarta were down.

On 8 October the Embassy sent a complete report of what was known and believed to have happened. It reveals concerns that, although Suharto’s power had increased relative to that of Sukarno since the defeat of Gestapu, this situation might be easily reversed back in favour of Sukarno if Suharto did not take to decisive measures against the PKI in the very near future. The report stated that:

...unless Generals Suharto and Nasution are soon prepared to take decisive political action against the PKI...[Sukarno] will somehow...restore some sort of messy unity, with NASAKOM in some form continuing in being.

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332 See transcript of interview with Keith Shann, p. 133.
The Embassy felt that the current wave of sympathy for the Army was emotionally charged by the killings of the Generals, out of which Suharto could not hope to gain much political mileage for very long. In view of this, the Embassy felt that Suharto had to move quickly to consolidate his position by exploiting the situation in his favour and implementing economic directives aimed at an amelioration of the wretched conditions of the masses. The report declared:

The Army has made no real effort to do or say anything on the economic front, or to suggest that there might be a ray of hope to the misery of the masses...they have not tried to sheet home some of the blame...on the PKI for making inflation far worse.\textsuperscript{337}

The Embassy was equally disappointed that the Army had not in any way implicated Sukarno in either the political or economic turmoil in which Indonesians found themselves, noting:

Above all they [the Army] have not yet had the guts to imply that the basic responsibility for the country’s divisions and its miserable poverty and isolation lies with Sukarno, and again Sukarno.\textsuperscript{338}

It can be discerned, even at this very initial stage, where Canberra stood on events in Indonesia and where its sympathies lay. Most correspondence on the issue remained focussed upon the extent of PKI complicity in the coup, the rapidly unfolding nature of events and speculation of the means by which the Army could be supported without endangering their position, or that of Canberra, in Jakarta.

Throughout this period, Australian diplomats in Jakarta remained in constant contact with their colleagues from other Western embassies in order to obtain and share information on what had occurred during the coup and its portent for Western policy in the region. This has already been treated in the preceding chapter. Most frequent contact was made with the American Embassy, which was visited frequently

\textsuperscript{337} Ibid.
\textsuperscript{338} Ibid.
by diplomats from other embassies in search of information. In most instances, Australian analyses of events ran parallel to those of the Americans. Shann reported consulting widely among Western Ambassadors. The sense of caution and delicacy with which Australia was treating events in Indonesia were matched in most cases by other diplomats in Jakarta. This is evident in a record of a discussion between Australian Embassy staff in Washington and US State Department Officials in mid October 1965. The Americans noted that in the general population in Jakarta, there seemed, ‘no genuine mass enthusiasm for Army administration’, but stated that this could be ameliorated by Suharto gathering enough evidence of Sukarno’s involvement in the coup attempt.

By November and December 1965, the Australian Government was re-appraising the situation in Indonesia with a view to future Australian policy. By the end of 1965 however, the end game between Sukarno and Suharto that had begun on the evening of 30 September was yet to play itself out, with Sukarno maintaining a tenuous grip on the situation for the moment, despite Army control of Jakarta. Nevertheless, his ability to maintain that control was far from certain. Sukarno continued to behave as if the coup attempt had not brought into question his political future and continued to support the communist position through Sukarnoisms such as NASAKOM and the NEFO/OLDEFO dichotomy.

339 Memorandum number 1278 from Shann to The Secretary, Department of External Affairs, Canberra, 9 October 1965. NAA: A1838/280, 3034/2/18 Part 2. ‘Indonesia – Political – Coup d’Etat of October 1965’.
340 Ibid.
342 Interestingly, this acronym was not coined by Sukarno himself, but by the Army Commander, Lieutenant General Achmad Yani. See Michael Leifer Indonesia’s Foreign Policy, London: Allen and Unwin For The Royal Institute for International Affairs, 1983, p. 57.
343 The OLDEFO/NEFO (Old Established Forces/New Emerging Forces) was coined by Sukarno as an alternative to the dominant Cold War bipolar paradigm. According to this theory, global conflict was centred not on the Soviet Union and its satellites on the one hand and the United States and its satellites
By this time, Canberra was little wiser as to who was behind the coup attempt, and by the beginning of 1966 this issue was secondary in importance to the fact that the PKI had received a blow from which it was felt they would not recover quickly, if at all. It was in Canberra's interests to publicly characterise the coup as a communist attempt at a seizure of power despite evidence and opinion to the contrary, and in doing so, aligning its view with that of the Army. This point is addressed more comprehensively in a succeeding chapter.

In the period to March 1966, the attempted coup and events which ensued did not result in any measurable alteration in Australian policy to Indonesia. However, the attempted coup was viewed as a major watershed, and provided an opening for Australia and the West to support the continuation of Army control, at least for the time being. It also enabled the West to begin to ponder its broader and more long-term aims and objectives towards Indonesia. Nevertheless, correspondence on this issue was still cast in terms of the factors preventing Australian determination of the policy implications of the attempted coup and the window of opportunity it afforded. There were three reasons for this. These were the continuing confusion of events in Indonesia, Suharto's grip on the situation was tenuous although becoming more assured, leading to the fear that Sukarno would use his political skills to struggle back to the position of pre-eminence he enjoyed prior to 30 September. In light of this, Canberra's most immediate aim and objective was a continuation of Army control, although it was recognised that there was no immediate alternative to it.

on the other, but between the 'New Emerging Forces', (mostly postcolonial states in Asia and Africa), defined by Sukarno as comprising, '...the Asian nations, the African nations, the Latin American nations, the nations of the Socialist countries, the progressive groups in capitalist countries' and the 'Old Established Forces' (centred on the United States, Western Europe and Japan). See Leifer Indonesia's Foreign Policy, p. 59. For a thorough treatment of this theory, see Clancy A Dictionary of Indonesian History 1900, p. 125 and 130. See also James Angel The 'New Emerging Forces' in Indonesian Foreign Policy, Australian National University Ph.D. Thesis, 1970.
A high degree of circumspection continued to prevail in Canberra’s public pronouncements. There is no documentary evidence of official Australian expressions of disquiet at the killings then taking place throughout the archipelago, or any such statements from officials in Canberra. In interviews conducted by the writer with former Australian diplomats stationed in Jakarta at the time, none could recall any such representations being made, citing travel restrictions and a paucity of information about the killings, and this will be addressed below. Put simply, the extermination of the PKI was a boon for Australia strategically, by removing any possibility of the PKI acceding to power and cutting down with it the prospects of Sukarno’s re-emergence which relied so heavily on the PKI’s support.

If its public pronouncements on the situation or lack thereof indicated a lack of concern or interest in events, in private diplomacy the reverse was the case. Otherwise, all Canberra could do was await developments with great interest, supporting the Army where possible without adversely affecting its domestic political position, or that of Canberra.

Despite this continued uncertainty and the small quantity and poor quality of reliable information emanating from Jakarta and elsewhere regarding the coup and its perpetrators, the facts of the situation were clear enough for Canberra to make several assertions. Canberra acknowledged the great moment of events in Indonesia, seeing it as a major watershed. A briefing paper noted:

Until the 30th September it was not possible with any confidence to see beyond an Indonesia characterised by aggressive anti-western foreign policies and an internal balance of power moving in favour of the PKI.

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Secondly, it highlighted the apparent determination of anti-communist elements to pursue the anti-communist drive and the brittleness of the so-called Peking-Jakarta Axis.\textsuperscript{346} Canberra was very clear about what its aims and objectives were, but cautious about trying to overtly implement them for political reasons. Canberra considered that a policy most favourable to Australia, in light of developments and what it meant for Australia, was therefore one geared to ‘...the prevention of communist success in Indonesia and to that end to work to the extent practicable with non-communist elements.’\textsuperscript{347}

It was believed that this was necessitated by the great threat to Australia posed by the possibility of Indonesia becoming Communist. To this end, support for Suharto, despite the killings of thousands of actual and suspected PKI members, was warranted in the view of the Department, as:

\ldots the great dangers associated with a Communist takeover [of Indonesia]... obliges us to assist an unpleasant alternative and to take a measure of risk about how the alternative will develop.\textsuperscript{348}

However, an alternative school of thought in the Department present at the time held that if such were to happen, a Communist Indonesia would be forced by geopolitical necessity to ally itself more closely to Moscow than Peking, an alliance which may have had a restraining effect on Indonesia’s foreign policy and even possibly brought about a degree of policy convergence between Canberra and Jakarta.\textsuperscript{349} Opponents of this felt that such an assumption was speculative and risky, highlighting the strategic danger to Australia of a close Indonesian-Russian alliance or

\textsuperscript{346} Ibid.
\textsuperscript{347} Ibid.
\textsuperscript{348} Ibid.
\textsuperscript{349} This was not lost on Australian diplomats in Canberra. Following a visit to Indonesia of the Soviet First Deputy Prime Minister Anastas Mikoyan in July 1964, Shann cabled to Canberra, ‘...I wonder if it could be that they [the Soviets] see in Australia some small area of anti-Chinese influence, and I wonder whether we should not see in the Soviet Union a nation which might be a restraining rather than an inflaming influence on a volatile and potentially expansionist Indonesia.’ Dispatch number 3/1964, 15 July 1964. NAA: A1838/280, 3034/2/2 Part 10. ‘Communism In Indonesia’.
détente. However the alternative, a highly nationalistic Indonesia, possibly under military control, was thought to be equally unpalatable. It was thought such a regime would be anti-Western, and assertive of its presence in Southeast Asia, particularly in the Malay world. A briefing paper from late 1965 noted:

A nationalist regime in Indonesia is likely to maintain Indonesian assertiveness in the region of Southeast Asia. It is likely to look upon itself as the political and cultural leader of the Malay world. It will expect over a period of time to assume regional leadership with the neighbouring governments of the Malay world becoming oriented towards Djakarta.\textsuperscript{350}

From mid December 1965 until March 1966, during the killings that swept the archipelago, diplomatic exchanges were focussed on three major themes:

- Establishing exactly what governing arrangements would succeed that of Sukarno’s ‘Guided Democracy’ and attempting to influence such developments in a manner amenable to the Western position;
- Establishing who was responsible for the coup in the light of progressively uncovered evidence; and
- The implications of the attempted coup for the possibility of a resolution of Confrontation and the possibility of Western aid initiatives to Indonesia in the near future.

Throughout this period, until the granting of emergency powers to Suharto in March 1966, little new concrete evidence came to light to support Canberra’s suspicions that the PKI and Sukarno were heavily involved in planning for the coup. Nevertheless, there were tentative attempts by the Army to consolidate their position vis à vis that of Sukarno and the PKI. The first indication of the loss of effective power of Sukarno was indicated by Sukarno’s capitulation on the issue of Chief of Staff of the Army following the murder of the Generals. Sukarno, who had directly

assumed the position of Chief of Staff of the Army after the attempted coup, initially insisted on appointing Major General Pranoto Reksosamudro, a Sukarnoist Officer, with the task of day to day operation of the Army, whilst Suharto was tasked to ‘carry out the restoration of security and order in connection with the September thirtieth affair.’ On 14 October, Sukarno was forced to concede to Army pressure and appoint Suharto as the ‘definitive’ Army Commander. Another such victory for Suharto and the Army occurred in November 1965 when Suharto extracted from Sukarno a decree ordering the reorganisation of KOTI (Komando Operasi Tertinggi – Supreme Operations Command), which was an Armed Forces Command established in 1962 to oversee the campaign to ‘liberate’ WNG from the Dutch.

The purpose of this reorganisation was to expand its role to control every military activity in the country, reduce the power of civilian Ministers and give it greater decision making ability and thereby further concentrate the power of the Army, now more firmly in the hands of Suharto. It involved the appointment of such anti-communist characters as Nasution as Deputy Supreme Commander in charge of security affairs, the Sultan of Yogyakarta responsible for economic affairs and Adam Malik for political affairs. The reorganisation was viewed as significant as it was viewed as a first step in the reduction of civilian government and an expansion of the role of the military. Miller described it as:

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351 Pranoto was Chief of Staff when Suharto was dismissed from his position as Commander of the Diponegoro Division following complaints made by Pranoto. In 1967 he was arrested for involvement in GESTAPU. For a more thorough biographical treatment, see Crouch The Army and Politics in Indonesia, p. 128.
352 Hughes The End of Sukarno, p. 122.
353 Elson Suharto: A Political Biography, p. 122.
355 G.B. Clancy Dictionary of Indonesian History Since 1900, p. 46.
...a complete reorganisation of the governmental structure which will, among other things, greatly reduce the power of present civilian Deputy Prime Ministers, Minister-Coordinators and Ministers, and give greater power to the Armed Forces.\textsuperscript{357}

As Elson noted, by the beginning of 1966, the Army’s position had been strengthened further by the thorough destruction of the PKI,\textsuperscript{358} which had commenced in earnest in late October 1965. The major barrier to any more concrete prediction of the political future of Indonesia, upon which Australian thinking on its policy towards a post-Sukarno government devolved, was the struggle between the Army and Sukarno.

With the PKI vanquished, only Sukarno, still widely revered as the ‘Great Leader of the Revolution’, particularly in East and Central Java, Bali, and parts of Southern Sumatra and Sulawesi, stood in the way of an Army accession to power. A Departmental briefing paper of late 1965 or early 1966 noted frankly that ‘there is no comfort for Australia, Malaysia or the West...until Sukarno is dead.’\textsuperscript{359}

The tentative beginnings of exchanges between Australia and its allies on the nature of Australian policy towards any future post-Sukarno Government in Indonesia took place in Canberra on 8 November 1965 at a meeting between senior British diplomatic and military representatives and senior personnel from the Department of External Affairs. Part of the reason for this meeting was to determine what the Australian and British response to the attempted coup would be. The British seemed most concerned about the nature of the future shape of the Indonesian government, with a view to what its policy on Confrontation would be. According to the British Commander in Chief (Far East) Sir John Grandy, the signs were not favourable as there had been no withdrawal of Indonesian forces away from forward positions near

\textsuperscript{357} Memorandum number 1548 to The Secretary from G. Miller, 26 November 1965. NAA: A1838/280, 3034/2/1/8 Part 6. ‘Indonesia – Political – Coup d’Etat of October 1965’.
\textsuperscript{358} Elson \textit{Sukarto: A Political Biography}, p. 128.
the border with Malaysia on Borneo since 30 September.\footnote{Department of External Affairs, Record of Conversation. Dated 8 November 1965. Report prepared by Alan Renouf. NAA: A1838/280, 3034/2/1/8 Part 5. 'Indonesia – Political – Coup d’Etat of October 1965'.} There was also discussion about Suharto. Grandy asked Sir Lawrence McIntyre if he knew Suharto. Lawrence replied that: ‘...he had met Suharto when he was in the countryside but had not carried away any particular impression of him.’\footnote{Ibid.}

Canberra felt that although Sukarno could not be written off at this stage, the gradual consolidation of Suharto’s power implied a zero sum loss of power to Sukarno. Lawrence McIntyre in particular saw Sukarno’s political future very much in the context of his political history of the preceding two decades. He pointed out that Sukarno had been in situations in which his political position was imperilled on previous occasions – and survived, implying that it was far from certain that it would be different this time. He claimed:

> Without predicting that Sukarno is likely to emerge unscathed from the present contretemps – which may well be unlikely – it is as well to remind ourselves that Sukarno has been in tight corners before and got out of them.\footnote{Outward Savigram from Lawrence McIntyre, 9 November 1965. NAA: A1838/280, 3034/2/1/8 Part 5. 'Indonesia – Political – Coup d’Etat of October 1965'.}  

The difficulty in foreseeing to what extent Sukarno would be able to claw his way back to the summit of Indonesian politics, in turn preventing Canberra from drawing significant or accurate conclusions upon which any reorientation of Australian policy could be based, was underlined by the increase in tensions between Sukarno and Suharto towards the end of 1965 and early 1966, which the Embassy described on 23 December as ‘sharpening’.\footnote{Inward Savigram number 64 from Australian Embassy, Jakarta. Dated 23 December 1965, received 29 December 1965. NAA: A1838/280, 3034/2/1/8 Part 8. 'Indonesia – Political – Coup d'Etat of October 1965'.} Nevertheless, the Australian Embassy was tentative but persistent in its view that the Army would not be quickly intimidated by Sukarno, nor would it be deviated from its course of pushing through with the banning and crushing
of the PKI, despite Sukarno’s employment of his famed oratorical skills and charm. In December 1965 the Embassy noted: ‘The Army is still showing a grim determination to press ahead relentlessly [and mostly, illegally] with the elimination of the PKI...’

Shann remained pessimistic on the possibility of removing Sukarno into 1966. In commenting on a meeting he had with Sujatmoko, an Indonesian academic, member of the outlawed Indonesian Socialist Party (Partai Sosialis Indonesia – PSI), and an old friend. Shann stated:

He [Sujatmoko] describes what is going on as a ‘creeping revolution’ which would quite soon unseat Sukarno and his government and all will be well. I wish I shared his rosy optimism.

Canberra was able to make slightly more progress on their thinking about the opening provided by the attempted coup to resolve Confrontation, which Canberra had persistently stated was the sole bone of contention between Indonesia and Australia. In the period following the coup until March 1966 Canberra saw a possibility of eventually resolving Confrontation following a gradual de-escalation of hostilities. In the post-coup atmosphere of late 1965 and early 1966, Canberra, after consultation with Washington, identified very little freedom of movement in Australian policy towards Indonesia regarding Confrontation. This was due, again, to the continuation in the political arena of Sukarno and Subandrio. Any concessions to

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365 For a biographical treatment, see Peter McCawley ‘Sumitro Djojohadikusumo’ (Obituary), *SMH*, 20 March 2001.
368 On 19 October 1965 Hasluck said, ‘...we have tried to keep open the doorway to such co-operation with our neighbour [Indonesia], and if that one occasion of conflict is removed there are many ways in which we could work together for mutual benefit.’ See *CPD*, HR, vol. 49, pp. 1913-1914. On 18 August the following year he remarked, ‘Now that the confrontation of Malaysia has ended and the sole source of disagreement between us has been removed we look forward to close co-operation with Indonesia on matters affecting our bilateral relations...’ *CPD*, HR, vol. 52, p. 223.
Indonesia on the issue of Confrontation or Malaysia more generally ran the risk of improving the domestic political stocks of Sukarno and Subandrio, thereby weakening the position of the Army. In light of this, Canberra felt that its interests would be best served by restating its commitment to the security of the Malaysian Federation and avoiding compromise and concessions to Indonesia on the issue. On the Malaysian and British side of the dispute, it was feared that any compromise or concession could lead to an eventual loss of political will and subsequent disintegration of the Federation.\textsuperscript{368}

On the Indonesian side, compromises could be a boon for Sukarno,\textsuperscript{369} thereby vindicating both Sukarno's world-view and his foreign policy which was a reflection of it. As a result of these circumstances, it was felt that it should be left to the Indonesian Generals to initiate negotiations for an end to Confrontation. These, it was hoped, may be forthcoming when the Army was in a more stable position domestically. In any case, it was felt that they should feel free to concentrate on creating a favourable domestic environment in which to conduct talks, free of PKI and Sukarnoist agitation against them. A Departmental paper noted:

\ldots we should prefer to see the Indonesian Generals left free to concentrate their energies on the internal power struggle, without external distraction or incident; and left free to think through the problems of achieving internal stability. The implications for external conduct could follow.\textsuperscript{370}

Somewhat negating such hopes, the Embassy in Jakarta, in late November 1965, reported that no change in the rhetoric of Indonesian foreign policy could be expected, although it conceded there could be a gradual relaxation in the manner in which it was

\textsuperscript{368} 'Indonesia - Policy Considerations'. Briefing Paper entitled, no date, no author. NAA: A1838/280, 3034/2/1/8 Part 4. 'Indonesia - Political - Coup d'Etat of October 1965'.
\textsuperscript{369} Ibid.
\textsuperscript{370} Ibid.
executed, with the Army allowing the issue of Confrontation to gradually ‘deflate’.\textsuperscript{371} Despite this, the Army still faced many pressuring domestic problems, such as the campaign against the PKI, efforts to isolate and disempower Sukarno, and the social and political impact of the grave economic situation. The Embassy counselled Canberra against attempting to influence the Army to change its stated policy on Malaysia or other Sukarnoist foreign policies. It was felt that by placing such pressure on the Army, Australia could be accused of interference in Indonesia’s internal affairs, thereby giving the Army the ‘kiss of death’. This was recognised as a receding risk in light of Army successes in wiping out the PKI. A similar view remained in March 1966, when the Embassy predicted the verbal Confrontation of Malaysia might continue for some time, with military raids and incursions gradually easing prior to a comprehensive resolution of the issue.\textsuperscript{372}

By January 1966, events in Indonesia had failed to work themselves to a conclusion. This can be seen in the actions against the PKI, which though comprehensive, left many senior members at large by March 1966. At the end of January, the Department cabled all of its overseas posts that:

Although almost four months have passed since the attempted coup, no conclusive result has emerged in the struggle for political ascendancy going on in Jakarta. Nor is it possible to predict the outcome with any assurance.\textsuperscript{373}

Sukarno was weakened but not defeated, with a demonstrated history of recovering from great political setbacks. This necessitated a continuing official silence for the most part by Canberra, and a cautious view about the direction in which events were

progressing, and their portent for Australia. Canberra could consider no significant reconsideration of its diplomacy towards Indonesia whilst there was a chance of Sukarno recovering his former position. For Canberra to have revealed its hand and pledged its open support for the Army under Suharto prior to a reversion to the status quo ante, Australia’s position could have been seriously weakened, whilst that of Sukarno strengthened, and bilateral relations deteriorated sharply. Canberra at this stage had to restrict itself to constructing a sort of ‘wish list’, about the direction in which they wanted Indonesia to go diplomatically, economically and politically whilst looking for openings in which it would be able to advance these when the events of the long drawn out succession between Suharto and Sukarno had reached some sort of definitive climax.
4.2 Australian Knowledge and Assessments of the Killings

Much like the issue of ASIS involvement in the attempted coup and linked with it, the issue of Australian knowledge of the killings which swept through the archipelago in its wake remains a sensitive issue. More specifically, the sensitivity centres on the degree of knowledge Australian diplomats and Departmental officials had of them, and whether or not any representations were made by the former to the Indonesian Army of any Australian protest or disquiet at the killings. The archival record, or those parts of it that have been declassified, do not allow all of these questions to be comprehensively answered. It is probable that many archival documents relating to Australian knowledge and thinking about the killings have been expunged from the archival record under Section 33 of The Archives Act. However, the available record does contain revealing insights into the nature and extent of Australian knowledge about the extent and barbarity of the killings and the effect they had on Australian diplomats in Jakarta.

In the weeks following the coup, large-scale killings of actual and suspected PKI members began to take place. The perpetrators were Army units, and ‘civic guard’ units, which generally consisted of the youth sections of major anti-communist political parties. The killings were widespread, but concentrated on the main islands of Java, Bali, and Sumatra. There is no precise death toll for the killings but 250 000 to 300 000 is generally accepted as a reasonably accurate estimate as the following pages will demonstrate, although estimates go as high as one million. A CIA report described the killings following the defeat of the attempted coup as:

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375 In mid 1966, a group of Indonesian university students were commissioned by the Indonesian Army to investigate the massacres. The team reported that as many as one million people might have been
...one of the worst mass murders of the twentieth century... In this regard, the Indonesian coup is certainly one of the most significant events of the twentieth century, far more significant than many other events that have received much greater publicity.  

As Kingsbury pointed out, people were killed for belonging to the PKI or one of its organisations, known and suspected sympathisers of the PKI, or simply victims of grudges and score settling or some combination of all of these. Cribb pointed out that the killings have traditionally received scant attention by historians, who have not adequately explained the killings in order to give them greater coherence.

The killings began within days of the capitulation of Untung to loyalist forces under General Suharto. The first killings occurred in the strongly Islamic province of Aceh a few weeks after the attempted coup but by the end of the year had spread throughout the archipelago and were concentrated in areas of PKI strength, Central and East Java and Bali. The wave of killings had largely subsided by March of 1966 but sporadic outbreaks of killing continued until 1969. There were several reasons for the killings and for their nature and scope. With Sukarno removed from a position of effective leadership of the country, the triangle of power in Indonesia – comprising Sukarno, the Army and the PKI – had collapsed making a confrontation between the Army and the Communists inevitable. The near complete asymmetry of force between the two meant that the PKI was doomed and that extermination was seen as the only way to ensure they never again became a force in Indonesian politics. However, as Cribb and Brown have demonstrated, there were other reasons for the ready civilian

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377 Ibid., p. 63.  
support for and participation in, the killings. Among the most salient of these was the store of enmity towards the PKI held by various sections of the population. The Army was intent on eliminating them as a potential successor regime to Sukarno and saw in the uprising at Madiun during the struggle for independence a precedent for precipitate and treacherous action by the PKI.

The atheism of the PKI was loathed in strongly Muslim areas such as Aceh, while in North and South Sumatra the PKI was hated for their promotion of the interests of Javanese settlers. In Bali, the PKI was resented for their criticism of practices associated with the Hindu religion and in the countryside wealthy peasants and landowners were furious with the PKI-inspired Aksi sepihak (unilateral action) to redistribute land to landless peasants. These underlying resentments were magnified by the perceived circumstances of the attempted coup, particularly the murder of the Generals, and allegations that they were mutilated after (and possibly before) they were killed. The Indonesian Chinese community in particular, suffered attacks and harassment as they paid the price for the PKI’s close association with the People’s Republic of China. On 8 October 1965, the Army did not prevent the sacking of the PKI headquarters in Jakarta which quickly descended into mob violence and murder. Sukarno held out against repeated Army requests for the banning of the PKI. To do so would have made obvious Sukarno’s loss of authority as the dalang (puppet-master) of Indonesian politics.

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380 Ibid., p. 103.
381 Ibid.
382 Ibid.
Diplomats interviewed by the author mentioned little knowledge of the killings then taking place, citing travel restrictions as the main reason. It cannot be doubted, however, that Canberra was aware that killings were taking place. This was revealed in a draft paper prepared for the Australian delegation to an upcoming SEATO meeting on the nature and extent of the threat of communist subversion in Indonesia. It describes Army action against the PKI following the attempted coup as ‘...not so much basically anti-communist as aimed at destroying or weakening as much as possible an opposing power group.’

The paper noted:

In many areas, anti-PKI activity has been spearheaded by Moslem groups, particularly youths. Catholic youths have also taken part. This has frequently taken the form of physical attacks on PKI personnel and damage and destruction to Party property.

There is little in cables mentioning the killings then ravaging the islands. There may be several reasons for this. Firstly, as, Cribb has pointed out, their were few Western journalists or academics in Indonesia at the time and those in the country were dependent on information from the military and foreign diplomats were restricted by the authorities from travelling to areas where massacres were alleged to have taken place. Viewed from a Cold War perspective, the killings were a welcome reaction by the Indonesian Army and anti-communist nationalist and religious groups to what Western governments represented to their constituents as an

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387 Ibid.
389 Ibid., pp. 1-3.
attempted coup by the PKI. As Cribb noted, ‘...counting the casualties in this struggle was secondary to rolling back the so-called communist tide.’\textsuperscript{390} Cribb cited\textit{ Time Magazine} from 15 July 1966 which described the killings as ‘the West’s best news in Asia for years.’\textsuperscript{391} In short, Western Governments were quietly satisfied with the killing of hundreds of thousands of actual and suspected communists in Indonesia.

The exact number of those killed in the massacres of 1965 and 1966 is unknown and will likely remain so. Ranges of the estimates of those killed vary from the official Indonesian Government figure of 87 000 up to one million. One of the first reports of killings reaching Canberra was in December 1965 and it addressed the problems inherent in establishing the numbers killed with any degree of accuracy. It noted:

It is impossible to make any accurate assessment of the numbers of people killed in Indonesia since 30 September. Reports continue to come in from the regions of killings of Chinese in North Sumatra and of Communists or suspected communists everywhere.\textsuperscript{392}

A figure of 200 000 dead was received from the West German Embassy who also informed the Australian Embassy that they believed that 70 000 people were killed in East Java alone.\textsuperscript{393} The figure of 87 000 was received by the Embassy in January of 1966. Shann described this as, ‘...an underestimate, and this should be gently hinted at.’\textsuperscript{394} Earlier that month, Shann, in a conversation with Sujatmoko, discussed the killings. Shann recorded: ‘Sujatmoko made a current estimate of local slaughter (around 150 000) as far too low. He says the figure is around 300 000 and going up

\textsuperscript{390} Ibid.
\textsuperscript{391} Ibid.
\textsuperscript{392} Inward Savingsgram from Australian Embassy, Jakarta, 30 December 1965. NAA: A6364/4, 1964/018. ‘Jakarta Savingsgrams Inwards Chronological numbers 1 to 61, 3 January to 22 December 1964’.
\textsuperscript{393} Ibid.
In a discussion with Subandro in late January 1966, Shann was informed that:

...the President’s announced figure of 87,000 killed in Indonesia in the last four months was the ‘official figure’, and that the real figure was at least twice as much.\(^{396}\)

The second Deputy Foreign Minister, Ganis Harsono, told Christopher Koch, the ABC correspondent in Jakarta, that a figure of 100,000 deaths throughout the archipelago was low.\(^{397}\) From this information, the Embassy offered a tentative estimate of between 100,000 to 150,000 dead.\(^{398}\) At a meeting presided over by Sukarno on 23 December 1965, KOTI appointed a Fact Finding Commission to investigate the coup, its causes and the events surrounding it. This appears to have been little more than window-dressing for domestic and international consumption, as it was apparent to the Australian Embassy that the Army would be sent to a particular area of investigation prior to the Commission’s arrival in order to remove any evidence incriminating the Army. The Australian Embassy on 7 January noted:

We have seen an indication that the Army had insured itself against adverse findings by sending a courier over the ground in advance, to make sure that the Commission’s activities are properly controlled.\(^{399}\)

The ferocity of the killings appeared to have affected Shann and others at the Australian Embassy deeply. In mid December 1965, Shann noted somewhat sarcastically of the scale and manner of the killings that:

These nice, gentle, courteous people have, I believe, killed something between 100,000 and 150,000 of their own people...in many cases the massacre of

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\(^{396}\) Ibid.

\(^{397}\) Ibid.

\(^{398}\) Ibid.

entire families because one member spoke to a Communist, has occurred. Some of the methods adopted are unspeakable.\textsuperscript{400}

Despite the evident horror on the part of Shann and others at the scale and brutality of the killings, it is evident that a major concern for the Embassy was the effect the killings and purging would have on the efficiency of government, as the Army sought to remove any and all PKI members and sympathisers from the bureaucracy. In April 1966 the Embassy reported:

Quite apart from a question of intensified vendettas against unpopular individuals, the purging process will, for as long as it continues, have a serious effect on the efficiency of Indonesian government departments.\textsuperscript{401}

By mid 1966, the killings had subsided but not altogether stopped. The Embassy noted grimly in May 1966 that ‘...several hundreds of thousands PKI members or sympathisers [have been] killed since the coup.’\textsuperscript{402}

Whilst it is unreasonable to suggest that the Australian Government, through its embassy in Jakarta, could have made any appreciable difference in using its good offices with the Army to do all in its power to stop or curb the killings, even if the requisite political will could be mustered for the task, it is evident that the Embassy did have knowledge of the killings, ideas as to the numbers involved, and the manner in which they were being carried out. The contingent reality of Australia’s actions at the time was that whilst certainly brutal, the apparent attempt to exterminate the Communists in Indonesia was in accordance with Australian policy directed towards a succession which would not lead to the accession to power of the PKI.

\textsuperscript{400} Inward Cablegram number 1503 from Shann, Australian Embassy, Jakarta. Dated and received 19 December 1965. NAA: A1838/280, 3034/10/15 Part 9. ‘Australian Aid to Indonesia’.
Chapter Five

Australian Perceptions of PKI and Sukarno’s Involvement in the Coup and Economic Assistance to the Indonesian Army to March 1966

From the outset, Canberra’s public and private pronouncements about who it felt was responsible for the attempted coup were determined more by a combination of ideological prejudice and suspicion based more on circumstantial evidence than on concrete evidence and sound reason. A more important question from a foreign policy point of view than who was responsible was who could be sufficiently implicated in the coup, and how this could be turned to Australia’s advantage. The apparent involvement of elements of the Gerwani and Pemuda Rakyat was considered sufficient to imply, if not allege, that the coup was an attempt by the PKI to seize power. Whilst it is not the purpose of this study to examine precisely where responsibility for the attempted coup lies, it is important to highlight the existence a general consensus amongst Australian diplomats and Departmental officials and other Western diplomats that the PKI as an organisation was not responsible for the attempted coup. There was a similarly widely held view that Sukarno was in some way and to some extent involved or implicated in the events. Views on the degree of Sukarno’s complicity varied, with most of them originating with Sukarno’s decision to travel to the Halim Air Base, the main base of operations for the GESTAPU, his apparent nonchalance in his dealings with members of GESTAPU and his failure to condemn the Movement. These were played up by Canberra as part of the propaganda war. Thus, the observer is confronted with the Government advocating a public
position which characterised the attempted coup as an attempted communist takeover, despite evidence to the contrary.

It was suspected almost at the outset by both Australian and other Western diplomats and governments that Sukarno had played some role in the events of 30 September and 1 October. These suspicions centred around Sukarno’s travelling to the Halim Air Force base, headquarters of the GESTAPU movement, his failure to condemn the movement, his alleged nonchalance regarding the kidnap of the Generals and his failure to condemn or outlaw the PKI after the crushing of the coup attempt by the Army under Suharto. Sukarno’s defence of the PKI was intimately tied in with that of his own position in the triangular political order comprising Sukarno, the PKI and the Army.403 Sukarno’s increasingly apparent leaning towards the PKI in the last year of the ‘Old Order’ and his minimisation of the enormity of the events of 30 September and 1 October inevitably led to suspicion of his involvement.404 Nevertheless these suspicions remained suspicions, as they do to this day, due to the inability to prove his involvement or complicity. There is certainly no archival or other documentary evidence that can be offered to demonstrate this. More important from the point of view of Canberra was the degree to which the failure of the coup attempt constituted a net loss of Sukarno’s authority and prestige and the move towards a more moderate government, regardless of his present or future state of health. Canberra clearly believed that the coup did mark the beginning of the end of the Sukarno regime although it was reluctant to write him off, at least for the time being.

At this time, Canberra also sought openings to offer economic and other material assistance to the Army whilst consulting with its allies with a view to

403 See Herbert Feith ‘President Sukarno, the Army and the Communists: The Triangle Changes Shape’, Asian Survey, vol. 4, August 1964.
404 Elson Suharto: A Political Biography, pp. 121-122.
coordinating aid with them multilaterally, although this was hampered by the lack of coherence in government in Jakarta, concerns that any aid offered may provide a propaganda boon to the PKI and its supporters, and the ongoing confrontation of Malaysia. The purpose of this aid was to assist the Army secure its position. It was also used to test the waters to discover whether the Army was capable of managing and distributing large amounts of aid.
5.1 Australian Perceptions of the Involvement of PKI in the Attempted Coup

From the outset, the PKI was suspected of being the main instigator of the coup attempt. At a *prima facie* level, the fact of involvement of elements of the PKI seemed to indicate this. The PKI’s position on the attempted coup was that it was an internal Army affair between conflicting factions of the Army. The Army’s, and later Australia’s, stated view was that the attempted coup was a simple matter of a failed attempted communist takeover. Documents from the time demonstrate that few diplomats, Australian or otherwise, believed this. Despite the plethora of inconsistencies casting doubt over all the various theories of who was responsible for the coup attempt, there was some quite damning circumstantial evidence which leads to the view of some degree of involvement and complicity in the events by the PKI and Sukarno, although not sufficiently to allege that they were primarily responsible for it.

There is little doubt that members of the PKI affiliated organisations *Gerwani* and *Pemuda Rakyat* were involved in the abduction and murder of the Generals. Aidit, Secretary General of the PKI, was known to have travelled to the Halim Air Base on the morning of 1 October and the editorial in the Communist newspaper *Harian Rakyat* on 2 October supported Gestapu,\(^{405}\) although as Anderson and McVey assert, the authenticity of this editorial, coming as it did after it was clear the Gestapu had failed, was questionable.\(^ {406}\) On this issue there was a high level of consultation and sharing of information amongst Western diplomats in Jakarta. Information obtained by Australian Embassy officials from other embassies generally seemed to


support the view that the PKI was not the primary instigator of the coup although elements of the Party were certainly involved.

International diplomatic opinion generally agreed that despite the participation in the coup of PKI elements, they were not the primary instigators of the coup. This was the consensus amongst Western and Soviet Bloc countries. This view was certainly shared by the Dutch. On 20 October, Australian diplomats in The Hague sought out a Dutch interpretation of events in Indonesia. On that day, in a conversation with E. Burtmanis, an Australian diplomat at the Australian Embassy in The Hague, J. Rookmaaker, Director of Southeast Asian Affairs of the Netherlands Foreign Ministry, expressed doubts that the PKI were responsible for the coup but highlighted the fact that the Army was drawing political leverage from the presence of elements of the PKI in the coup attempt. He was recorded as saying:

Untung had the support of some sections of the Army, some communists and elements of the Air Force. Whether the coup had the full backing of the PKI was in doubt, but anti-communist elements were ensuring that they received most of the blame.\textsuperscript{407}

This was similarly the view of the British. In late 1965, in a memorandum prepared by British Ambassador to Indonesia, Sir Andrew Gilchrist, Gilchrist expressed his doubts about PKI responsibility for the coup attempt and commented on the flimsy and insubstantial nature of evidence implicating Peking in the coup attempt, noting:

The PKI were certainly involved but it is not clear whether they initiated the coup. Probably not. There are rumours implicating the Chinese Peoples Republic, but they do not amount to much.\textsuperscript{408}


\textsuperscript{408} Submission prepared by Sir Andrew Gilchrist, no date. NAA: A1838/280, 3034/2/1/8 Part 4. 'Indonesia – Political – Coup d'Etat of October 1965'.
The US was similarly reluctant to describe events as a communist coup. Washington’s perception of PKI involvement or complicity in the coup is contained in a US Foreign Service Telegram. The telegram stated:

On present uncertain evidence, PKI appears not to have been directly involved in Untung coup although it gave subsequent verbal support last night, perhaps from belief that it might as well support him anyway in view of poorness of its prospects if moderate Army leadership successfully reasserts his control [sic].\textsuperscript{409}

The official State Department view was conveyed to Australian diplomats in Washington on 4 October. On that day, the Australian Ambassador to Washington, Keith Waller, recorded a conversation with William Bundy, Assistant Secretary of State for East Asian and Pacific Affairs at the State Department. Waller noted that the State Department considered the belated nature of PKI support for the coup was an indication that the PKI was not behind the coup but was forced to give rhetorical support to it as a \textit{fait accompli}. Waller recorded:

As to the origin of the 30 September coup, Bundy said that the United States assessment was that this was probably not planned by the PKI but that the Communists felt that they had to ‘get on board’ once the movement began.\textsuperscript{410}

The following day a similar message was received at the American Embassy in Canberra and passed by Doyle Martin, Counsellor at the US Embassy in Canberra, to Alan Renouf, who recorded Martin as saying that:

...evidence was accumulating that the PKI had been involved in the Untung coup although we were not at this stage prepared to describe that coup as dominated by the PKI.\textsuperscript{411}


In a conversation the same day with Francis Underhill, Acting Director of the Southwest Pacific Section of the State Department, Waller recorded Underhill stating that he did not believe that the PKI engineered the coup, remarking upon the absence of PKI propaganda or communist jargon commonly used by the PKI following the coup. Waller recorded:

He did not believe that the PKI engineered the attempt, and cited the absence of ideological jargon from the announcements which were made after the coup had taken place.\footnote{Inward Cablegram number 3442 from Australian Embassy, Washington D.C. Dated 4 October 1965, received 5 October 1965. NAA: A1838/280, 3034/2/1/8 Part 1. ‘Indonesia – Political – Coup d’Etat of October 1965’.

The first record of an official Japanese view is contained in a cablegram in which Shann records a conversation with Shizuo Saito, the Japanese Ambassador to Indonesia, who told Shann that he was convinced of PKI involvement in the coup although to what degree is unspecified. Saito also expressed the view that Untung was secretly a member of the PKI, that the PKI became involved in the coup attempt against its own better judgement, and that, to ensure the survival of the PKI, Aidit would be ‘thrown to the wolves’.\footnote{Inward Cablegram number 1201 from Shann. Dated and Received 12 October 1965. NAA: A1838/280, 3034/2/1/8 Part 1. ‘Indonesia – Political – Coup d’Etat of October 1965’.

The Australian Embassy, despite the bulk of evidence to the contrary, reported that the PKI was responsible for the coup attempt, and this view was expressed in numerous cables to Canberra. This was demonstrated in the weekly Political savingram despatched to Canberra on 11 October 1965. The Embassy concluded somewhat simplistically that the fact of vocal support for the movement after the fact was sufficient to allege that the PKI was fully aware of the plot prior to its execution. According to the Embassy:
...the bare fact of support for the Movement in *Harian Rakyat* [the PKI’s daily newspaper] on 2 October would suggest strongly that the PKI was at least fully aware in advance of the action that the Movement intended to carry out...414

Canberra cast its net wide for information on the issue of responsibility for the coup, taking in theories from diplomats representing both Australia’s traditional Western allies, Japan, the Soviet Union and its satellites as well as non-aligned third world nations. Understandably, their explanations were to some extent the product of their nations’ particular interests in Indonesia and their own ideological bias. Australia was not exempt from this knowledge filter. Shann’s first impressions of who he felt was to blame for the events of 1 and 2 October were revealed in a hand-written note written on 2 October 1965. The note revealed a complete lack of knowledge of events before they took place and a deal of genuine confusion as to the nature of events. Shann dismissed the coup attempt by Untung as incompetent and doomed to failure. According to Shann, this was evident from the failure of Untung to have the abducted Generals assembled at the Palace. If Untung was acting to forestall a coup by the Council of Generals, killing them would have made little sense. A 1965 briefing paper on the attempted coup admitted only that, ‘the extent of the PKI’s involvement in the coup is still uncertain and is likely to remain so.’415

Despite the vast bulk of information received by the Embassy in Jakarta and the Department in Canberra that rejected the view that the PKI were responsible for the coup, the Embassy, in reporting on the coup to Canberra in its weekly savingrams, alleged the exact opposite. This can be seen in several diplomatic cables from the Embassy in Jakarta to Canberra. Jakarta Political savingram 51, dated 8 October, described it as, ‘...a PKI-inspired plot to neutralise the top Army leadership which, at

the crucial moment went beyond arrest and impeachment...\textsuperscript{416} Jakarta savingram 52, of 15 October, described it as, ‘...a PKI attempt to take a short cut to power in a brutal and ruthless fashion, and with the full knowledge and approval of Peking.’\textsuperscript{417} Jakarta savingram 55, of 5 November, described it as, ‘...the culmination of a detailed and far-reaching plan for a forceful takeover of power by the PKI.’\textsuperscript{418}

The same correspondence revealed suspicions to this effect on the part of the same diplomats and officials that they could not support with anything but the most circumstantial of evidence. Seen through this prism, Untung was seen as a somewhat embittered middle-rankning officer who was ‘adversely disposed’ to his commanding officers. He had connections with the PKI and a record of involvement on the PKI side during the Party’s uprising at Madiun in 1948.\textsuperscript{419} The PKI, in Shann’s view, saw Untung as a means by which they could further their objectives and played on his ego and resentments and fed him the story of the intended coup attempt against Sukarno by the Council of Generals scheduled for the 5 October.\textsuperscript{420} In general, Shann’s note reflected the general confusion of the situation and posed more questions than he was able to answer. Shann believed that what occurred were two coups, the attempted coup by the GESTAPU and the counter coup led by Suharto and loyal elements of ABRI, and was not able to assert that it was the PKI who was behind the initial coup of the 30 September Movement.

Shann was not optimistic that the attempted coup would lead to Sukarno’s fall and the advent of a more pro-Western regime, although he believed that it was still too early to tell. Shann felt that the anticipated weakening of Sukarno’s position

\textsuperscript{417} Ibid.
\textsuperscript{418} Ibid.
\textsuperscript{419} Ibid. Shann here was citing unconfirmed French information.
\textsuperscript{420} Ibid.
expected to follow from the failure of the coup may not occur, since his continuing relatively good health could see him claw himself back into a position of dominance. If this occurred, the Army would be left in a weaker and more exposed position than previously. He felt that:

Sukarno’s position should have been weakened by the 30th September Movement and its aftermath. However, as things stand at present, and provided Sukarno’s health does not collapse completely, he stands a good chance of resuming his old position of dominance. If he can do so, the Army may well finish up in a weaker position than ever before...⁴²¹

At this early stage, Shann theorised that Untung was used as a front man or fall guy for the PKI, in this way if the coup failed, the PKI could distance itself from the GESTAPU, leaving Untung and his supporters in the military to receive the brunt of any ABRI reprisals. Shann noted, ‘...the PKI used Untung as a figurehead in order to try to leave open some way of dissociating themselves from the coup if it failed.’⁴²²

Furthering his theory, Shann located the PKI’s motive in this as their fear of either Sukarno’s imminent death or a coup attempt by a council of Generals planned for Armed Forces Day, 7 October, opining:

...[the] PKI has been greatly afraid of [a] pending military coup either, a. immediately following on Sukarno’s death [which they thought could occur at any time], b. on or about Armed Forces Day disguised as an operation to rescue Sukarno.⁴²³

Shann was at a loss to explain why military figures and units in league with the PKI would launch such a poorly-coordinated and hasty coup attempt unless they had reason to believe Sukarno’s death or incapacitation was imminent, considering the Party’s commitment since the early 1950s to following a constitutional road to power. He wrote:

⁴²¹ Ibid.
⁴²³ Ibid.
Many of the question marks would be easier to answer if a. had happened. Sukarno's death or collapse would explain the apparent hastiness of the action.\textsuperscript{424}

Interestingly, the possibility that the failure of the attempted coup by Untung could be used as a pretext by the Army to destroy the PKI as a viable political force was discounted by Shann who felt that a major anti-communist drive by the Army was not imminent, apparently disregarding the fact of the state of power relations in Indonesian politics at the time. This was characterised by a situation in which Indonesia's two dominant political forces were forced into a situation of direct confrontation with each other for the succession, and in which only one of those groups, the Army, enjoyed a near total monopoly on the use of armed force. Shann believed, somewhat naively at this early stage, that the Army would experience some difficulty in allowing the restoration of Sukarno's authority, as he felt it would bind them to abide by constitutional processes and thereby possibly lead to a restoration of Sukarno's authority and a failure to move decisively against the PKI. He stated:

If the Army allows Sukarno to assume once more the position of absolute authority – even if he is in fact swinging away from the PKI at present, it could well hamstrung them in regard to a future confrontation with the PKI. They would be strongly committed to a constitutional successor.\textsuperscript{425}

Amazingly, despite evidence and the bulk of diplomatic advice to the contrary, the Embassy reported that the coup was communist-inspired and had quickly spun out of control, leading to consequences unforeseen and unintended by the PKI. The Embassy submitted that:

The picture that emerges...is of a PKI-inspired plot to neutralise the top Army leadership, which, at the crucial moment, went beyond arrest and impeachment, and degenerated into brutal slaughter and the promulgation of a new political structure.\textsuperscript{426}

\textsuperscript{424} Ibid.
\textsuperscript{425} Ibid.
\textsuperscript{426} Ibid.
The crucial question in the immediate future according to the Embassy was whether or not the Army would take the opportunity the failure of the coup provided them with to take action against the PKI once and for all. Sensing the bleak outlook for the PKI in the wake of the failure of the attempted coup and the anti-PKI sentiment being stoked by the Army as a result of the killings of the Generals, the savingram noted:

If ever there was a time for the Army to act to smash the PKI as an effective political force, it is now. But will it happen?427

Canberra generally agreed with the Embassy’s assessment. The following day the Department cabled all of its overseas posts regarding the coup attempt. It noted that Sukarno had some prior knowledge of the coup and probably acquiesced in what was presented to him as an attempt by Untung to pre-empt action by the Generals. However, the Department did not believe that Sukarno condoned the murders.428 It was conceded that the extent of the PKI’s involvement was unknown, but there was no doubt that elements of it were involved in the coup. The cable noted:

PKI personnel certainly participated in events of 1st October but it is unlikely it was trying to exploit a situation of which it was aware but which was not its own creation.429

There was a key difficulty with the view that the attempted coup was primarily the work of the PKI in a desperate attempt to determine the succession whilst Sukarno, although in failing health, would still be alive to protect them from the Army. The PKI’s lack of armed force would have made it an act of suicide. Apart from a very small number of PKI members who had received military training at Halim Air Force Base, the PKI was virtually unarmed and unsure of the support it could expect from sympathetic members of the Armed Forces. The Indonesian Armed Forces, however,

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427 Ibid.
429 Ibid.
had been recently equipped with state of the art Soviet military equipment,\textsuperscript{430} and had displayed a willingness to use force to maintain Indonesian unity as had been seen most recently in the crushing of the \textit{Darul Islam} and \textit{Permeesta} revolts in the late 1950s.

Moreover, it was generally felt that the political momentum favoured the PKI,\textsuperscript{431} and that a coup wasn’t necessary to bring them to power in the course of time. This was certainly the view of the Department. Commenting on a US cablegram, an unidentified author noted that the Americans were unable to explain why Peking would risk its diplomatic stocks in Indonesia on such a risky idea.\textsuperscript{432} It was believed they would only be willing to risk such an endeavour if they thought Sukarno was about to die or if they thought the generals really were planning a coup. The Australian assessment of this was that the possibility that the PKI acted as a result of Sukarno’s ill health was most plausible. A Departmental memo of 10 November noted:

\ldots[There is] little doubt PKI assessment [like ours] has been that if Sukarno hung on, for a few more years, succession would be theirs but that if he died in the near future, the Army would try to crush them…\textsuperscript{433}

The memo speculated that it was possible that the Generals were indeed planning a coup, although evidence for this was lacking. The memo also seriously doubts the prospects of the coup’s success outside Java, and only there with the greatest difficulty and that, ‘\ldotswithout Sukarno’s full and complete commitment the coup was in my view a very long way from success.’\textsuperscript{434}

\textsuperscript{430} Harold Crouch \textit{The Army and Politics in Indonesia}, p. 51.
\textsuperscript{431} In a pre-coup 1965 briefing paper for that year’s ANZUS Ministerial Talks, it was noted that, ‘The balance of power within Indonesia is moving in favour of the PKI’. NAA: A1838/280, 3034/2/1 Part 46, ‘Indonesia – Political – General’.
\textsuperscript{432} Departmental Memo, 10 November 1965. No author. NAA: A1838/280, 3034/2/1/8 Part 5.
\textsuperscript{433} ‘Indonesia – Political – Coup d’Etat of October 1965’.
\textsuperscript{434} Memo for Mr Border, no author, 10 November 1965. NAA: A1838/280, 3034/2/1/8 Part 5.
\textsuperscript{434} \textit{Ibid}.
Throughout November and December 1965, speculation about who was responsible for the coup continued. Geoffrey Miller, a Second Secretary at the Australian Embassy in Jakarta, asserted that the key to the failure of the attempted coup was the failure of the Untung group to abduct Nasution and Suharto. Miller’s was one of the few voices raised in support of the view that the PKI were primarily responsible for the coup attempt. On 1 December Miller noted that,

...there is sufficient evidence to establish that the PKI...played the major role in the coup and it’s planning which, if insufficiently detailed, was certainly far-reaching.\(^{435}\)

However, Miller was not forthcoming with this evidence and which, if existent, flew in the face of most international opinion on the issue and was in particular not shared by the Americans, British or the Department.

The inability or unwillingness of the PKI to meaningfully defend itself from Army-Muslim attacks following the failure of the coup attempt was further indicative that it was not behind the coup. Indeed the PKI was completely unprepared for the ferocity of the Army’s response. This was first comprehensively addressed in December 1965. A Departmental Briefing Paper of 6 December noted:

Most of the fighting carried out by the PKI so far appears to have been defensive. There has been some surprise that the PKI, faced with determined action against it by the Army, Muslim and other nationalist groups and even with President Sukarno’s condemnation, should still not have called for a revolutionary uprising.\(^{436}\)

The failure of the PKI to defend itself from annihilation was seen in the context of the unfavourable political fallout which would occur as a result of confronting the Army with an all out offensive while Sukarno still lived. In light of the sheer monopoly of armed force possessed by the Army and the largely defenceless state of

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the PKI, the failure to recognise that the PKI's inability to adequately defend itself was due not to political considerations, but almost entirely to the fact that without the defection of substantial portions of the Armed Forces, the PKI was unable to defend itself. This was reflected in a paper by M.A. Jaspan of the University of Western Australia, obtained by the Department. It noted that:

The Communists were clearly not ready for a showdown, and even if they were, they would not have acted with the precipitate and clumsy haste of Colonel Untung, a man unknown to most Indonesians or foreign observers until September 30.\(^{437}\)

This was also the view of Subandrio, who in a conversation with Australian journalist Peter Hastings in December 1965, said that, had no coup occurred, the PKI would have been able to accede to power peacefully,\(^{438}\) although his personal interest in playing down the PKI's and Sukarno's complicity in the coup needs to be considered.

By November 1965, the JIC submitted its report of who it felt was responsible for the coup. The Committee agreed with the majority of international opinion and disagreed with the line being pursued by the Department, and was cautious to emphasise that there was insufficient evidence to prove that the PKI carried out the coup with help from Peking.\(^{439}\) The Committee noted that:

Although the participation of individual communist groups in the coup attempt is well established, the evidence of actual PKI involvement — that is, of prior planning by the central committee — is largely circumstantial. The Army has produced more solid evidence, notably PKI plans and a confession by


\(^{438}\) Record of Conversation with Dr Subandrio, 15 December 1965. Recorded by Peter Hastings. NAA: A1838/280, 3034/2/1 Part 8. 'Indonesia — Political — General'.

\(^{439}\) In an April 1966 memo to the Minister, L.H. Border, an Assistant Secretary in charge of the South and Southeast Asia Branch of the Department of External Affairs noted, "There is no direct or incontestable evidence that Peking played a part in the attempted coup in Djakarta last October." See 'Indonesia', Memo to the Minister, 27 April 1966. NAA: A1838/280, 3034/2/1 Part 48. 'Indonesia — Political — General'. Evidence implicating Peking was generally very circumstantial, including such things as alleged shipments of arms in the weeks preceding the coup disguised as building materials for CONEFO (Conference of the New Emerging Forces) the close relationship between the PKI and the Communist Chinese Government and the probability that Sukarno's Chinese doctors were keeping the PKI leadership informed about Sukarno's health. *Ibid.*
Njono...but the Army's material must be treated with some reserve because of its interest in proving PKI complicity.\textsuperscript{440}

Canberra, in line with other Western capitals, was planning early in the post coup period to exploit events in Indonesia to help place a non-communist Government in power in Indonesia. An early problem in this regard was the lack of information about Suharto and his intentions in the short to medium-term future. In a memo to Hasluck from Gordon Jockel, then First Assistant Secretary at the Department of External Affairs, on 12 October, Jockel complained that:

In all reports which we have received from all sources there has been practically nothing about what Suharto and his associates are thinking about the President. This is a tremendous gap in our knowledge.\textsuperscript{441}

Contrary to most information it received, Canberra's view of events echoed that of the Army under Suharto that the coup attempt was the work of the PKI. In public and official statements, Canberra was cautious not to accuse the PKI openly of staging the coup attempt. However, it did play up their involvement at every opportunity. This was done with a view to assisting the Army at a time when it was far from certain that the Army under Suharto would wrest political control from Sukarno and fears abounded that civil war might develop between forces loyal to each. As Elson correctly pointed out, by the end of the first week of October, Suharto stood on 'very dangerous ground' in terms of his political position.\textsuperscript{442} He had unilaterally defeated an attempted coup by forces intent on altering the balance of power in Indonesia, was unsure of the support he had both within and without the Armed Forces, political parties and general public for either this action or subsequent actions, and had openly

\textsuperscript{440} Excerpt from Joint Intelligence Paper, 'Indonesia: Responsibility for the Attempted Coup', November 1965. NAA: A1838/280, 3034/2/1/8 Part 7. 'Indonesia – Political – Coup d'Etat of October 1965'.
\textsuperscript{441} Memo for Hasluck from Gordon Jockel, 12 October 1965. NAA: A1838/280, 3034/2/1/8 Part 2. 'Indonesia – Political – Coup d'Etat of October 1965'.
\textsuperscript{442} Elson \textit{Suharto: A Political Biography}, p. 120.
defied his president in refusing to accede to the instalment of Pranoto as caretaker commander of the Armed Forces.

Despite this tumult and confusion, Canberra deliberately misled the Commonwealth Parliament and general public as to who was responsible for the coup. This deception was more one of omission rather than commission. In a draft of a speech Hasluck was to make in the House of Representatives, on 19 October, on the issue Hasluck alleged:

Although in a number of respects what happened in Djakarta on the night of 30th September and immediately thereafter is still not clear, there can be little doubt that the Indonesian Communist Party was involved...In saying this I am not alleging that the PKI engineered and managed the attempted coup but merely that they were accomplices to it in that they moved swiftly after 30th September to exploit it for their own purposes.443

The crucial last sentence, in which Hasluck stated that he did not believe that the PKI was responsible for the coup, did not appear in Hansard, and Hasluck played up PKI and Communist Chinese involvement in the coup attempt, noting that, 'time will no doubt clarify both the nature of the support which Colonel Untung received and the purpose of his action.'444 Hasluck went on to highlight the popular resentment against the PKI in the wake of the failed coup attempt. Subsequent to this in the period under consideration, statements by Hasluck and others openly described the attempted coup as an 'unsuccessful attempt at a communist takeover'.445

This was to have certain implications for Australian policy and aid to Indonesia in the period until March 1966 as it contributed to a reluctance by Canberra

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443 Draft Parliamentary statement on Indonesia, no date, no author. NAA: A1838/280, 3034/2/1/8 Part 1. 'Indonesia – Political – Coup d'Etat of October 1965'.
445 CPD, HR, vol. 55, p. 2140. For a more thorough treatment of Parliamentary debate on Australia's relations with Indonesia in the period under examination, see Stephen Harris Australian Diplomacy and Public Attitudes Towards Indonesia 1965-80, University of Tasmania PhD Thesis, 1988, pp. 180-211.
to offer any significant amounts of aid due to logistical and political concerns that will be addressed in the following chapter.
5.2 Australian Perceptions of Sukarno’s Involvement in GESTAPU

From the outset, Shann suspected the active complicity or connivance of Sukarno in the coup. These suspicions centred on the reasons behind Sukarno going to the Halim Air Force base, the headquarters of the 30 September movement, on the morning of 1 October. According to Sukarno, his reason for going to Halim around four o clock in the morning was to be able to escape in the event of major upheaval in the city threatening his personal safety. This was never accepted by Australian diplomats or External Affairs in Canberra, who believed that Sukarno had some prior warning about the coup. Initially, the only information supporting this theory came from the Indonesian Army, which was actively trying to discredit Sukarno by highlighting his alleged involvement or complicity in events. In a cablegram to all Australian missions, the Department alleged:

The Army leadership believes...that Sukarno, Subandrio, the PKI and China were all heavily involved in the 30 September movement. Secret Army briefing seems to be along the lines that the President authorised the arrest of the Generals because he had been persuaded by the BPI [Subandrio’s intelligence body] and Air Force intelligence that the Generals were about to depose him.446

Such a view simply followed the lead of the Indonesian Army who quietly maintained from the outset that Sukarno was involved despite not being able to produce more than the most circumstantial of evidence to support their claim. This can be seen in a memo to Hasluck from Jockel on 13 October. In this memo Jockel informed the Minister that,

An intelligence report to hand says that by 5th October the Army had definitely come to the view that President Sukarno was behind the Untung affair.447

According to the intelligence report, Sukarno’s plan was to reduce the power of the Generals by co-ordinating their abduction, following which the President would chair a process of *musyarawah* (consultation) and *mufakat* (consensus), the end result would be a weakening of the Army leadership. Jockel noted Sukarno wanted to:

...cut the Generals down to size’ by ordering their abduction at the hands of a ‘young Turk’ movement headed by Untung. A presidential ‘conciliation’ would then occur as a result of which some of Untung’s men would be promoted and some of the Generals discarded.\(^{448}\)

In his evaluation of the authenticity of the plot, Jockel seemed to agree with the Army’s analysis, despite their interest in implicating Sukarno He noted: ‘This report has the ring of truth as to what the Army believe and what they believe may well be true.’\(^{449}\) In a similar vein, an American assessment suggested that several elements such as the PKI, Air Marshall Omar Dhani, Subandrio and Sukarno wanted to ‘cut the Army down to size...in order to accelerate Sukarno’s rapid ‘turn of wheel’ to the left. Australian diplomatic personnel in Washington reported to Canberra that ‘...the United States has viewed Sukarno for some time as front-man [sic] for the PKI and interprets his theory of NASAKOM not as a blend of nationalism, communism and religion, but a state of communism based on religion and nationalism.’\(^{450}\)

The same cable reported the American Ambassador to Indonesia, Marshall Green, as being ‘scathing’ in his criticism of his predecessor, Howard Jones, for an article the latter wrote, in which he asserted that the PKI orchestrated the attempted coup because ‘it felt like time was running out.’\(^{451}\) The reasons for this may not be so much that Green disagreed with Howard’s hypothesis but objected to its publication due to the adverse affect it could have on America’s position in Indonesia. This is at odds

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\(^{448}\) *Ibid.*

\(^{449}\) *Ibid.*


with later correspondence received in Canberra from the Australian Embassy in Washington that reported that despite Washington’s best efforts, they were unable to establish any firm evidence to support the theory that Sukarno was in league with the PKI or Peking. This is revealed in a cable from the Australian Embassy in Washington, received in Canberra in June 1966 which reported that, ‘...the State Department has no proof that any connection existed between Indonesian President Sukarno and communists who failed in an attempted coup.’ According to this version of events, Sukarno was allegedly informed that the Generals would be arrested on 30 September and acquiesced. However, when he received the news that the Generals had been killed, Sukarno withdrew his support for the putsch. Untung was then allegedly forced to go along with the coup without Sukarno’s blessing. It failed utterly in the next 24 to 48 hours and the communists were forced to go underground.

Shann’s views about the involvement of Sukarno in the coup attempt at this early stage are revealed in a handwritten note by him on 2 October. Curiously, Shann at this early stage discounted the possibility of Sukarno’s involvement on the grounds that if he was involved, ‘...better arrangements could have been made, including particularly a summons from him to the Generals to come to the palace.’ Years later Shann still felt that both Sukarno and Subandrio at least had foreknowledge of events. In a 1985 interview he commented:

I myself feel that Sukarno and Subandrio were aware of what the communists were up to when the Generals were all killed that night...I think they knew

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what was going on. I think they wanted to get rid of some of the Generals and this was a way of doing it. 454

Cold War necessities demanding the removal of Sukarno ensured that Western nations would do everything in their power to implicate Sukarno and the PKI in the coup and thereby hasten his removal from power. There was very little Australia could do unilaterally to help bring this about except by coordinating its diplomacy and thinking with that of its major allies and giving as much quiet diplomatic and propaganda support to Suharto as was practicable. Nevertheless, Australian diplomacy had to keep pace with political developments within Indonesia, and could only become more concrete and focussed as the dust settled and there was some resolution to the power struggle between Sukarno and Suharto which was playing itself out until at least March 1966.

Suspicious of the involvement of Sukarno in the attempted coup were raised almost immediately by Australian diplomats and officials. The first comprehensive Embassy assessment of the attempted coup on 8 October described Sukarno as being ‘deeply implicated’ in the events of 30 September. 455 This was a view shared by the American Embassy in Canberra with whom Australian diplomats were closely consulting. A memorandum for President Johnson dated 1 October from the American Embassy in Jakarta stated that it could offer no information proving Sukarno’s involvement in the coup but that he knew in advance that it would take place, although it could not prove the latter claim any more convincingly than the former.

The memorandum noted that,

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...no mention had been made of any active role by Sukarno [in the attempted coup]...It seems likely that Sukarno knew in advance of the movement and its intention.\textsuperscript{456}

Underlining the unanimity of feeling that Sukarno did indeed play some role in events, on 9 October the Department of External Affairs cabled all its foreign posts that Sukarno did play some role in the coup and agreed that he had some prior warning of it, noting:

Information available to us (and it is far from complete) suggests that Sukarno had some prior knowledge of the plot and probably at some stage acquiesced in what was presented to him as an attempt to forestall action by the conservative Generals. We do not know, however, the degree of his involvement and we doubt whether he would have condoned murder.\textsuperscript{457}

Shann was personally not in any doubt that Sukarno was involved or complicit in the events. He felt the very fact of Sukarno travelling to Halim Air Base when he knew that that was the base of operations for the GESTAPU and that its leaders were located there was evidence enough to implicate Sukarno in the coup. He wrote:

...there does not seem room for reasonable doubt, in the light of his subsequent behaviour [eg his failure over these days to condemn the 30\textsuperscript{th} September Movement or AURI] that he went there in accordance with some sort of prior arrangement, and not under duress.\textsuperscript{458}

Strangely, despite the already demonstrated general consensus among diplomats in Jakarta that the PKI were not the main instigators of the coup and that no direct evidence could be found proving Sukarno’s involvement or complicity in it, on the 5 October Shann reported the opposite, noting:

Most of my colleagues are convinced that Sukarno retained the Untung group to get rid of the Generals. Most of them think PKI in it from the outset.\textsuperscript{459}

\textsuperscript{456} Memorandum for President Johnson, 1 October 1965. No author. Obtained from confidential source.
\textsuperscript{458} Ibid.
At this early stage the only tentative evidence that Sukarno was involved in the coup attempt (other than the circumstantial evidence already mentioned) was obtained from the Indonesian Army, which was taken with a grain of salt due to the Army’s vested interest in proving Sukarno’s complicity. According to this information, the Army had come to the conclusion by 5 October that Sukarno was definitely behind the Untung coup.\textsuperscript{460}

The official Embassy account of events and its assessment proceeded along similar lines. It conceded a strong communist influence in the coup attempt, but doubted that they were the prime instigators of it. In any case, the Embassy conceded that there existed some very damning circumstantial evidence which suggested that the PKI were behind the attempted coup and that Sukarno had at least some degree of foreknowledge of the coup, thus making him complicit in it. The PKI did have contingency planning for going underground in the event of an Army clampdown and for forming fighting guerrilla units.\textsuperscript{461} It also demonstrated that the Communist newspaper, \textit{Harian Rakyat}, supported GESTAPU\textsuperscript{462} as did the PKI and the AURI, the latter being responsible for the training of communist groups in weapons and providing a base for the Movement.\textsuperscript{463}

On Sukarno’s motives for supporting GESTAPU, the Embassy asserted that Sukarno wanted the Generals ‘out of the way’ in order to complete the move to the left, noting,

\textsuperscript{462} The \textit{Harian Rakyat} editorial of 2 October noted, “The support and feeling of the people are certainly of the side of the 30th September movement. We call on the whole people (sic) to heighten their readiness and awareness to face all the possibilities of today.” Taken from Inward Cablegram number 157 from Australian Embassy, Jakarta. Dated and received 2 October 1965. NAA: A1838/280, 3034/2/2 Part 11. ‘Indonesia – Internal – Communism’.
\textsuperscript{463} Harold Crouch \textit{The Army and Politics in Indonesia}, pp. 91-92.
The top Generals were undoubtedly the main obstacle to his pressing on even more rapidly with the Indonesian revolution, and a scheme to arrest them on a charge of planning a coup would have had attractions for Sukarno.  

The savingram further develops Shann’s ideas on the coup of 2 October that the original plan was not to murder the Generals, but simply to abduct them and present them to Sukarno.  

Miller suggested, on 1 December, that Sukarno’s support for the GESTAPU movement may have been more forthcoming if either all the senior Generals were killed (Nasution escaped and Suharto was not abducted) or none had been killed.  

According to his theory, Sukarno failed to openly support the coup attempt because the failure to kill all the Generals meant that either of the surviving Generals inevitably would lead a crushing counter blow against those responsible for the coup attempt, a retaliatory strike that would also probably target Sukarno if he had openly supported the GESTAPU. Had none of the Generals been murdered, Sukarno could have supported the GESTAPU in all or part, and continue to play both factions off against each other. Shann responded to Miller’s hypothesis that the important thing was that Sukarno saw the plot had failed, thereby explaining his hasty retreat to Bogor. According to Shann, Sukarno was also not willing to support the Movement as he sensed in the Revolutionary Council announced by Untung an attempt to double cross Sukarno and assume power in their own right once the Army leadership had been neutralised. In Shann’s view, Sukarno was willing to support the kidnap of the Generals but not the move towards a change in Government which the Revolutionary Council represented.

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464 Ibid.
465 Ibid.
467 Ibid.
As on most other issues, the Australian Embassy consulted widely with other diplomats as to their perception of the involvement of Sukarno in the coup attempt. This was certainly the case with the Americans\(^{468}\) and other Western nations, with the exception of the Dutch assessment which was that Sukarno had no prior knowledge of events as he would not have agreed to any plot involving Untung as head of a Revolutionary Council.\(^{469}\)

The Australian Embassy and Departmental view of the degree of involvement in the coup attempt by Sukarno appears to be largely a product of Shann’s thinking as Embassy savingsrams deviate little from the thoughts contained in his personal correspondence. Whilst acknowledging that it was possible, if not probable, that Sukarno did have some prior warning about the abduction of the Generals and was in favour of them,\(^{470}\) he was certainly not in favour of their murder. Sukarno’s failure to support the GESTAPU was seen in light of the Movement’s failure due to the murder of the Generals and the failure to kill Nasution or abduct Suharto. It was thought that if Sukarno had any purpose in associating himself with the Movement, it was to bolster his political position by arbitrating in his capacity as the *dalang* (puppet master) of Indonesian politics between the abducted Generals and their supporters and the GESTAPU leaders and theirs. Any knowledge of or involvement in the coup attempt Sukarno may have had demonstrated to both the Army and to Canberra that Sukarno was prepared to act against the Army and indirectly the West. This would have no doubt helped galvanise Australian support for a regime change in Indonesia.

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\(^{468}\) See footnote 3, p. 3.


\(^{470}\) The use of abduction as a political tool had some precedent in Indonesia. Sukarno himself was abducted by nationalists in order to attempt to force him to proclaim independence. Legge noted, “Kidnapping a leader, not to harm him but to impress upon him the sincerity of the kidnappers and to try to influence his actions by moral suasion, became a not unfamiliar tactic in Indonesia before and after the revolution...” See J.D. Legge *Sukarno: A Political Biography*, p. 199.
In any case, the involvement of Sukarno was very much a secondary issue for Canberra. More importantly, from its point of view, was the opportunity the failure of the coup attempt presented for the Army to make a decisive move against the PKI and Sukarno, and reduce Sukarno’s political stature to that of a politically impotent figurehead, or do away with him altogether.
5.3 Australian Economic Assistance to the Indonesian Army to March 1966

Apart from assisting the Indonesian Army following the coup attempt by favourable reporting on Radio Australia, Canberra, like other Western nations, was in this period seriously considering ways in which the Army could be materially and financially assisted. The difficulty with this was the problem of ascertaining exactly where authority lay, and if authority would continue to be located in the same place in the near future. The administrative chaos following the attempted coup due to the purging and dismissal of public servants suspected of PKI membership or sympathies and disagreement among Western nations as to what should be done were also major factors.

Prior to the coup attempt, Australian aid to Indonesia was almost entirely in grant form and channelled through the Colombo Plan. In 1965, there were two continuing Colombo Plan aid projects in different stages of completion in Indonesia. These were the Aeronautical Fixed Telecommunications System or AFTN, and a road building project in the Lesser Sunda Islands (Nusa Tenggara) in Eastern Indonesia. Both of these projects were continued despite Indonesia’s policy of Confrontation. However, Canberra had ordered a ‘go slow’ on the AFTN project, something bitterly opposed by Shann, who felt that such a move would encourage resentment towards Australia and adversely affect the prospects of future Indonesian-Australian cooperation in the area of civil aviation. Colombo Plan aid was also given to Indonesia in the form of scholarships for Indonesian University students to study in Australia, but this was cancelled in 1964 on Indonesia’s request.

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472 Ibid.
Informal and indirect requests for aid were made at the Australian Embassy in Jakarta in late October 1965. Initially, requests were for food aid in the form of rice to meet the expected shortfall in that season’s harvest. On 27 October, Geoffrey Miller reported an approach made to the trade Commissioner at the Australian Embassy by a businessman called Li Pei Lun, who claimed that he had learnt through Army sources that they were anxious to obtain economic aid in the form of credits and commodities, particularly rice.⁴⁷³ Both Miller and the Trade Commissioner Burril agreed that,

...if a firm offer to supply a certain quantity were made, given the apparent urgency of the matter it is quite possible that a cash deal could be arranged.⁴⁷⁴

On the same day the Department sent out a cable to Jakarta and other key posts on the feasibility of Australia arranging an emergency sale of rice to Indonesia. Canberra was aware that the ability of the Indonesian Government to provide rice to its people was used as a barometer of its success. However, Australia was unable to provide any of its own rice crop as that year’s crop had already been committed. Moreover, the Rice Marketing Board had already refused requests to purchase Australian rice from Hong Kong and Japan.⁴⁷⁵ However, even if substantial Australian stocks of rice could be located, severe obstacles to its delivery to the Indonesians remained. The political situation and the Army’s involvement in it, left it no position to ask for any firm and large-scale programme of aid. Due to the persistence in power of Sukarno (at least for the time being), Western aid had ‘to work within a framework which includes the President’s views on American aid...’⁴⁷⁶ Another major difficulty was the inability of Western countries to contemplate large-scale aid to Indonesia in any form whilst

⁴⁷³ Memorandum number 1403 to The Secretary, Department of External Affairs, Canberra from Gordon Miller, 27 October 1965. NAA: A1838/280, 3034/10/15 Part 9. ‘Indonesia – Australian Aid to Indonesia’.
⁴⁷⁴ Ibid.
⁴⁷⁶ Ibid.
Confrontation continued, or unless it was part of a more comprehensive package of Indonesian economic reform, including new aid and rescheduling of existing debts.\textsuperscript{477} Despite this, the paper asserted that if a food crisis were to develop, it would be 'prudent' for the West to offer emergency food aid.\textsuperscript{478}

By November 1965, it became known that Washington was tentatively trying to stitch together a group of Indonesia's donors and creditors under Japanese auspices, although the State Department remained suspicious of Tokyo's motives. In particular it was believed that Tokyo's objectives in the post-coup period were at variance to those of other Western powers. Whilst the West was working towards a removal of Sukarno from power and his replacement by a pro-western leader, the Japanese, it was felt, were working for the restoration of Sukarno at the apex of the Indonesian political system, playing off the various forces competing for influence with him. This was revealed to Australian diplomats in Washington in a conversation with Goodspeed, of the Indonesia Desk in the State Department. A cable dated 3 November noted:

Goodspeed has the impression from discussions with Kamada of Japanese Embassy, Washington, that his Government would like to see some restoration of the political balance in Indonesia between the Army and the Left, with Sukarno poised at the fulcrum as before.\textsuperscript{479}

Indonesia's economic problem, according to Suizuo Saito, Japanese Ambassador to Indonesia, was twofold and included emergency aid and long term stabilisation.\textsuperscript{480} Shann familiarised Saito with the difficulties inherent in any large-scale Australian

\textsuperscript{477} Ibid.
\textsuperscript{478} Ibid.
\textsuperscript{480} Inward Cablegram number 1300 from Shann, Australian Embassy, Jakarta. Dated 27 October 1965, received 28 October 1965. NAA: A1838/280, 3034/2/1/8 Part 4. 'Indonesia – Political – Coup d'Etat of October 1965'.
assistance to Indonesia whilst the leadership struggle and Confrontation continued.

Nevertheless, Saito felt that,

...we should know what others are thinking and perhaps doing about the Indonesian economy and he envisages some contact being made between the United States, Japan, Australia, Germany, France, Italy and the United Kingdom.\(^{481}\)

At the same time the Japanese made it clear to Australian officials that they hoped Australia would play a leading role in any pilot project for multilateral aid to Indonesia. This was reported in a cablegram from the Australian High Commission in London; Eastman, then the High Commissioner to London, noted that the Foreign Office was considering the prospects of multilateral co-operation to assist Indonesia, with a view to discussions on the topic with American and Australian Governments.

The British agreed that it was appropriate for Tokyo to be leading any such aid efforts. Eastman recorded Stanley, of the Malaysia-Indonesia Department at the Foreign and Commonwealth Office in London as saying:

They were better placed than others to risk burning their fingers and their proposal could be a useful pilot project. Djakarta’s reaction to it...could be a useful guide to us in our consideration of other possible moves.\(^{482}\)

In Jakarta, Ambassador Saito began lobbying Shann in favour of an initial gesture from Australia in the form of aid. Shann noted on 12 November that

He said...that in his discussions he mentioned the United States, Germany, Holland and Australia, and that his Government showed more interest in close co-operation with us than with anyone else. He may be about to say the same thing to Green and Schiff [the West German Ambassador]...He says that we are in the area, are half NEKOLIM, and that a conciliatory gesture from us could be very important here.\(^{483}\)

\(^{481}\) Ibid.


This request for an early aid gesture was received in Tokyo at around the same time.\textsuperscript{484}

The issue of Australian economic assistance was considered in detail in a submission to the Minister on 5 November. It noted that

...Japan is likely to extend emergency economic assistance [on soft loan terms and perhaps by way of third country purchase] and may take the initiative in stimulating and coordinating a programme of international aid to Indonesia.\textsuperscript{485}

It noted that Washington saw the greatest problem being one of distribution of aid and that the Army had the ability to distribute aid supplies most effectively. However, it was recognised that this would need to be done in such a way that it did not unfavourably affect the Army’s delicate political position.\textsuperscript{486} The pilot program envisaged by the Japanese was a consortium of ‘neutrals’, with underground support of the US, to finance the purchase of rice for Indonesia. Renouf was not in favour of such an idea which he described as having ‘...a superficial attraction but it would be difficult to organize and improbable that the United States’ part could be kept hidden’.\textsuperscript{487} Renouf felt that bilateral emergency aid would be more appropriate in the circumstances, pointing out that the British did not plan to do anything in response to Japanese thinking, as reported in a Cablegram from London, and that the State Department in Washington was wary that Saito’s initiative may have originated with Sukarno. The crux of the problem for Canberra was to what degree should it identify itself with Saito’s initiative given the response of the US and Britain and the political position of the Army as it pertained at that time. Equivocation was advised as the best


\textsuperscript{486} Ibid.

\textsuperscript{487} Ibid.
policy until it could be determined that any aid given would directly benefit the position of the Army and not that of Sukarno. Renouf noted:

...The best course to adopt would be...to express to the Japanese our interest in their intentions and a wish to be kept informed as their thinking develops...at the same time point[ing] out the importance of ensuring that any aid given the Indonesians should be so organized as to serve the interests of the Army. 488

At around this time, Tokyo and Washington appear to have come to a tentative agreement that what should be aimed for in the medium to longer-term was a form of consortium aid programme ‘...in which the Japanese did most of the work and the US signed most of the cheques.’489 The Japanese, wanted to act to support the Army rather than wait and see if they were capable of consolidating their position, if only to provide emergency food aid, which would benefit the Army indirectly. On 5 November the Australian Embassy in Tokyo, reporting a conversation with Kawashima (Vice President of the ruling Liberal Democratic Party and Tokyo’s principal advisor on Asian and Indonesian affairs) noted that ‘Kawashima considered it important that western countries respond quickly to Indonesian Army’s requests for immediate economic help.’490

Shann was in favour of acting as soon as possible in the area of aid to Indonesia, noting in a conversation with the US Ambassador to Indonesia, Marshall Green that, ‘On our aid he strongly supports my recommendation that we do something at once and is telling Washington this.’491 Marshall went as far as suggesting to Shann that Australia, on whom Sukarno found it difficult to ‘...pin the usual NEKOLIM label,

488 Ibid.
might, by a small gesture of this kind make what he describe[ed] as ‘the best investment we had ever dreamed of’.\footnote{Ibid.}

The aforementioned difficulties with large-scale aid to Indonesia continued into December 1965 and January and February 1966. The only differences, however, were the developments in thinking about more long-term multilateral arrangements for the raising of aid for Indonesia through the Army and the issue of a moratorium and rescheduling of Indonesia’s massive debt. On the Army side, Suharto seems to have authorised certain individuals to make approaches to Western Embassies in Jakarta requesting financial assistance and were clearer about what it was they were requesting. In late December 1965, Helmi called on Shann, claiming to represent Suharto, and wanted to discuss Australian economic assistance to Indonesia. According to Helmi, Suharto had instructed himself, Alamsjah\footnote{For a brief biographical treatment, see O.G. Roeder and Mahiddin Mahmud (comps) Who’s Who in Indonesia: Biographies of Prominent Indonesian Personalities in all Fields, Second Edition, Singapore: Gunung Agung, 1980, p. 38.} and Achmad, aides to Suharto, to prepare a plan to attract foreign aid to Indonesia.

The plan, resembling in most respects the views of Saito,\footnote{See Inward Cablegram number 1300 from Shann, Australian Embassy, Jakarta. Dated 27 October 1965, received 28 October 1965. NAA: A1838/280, 3034/2/1/8 Part 1. ‘Indonesia – Political – Coup d’État of October 1965’.} was for both emergency assistance, and a large-scale, multilateral stabilisation program which would be needed to raise US$450 million.\footnote{Inward Cablegram number 1494 from Shann, Australian Embassy, Jakarta. Dated 16 December 1965, received 20 December 1965. NAA: A1838/280, 3034/2/1/8 Part 8. ‘Indonesia – Political – Coup d’État of October 1965’.} In terms of his request for emergency aid, Helmi claimed to have approached only the Australian, Japanese and American Embassies. However, for the latter he had also contacted the West German and Dutch Embassies.\footnote{Ibid.} Specifically, Helmi was requesting

\ldots as a matter of urgency, to make available to KOTI, as the central executive organisation of the Indonesian Government, and not directly to the Army,
foreign exchange in Hong Kong for the urgent purchasing of textiles and rice.\textsuperscript{497}

Whilst seeing sound arguments both for and against Australia granting such a request, Shann felt that political developments since the coup had moved in favour of the Army, and that granting such a request would not be likely to backfire on the Army in light of this. Shann noted:

The power of the Army as the real Government of this country becomes increasingly apparent, as does the likelihood that it will be blamed for inevitable economic hardships to come.\textsuperscript{498}

Thus, Shann saw the potential drawback of Canberra not responding favourably to such a request was less than the drawbacks of inaction. According to Shann, it would, '...cement our relations with the Army and indicate our sympathy for what they are trying to do.'\textsuperscript{499} On the issue of large-scale multilateral aid, Shann gave Helmi a most undiplomatic lecture on the failings of Indonesian foreign policy, raising the issue of Confrontation and past failed attempts by the West to assist Indonesia economically, most recently in 1963. Shann commented to Helmi that

...the [Indonesian] Army was not yet in a position to behave sensibly about Confrontation, and it was hardly expected that Australia would give large-scale assistance to a country publicly committed to destroying one of our allies.\textsuperscript{500}

In pointing out Indonesia's abusive treatment of its major donors, particularly the United States, and Jakarta's submission to PKI pressure to reject the economic rehabilitation plans drawn up by the IMF in 1963, Shann was overtly hostile to Helmi. He noted:

While it was certainly in accordance with the Indonesian character not to have such unpalatable facts [sic], it was time they woke up and realised that their own behaviour had created a situation where it was most unlikely that a

\textsuperscript{497} ibid.  
\textsuperscript{498} ibid.  
\textsuperscript{499} ibid.  
\textsuperscript{500} ibid.
representative group of countries would be willing now to rush to their assistance.\textsuperscript{501}

Helmi had made a similar approach at the United States embassy and was given a similar response, to the effect that Indonesia could not possibly expect any emergency or long-term aid commitments from the United States ‘while the present Indonesian attitude towards the United States persisted.’\textsuperscript{502}

Shann’s recommendations that a gift of 50 000 pounds be made was the subject of a memo to the Minister by Gordon Jockel on 6 January. Jockel recapitulated Shann’s views on the matter but demonstrated the continuation of a high degree of confusion and jockeying for position in the Indonesian Government between Suharto and Nasution, and the difficulty in locating legitimate sources of authority. The weekly political savingram dated 23 December noted:

One of the complications is that there seems to be a series of competing and overlapping [economic] plans, each put forward by competent people with probably no real attempt to coordinate them...This will take some time to sort out and may partly account for spasmodic way things are developing.\textsuperscript{503}

At around the same time as Shann’s cable of 20 December, Canberra received a cablegram from its mission in Washington DC. The cable stated that Nasution had instructed an aide to instruct the Japanese and American missions to, ‘...reject requests by persons approaching them in his name unless they are made directly by himself or the Sultan of Yogyakarta.’\textsuperscript{504} Jockel noted, ‘We cannot account for these

\textsuperscript{501} Ibid.
\textsuperscript{504} Ibid.
conflicting reports other than by suggesting that there may be differences of approach between Nasution and Soeharto. 505

It was understood by the Department at this stage, that the Army had not yet assumed complete responsibility for economic affairs, which remained principally the province of Chaerul Saleh, occasionally in opposition to the Army's wishes, and which was reflected in the various economic rehabilitation plans in Jakarta at the time. 506 On the issue of aid, Canberra closely consulted with its allies through their respective diplomats in Jakarta and elsewhere. Canberra was cautious and slightly negative about the prospects for consortium type aid, given such things as the continuation of Confrontation, the lack of a single clear authority in the country, the failure of past aid efforts in Indonesia, and the consequent absence of a clear Australian policy in this regard.

506 Ibid.

'Indonesia—Political—Coup d'Etat of October 1965'.
Chapter Six

Australian Information Activities Towards Indonesia Following the Attempted Coup

In the realm of information activities, Canberra successfully exploited its unique position and advantage in this realm due to its more favourable reputation in the region compared with that of the US or UK, and the high signal strength and popularity of its short-wave radio service, Radio Australia (RA). Relations between the Department of External Affairs and the ABC were at times severely tested on the issue of the reporting of the attempted coup in Indonesia and its aftermath in the period between 1965 and 1969. These tensions, predictably, grew out of interference in the ABC’s reporting of the Indonesian situation by the Department of External Affairs. In the period under examination, the Department of External Affairs continually attempted to influence Radio Australia’s reporting and commentary on Indonesia by the use of ‘guidance’ and threats to takeover the running of Radio Australia if it was not more amenable to the Department’s view. Efforts were also undertaken by the Department of External Affairs to influence the manner in which the press reported events in Indonesia. This served to highlight Australian foreign policy aims and objectives towards Indonesia and the primary importance Canberra placed on them.

Canberra went to great extents to ensure that reporting of the situation in Indonesia after the attempted coup reflected an Australian Government interpretation of the situation, and was used to influence Indonesian opinion in a manner favourable to Australian and Army interests. These activities were focussed on short-wave news and commentary broadcast into Indonesia by RA. Following the attempted coup, Canberra keenly exploited RA as a valuable instrumentality in disseminating both
Canberra's, and the Army's view and analysis of the domestic political situation in Indonesia. Australia was in a unique position to do this due to RA's massive listening audience in Indonesia, and the perception in Indonesia that it was not so blatantly an instrument of propaganda as other Western Government-controlled news agencies. Australia, both prior to and after the attempted coup, consulted and cooperated with its allies in the area of information activities with a view to undermining Sukarno's grip on power and the influence of the PKI and Communist China and played a pivotal role in Western propaganda activities in the region. This was set against the backdrop of ongoing conflict between the Department of External Affairs and the ABC, centring on the Department's attempts to assume control of RA's reporting and commentary, mostly on issues relating to Indonesia, and successful attempts to influence reporting of the Indonesian situation in the Australian press. An examination of the nature and scope of Australian information activities towards Indonesia sheds light on the degree of influence Canberra thought it could bring to bear on Indonesia through RA broadcasts and the high degree of importance Canberra placed on reporting sympathetic to Suharto and the Army in the post-coup period.

In the mid 1960s the perceived importance of RA to Australia's aims and objectives in Indonesia, and the worsening regional situation, was reflected in increases in programming in Indonesian and other Southeast Asian languages. The period under examination also saw serious efforts by the Department of External Affairs under Paul Hasluck to assume direct control over the running of RA from the ABC, a major reason for which was the issue of reporting and commentary about events in Indonesia.

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507 See 'Radio Australia: Programmes and Present and Projected Services', no date, no author. NAA: A4559/13, 251/15 Part 3. 'Jakarta – ABC (Includes Radio Australia, AB Control Board, etc)'.
RA's huge listening audience in Indonesia was undoubtedly considered a great asset to the Department, due to the high signal strength it enjoyed in Indonesia, better in many cases than that enjoyed by local Indonesian radio stations. It was also due to the widespread ownership of short-wave transistors amongst the Indonesian population, a lack of programmes of similar quality from Indonesian Government radio, RRI (Radio Republik Indonesia), and inadequate newspaper services, particularly in isolated and outlying areas of the archipelago, and the attractiveness and perceived objectivity of RA programmes. This high popularity and strong signal strength had been maintained and expanded upon at great cost to the Commonwealth Government in the mid 1960s, reflecting Canberra's assessment of the deteriorating situation in the region and highlighting the importance Canberra placed upon information activities in Indonesia.

To this end, in 1961 the Commonwealth Government decided to build a booster station for Radio Australia on the Cox Peninsula in the Northern Territory for the purpose of increasing RA's signal strength in the area to Australia's north, thereby enabling it to better compete with the short-wave radio services of Communist countries, the activity of which a 1963 Cabinet submission described as 'increasingly vigorous and extensive'. Intended for completion by 1968, the Department of External Affairs in February 1965 pressed for completion of the

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509 In 1963, Radio Australia was receiving 20,000 letters a month, two thirds of which originated in Indonesia. See Cabinet Submission number 751. 'Radio Australia Booster Station' by Garfield Barwick, 3 July 1963. NAA: A490/1, C1344. 'Radio Australia – Policy'.


511 'Radio Australia – Service to Indonesia', no date, no author. NAA: A1838/2, 3034/10/18/1.

512 'Indonesia – Relations with Australia – Indonesian Reactions to Radio Australia Commentaries'.

513 Note on Cabinet Submission 751 – Radio Australia Booster Station, Department of Prime Minister and Cabinet, 12 July 1963. NAA: A4940/1, C1344. 'Radio Australia – Policy'.

514 'Radio Australia Booster Station', Cabinet Submission number 751 by Garfield Barwick and C.W. Davidson, 3 July 1963. NAA: A4940/1, C1344. 'Radio Australia – Policy'.
project as soon as practicable due to growing instability in Southeast Asia. In a Cabinet Submission it was stated:

The Department of External Affairs considers that the increased gravity of the situation in Vietnam, the greater links between Indonesia and Communist China, the scale of military operations against Malaysia, including Indonesian landings in Malaya itself...are sufficient to warrant Cabinet consideration of the timing of the project.\(^{514}\)

In the mid 1960s the view of the importance of RA and the worsening regional situation was reflected in increases in programming in Indonesian and other Southeast Asian languages.\(^{515}\)

\(^{514}\) Cabinet Submission number 610, 'Project – Proposed Radio Australia Booster Station – Darwin (Cox Peninsula), Northern Territory', 12 February 1965. NAA: A4940/1, C1344. 'Radio Australia – Policy'.

\(^{515}\) See 'Radio Australia: Programmes and Present and Projected Services', no date, no author. NAA: A4359/13, 251/15 Part 3. 'Jakarta – ABC (Includes Radio Australia, AB Control Board, etc)'. 
6.1 Relations Between the ABC and The Department of External Affairs Over RA

The period under examination also saw serious efforts by the Department of External Affairs under Paul Hasluck to assume direct control over the running of RA from the ABC, a major reason for which was the issue of reporting and commentary about events in Indonesia.\textsuperscript{516} The crux of the conflict between the ABC and the Department were differing perceptions of the role of RA. The Department felt that it had a unique responsibility in the conduct of information activities. A 1961 Cabinet minute noted:

The Cabinet reaffirmed the responsibility of the Minister for External Affairs and the Department in providing effective guidance for the Australian Broadcasting Commission in respect of Radio Australia transmissions on all matters of concern to the Australian Government’s foreign policy, and in particular with regard to the objective of the Communist powers, and agreed that day to day liaison between the Department of External Affairs and Radio Australia be continued with this objective in mind.\textsuperscript{517}

More specifically, Hasluck viewed the role of RA not as an impartial public broadcaster such as the BBC so much as a method of disseminating an Australian view of events to the Indonesians in a manner that was not ‘blatantly propagandist.’\textsuperscript{518} Hasluck saw this, as well as its high signal strength, as the principal reason for its popularity.\textsuperscript{519} He viewed the success of such broadcasts not in terms of the numbers of people listening, nor the impartiality of the reportage, but in the degree to which the broadcasts communicated an Australian view of the political situation to Indonesians, and the degree to which the situation in Indonesia was influenced in

\textsuperscript{516} For a more thorough treatment of this see Hodge \textit{Radio Wars}, pp. 81-180.
\textsuperscript{517} Cabinet Minute, Melbourne, 22 June 1961, Decision number 1408, Submission number 1161 – Radio Australia Booster Station. By Sir John Bunting. NAA: A4940/1, C1344. ‘Radio Australia – Policy’.
\textsuperscript{518} Memo to the Secretary from Hasluck, 31 May 1965. NAA: A1838/2, 555/1/9/1 Part 1. ‘Australian Information Policy – Indonesia – Conference with United States’.
\textsuperscript{519} Memo for The Secretary, Department of External Affairs, Canberra from Hasluck, 13 May 1965. NAA: A1838/2, 555/1/9/1 Part 1. ‘Australian Information Policy – Indonesia – Conference with the United States’.
Australia's favour. A Departmental paper from the period under examination stated that the aim of RA was to give Indonesians

...a very different picture of events outside Indonesia from that given in the official organs of opinion and policy...without obviously giving the Indonesian Government grounds for saying that we are 'anti-Indonesian' or that our programmes are designed to give a distorted picture, to engage in dishonest propaganda or to subvert Indonesians from their rightful loyalties.\(^5\)\(^2\)\(^0\)

Moreover in Hasluck's view, the popularity of RA, for whatever reason, was only one side of the issue. The other side of the issue was the effect of broadcasts on its Indonesian audience. Hasluck stated that he believed that RA broadcasts '...must not only be heard, they must have an effect,'\(^5\)\(^2\)\(^1\) and that the aim

...is not to be impartial for the sake of impartiality but to have the appearance of impartiality so that the message we want to deliver will be delivered successfully.\(^5\)\(^2\)\(^2\)

This was exploited in 1964 when Canberra actively sought to coordinate its information activities with its allies. Growing regional instability acted as a catalyst for the first major efforts at coordination in this sphere in 1964 with the Four Power Conferences on Information Activities in Southeast Asia in Canberra, involving the United States, Australia, New Zealand and the United Kingdom. The meeting accepted Australian suggestions on the points on which the party's short wave broadcasts to the region should emphasise. These included the consensus that member countries were not working for the defeat or disintegration of Indonesia, that no western country posed a threat to the region, and that Western countries encouraged the nations of the region to come together in regional arrangements for mutual

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\(^5\)\(^2\)\(^0\) Paper on Radio Australia, circa 1965. No Author. NAA: A1838/2, 3034/10/18/1. 'Indonesia – Relations with Australia – Indonesian Reactions to Radio Australia Commentaries'.

\(^5\)\(^2\)\(^1\) Memo to The Secretary, Department of External Affairs, Canberra from Hasluck, 4 June 1965. NAA: A1838/2, 555/1/9/1 Part 1. 'Australian Information Policy – Indonesia – Conference with the United States'.

\(^5\)\(^2\)\(^2\) Ibid.
defence and economic and cultural cooperation. 523 This initiative continued for a few years, albeit with little in the way of concrete achievements. Nevertheless, the centrality of Australia in the initiative and the extent to which it revolved around Australia is noteworthy.

Greater bilateral collaboration between Canberra and Washington on information activities was initiated by the Department upon a suggestion by Shann in March 1965. The Americans were seeking from such liaison a way to use Australian broadcasting facilities to amplify the signal strength of the Voice of America (VoA) in Indonesia and ‘more concentrated presentation to Indonesian listeners of partisan Australian and United States viewpoints.’ 524 Shann was lukewarm in his support for the American proposals, arguing that to do so would damage the image of objectivity enjoyed by RA in Indonesia which was one of the reasons for its popularity. He stated:

Any programmes which were aggressively slanted in the way of some Voice of America or Radio Malaysia broadcasts could quickly destroy the image of objectivity which Radio Australia still managed to preserve. 525

It was difficult for Canberra to accede to American proposals for use of RA facilities by the VoA due to the limited capacity for such cooperation until the Cox Peninsula Booster station was completed. More easily accommodated were calls for an exchange of policy guidance on various issues in the region and exchanges of programming information. A submission to the Minister noted:

We are in a position to agree immediately to an exchange both in respect of South and Southeast Asia generally and in respect of Indonesia particularly.

523 ‘Notes for Discussions with US Officials on Information Activities in Indonesia’, no date, no author. NAA: A1838/2, 3034/10/18/1. ‘Indonesia – Relations with Australia – Indonesian Reactions to Radio Australia Commentaries’.
525 Ibid.
We could let the State department have the guidance notes we give to Radio Australia and we would welcome receiving ASIA’s ‘News Policy Notes’. 526

Discussions on this issue were held in Canberra, attended by representatives of Australian, British, New Zealand and American Governments. The Department’s delegation put forward a proposed agenda for a more comprehensive meeting on the subject to be held at a later date, emphasising that

...the aim was not to make Radio Australia and Voice of America seem too much like each other, but to see if it would be possible to develop greater coordination and communion between the two governments and organizations on broadcasting activities. 527

RA reports specifically targeted influential members of governing groups and political leaders in Indonesia. Philip Koch, the ABC’s correspondent in Jakarta at the time of the coup, in a confidential report to the General Manager of the ABC noted two main categories of listeners in Indonesia. He described the first as ‘a vast audience of listeners under 23 years of age seeking popular music and studying RA English lessons.’ 528 and the latter as ‘Cabinet ministers, the Foreign Office, senior officers of Armed Forces [and] upper bracket employees.’ 529 The Department of External Affairs in Canberra concurred with Koch’s assessment. 530

Highlighting the importance placed upon the successful conduct of information activities in Indonesia and the fact of this huge audience meant that as the political and economic situation deteriorated sharply after 1963, RA was encouraged by the Department to increase its Asian language services to the region, both in terms


527 Minutes of the meeting of the Four Power Committee on Cooperation in Information Policy on Southeast Asia and Oceania, Canberra, 1 July 1965. NAA: A1838/2, 3034/10/18. ‘Indonesia – Relations with Australia – Indonesian Reactions to Radio Australia Commentaries’.

528 Confidential Report to Mr Hamilton by Philip Koch, 14 July 1965. NAA: A1838/2, 3034/10/18/1. ‘Indonesia – Relations with Australia – Indonesian Reactions to Radio Australia Commentaries’.

529 Ibid.

530 See Outward Cablegram number 751 to Australian Embassy, Jakarta. Sent 23 July 1965. NAA: A6366/4, JA1965/04T. ‘Jakarta Cables Outward, Secret and Below, 22 April 1965 to 19 August 1965, numbers 0.11801 to 0.25727’.
of length and scope. Prior to the attempted coup, RA was broadcasting five hours each
day in Indonesian as well as twenty-three and a half hours in English each day to
Southeast Asia and the Southwest Pacific.\textsuperscript{531} It was proposed that services in the
Indonesian language be increased to sixteen and a half hours daily with more modest
increases in other Asian language broadcasting.\textsuperscript{532}

Canberra’s stated aims and objectives in its information activities were directed
towards a moderation of Indonesia’s foreign policies and worldview, and favourable
views of Australia as a friendly neighbour. In the Department’s view, RA’s aims were
to foster a better understanding, and respect for, Australia, to present an idea of
Australia as a friendly neighbour…possessing the will and capacity to defend
its interests and contribute to the stability and security of its area and to
persuade Indonesia that her national interests will best be realized by co-
operative membership of the international community.\textsuperscript{533}

\textsuperscript{531} Paper entitled ‘Radio Australia: Programmes, and Present and Projected Services’, no date, no
author. NAA: A4359/13, 251/15 Part 3. ‘Jakarta – ABC (includes Radio Australia, AB Control Board,
etc)’.
\textsuperscript{532} Ibid.
\textsuperscript{533} ‘Notes for discussion with US Officials on Information Activities in Indonesia’, no date, no author.
NAA: A1838/2, 3034/10/18/1. ‘Indonesia – Relations with Australia – Indonesian Reactions to Radio
Australia Commentaries’.
6.2 RA Coverage of the Attempted Coup

Following the coup Canberra continued to pursue these aims, albeit with a greater sense of urgency, and added on to it were more immediate political concerns of shoring up the Army’s position and undermining that of Peking, the PKI, Sukarno and Subandrio. Throughout this period, Shann regularly gave the Department advice on how the situation in Indonesia should be reported in such a way that it furthered Australia’s aims and objectives towards Indonesia. He also relayed to the Department requests from Indonesian Army representatives stating how they would like the political situation reported by RA. This was not a new development and Shann had been giving such advice to the Department for some time. It was envisaged that RA would need to take more advice from the Department as the situation deteriorated further. It was felt that

...as our relations with Indonesia become increasingly sensitive politically, Radio Australia probably needs to consult with and accept an increasing amount of political guidance from the Department. 534

On the same day that Canberra was made aware of the attempted coup, on the afternoon of 1 October, the Department of External Affairs, acting on advice from Shann in Jakarta, provided guidance to RA in reporting the Indonesian crisis. This is revealed in a departmental submission to the Minister on the handling of the Indonesian situation by RA. This submission and accompanying cablegrams reveal several interconnected ‘themes’ for reporting. These ‘themes’ included:

- An emphasis on evidence of involvement of Peking in the attempted coup.
- The non-involvement and non-interference of Australia in the defeat of the attempted coup by forces loyal to Suharto.

• The importance of reports implying irreparable damage to Sukarno’s position.

• The playing down of rumours of inter-service rivalry and divisions among other anti-communist elements.

• The avoidance of reporting of anything helpful to the PKI and Peking whilst playing up evidence implying their involvement in the coup attempt.

• Highlighting Subandrio’s links to the PKI in an attempt to discredit him.

The open and blatant taking of sides by Australia in the crisis could have alienated winning elements in the Army-PKI struggle (which at that stage was far from determined) with whom Australia would have been forced to establish a working and cordial relationship. In light of the paucity of reliable information available at the time, the risks attached to taking a more overt stand in support for the Army would have been high. Shann advised the Departmental Secretary to this end:

I assume you will be most careful to stress the essential internal nature of these events and our absolute non-acceptance of our involvement. To take, or even imply the taking of sides except with the greatest subtlety will hurt the people we want to help.535

In addition to alienating the future Indonesian leadership, Canberra did not want to give Moscow and Peking the opportunity to accuse Canberra of passive complicity in Suharto’s counter coup, which, if successfully accomplished, would have caused a rise in the political stocks of the PKI, Sukarno and Subandrio, at the expense of those of the Army and the West. Consequently, Canberra sought to use circumstantial evidence implying Chinese involvement in the coup to implicate it. This included the finding of weapons from China in crates labelled as equipment for the CONEFO

(Conference of the New Emerging Forces) building at the port of Tanjung Priok in Jakarta, and actions subsequent to the coup such as the failure of the Chinese Embassy in Jakarta to fly its flag at half mast in mourning for the slain Generals. This was the only course available from a strategic and practical point of view at the time as only circumstantial evidence existed linking the Chinese to the attempted coup. Moreover, use of such evidence allowed Canberra room for ‘clarification’ should Peking, Sukarno or the PKI take umbrage at such implied and indirect accusations. To this end, Shann recommended to Radio Australia via the Department, ‘...you might well mention that there have been suggestions of Chinese involvement in newspapers here.’

This was further reflected in a memo for the Minister by D.O. Hay, a First Assistant Secretary, which recommended that

well-sourced reports of evidence of the association of Communist China in the movement or criticism of China by the Indonesian Government and Army should be disseminated.

On the fate of Sukarno, Shann initially cautioned against filing reports suggesting or implying Sukarno was losing his grip on power. However, within a few days Shann qualified this, urging RA to play up rumours of his role in the attempted coup and circumstantial evidence indicating such involvement whilst playing down the possibility of Sukarno regaining his former role of pre-eminence in Indonesian politics. Reports were to be cautiously worded so as not to imply his immediate removal from the political scene as at this early stage events had not played themselves out or unfolded enough in the Army’s favour to warrant reports which could alienate leftist elements in Indonesia. Shann asked:

Could I suggest that Radio Australia play down the idea of re-imposition of Sukarno’s control? Army control, yes, but control of civilian government, no.

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536 Ibid.
Hay urged that RA not report anything likely to imply a resumption of power by Sukarno in the future. He said:

Events should not be presented as revolving around President Sukarno or as suggesting that the President was restoring his position and the status quo ante (even Army statements should be watched for this slant).\textsuperscript{539}

Also of concern to Canberra were rumours of hostility and rivalry among the various services and within the Army. There were indeed very serious inter and intra service rivalries both prior to and following the attempted coup. The most salient of these divisions were between the Army and the Air Force, the Army and the Marines (KKO), and within the Army itself, divisions between the Cakrabirawa Palace Guard (eventually disbanded by Suharto in 1966 due to its role in the GESTAPU movement and its overwhelming loyalty to Sukarno)\textsuperscript{540} and other Army units, particularly the KOSTRAD (\textit{Komando Tjadangan Strategis Angkatan Darat} – Army Strategic Reserve) commanded by Suharto and the RPKAD Paracommandos under Sarwo Edhie.\textsuperscript{541} Realising the propaganda fillip this could give to the Sukarno/ PKI camp, it was urged that these very real tensions be played down, as was any evidence of sectarian conflict in the anti-communist campaign. Shann emphasised that ‘there is some inter-service jealousy in Indonesia. We should encourage the idea that the armed forces are engaged in the present anti-communist drive.’\textsuperscript{542} On 2 December, Shann added that

the Army is anxiously promoting Armed Forces unity at present; anti-PKI action could best be presented as being undertaken by the Armed Forces

\textsuperscript{538} Inward Cablegram number 1182 from Shann, Australian Embassy, Jakarta. Dated and received 7 October 1965. NAA: A1838/273, 570/7/9 Part 3. ‘Radio Australia – Posts – Relations with Indonesia’.


\textsuperscript{540} Crouch \textit{The Army and Politics in Indonesia}, p. 200.

\textsuperscript{541} This can be seen in the events of 11 March in which according to Crouch there was a real possibility that fighting would break out in Bogor between the RPKAD and the Cakrabirawa. See Crouch \textit{The Army and Politics in Indonesia}, p. 190.

(rather than just the Army) together with political parties and other civilian organisations. Anything which shows the Army working together with non-Communist political parties in a limited front against PKI would be useful.\textsuperscript{543}

Shann also recommended that RA de-emphasise reporting of statements by Malaysian and Singaporean leaders likely to inflame Indonesians with statements critical of Sukarno, his policy of Confrontation and statements supportive of the presence of British and Commonwealth forces in Malaysia and Singapore. Differences between the Malaysian and Singapore Governments (the latter having seceded from the Malaysian Federation under acrimonious circumstances on 7 August 1965) were to be similarly downplayed and papered over in broadcasts.\textsuperscript{544} Shann was critical of RA’s reporting of the political situation in Indonesia including quotes from Tunku Abdul Rahman, Prime Minister of Malaysia, who, due to his position as Prime Minister of what Sukarno felt was a puppet state of the British, was a figure of scorn and derision in Indonesia. The report in question centred on the Tunku being quoted by RA as saying that Sukarno should ‘wake up and rid himself of the PKI’. Shann commented:

I do not want to go on banging at Radio Australia, but it must be apparent to anyone that quoting the Tunku to Indonesia at the moment might be counter-productive...let’s ignore the Tunku, just as, for different reasons, we should ignore Sukarno.\textsuperscript{545}

In a similar vein, Shann commented:

Radio Australia should avoid quoting the Tunku who is widely disliked in Indonesia and whose statements in support of the Army are likely to be counter-productive.\textsuperscript{546}

\textsuperscript{543} Memorandum number 1569 from Shann, Australian Embassy, Jakarta, to The Secretary, 2 December 1965. NAA: A1838/273, 570/7/9 Part 3. ‘Radio Australia – Posts – Relations with Indonesia’.

\textsuperscript{544} \textit{Ibid.}


The separation of Singapore from Malaysia also constituted an opening for Sukarno and the PKI in their propaganda campaign as it could be presented as being illustrative of the artificiality of the whole concept of the Malaysian Federation and evidence of racial disharmony evident in the secession of Singapore from the Federation as a method of ‘divide and rule’. This posed a challenge to Canberra and the Army following the coup attempt, one that was to be met with an emphasis on instances of cooperation between Malaysia and Singapore where possible.\textsuperscript{547} Furthermore, RA was instructed to refrain from attributing its sources to Singaporean and Malaysian sources.

On 19 October Shann again cabled the Department suggesting RA bend its efforts to ‘doing what could be done to create divisions between Jakarta and Peking.’\textsuperscript{548} He also cautioned RA to be careful not to attribute its sources to Singapore or Malaysia at such an early stage, and to ‘refrain from comment in reporting events in order not to make the Army task more difficult.’\textsuperscript{549}

In early November 1965, Shann was approached in Jakarta by the information section of the Army concerned at how they were being portrayed by RA. He noted:

...I had tonight an indirect approach from the Army to the effect that we should not concentrate on them so much. It was relayed from a Colonel in SAB Information Service.\textsuperscript{550}

The Army made known to Shann that they didn’t want to be portrayed as acting alone against the PKI and that they had wide support for their anti-communist cause throughout the community. The Army requested RA mention the presence of youth

\textsuperscript{547} Memorandum number 1569 from Shann, Australian Embassy, Jakarta, to The Secretary, 2 December 1965. NAA: A1838/273, 570/7/9 Part 3. ‘Radio Australia – Posts – Relations with Indonesia’.


\textsuperscript{549} Ibid.

groups in anti-PKI actions, especially the participation of both Christian and Muslim groups. The Army also resented RA positing the Army as ‘rightist’, recommending that RA, ‘never suggest that the Army or anyone else is pro-Western or rightist.’\textsuperscript{551}

Another issue that Shann and the Department wanted dealt with sensitively by RA was the position of Subandrio. It has already been discussed that Shann suspected from the outset that Subandrio had some involvement or foreknowledge of the events of 30 September/1 October. He was close to Sukarno and the PKI, although not a member of the latter, with many considering him the heir apparent to Sukarno.\textsuperscript{552} The Army requested that RA play up Subandrio’s closeness to the PKI and indirectly link him with the failed plot of 30 September. Shann recommended: ‘Try to spike Subandrio’s guns at every turn, especially on the Singapore issue.’\textsuperscript{553} In conclusion, Shann stated, ‘I can live with most of this, even if we have to be a bit dishonest for a while.’\textsuperscript{554} By late October, RA appears to have taken on board criticisms by Shann, who, in a memo to Gordon Jockel, expressed his satisfaction on a commentary on the Indonesian situation by RA.\textsuperscript{555}

\textsuperscript{551} Ibid.
\textsuperscript{552} Michael Van Langenberg ‘Dr Subandrio – An Assessment’, Australian Quarterly, December 1966, pp. 74-75.
\textsuperscript{553} Ibid.
\textsuperscript{554} Ibid.
6.3 Department of External Affairs Efforts to Influence Reporting of Events in Indonesia in the Australian Press

Attempts by the Department of External Affairs to control and influence Indonesian reporting and commentary were not restricted to RA and the ABC. On at least three occasions the Department sought to influence through various means the reporting and commentary of Indonesia by the Australian press. The difficulty for the Department in this regard was that the Indonesian Government would often appear to hold the Australian Government responsible for articles and editorials appearing in major metropolitan Australian newspapers which the Indonesians found offensive, or that indicated a desire that Canberra make efforts by representations to media outlets to obtain more sympathetic treatment of the Indonesian Government in the mainstream press.

The first such case occurred in late 1965, soon after the attempted coup. This initiative came in response to a complaint made to the Department by R.A. Kosasih, the Indonesian Ambassador to Australia, who complained that reports appearing in The Sydney Morning Herald and The Daily Telegraph were overly critical of Sukarno. In particular, Kosasih took exception to the implication in the articles that Sukarno had foreknowledge of the coup attempt and murders of the six Generals. In response to this, the Department sent its Public Information Officer, Richard Woolcott, to visit the editors of both The Sydney Morning Herald and The Telegraph, during which Woolcott

...suggested to them that they might be guarded in discrediting Sukarno through associating him with the Untung movement or writing him off as a political force. I said that I did not think there was sufficient evidence at this stage [Tuesday 5th] to justify unequivocal statements to this effect or to suggest
he had been saved from a pro-communist coup and had re-established his authority.\textsuperscript{556}

The editors subsequently took Woolcott's advice, with the \textit{Sydney Morning Herald} in particular receiving praise from Woolcott for its generosity on Sukarno. This was an unprecedented exercise by the Department, with Woolcott commenting:

> It is of some interest and it could be of value to us in future situations when we might wish to take initiatives, that we are now in position to influence directly the content of leaders in practically all major metropolitan newspapers.\textsuperscript{557}

The second instance of the Department's attempts to influence the press occurred in April 1968 when \textit{The Bulletin} magazine published an article entitled 'What Malik Said' that reported comments made by Indonesian Foreign Affairs Minister Adam Malik to a press conference in Sydney as part of an official visit to Australia. Les Love of the ABC asked Malik whether he envisaged a future bilateral security treaty with Australia. Malik, answering through a Third Secretary from the Indonesian Embassy, quoted Malik as saying, 'Yes, at this stage we are thinking of it.'\textsuperscript{558} This reply created what Peter Samuel described as 'an astonishing exercise by the Department of External Affairs', as journalists who were present at the press conference were phoned, '…and attempts made to persuade them that Mr Malik had not said what all their notebooks and memories recorded.'\textsuperscript{559}

Plimsoll responded angrily to this in a letter to Donald Horne, editor of \textit{The Bulletin}, in which he denied any knowledge of Departmental officers chasing up journalists by telephone after Malik's press conference. Plimsoll claimed that Malik was misinterpreted as a result of a combination of Malik misunderstanding the

\textsuperscript{556} Memorandum number 661 from R.A. Woolcott, Public Information Officer, Department of External Affairs to Acting Secretary Sir Lawrence McIntyre. No date. NAA: A1838/280, 3034/2/1/8 Part 1. 'Indonesia – Political – Coup d'Etat of October 1965'.
\textsuperscript{557} \textit{Ibid}.
\textsuperscript{558} Peter Samuel 'What Malik Said', \textit{The Bulletin}, 27 April 1967, p. 22.
\textsuperscript{559} \textit{Ibid}.
question and an inadequate translation of his replies. However, as Horne pointed out, journalists checked the accuracy of the translation with the Indonesian Embassy and were told by the embassy that the translation was correct. The following day at an ECAFE (Economic Commission for Asia and the Far East) conference Malik told reporters he had made a mistake. He said he had been talking about aid and was quoted as saying that, ‘we are only talking about a trade and aid agreement and about an agricultural agreement at present.’ This irritated the Department. A note sent by P.N. Hutton to the Secretary, Sir James Plimsoll, revealed the depth of the Department’s annoyance at Samuel and other journalists. Hutton criticised the methods by which Samuel obtained information (eg phoning relatively junior officers of the Department and asking them to comment on the working habits of the Minister). He did not accuse Samuel of lying or inaccuracy in reporting but did accuse him of writing what he considered was ‘damaging to the Department’ and of ‘showing disregard for Departmental susceptibilities.’

In 1969 the Australian journal, Quadrant, published a special issue on Indonesia. It featured articles by leading Indonesian intellectuals such as Arief Budiman, Pramudya Ananta Toer (who was imprisoned on Buru Island, near Irian Jaya, where he was being held for belonging to LEKRA, the Communist affiliated organisation for writers and artists), and Sujatmoko. The articles covered a wide range of issues in Indonesian history and social and political life. The Australian Embassy in Jakarta

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561 Peter Samuel ‘What Malik Said’.
562 ibid.
563 Note from PN Hutton, Public Information Officer, Department of External Affairs to Sir James Plimsoll, 24 April 1968. NAA: A1838/280, 3034/10/15 Part 1. ‘Indonesia – Political – Relations with Australia – Visit of Foreign Minister Malik to Australia’.
564 Pramudya admitted to being a member of Lekra but denied being a communist. May recorded him as saying in a 1969 interview on Buru Island, ‘I am what I am...I have no clear political ideas. I have no political education. I am a humanist. I was a member of Lekra, but that is not a communist organization...’ See May The Indonesian Tragedy, p. 34.
realised it would cause difficulties with the Suharto Government if it were distributed from the Embassy. It had until then been the practice of the embassy to distribute *Quadrant*. This difficulty was revealed in a Cablegram from Gordon Jockel, the Australian Ambassador to Indonesia, to External Affairs in Canberra in which Jockel criticised the publication of the issue and argued against its distribution by the Embassy. It was Jockel’s view that,

This could be taken as a very poor compliment to the Soeharto Government and would reduce value of the publication in the official world here as demonstrating to the Indonesians the serious academic interest in Australia in Indonesia.\(^{565}\)

Jockel recommended that this particular issue could have been made more ‘acceptable’ if the editor/s had offered some positive recognition in the foreword to Suharto and his Government. He argued that

...the balance could be found by paying adequate recognition to the role and personality of President Soeharto and to the nature of his Government in the forward which is no doubt being written for the publication.\(^{566}\)

The persistent efforts to influence and/or control reporting by RA raised two important questions. These were: To what degree did the Government have the right to compel its own broadcaster to propagate official views to a massive listening audience in a country of paramount interest to Australia including that country’s governing elites?;\(^{567}\) and: To what degree did this improve Indonesian-Australian relations? Nevertheless it is possible to assess the importance Canberra placed on ‘sympathetic’ reporting of Indonesia by both the public and private media. The former, because of its exposure to misconceptions among some in the Indonesian elites that RA reporting necessarily reflected the views of the Commonwealth

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\(^{565}\) Cablegram number 2479 from Jockel to External Affairs, Canberra. Dated and received 22 September 1969. NAA: A1838/280, 3034/10/1 Part 32. ‘Indonesia – Political – Relations with Australia’.

\(^{566}\) *Ibid.*

\(^{567}\) Hodge *Radio Wars*, p. 252.
Government, the latter due to a lack of appreciation in Indonesia of the freedom of the press in Australia, and the degree to which reporting in the private media reflected widely-held views in the Australian community.

The offering of such 'guidance' to RA and the private press clearly demonstrated the overriding importance of relations with Indonesia, indicated by the extent to which the Department ensured broadcasting of events was in a manner sensitive to the political needs and sensitivities of the Army and Australian Government. The benefits of this approach to information activities was that Suharto and the Army placed great value on RA broadcasts, over and above other foreign new services. Indicative of the esteem in which RA was held by the Army was Suharto's instruction to senior Army officers that they listen to RA’s daily news bulletins. This was doubtless seen as a major vindication of the Department’s efforts in this regard and an indication of the degree of intimacy and influence which the Department was able to build up with the Army under Suharto in this early period.

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568 Ibid., p. 89.
Part C

Chapter Seven

Aims and Objectives of Australian Foreign Aid Policy

And Early Soundings for a Multilateral Consortium

Canberra gave concrete expression to its support for Suharto through its bilateral and multilateral efforts to rehabilitate the Indonesian economy. An examination of economic assistance to the New Order underlines the overwhelming importance Canberra placed on stability in Indonesia and its strategic value. The amounts given by Australia, and the fact that Indonesia became the recipient of the largest single share of Australian aid, reflected the increasing dominance of geo-strategic concerns in Australian aid giving, and a greater focus on South and Southeast Asia.\(^{569}\) The period was characterised by a phenomenal rise in the amount of Australian aid to Indonesia, and the employment of what were innovative and unprecedented means for the delivery of such aid. Also noteworthy was the prominence of a small pool of senior Departmental officers, headed by Keith Shann in aid thinking and administration, who consistently advocated and played a large part in greater Australian aid to Indonesia.\(^{570}\)

Australia’s efforts in this regard were conducted both bilaterally and multilaterally. In the bilateral realm, Canberra provided the Army with emergency assistance in the months following the attempted coup, mostly in the form of foodstuffs. It also did all in its power to encourage generosity to Jakarta on the part of

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\(^{569}\) On 18 August 1965 Hasluck stated in Parliament, ‘While maintaining the essential priority of Papua-New Guinea, the government will aim at intensifying the concentration of our aid on South and Southeast Asia.’ See CPD, HR, p. 192.

its creditors in granting aid and debt relief. Paradoxically, Canberra sought to do this whilst reluctant to make firm commitments to Indonesia in this regard, reflecting tensions between the Departments of External Affairs and the Treasury over pledges of large and open-ended financial assistance to Indonesia, and undermining Australia’s rhetoric in this area. Australia’s profile in multilateral efforts to assist Indonesia was particularly high considering the fact that it was not a creditor of Indonesia but it was acknowledged by Indonesia’s major creditors that Australia’s strategic interest in a stable Indonesia entitled Canberra a voice in multilateral forums which it used to encourage generosity among creditors and boost the morale of the Indonesians, a view which was acknowledged by Australia’s major allies. However, the goodwill and influence Canberra was able to build up with Jakarta through the amount and method of delivery of its aid served to further enmesh Canberra into a very high degree of uncritical support for the New Order regime.

Prior to the attempted coup, Australian aid to Indonesia was almost entirely bilateral, and channelled through the Colombo Plan. This gave Australia greater leverage than would otherwise have been the case if its aid had been mixed in with those of much larger, wealthier developed nations in any multilateral aid effort. Almost all of this bilateral aid was in grant form. This was designed to give Australia’s comparatively small amounts of aid relative to that of most other Western donor nations greater impact, as this form of aid had greater overall value than that of nations whose aid was in the form of interest bearing loans.571 As Eldridge demonstrated:

Clear economic advantages accrue to Indonesia from the fact that Australia supplies aid in grant form. Despite the very low proportion of Australian aid

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relative to total aid, the relief which it offers from the overall foreign debt burden [of Indonesia]...gives it a higher actual value.\textsuperscript{572}

Canberra’s aid giving was dominated by geography, with the vast bulk of Australian aid going to Southeast Asia, particularly Indonesia and TPNG,\textsuperscript{573} and to a lesser extent to the Southwest Pacific, which, as Clunies-Ross pointed out, was no accident.

Writing of Australian aid in 1971 he noted that

Australia’s aid...has the superficial appearance of being motivated to an unusual degree by geography. Something like an inverse square or cube law might fit. If the magnitude of aid is directly related in some small way to the size of the recipient nations’ population, it seems to be inversely related in a high power to the distance between the recipient nation and Australia.\textsuperscript{574}

Australia had traditionally shied away from multilateral aid consortia, having an aversion to forward commitments of aid which they require.\textsuperscript{575} From a political point of view, Australia’s leverage or ‘clout’ in multilateral aid groupings would have been minimised due to the limited amount of aid Canberra would be able to provide relative to nations such as the United States, Great Britain and Japan, nations that could provide amounts of aid dwarfing that given by Australia. Taylor, writing in 1965, pointed out that even if Australia’s foreign aid was set at 1 percent of GDP, corresponding to A£ 70 000 000, this would have still represented less than 2 percent of all Western aid to developing countries.\textsuperscript{576}

A third characteristic of Australia’s aid worth noting was the purpose it was intended to serve. Officially, Australia claimed the purpose of its aid was based on what Wilkinson described as an ‘...altruistic concern for the welfare of people in

\textsuperscript{572} Philip Eldridge ‘Australian Aid to Indonesia: Diplomacy or Development’? \textit{Australian Outlook}, vol. 25, no. 2, August 1971, p. 147.
\textsuperscript{573} As they were Australian territories, aid to TPNG did not technically constitute foreign aid.
\textsuperscript{574} Clunies-Ross ‘Foreign Aid’, pp. 160-161.
\textsuperscript{576} \textit{Ibid.}, p. 130.
economically backward, poor countries. This was, to a certain extent, indeed true, but it was only a partial truth as the aforementioned concentration of Australian aid resources in the area to Australia’s north demonstrated. Wilkinson noted that Australian aid had been determined by a mixture of diplomatic, strategic and, to a lesser extent, ideological considerations, although geo-strategic considerations were paramount. Drawing on Wolf’s theory of a hierarchy of objectives for foreign aid, more precise motivations for Australian aid giving can be deduced which highlight the logic employed by nation-states in deciding the amounts and methods of disbursement of their foreign aid, and how this can be applied to Australia in the period under consideration. This clearly illustrates the primacy of geo-strategic concerns in Australian aid. This can be established by locating the Government’s ‘higher level objectives’ that become evident every time one asks ‘why’? In this way a hierarchy of objectives of Australian foreign aid can be established, with the highest objective being that of national well-being through the provision of security. As Wolf shows, and Wilkinson bears out in the case of Australia, to arrange aid to a particular country it is first necessary to:

a) Obtain budgetary allocation, in order to enable,
b) Provision of foreign aid, in order to promote
c) Recipient’s political stability, in order to gain
d) Australia’s strategic advantage, in order to advance
e) Australia’s security, in order to facilitate
f) Australia’s well being.

This demonstrates the preponderance of geo-strategic interests which were ultimately behind Australia’s foreign aid philosophy and practice.

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577 Wilkinson The Politics of Australian Foreign Aid Policy, p. 8n.
578 Ibid., p. 8k.
580 Ibid., pp. 81-8m
A year prior to the organisation of multilateral efforts to assist Indonesia and increases in Australian bilateral aid, an interdepartmental review of Australian external aid had been completed and was submitted in March 1965. The committee's findings reaffirmed existing Departmental practice and rendered unnecessary a reorientation of aid priorities or policy, although in it can be discerned some justification for the further concentration of aid in the region to Australia's north and the primacy of security over altruistic concerns in its aid programme. The review noted:

The concentration of Australian bilateral external aid on Malaysia, Thailand, South Vietnam, India, Pakistan and later Indonesia was not justified in terms of the particular developmental needs of those countries. It was acknowledged that they received the major share of Australian foreign aid because they were of greatest political and strategic importance to Australia.582

According to Wilkinson, in the economic assistance realm in the period 1965-72, certain major policy shifts in Australian aid policy are discernible. These included the playing up by the Government of altruistic concerns at a time when aid was being more sharply focussed with a view to strategic concerns, increasing acknowledgment of the short and long-term implications of Australian aid giving on Australia's prosperity, and aid being used more and more as a means for creating a favourable climate in which to conduct foreign relations.583 The period is characterised by a high degree of enthusiasm by Canberra in multilateral assistance to Indonesia in both the raising of aid and the rescheduling of Indonesian debts, and consultation and cooperation between Canberra and other Western capitals.

The changes in both the amount of aid given to Indonesia in the period under examination and the innovative methods of its disbursement were largely the work of Keith Shann and other professional and experienced Departmental officers such as

Hasluck himself, L.W. Engledow,\textsuperscript{584} P.J. Flood\textsuperscript{585} and the Departmental Secretary Sir James Plimsoll. Following his recall from Jakarta, Shann took up the position of first Assistant Secretary, Division Three (including responsibility for economic and technical assistance) and set about re-organising the administration of foreign aid, making it more specialised and professionalised, and these changes took effect during late 1965 and 1966. Assisting Shann were Engledow, Assistant Secretary in the External Aid Branch, who developed with Shann the idea of long-term aid planning for aid projects, superseding the practice of initiating aid projects at overseas missions on an \textit{ad hoc} basis and adding weight to the case put by the Department in desiring a significant rise in aid to Indonesia in 1967.\textsuperscript{586} Flood attended all the meetings of the IGGI between 1966 and 1969, and, like Shann, was a key personality in Australia's participation in the IGGI. These officers collectively possessed an intricate knowledge of Indonesia, aid administration and a disposition favourable to assisting Indonesia. The largely successful Australian aid effort in the period under examination is by and large their work.

\textsuperscript{585} \textit{Ibid.}, p. 317.
\textsuperscript{586} Wilkinson \textit{The Politics of Australian Foreign Aid Policy}, p. 243.
7.1 Early Soundings on the Establishment of a Multilateral Aid Consortium for Indonesia

In the early stages after the coup there were soundings by the Japanese of the West on possible multilateral aid to Indonesia. This was done on behalf of the United States who were cautious to maintain a low profile and not be seen as leading efforts to rehabilitate Indonesia under Suharto, thereby fuelling Sukarno and the PKI’s propaganda efforts, by seeming to interfere in the internal affairs of Indonesia. The Japanese first sounded out Australian attitudes to a possible multilateral effort to rehabilitate Indonesia’s economy as early as late October 1965 when Shann reported to External Affairs a conversation he had with the Japanese Ambassador to Indonesia, Suizuo Saito. Saito saw the problem of economic rehabilitation for Indonesia as two separate but related problems. The first was providing emergency supplies and the second, economic stabilisation over a longer period of time. The reasons for Saito’s view were strategic. In this initial phase, Western nations could not offer substantial economic aid to Indonesia, as they were still unsure as to what or who would emerge from the crisis resulting from the attempted coup. It was unclear exactly which individuals or groups wielded power in Indonesia. Any aid given could be misconstrued by left wing groups in Indonesia and possibly impact adversely on what Western countries hoped would be a transition to power to a more pro-Western regime. In any case, the crushing blow to the Army’s political stocks that could result from economic collapse was to be avoided at all costs. Shann recorded:

Saito feels that towards the end of the year the economic situation will become appreciably worse, and that unless something is done, the Army will get the blame for this. He feels it is in the interests of all of us to avoid this.\textsuperscript{587}

\textsuperscript{587} Inward Cablegram number 1300 from Shann, Australian Embassy, Jakarta. Dated 27 October 1965, received 28 October 1965. NAA: A1838/280, 3034/2/18 Part 4. 'Indonesia – Political – Coup d'Etat of October 1965'.
Shann was in total accord with Saito’s view, remarking, ‘I did nothing to discourage Saito as I think a lot of what he says makes pretty good sense.”

Saito sounded out Shann on the possibility of establishing a multilateral organisation for raising and distributing aid to Indonesia’s debts and reschedule its crippling debt. Thus, there was a sense of some urgency even at this early stage to assemble donor countries to head off this eventuality. In a meeting with Saito in Jakarta in November 1965, Shann recorded:

Saito feels, however, that we should know what others are thinking and perhaps doing about the Indonesian economy and he envisages some contact being made between the United States, Japan, Australia, Germany, France, Italy and the United Kingdom.

Conscious of the anti-American political climate stirred up by Sukarno, and the latter’s announcement that the United States could ‘go to hell’ with their aid to Indonesia, Washington saw the need to maintain a low profile and work through Japanese auspices. Mahajani noted:

The United States preferred to play a backstage role in the still sensitive and seething Indonesia and chose Japan as a suitable executant of its aid diplomacy.

This is further illustrated in a cablegram from the Australian Embassy in Washington the following month which contains a record of a conversation Keith Waller had with Goodspeed of the Indonesia desk at the State Department. Goodspeed told Australian Embassy personnel that

what the State Department really had in mind was a type of consortium aid program in which the Japanese did most of the work and the United States signed most of the cheques.

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588 Ibid.
589 Ibid.
Through a mixture of American and Japanese pressure, Army leaders were made to understand that appreciable aid to Indonesia would only be forthcoming through a consortium. Politically, this benefited the creditors, as the Army would be in a weaker position than it otherwise would have been if it were to negotiate with its creditors for aid and debt relief on a bilateral basis. Compelling the Army to approach the creditors as a group maximised the latter’s bargaining power, correspondingly diminishing that of the Army. Moreover, such a stipulation encouraged the Army to seize power from Sukarno sooner rather than later as the full implementation of an aid and debt rescheduling regime depended on the confidence of Western creditors in Indonesian stability. A multilateral approach was also in accord with American foreign aid policy, which, since 1960, had been promoting ‘multilateralism’ in Western aid. Washington believed such an approach would avoid an unreasonable aid burden on the United States, attune Western aid programmes more to Washington’s own objectives, keep a watchful eye over Western aid to Indonesia, and co-ordinate Western aid to Indonesia.\footnote{Mahajani ‘Indonesia’s New Order and the Diplomacy of Aid’, p. 221.} Ironically, on multilateral aid, Washington and Canberra’s aid policies were diametrically opposed, the former favouring a multilateral approach and the latter a bilateral approach. Washington favoured a multilateral approach for the same reason that Australia favoured the opposite – to augment their own leverage and bargaining power \textit{vis à vis} Indonesia.

Simultaneously, Canberra received assurances from the British Government that the latter would be in favour of Japanese initiatives in the short term and for the same reasons of political expedience which led the State Department to use Tokyo to sound out Western nations for the possible establishment of an aid consortium. Allan Eastman, the Senior External Affairs representative in London, recorded Stanley, of
the Malaysia-Indonesia Department of the Foreign and Commonwealth Office in London as emphasising that

they [the Japanese] were better placed than others to risk burning their fingers and their proposal could be a useful pilot project. Djakarta’s reaction to it as to method and level of approach used by Japanese could be a useful guide to us in our consideration of other possible moves.\(^{593}\)

Top Australian diplomats in key posts agreed that aid, even at this early stage, should be channelled to elements in the Armed Forces sympathetic to the West for political reasons and because the Army was the only organisation capable of distributing large amounts of aid. To this effect, Eastman believed Canberra should

...take a positive view about selected American or other aid channelled into the TNI. By keeping it on an ad hoc basis and item by item the element of the conditional can be kept to the foreground.\(^{594}\)

Early Australian diplomatic views on the establishment of a Japanese-led aid consortium for Indonesia were lukewarm to pessimistic to begin with, due to Australia’s already mentioned aversion to multilateral consortia, an appreciation of the impracticality involved in assembling Indonesia’s creditors and the possible adverse impact on the Army’s political position that could be caused by the central role of Washington in this process. This is reflected in a Submission for the Minister for External Affairs by Alan Renouf, who was partially concerned for the impact such an initiative could have on the domestic position of the Army if the role played by Washington could not be kept hidden. Renouf commented on the proposed consortium, stating that

the idea [of a multilateral aid consortium] has a superficial attraction but it would be difficult to organise and improbable that the United States’ part could be kept hidden.\(^{595}\)


\(^{594}\) Ibid.

He also noted: ‘We have to avoid any initiatives which might affect the Army’s political position unfavourably.’

Renouf was doubtful about British and American attitudes towards a consortium, pointing out London’s stated intention to do nothing in response to soundings by Tokyo and suspicion in Washington as to Tokyo’s motives. In light of this, he proposed a course for Australia midway between complete endorsement of Tokyo’s ‘wait and see’ approach or to encourage them further in their proposals. The best course, according to Renouf, would be one of moderation, neither leaping out in front of the creditors in pushing for a consortium, nor drawing back from support for one. Renouf felt the best course for Australia would

...be something in the middle of these alternatives, namely, to express to the Japanese our interest in their intentions and a wish to be kept informed as their thinking develops.

The failure or inability of the Army to seize sufficient power to demonstrate a reversal of the Indonesian Government’s stated views on aid was a further brake on even pilot aid projects to Indonesia in the form of basic foodstuffs which Canberra at this stage was already considering sending as emergency humanitarian assistance. These were initially prompted by natural disasters in Java but it was considered that such gifts of mainly foodstuffs would be useful pilot projects in which to observe the Army’s proficiency in distributing such aid effectively.

Also preventing Australian and other Western aid to Indonesia was the continuation of Confrontation, as the United Kingdom, Australia, and other Western nations could not in good conscience be asked to mount a major campaign to raise aid for Indonesia whilst that country was involved in hostilities with its neighbours. The

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596 Ibid.
597 Ibid.
598 Ibid.
Department noted that although Indonesian raids had mostly subsided by mid 1966, as long as Indonesia maintained a formal position of Confrontation of Malaysia, large-scale aid could not be forthcoming. The paper stated that,

Western countries could not undertake a substantial aid programme while Confrontation continued...Indonesian military activity – being stalemated – has been minimal for some months. Unless its internal position becomes desperate, it is hard to see the Army committing resources to Confrontation while it is struggling for internal stability.\(^599\)

The debate on the possibility of coordinating aid to Indonesia was timely as official approaches were made to Western embassies in Jakarta by officials of the Indonesian Government requesting aid. They were to some degree motivated by an attempt by Indonesian Foreign Minister Subandrio to salvage his position and influence in a political environment increasingly dominated by the Army. This can be seen in conversations Shann and others had with Subandrio in December 1965 and January 1966. In a consultation with Peter Hastings of the ABC on 15 December 1965, Subandrio implied that the PKI were not responsible for the coup attempt by remarking, ‘In one year, 18 months, they [the PKI] would have taken over peacefully.’\(^600\) In an attempt to gain Australian sympathy, Subandrio told Hastings, ‘You will never admit that I never permitted any demonstrations against Australia. Never. Even when the pressure was on.’\(^601\) In his recollections of a discussion with Subandrio on the 4 January, Shann noted:

He showed great pride in the remarks which he has recently been making about Australia which eliminate us from the ranks of imperialists and colonialists.\(^602\)

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\(^599\) *Ibid.*


\(^601\) *Ibid.*

Subandrio also mentioned that the time was now ripe for a settlement to Confrontation which he told Shann he intended to pursue personally following Ramadan. He was attempting to dissociate himself from Sukarno and his former position of close alignment with Sukarno and the PKI through Sukarno’s policy of NASAKOM. To this end Shann recorded Subandrio speaking to the effect that so far as Sukarno is concerned his current attitude appears to be that all of Indonesia’s troubles can be laid at the door of the U.S. including the Gestapu.

Subandrio’s back-peddling further demonstrated to Shann that Suharto was gaining the upper hand in Jakarta, ensuring that Western offers of aid would be more forthcoming than otherwise.

Improved bilateral relations, Washington felt, would not be forthcoming until a clear and discernable change in governmental authority had taken place in Jakarta. In fact, they would indicate that this had taken place. The change that this would indicate would be one away from Sukarno, Subandrio and the PKI to one centred on the Army and other forces loyal to Suharto. Thus to some extent, it was in the West’s interests to allow the economic and political situation to deteriorate throughout the period from 30 September 1965 until 11 March 1966 as it would encourage the Army to take control sooner. This was demonstrated in a cablegram from the Australian Embassy, Washington, in February 1966, which reports a conversation a member of the Embassy Staff had with Goodspeed of the Indonesia Desk at the State Department. Goodspeed was relaying a conversation with Marshall Green, the recently recalled American Ambassador to Indonesia, who had had consultations with President Johnson on the morning of 15 February. The purpose of the consultation was so that

\[^{603}\text{Ibid.}\]
\[^{604}\text{Ibid.}\]
Green could bring Johnson up to speed about developments in Indonesia and likely future developments. In the course of this it was related that

Green says there is a 50/50 [sic] chance that economic deterioration might enable the Army to take complete control under emergency regulations introduced by President Sukarno.\footnote{Inward Cablegram number 570 from Australian Embassy, Washington. Dated 15 February 1966, received 16 February 1966. NAA: A1838/280, 3034/2/1/8 Part 10. ‘Indonesia – Political – Coup d’Etat of October 1965’.

Ibid.}

The Cable noted:

There has also been a slackening of the support which right wing civilian groups would have given the army had it not shown a disposition to give in to the President, while splits are developing among the civilian groups themselves.\footnote{Inward Cablegram number 432 from the Australian Embassy, Washington. Dated 7 February 1966, received 8 February 1966. NAA: A1838/280, 3034/2/1/8 Part 10. ‘Indonesia – Political – Coup d’Etat of October 1965’.

The granting of emergency powers to Suharto will be discussed in a following chapter. See pp. 263-277.}

He also noted Sukarno’s continuing rule and the Army’s unwillingness to confront him. This became evident to Canberra in the same month when efforts to improve relations with Australia became marked. In a cable from the Australian Embassy, Washington, Embassy personnel were shown a cable to Washington from Green who reported large numbers of Indonesian Government representatives at the Australia Day ceremonies held by the Australian Embassy in Jakarta. Also reported was an invitation extended to Shann to make an address on Radio Republik Indonesia and felicitous comments made about Menzies, who was described by the Indonesian Government’s news agency Antara as ‘a great man and an effective leader.’\footnote{Ibid.}

More serious and concrete moves to concert Western thinking on aid for Indonesia were not commenced until March 1966, about a week after Suharto had been granted emergency powers to restore law and order.\footnote{Ibid.} On 18 March 1966, Australian diplomats in Washington recorded a conversation with the Deputy Assistant Secretary, State Department, regarding developments in Indonesia. Berger made it
clear that any significant American economic assistance to Indonesia would be contingent upon a clear statement of intention on the part of the Indonesian Government in both the economic and foreign policy realms. The latter implied some movement on the part of Jakarta away from both Confrontation and anti-Americanism in terms of aid, and more generally. At this meeting Berger conveyed the view that

…the United States would not wish to become involved except in a multilateral programme, and that such participation would depend upon the economic objectives of the Indonesian Government (preferably with expert guidance such as the IMF could provide) and upon its foreign policy (for instance, Confrontation and bilateral relations with the United States).  

Berger asked Australian diplomats what Australian policy on aid to Indonesia would be. Australian diplomats responded cautiously, whilst indicating both a preference for a major multilateral effort to assist Indonesia as well as emergency aid to preserve the political stocks of the Army. Their reply mirrored Berger’s earlier statement which noted:

We recalled the statement following the attempted coup that a resumption of our aid was not excluded but would be related to the circumstances…it seemed important that potential donors concerted their thinking, not only to prevent the Indonesians from attempting to play one off against another, but also to ensure that, in the event of an urgent need for economic assistance to support the political base of a well-disposed Indonesian Government, action could be taken speedily.  

In late March, Indonesian approaches to the Australian Embassy in Jakarta were stepped up. On 30 March 1966 the Department in Canberra cabled all its overseas posts that

the Australian Embassy in Jakarta has now had approaches from a number of Indonesians, purporting to represent the Army leadership, who have asked for both emergency and long-term aid from Australia.  

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610 Ibid.
Despite this, it was far from clear whether Suharto could hold on to power granted the popular and widespread support retained by Sukarno in sections of the Armed Forces and elements in society, particularly in Central and East Java. Also standing in the way of Suharto was the parlous state of the economy, the failure to rehabilitate, which could see the Army become the focus for popular resentment, and sympathy for resurgent left wing elements. Canberra was also wary of the lack of popular or charismatic alternative leadership from the political parties and indications of differences between Suharto and Nasution and amongst the Armed Forces more generally. On the first point, Australian diplomats in Jakarta felt that Sukarno was in all probability a spent force, and that he would linger as a figurehead leader for some time longer but that real power would be passed to Suharto and the Army, at least for the immediate and medium term. A Political savingram from late March 1966 noted:

Although he [Sukarno] is a dangerous man to write off as finished, it is possible now to say that he will never climb back to the position he occupied six months ago. He is likely to remain for a while as President, but rather more on the Army’s terms than his own.\footnote{Inward Savingram number 14 from Australian Embassy, Jakarta. Dated 25 March 1966, received 29 March 1966. NAA: A1838/280, 3034/2/1/8 Part 12. ‘Indonesia – Political – Coup d’Etat of October 1965’.
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By the end of March the Embassy in Jakarta emphasised the need for aid, and the belief that the Army had gained sufficient power to allow it to begin focussing on economic difficulties. The Embassy communicated:

Its [the Army’s] leaders realise that the future of the moderate forces in Indonesia is likely to depend on the Government’s successes or failures in the economic field in the next few months. There is also some evidence that the Army, having at last moved decisively to assert its political power, now feels itself responsible for trying to do something about Indonesia’s dreadful economic mess...therefore, we can look forward to some honest and reasonably soundly based attempts to make the economy work.\footnote{Inward Savingram number 15 from Australian Embassy, Jakarta. Dated 1 April 1966. NAA: A1838/280, 3034/2/1/8 Part 12. ‘Indonesia – Political – Coup d’Etat of October 1965’.
}
At this stage, Canberra felt that Army rule would be preferable to a civilian administration due to the lack of any clear alternative leader to Sukarno in any of the political parties. Savingram 14 of March 1966 noted:

...[W]ith the exception of the PNI, which is itself plagued by many internal differences, practically all the political parties of any size are religious ones. One problem for the future will be to find a focus for civilian political activity which is not necessarily based on religious loyalties...614

Moreover, there was evidence of a looming power struggle in the Army between Nasution and Suharto.615 This led to some degree of tension between Suharto, leader of loyalist forces which crushed Untung’s coup and effective head of the Army, and Nasution, the Chief of Staff of the Armed Forces. It was well known that Suharto was not on good terms with Nasution since the latter had Suharto removed from his Command of the Diponegoro Regiment for corruption in 1959.616 Australian diplomats noted: ‘...[T]here is evidence of a tendency on the part of Suharto and Nasution to send messages to each other, rather than discuss their problems.617 In any event this was rendered a non-issue with the issuing of the 11 March Order placing control of the country unambiguously in the hands of Suharto.

Thus, even at this preliminary stage the issue of aid to Indonesia was used as a point of leverage by the West over Indonesia to help to influence the outcome of the ensuing power struggle in their favour. Withholding substantial assistance for Indonesia until a transition had taken place greatly assisted the Army by allowing the economic and political situation to become more and more dire and compel the Army to seize power sooner rather than later. That Sukarno and allies recognised that they


615 Suharto himself wasn’t actually targeted by the 30 September Movement. See May The Indonesian Tragedy, p. 97.

616 Harold Crouch The Army and Politics in Indonesia, pp. 124-125.

were being outmanoeuvred by the Army was demonstrated by such things as Subandrio’s and Sukarno’s distancing themselves from the coup attempt, particularly Subandrio whose back peddling in late 1965 and early 1966 was most marked.

Australian External Affairs’ thinking was identical and condensed at around the same time in a briefing paper outlining changes in Indonesia in the past twelve months, and what Australia’s response to them should be. It was, among other things, quick to concede that, ‘...there is no alternative to the Army as the instrument of effective power’\(^{618}\) and that the Army recognised the need to seriously undertake to improve economic conditions, and to that end seek extensive foreign aid. The paper expressed hope that a multilateral effort would be brought to bear to assist Indonesia’s economic rehabilitation and that Australia would give such efforts its full support. Nevertheless, the paper was not optimistic about the prospects for its success. It was seen as unviable due to a lack of enthusiasm on the part of European creditors and the perceived incompetence on the part of the Indonesian Government and bureaucracy, and the belief that they could not ‘put their economic house in order’. The paper opined that in the face of perceived European niggardliness, the primary role in any aid consortium would likely be assumed by the United States, Japan and Australia. The paper noted:

We may find that in the foreseeable future it is countries like the United States, Japan and Australia, which have fundamental political interests in Indonesia, that will be obliged to maintain the momentum of aid giving - and on an ad hoc basis rather than as a calculated contribution to economic growth and development.\(^{619}\)

The Treasury were opposed to consortium type aid, but a substantial shift in this regard took place in Indonesia following the coup. In the same period, Australia remained outside consortia established for the purpose of raising and distributing aid

\(^{618}\) Ibid.  
\(^{619}\) Ibid.
to India and Pakistan. This aversion was largely due to the Government not wanting to make forward commitments in their aid expenditure. The only two exceptions to this general practice were Australia’s membership of the Inter-Governmental Group on Indonesia (IGGI) and the Organisation for Economic Cooperation and Development (OECD). 620

The benefits inherent in Australia’s departure from its standard aid-giving practice are outlined in the Australian paper to the ‘Four Power Conference on Information Activities in Southeast Asia and Oceania’, held in Canberra on 14 and 15 November 1966. The reasons given were entirely political. The paper asserted:

This multilateral approach will help co-ordinate information and thinking and will keep an important dialogue going with the Indonesians on their economic problems. It will also to some extent ‘de-politicise’ the western role in reconstruction, which is important for Indonesian Governments [sic] and for ourselves. Stabilisation of the economy will, however, be difficult mainly because the Government lacks the necessary controls over it. 621

Such a scheme also had the benefit of enforcing a high degree of circumspection on Indonesian Foreign policy in the sense that,

The heavy dependence of economic rehabilitation on overseas assistance makes it unlikely that Indonesia will adopt in the near future any foreign policy which strikes directly at the interests of her main creditors and potential benefactors. 622

The United States, Japan and other Western powers were in agreement regarding their plans to establish and participate in an aid consortium. However, in Hasluck’s view, the difficulty was in the pace and amount of aid given. He felt aid should serve both political ends and the avowed aim of rehabilitating the Indonesian economy and

620 Clunies-Ross ‘Foreign Aid’, p. 162.
infrastructure. In August 1966, Hasluck wrote whilst on an official visit to Indonesia, that

[1]he British and American Ambassadors and our own people agree that nice judgements have to be made progressively on the nature and extent of international aid. If too little is given too late we will have a disaster on our hands. If too much is given too soon we will kill any hope of basic reconstruction. Our economic policies will be the first test of our own wisdom in foreign affairs. 623

Quickly following the transfer of power to Suharto, Sultan Hamengkubuwono, member of the Presidium in charge of financial affairs, outlined the two defining principles of the New Order’s economic policy. These comprised the following:

1. Hostility towards private enterprise would be abandoned.

2. Indonesia’s repayment of its debts would begin in 1966.

It was only after this policy announcement that the United States began to let their guard down. Just weeks previously, Washington had restrained Tokyo in its perceived over-enthusiasm in wanting to convene a creditor’s conference and was ready to step forward with emergency aid. 624 Australia followed this lead.

In this period Canberra underwent a growing recognition of the degree to which foreign aid could be used to achieve political ends in the recipient country and a corresponding need for greater specialisation and ‘professionalisation’ in the administration of its aid program. Canberra eventually came to support the establishment of a multilateral consortium to coordinate aid and economic rehabilitation efforts in Indonesia. This shift from scepticism of such a scheme to wholehearted support reflected the overriding importance of Indonesian stability to Australia and an acknowledgement that Australia’s overall aid effort towards Indonesia did not reflect this. This occurred despite initial reluctance within the

Department of External Affairs and the Treasury, the former's objections centring on the organisational difficulties such an initiative could present and the possible adverse implications such an endeavour could have on the Army, particularly if the role of Washington were revealed, as well as the perceived lack of interest by some of Indonesia's major creditors. The latter's concerns devolved upon Australia's association with an organisation which might require it to change the timing, amount and manner of distribution of aid to Indonesia, thereby diminishing the autonomy of Australia's aid program.

The period between 11 March 1966 and the end of that year saw soundings by the Japanese of Western diplomats in Jakarta and elsewhere towards the establishment of a multilateral donor consortium which was done on behalf of the United States. The only notable difference between Australian and American policy seemed an urgency on the part of Canberra to undertake humanitarian aid to Indonesia despite diplomatic difficulties inherent in this and the lack of United States support. Otherwise Australian reactions and policy towards Indonesia in this period were so closely identified with American policy as to be almost indistinguishable. This must be placed into the appropriate Cold War political and strategic context at the time which demanded the West act in concert. Nevertheless, the period witnessed tentative steps in the direction of Australian participation in any future aid consortium. The very nature of consortium aid to Indonesia meant that Australian policy would necessarily be highly identified with American policy as Australian and American policy were in accord over their priorities.
Chapter Eight

The Politics of Australian Bilateral and Multilateral Aid to Indonesia

Canberra took a keen interest in both bilateral and multilateral aid to Indonesia and employed both to further its strategic goals, primarily stabilising the Army-dominated government under Suharto. This chapter examines Australia’s bilateral and multilateral aid to Indonesia with a view to highlighting the strategic motivations behind them. The period was characterised by a dramatic increase in Australian aid to Indonesia in all its forms in a relatively short period of time. It was also characterised by changes in the way in which aid was distributed. These were designed to maximise the impact of its aid to Indonesia, which, although increased in this period was miniscule compared with that offered by other Western nations.

Bilaterally, Australia massively increased its grant aid to Indonesia and changed the manner in which it was dispersed. Controls on strategic imports were also relaxed. These measures were taken to demonstrate Canberra’s support for the New Order Government, maximise the impact of Australian aid (which was always small compared with that given by major Western nations) and further ingratiate itself with the New Order Government.

Multilaterally, Australia pursued similar goals through an active participation in efforts to rehabilitate the Indonesian economy through debt rescheduling and new aid commitments through the Inter-Governmental Group on Indonesia. Despite the fact that Canberra was not one of Indonesia’s creditors, Australia worked to encourage generosity and forbearance on the part of Indonesia’s creditors and bring discussions on debt rescheduling to a final conclusion. In this area is also evident a high degree of reticence and reluctance in Canberra’s attitude to aspects of multilateral aid efforts, such as the refusal by Australia to lead such a grouping, and
dissatisfaction with aspects of the organisation and operation of the IGGI. Nevertheless, Australia’s interest in the viability of Indonesia, and the strategic need to restore its economy to some sort of health, thereby shoring up the New Order’s legitimacy and its still tenuous hold on power, is reflected in its involvement in both these forms of aid.
8.1 The Diplomacy of Australian Bilateral Aid to Indonesia after March 1966

In the bilateral realm, Australian aid to Indonesia was vastly expanded in the period 1965-1972 during which Canberra altered its practice of aid giving to better suit the interests of Indonesian economic planners. Despite the centrality of Indonesia in Australian foreign policy thinking, Indonesia only received A$10 million in Australia aid in the period 1950-1965 and received A$32.9 million in the three years ending June 1970, and A$53.8 million in three years ending June 1973.\textsuperscript{625}

Despite a growing association of Australian aid to Indonesia with multilateral groupings such as the IGGI, the vast majority of Australian aid generally remained bilateral,\textsuperscript{626} underlining Canberra’s preference for bilateral aid where possible as demonstrated in a previous chapter. Hasluck hinted at this increase in aid in his first statement following the attempted coup on 19 October 1965, when he stated that

\begin{quote}
[t]here is a great task to be done in concentrating resources upon domestic construction and development...Should the effort be made, I am sure that, to assist in this work, genuinely disinterested international assistance would be available.\textsuperscript{627}
\end{quote}

Australia appeared particularly forthright and generous in its bilateral aid to Indonesia after the coup and was keen to draw the maximum propaganda benefits from its bilateral aid, whilst careful not to depart from American thinking and policy on the issue and mindful of the impact improperly or imprudently delivered aid could have on Suharto’s position. It can be demonstrated that Australia’s objectives in the giving of emergency aid were primarily political and geo-strategic and designed to bolster Suharto’s position relative to that of Sukarno, bearing out Wilkinson’s hypothesis outlined in the previous chapter.

\textsuperscript{625} Clunies-Ross ‘Foreign Aid’, p. 165.
\textsuperscript{626} See External Aid Bulletin, number 14, November 1968, p. 5.
\textsuperscript{627} CPD, HR, vol. 49, pp. 1913-1914.
Understandably, significant emergency assistance to Indonesia was not forthcoming until the opacity of government in Indonesia was substantially overcome on 11 March 1966, after which Canberra offered emergency assistance to Indonesia following floods in Central Java that month. That assistance was offered in the form of a gift of 1600 metric tons of rice valued at A$200 000. The idea for this followed a request for assistance made by Army officials to Shann in Jakarta on 22 March. Achmad had arranged for 100 000 tons of rice from Thailand, which the Thais refused to dispatch until full payment had been made in advance. Shann was informed that the Army could not find the money and the rice was required at once and that they were seeking some financial guarantee by or through Australia so that the rice could be released and shipped immediately. Shann wrote:

...what they are after is immediate issue of guarantee of rice shipments from Thailand which will cost $10 million. Ismail hopes this can be done by the Australian Government, perhaps with the Americans as guarantors of us if we are unwilling to act alone. 628

After telling Achmad of the difficulties of aid to Indonesia in a climate in which Confrontation was still continuing, Shann was in favour of assisting the Army in this way to stave off starvation and help stabilise prices which continued to climb due to galloping inflation, and thereby help to buttress the army’s power. Shann counselled patience, but emphasised the need to remain committed to some policy of economic assistance to Indonesia, more specifically for the purpose of supporting those elements Canberra found most amenable, stressing,

...the habits of years cannot be changed overnight and, if all of Indonesia’s potential friends, no matter how absurdly they have been treated recently, just fold up our arms, an economic situation will develop where the moderate forces must fail. We are...faced now with the need to take something of a chance on Indonesia and by generous actions contributing to an outcome which we obviously want. 629

628 Inward Cablegram number 326 from Shann, Australian Embassy, Jakarta. Dated and received 22 March 1966. NAA: A1838/280, 3034/10/15 Part 9. 'Indonesia – Australian Aid to Indonesia'.

629 Ibid.
Shann's view had support in the Department. O.L. Davis, Assistant Secretary to the Joint Intelligence Committee, who considered the political risk to Canberra's position attached to a gift of food to Indonesia following floods in Java would be minimal, opining that,

...the Australian people would not take amiss a small gift connected with the flood catastrophe, particularly as we are still giving limited Colombo Plan aid to Indonesia.\(^{631}\)

This was greatly appreciated in Jakarta by Adam Malik who expressed his thanks for such assistance to Marshall Green, and indicated that gratitude would be conveyed in person to Shann.\(^{632}\) Canberra baulked on the issue of guaranteeing the $10 million rice shipment but decided to

...seek to use its good offices with the United States to bring about, on the basis of a United States financial guarantee, the shipment from Thailand of the 100 000 tonnes of rice [cost about US$10 million] which is available to Indonesia but held up pending cash payment.\(^{633}\)

A decision to offer such exploratory aid was taken by the Cabinet on 24 March 1966, when it was decided to send this emergency assistance to Indonesia, on the important proviso that it was the Army that would be responsible for the reception and distribution of that aid. The Cabinet decided to

provide a gift of rice to Indonesia. There should be a prior understanding with the Indonesian Government that the Indonesian Army authorities would take delivery of the rice and supervise its distribution.\(^{634}\)

The reasons for requiring the Army to receive and distribute the aid were both strategic and practical. The fact remained that the only organisation capable of

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\(^{631}\) Memo to Jockel from O.L. Davis, 24 March 1966. NAA: A1838/346, TS696/2/1 Part 2. 'Indonesia – Political and General'.

\(^{632}\) Inward Cablegram number 356 from Shann, Australian Embassy, Jakarta. Dated and received 9 March 1966. NAA: A1838/280, 3034/10/15 Part 9. 'Indonesia – Australian Aid to Indonesia'.


\(^{634}\) Cabinet Minute, Canberra, 24 March 1966, decision number 17 – Rice for Indonesia. NAA: A1838/280, 3034/10/15 Part 9. 'Indonesia – Australian Aid to Indonesia'.
marshalling the human and logistical resources necessary to ensure its distribution was the Army. In a more Machiavellian vein, significant propaganda benefits would accrue to the Army as a result, considering the ability to provide food was a key source of legitimacy in Indonesia.

Shann was instructed to tell the Indonesians that it was not considered practicable for Australia to provide a guarantee for the A$10 million required for the purchase of the rice, but would offer assistance in the form of a A$200 000 gift of rice. The Department intended to draw as much kudos as possible from this donation and used the arrival of the rice shipment as a public relations exercise. Highlighting the propaganda value of this gift, the Embassy noted that

arrival and handing over of rice will be good opportunity for local publicity. For this purpose it will be important to have shipping documents or other documents of title which we can pass over to suitable Indonesian Minister.

The Acting Minister for External Affairs, John Gorton, was quick to point out that the donation was an Australian initiative and highlighted the altruistic as opposed to the strategic reasons for the gift, noting,

we did not receive a prior request from the Indonesian Government. We thought that, as a neighbour, we could take the initiative and seek to try to help those in distress by giving them what we believed they needed most.

Attempts by London to urge Canberra to use this opportunity to seek assurances of an end to Confrontation with the Indonesians were rejected. According to Shann, a more immediate priority than a resolution of Confrontation was the shoring up of the Army's position, and that this, rather than use of aid to achieve an end to Confrontation should be emphasised. He noted:

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635 Outward Cablegram number 293 to Australian Embassy, Jakarta. Sent: 25 March 1966. NAA: A6366/4, JA1966/01T. Jakarta Cables Outwards, Secret and below, 4 January 1966 to 9 May 1966, numbers 0.031 to 0.17260'.
The important thing is to give rapid and effective assistance to those whom we want to support in the new alignment of political forces within Indonesia and to find ways and means of doing it that will not embarrass them politically.638

Shann was emphatic that Australia’s and the Army’s interests ran parallel and that in light of this, Australia should do all in its power to ensure an Army-dominated government under Suharto succeeded, noting,

...we have the same purpose, which is to see that the possibly emerging effort to govern this place in a slightly less absurd fashion succeeds...we must not miss the faint chance of being on the side of success.639

Shann was instrumental in pushing for emergency bilateral aid to Indonesia, for political and strategic reasons. This is further borne out by a similar approach made to Shann in mid March 1966 by an Indonesian Chinese going by the name of Li Van Chong, who claimed to be an emissary from Suharto seeking economic assistance from Australia. Specifically, he requested aid in the form of flour, rice and textiles. Political considerations compelled any significant Western aid to Indonesia at this stage to remain covert and humanitarian assistance to remain restricted to Government guarantees of private credits to Private Indonesian importers. Canberra did not share Shann’s enthusiasm or sense of urgency about this issue, instructing Shann to ‘[not]...go beyond the kind of useful non-committal exchanges you have had.’640

The major difficulty for Canberra remained the inability to establish the authenticity or bona fides of those claiming to represent Suharto at this time, with the Department complaining to Shann that

638 Outward Cablegram number 1768 to Australian Embassy, Jakarta. Sent: 31 March 1966. NAA: A6366/4, JA1966/01T. Jakarta Cables Outwards, Secret and below, 4 January 1966 to 9 May 1966, numbers 0.031 to 0.17260’.
we cannot have any confidence that the propositions so far advanced represent the considered views of the group now in power of their economic priorities and needs.\textsuperscript{641}

The Department noted that as late as 20 March (the day after Shann’s approach by Chong), Adam Malik had informed the British Ambassador to Indonesia, Sir Andrew Gilchrist, that no intermediaries were authorised to speak on behalf of him or Suharto.\textsuperscript{642} The Department was also concerned that they would be confronted by a succession of requests for emergency assistance while the Indonesians continued to back away from comprehensive aid and debt servicing arrangements with its creditors. It was also felt necessary to not depart from American and British policy and practice on the issue.\textsuperscript{643}

Throughout, Canberra was concerned to act in tandem or in consultation with the United States and Britain, whilst seeking to not be upstaged by either of them, or any Western European nation, in the granting of emergency assistance. A submission for the Minister from March 1966 noted, ‘...it would be desirable to concert any such action with the British and the Americans.’\textsuperscript{644} This was done on a government to government basis and through Shann in Jakarta who kept in close touch with Green and Gilchrist in Jakarta. Indeed from the outset of Indonesian approaches to Australian Embassy officials in March 1966, Jockel advised:

We do not think we should take anything that could be described as a leading role until we know a good deal more about United States thinking...\textsuperscript{645}

In order to gain maximum diplomatic impact from emergency aid, it was felt that it was important to be the first with significant aid. O.L. Davis recommended quick

\textsuperscript{641} ibid.
\textsuperscript{642} ibid.
\textsuperscript{643} ibid.
\textsuperscript{644} 'Indonesia – Economic Assistance'. Draft Submission for the Minister. No date, no author. NAA: A1838/280, 3034/10/15 Part 9. 'Indonesia – Australian Aid to Indonesia'.
\textsuperscript{645} Memo for the Acting Minister from Gordon Jockel, 24 March 1966. NAA: A1838/280, 3034/10/15 Part 9. 'Indonesia – Australian Aid to Indonesia'.

action to assist Indonesia with food aid, with a view to assisting the Army and staying ahead of other Western nations. Canberra feared they might step into the aid vacuum with greater contributions which would reduce the political effectiveness of any Australian aid. Davis considered:

In the circumstances of the military takeover, together with the flood catastrophe, it is not improbable Japan or West Germany or Holland might not step in with some immediate assistance.\textsuperscript{646}

This was further borne out by Parsons’ view that Australia’s rice donation would not be able to ‘beat’ the first Japanese shipment of emergency aid.\textsuperscript{647}

In the financial year 1966/67, Australian bilateral aid, comprising technical and development projects, totalled A$ 1 490 692.\textsuperscript{648} Emergency assistance, despite the claims of humanitarian concern, was motivated more by strategic concerns. Canberra was in favour of such assistance, but it waited for a Japanese or American lead, and usually accomplished it in consultation with them. Canberra sought not to depart from the Western consensus, represented in Japanese and American thinking, on aid to Indonesia, including emergency aid in the initial period from the coup attempt to March 1966. More specifically, Australia and other western nations were concerned with providing food aid to the Army to be distributed to the people to prevent the Army losing popular support.

Following March 1966, Canberra was in a difficult position regarding its bilateral Colombo Plan aid programme in Indonesia. The political situation in Indonesia was still tentative and Canberra was still concerned about the possible adverse consequences of early bilateral assistance to Indonesia, and there was a reluctance to

\textsuperscript{646} Memo to Jockel from O.L. Davis, 24 March 1966. NAA: A1838/346, TS696/2/1 Part 2. ‘Indonesia – Political and General’.

\textsuperscript{647} Inward Cablegram number 611 from Australian Embassy, Bangkok. Dated 22 April 1966, received 23 April 1966. NAA: A1838/280, 3034/10/15 Part 9. ‘Indonesia – Australian Aid to Indonesia’.

\textsuperscript{648} ‘Paper prepared for Mr Smail (Information) as a basis for his discussions with a KOMPAS reporter in the last week of October 1969’. No date, no author. NAA: A4359/1, 151/1 Part 3. ‘Jakarta – Project Aid – Indonesia – Policy/General’.
undertake significant new aid initiatives for this reason. A draft Memo for the Minister noted that

until the Indonesians themselves seek substantial economic assistance from the West, it would seem better to avoid any initiatives which might affect the Army’s political position unfavourably.649

Nevertheless, Hasluck was in favour of the commencement of new projects under the Colombo Plan. He pointed out that the balance of power now lay with ‘those groups who wish to adopt rational economic policies and moderate non-aligned policies in international affairs.’650 This was code for the Army under Suharto. Hasluck, in an attempt to appease the Treasury, stressed that increased aid under the Colombo Plan would not obligate Australia to participate in other forms of assistance. To help deflect criticism, he recommended that further aid to Indonesia under the Colombo Plan could be described as merely a continuation of Colombo Plan aid to Indonesia since 1951, rather than portraying it as a new initiative resulting from the changed political circumstances following the attempted coup.651

The major problem with the distribution of emergency aid to Indonesia during this period remained the difficulty in ascertaining exactly who was in charge in Indonesia and associated problems of aid distribution in such a political climate. This is reflected in a cablegram from Washington in which it was reported that:

...Green has not yet replied to request for advice as to whether there actually exists a need for external assistance, and even if this could be established, problem would be to decide whether supplies are channelled through Central Government or Army.652

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651 Ibid.
In August 1966 Hasluck visited Indonesia and offered emergency aid in the form of raw materials and spare parts to the value of A$ 500 000 to help restart industries and basic services. This had been recommended prior to Hasluck’s departure from Australia by Lawrence McIntyre who noted that immediate or ‘stop gap’ aid to Indonesia of between A$ 400 000 and A$ 500 000 was required. This was to be used to pay workers on the two largest current Colombo Plan aid projects, the Aeronautical Fixed Communications Network (AFTN) and the Nusa Tenggara Road Project. The money was also required for Australia’s other Colombo Plan projects, including the establishment of a Faculty of Agriculture at the University of Brawijaya in Malang, East Java and the training of Indonesians in Australia.

By August, in Hasluck’s view, effective authority had settled ‘reasonably firmly’ in the hands of a triumvirate consisting of General Suharto, Adam Malik and the Sultan of Yogyakarta, who all appeared to be moderate in their public and private statements. As a result of this, Hasluck felt confident enough to assert that Indonesia’s foreign policy would take a more moderate turn, and be reflected in a desire to end Confrontation and display a desire to rejoin the international community more generally, stating that Indonesia

...may genuinely want to bring an end to Confrontation and...gives the appearance of wanting to rejoin the United Nations and return to international respectability...the time has come for Australia and like-minded nations to consider what action they may be able to take...to assist Indonesia to make its way out of its deplorable economic situation.

Again, it was for primarily strategic reasons that such aid would be given. A briefing paper noted:

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It can help the regime stay in power by providing strategic supplies of foodstuffs and other necessities for Government distribution. It can also provide the regime with basic equipment and infrastructure for holding the country together.\textsuperscript{655}

According to Canberra, Indonesia’s economic problems were twofold, and consisted of a critical fall in Indonesia’s foreign reserves and persistent and increasing inflation. The former was the cause of Indonesia being unable to pay for imports or meet debt commitments. It was suggested that one way of combating inflation was to flood the market with consumer goods but also stated that a major reason why this had not yet occurred was the poor state of the internal transportation system and a lack of coordination between the authorities concerned. A briefing paper for Hasluck’s August 1966 visit to Indonesia described the Indonesian civil service as ‘not so much a public service as an unemployment service.’\textsuperscript{656} Thus, infrastructure was a major target area for Colombo Plan aid to Indonesia. To facilitate this, Cabinet decided to rescind restriction on Colombo Plan aid to Indonesia

...on the understanding that developments in regard to the ending of Confrontation and in defence implications would be kept in mind as individual aid projects were considered.\textsuperscript{657}

A factor complicating this was the continued existence of Controls on Strategic Imports to Indonesia. On 26 August 1965, the Australian Government banned the shipment to Indonesia of any goods intended for the use of the Indonesian Armed Forces. This included such things as marine engines, four-wheel drive vehicles, aircraft and aircraft parts, certain types of tyres and tubes, telecommunications equipment (except that required for the AFTN project) and boats. Shipments of any

\textsuperscript{655} 'Indonesia’s Problems and Prospects’, no date. Excerpt from ‘Brief for Visit by Minister for External Affairs (The Right Honourable Paul Hasluck, MP) to Indonesia, August 1966’. NAA: A4311/5, 692/10. ‘Brief for Visit by Minister for External Affairs (The Right Honourable Paul Hasluck, MP) to Indonesia, August 1966’.

\textsuperscript{656} Ibid.

\textsuperscript{657} Submission for the Minister entitled Colombo Plan Aid to Indonesia, 2 August 1966. By Lawrence McIntyre. NAA: A4311/5, 692/10. ‘Brief for Visit by Minister for External Affairs (The Right Honourable Paul Hasluck, MP) to Indonesia, August 1966’.
goods exceeding A$ 10 000 in value, with the exception of foodstuffs, had to be referred to the Department of External Affairs for advice.\textsuperscript{658} The following day, Cabinet reviewed these export controls, removing all of the mentioned items from the list, with the transfer from the embargo list to the reference list (goods requiring the consent from the Minister) of complete aircraft and items for the Indonesian Armed Forces other than foodstuffs and clothing.\textsuperscript{659} The following January, Hasluck returned to Indonesia to officially open the new Australian Embassy Chancery in Jakarta. Following the visit, the Government offered an additional A$ 200 000 worth of pesticides and other commodities, in addition to Indonesia’s Colombo Plan allocation for that year.

1968 marked a turning point in the relationship insofar as aid was concerned. It was in that year that Australia allocated A$12.7 million for aid to Indonesia during the financial year 1968-69.\textsuperscript{660} As Wilkinson pointed out, both the timing of the announcement (during a visit to Australia by E.M. Martin, Chairman of the OECD’s Development Assistance Committee), and the amount of aid, reinforced the strategic basis of Australian aid, noting it

\begin{quote}
...reflected even more clearly the extent to which External Affairs was determined...to extract maximum diplomatic advantage from the Indonesia aid program.\textsuperscript{661}
\end{quote}

That year’s aid allocation announcement represented a major break with standard practice. Heretofore, aid allocations were not announced before the budget had been released. It was precisely this fear of forward commitments that had restrained Canberra from such a course of action in the past. A second major break with standard

\begin{footnotes}
\footnotetext{658}{Briefing paper entitled, ‘Indonesian/Australian Commercial Relations’, no date, no author. NAA: A4311/5, 692/10. ‘Brief for Visit by Minister for External Affairs (The Right Honourable Paul Hasluck, MP) to Indonesia, August 1966’.
\footnotetext{661}{Wilkinson The Politics of Australian Foreign Aid Policy 1950-72, p. 253.}
\end{footnotes}
practice occurred in 1970. Hitherto, Australian aid allocations had been announced annually, but in 1970 Prime Minister McMahon announced to Parliament that the Government would allocate aid to Indonesia on a triennial basis. The amount he committed was A$53.8 million (US$60 million) in aid to Indonesia for the years 1970-71 to 1972-73. According to McMahon, this was done ‘...so that the Indonesian government, with this forward knowledge, can integrate our aid commitment into its own planning.’ Whilst this was indeed true, it also served as a good public relations exercise, designed to inflate the importance of Australian aid by announcing it in triennial lump sums. As Wilkinson explained:

The three year commitment announced in April 1970 was essentially a ‘public relations’ exercise: $53.8 million sounded vastly better than $17 million...In this way the Department considered it would establish a more favourable relationship with Indonesia, would create a more significant general diplomatic impression within the international community, and would enhance its status as a pro-Indonesian advocate among other IGGI members.

By the end of the period under examination, Australia was involved in several aid projects and programmes in Indonesia, mostly directed towards the building and upgrading of infrastructure and utilities. The most prominent projects were the Aeronautical Fixed Telecommunications Network, the Australian telecommunications mission, the rehabilitation of the Indonesian State Railways, the Bogor Water Supply, the Jakarta Bus Project, the Denpasar Water Supply, and the development of the Port of Cilacap, on the South Coast of Java. By 1971, Canberra maintained 23 experts and their families in Indonesia on the various aid projects then current.

Bilateral aid tended to be geared to achieving the same objectives as those of multilateral efforts in that they were both directed towards goals which remained political and strategic in nature, reflecting the centrality and importance of Indonesia

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664 For a treatment of this, see _External Aid Bulletin_, number 19, November 1971.
665 _Ibid._
in Australian foreign policy and aid thinking. Canberra’s breaks with its standard practice were designed to make the task of the Indonesian Government in accomplishing the task of economic rehabilitation easier and to curry favour with them and the donor community more generally. The placing of Indonesian aid on a triennial basis in particular served to inflate the importance of Canberra’s aid contribution and with it, to purchase an increased influence and standing with both the donors and Indonesia. However, Canberra was not at any stage willing to lead out ahead of its allies in aid to Indonesia, and was careful to keep its aid policy in accord with that of its major allies, whilst trying to draw maximum diplomatic impact from its aid using various techniques.
8.2 The Politics of Australian Multilateral Aid to Indonesia

Multilateral efforts to assist Indonesia began in earnest around this time. Initial Australian statements and actions in this period reflected a curious mixture of enthusiasm, reluctance and outright obstructionism, as the desire to assist the Army through all means possible conflicted with established Australian aid practice. Most notable in this period was a refusal by Canberra to chair any such multilateral meetings, despite being uniquely placed to do so, and being encouraged to do so by its major allies. This is thrown into sharp relief in light of complaints made by Canberra and diplomats responsible for Australian participation about the manner in which the Dutch were conducting the process and a degree of hostility and envy at the kudos rebounding to the Netherlands from their chairmanship of this process. Apart from this, Australia’s participation was generally constructive and designed to build diplomatic stocks rather than directly assist Indonesia materially, as is indicated by the fact that Australia was not being one of Indonesia’s creditors, and the reality that the amount of Australia’s aid was miniscule compared with other nations.

An official request for Australia to chair a meeting of creditors was made in mid May 1966 by Cronk, of the U.S. State Department. According to Cronk, the request for Australia to chair such meeting arose as a result of Japanese reluctance, the Japanese holding the view that they were not prepared to lead in any initiative in which the United States itself was seeking to remain in the background.666 Other creditors were reluctant to have Japan take the lead in multilateral meetings due to their suspicion of Japan’s commercial interests in Indonesia.667 According to Barnett, the Deputy Assistant Secretary for Far Eastern Economic Affairs at the State Department, Japan feared that if some nations expressed their displeasure at Japanese

667 Ibid.
Chairmanship of multilateral meetings by failing to attend the Tokyo meeting, Japan would lose face. In light of this, Barnett asked if Australia ‘...would be prepared to act as Chairman and convenor of multilateral discussions on this subject.’

In an attempt to persuade Canberra to take on such a role, Barnett pointed out that the Indonesians themselves would welcome it and that Malik had informed Marshall Green in Jakarta on 11 May that the non-creditor status of Australia in particular made it attractive to the Indonesians as a preferred chair of any multilateral aid grouping. Barnett noted that Malik ‘...had some concern about the Japanese and would prefer the lead to be taken by some friendly non-creditor nation such as Australia or Canada. He added that on reflection he would prefer Australia above all others.

Australia was still taking a position of wait and see, awaiting the outcome of preliminary discussions on the subject in Tokyo. The Embassy in Washington believed

it was still possible, despite the current United States feeling that the Japanese were unlikely to take a firm hold of these problems, that something worthwhile would develop from the present discussions in Tokyo. We should like to see how the discussions develop before considering the part Australia might play.

Hasluck conceded that any direct request for Australia to take the lead in multilateral meetings may be forthcoming, but nevertheless believed that such a request would be based on a false premise that any one country, let alone Australia, could manage the complexity of chairing and coordinating any major multilateral aid grouping, noting,

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669 Ibid.
670 Ibid.
671 Ibid.
...an operation of this magnitude and complexity aimed at the re-generation of the whole Indonesian economy is one that can best be launched and thereafter coordinated by an individual government is open to question. 672

Canberra preferred chairmanship of the meeting to be reserved for the IMF, the World Bank or the International Bank for Reconstruction and Development (IBRD), even though it was admitted that such a task fell outside their usual role as international financial organisations. 673 A Departmental briefing paper opposed any such role for Australia for different reasons. According to this paper, Indonesia needed to talk to its creditors on a bilateral basis before Australia offered to take on a coordinating or mediating role. 674 The reasons given in this paper as to why Australia should refuse to take on a mediating role related to the perceived difficulty of the task and the possible adverse impact such a role might have on its bilateral relationship with Indonesia. The paper noted:

Even with the goodwill of the individual creditor countries, it will be extremely difficult to devise orderly means for handling the problems involved. The amounts are so great in relation to Indonesia’s annual export income that it will be difficult to devise a formula for an annual rate of repayments which would give creditors any satisfaction. 675

Among the questions causing concern was the perceived inability of Australia to provide necessary expert assistance. More specifically, the Department doubted the possibility of making such people, if they could be found, available for a protracted period and where they could be found and how would they operate. 676

The Treasury particularly was opposed to Australia taking the lead role in any such endeavour. In March or April 1966, Dr Whitelaw, of the Department of the Treasury, expressed concern that the United States wanted Canberra to provide the

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673 Ibid.
675 Ibid.
676 Ibid.
Chairman for multilateral discussions on Indonesia. More specifically he was concerned that Australian officials might be

...slipping into acquiescence to the United States’ desire that Australia should chair such a meeting, and thus moving away from the positions Ministers took in Cabinet on 1 June.677

The Indonesian economy was evaluated by a team from the International Monetary Fund in 1966 and an agreement was arrived at by Indonesian and creditor countries at a meeting of Indonesia’s primary Western creditors in Tokyo in May 1966.678 As a result of the findings of the IMF’s report, the IMF and the Indonesian Government agreed to conditions for future assistance. These included a balanced budget for 1967, a floating exchange rate, increased revenues from taxes levied on imports and exports, abolition of tariff protection or subsidies to Government enterprises and reduced subsidies on price-controlled commodities such as rice and fuel.679 Following this, Sultan Hamengkubuwono went to Tokyo in May to request:

1. An immediate credit amounting to US$40 million as part of a US$100 million fund to be collected from all foreign aid sources to purchase basic necessities.

2. Deferral of payments incurred during a period of ‘emergency reconstruction’ from 1966 – 69.

3. A Japanese loan of US$50 million for the period September – December as part of a US$200 million credit.680

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Tokyo partially agreed to the first two but made the deferral of payments conditional upon the creation of an aid consortium. Also agreed upon were terms for the compensation of firms that had their properties confiscated by the Government in the period 1957-1958. Jakarta agreed to pay US$165 million to Dutch companies and representatives of nationalised British companies in Indonesia were invited to discuss compensation with the relevant Indonesian Government Departments. The Soviet Union and Eastern European creditors were invited to the meetings at Tokyo but this was more for appearances and it was expected that they would decline an invitation to attend. It was identified as being in the national interest that a moratorium be declared on debt repayments for at least 1966 and 1967. This was seen as reasonable by Canberra as it felt that the Indonesians would require ‘breathing space’ in which they could implement a stabilisation programme and other internal economic measures. It was also felt that a moratorium or ‘standstill’ on Indonesian debt repayments would provide Canberra with a degree of security that its aid would not have its impact on economic rehabilitation reduced by it contributing indirectly to the payment of Indonesia’s Soviet and Eastern bloc creditors. To this end, the delegation was instructed to

...emphasise that it would be pointless for creditors to approach the debt problem on the basis of putting new assistance into one Indonesian pocket only to take it immediately out of another in the form of debt repayment and interest.

The Australian Government was in favour of the greatest amount of new aid to Indonesia as possible during the hoped for ‘standstill’ period and felt that

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681 J. Panglaykim and K.D. Thomas ‘The Road to Amsterdam and Beyond: Aspects of Indonesia’s Stabilisation Program’, *Asian Survey*, vol. 7, no. 10, October 1967, p. 691.
...we should use our influence to best advantage to seek to ensure that such new assistance be provided on terms which do not impose an additional crippling repayment burden on Indonesia.\footnote{Ibid.}

Despite the in-principle agreement to reschedule Indonesia’s debts, and Australian hopes, no new aid was offered to Indonesia at Tokyo. The main reason for this was that neither the Soviet Union nor the West were willing to make any concessions to Indonesia which were unmatched by the other side. The West did not want to see any of the aid it offered to Indonesia to be used to pay Indonesian debts to the Soviet Union or its Eastern European satellites.\footnote{Ibid.} Jakarta reached a similar agreement with the Soviet Union to reschedule its massive debt to that country in October 1966.\footnote{Ibid.} Following closely upon this, Western creditors in December agreed to a moratorium on the repayment of US$357 million of the approximately one billion dollars in outstanding debt, with a period ranging from 1971 to 1979.\footnote{Ibid.}

Significant discussion took place in External Affairs and in Canberra more generally regarding Australian involvement in any multilateral gathering with a view to rescheduling Indonesia’s debts. Shann was pushing hard for Australian participation in any multilateral grouping, for strategic reasons already outlined. In July 1966, Harold Loveday (in 1966 Shann’s successor as Australian Ambassador to Indonesia) opined that

...we could do more for our cause by participating in discussions than by standing aloof...Decisions made about Indonesia’s future...will be of direct consequence to us, more so than to probably any other country as measured from the strategic and political point of view. I think we would be the loser to opt out of any part of an exercise the ultimate consequences of which will bear so heavily on our own interests.\footnote{Ibid.}

\footnote{According to Panglaykim and Thomas, the deal involved a commencement of debt payments to begin on 1 April 1969. See Panglaykim and Thomas ‘The Road to Amsterdam and Beyond: Aspects of Indonesia’s Stabilisation Program’, p. 692.}

\footnote{Ibid.}

Most prominent in the Tokyo discussions from an Australian point of view was the failure by the Australian Government to allow its delegation to the Tokyo meeting to sign the memorandum of understanding upon the conclusion of the meeting.

The Japanese scheduled a meeting of creditors for 19 September 1966, and Australian diplomats in Jakarta were authorised to inform their Japanese colleagues that Australia would attend the Tokyo meetings as a full participant.\(^690\) Canberra also felt that at least an invitation should be offered to Indonesia’s Eastern bloc creditors to prevent them using the absence of any invitation as a basis of anti-Western propaganda. The Department instructed its representatives in Jakarta and Tokyo to push for an official invitation to Moscow to preclude the possibility that the failure to do so would provide Moscow with ammunition in the propaganda war with the West.

To this end, the Department informed its diplomats in Jakarta that

simply ignoring Russia now would give added force to Russian accusations that the meeting is for capitalist – imperialist purposes of dominating Indonesia.\(^691\)

In the end, Tokyo invited only Western creditors to this meeting. As Canberra predicted, this was criticised by the Soviet Union which described the meeting at Tokyo as

...a Western creditors club and of trying to create a kind of world organ which, using the complete economic dependence of Indonesia on its participation, will try to establish political and economic control over the country.\(^692\)

All of Indonesia’s major Western creditors attended the Tokyo meeting. Australia, although not a creditor, attended out of its deep interest in Indonesian stability. The meeting at Tokyo was to determine the future structure of international financial

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\(^{691}\) Ibid.

\(^{692}\) Mahadjani ‘Indonesia’s New Order and the Diplomacy of Aid’, p. 221.
discussions with Indonesia. The IMF delegation to the meeting tabled the results of a survey conducted by them of the Indonesian economy. Based on their report, the IMF recommended the meeting consider rescheduling of Indonesia’s debts and also injection of fresh capital for 1967. This split the creditors, some of whom argued that Indonesia should be allowed to temporarily suspend repayment of their debt and that emergency aid should be commenced until a stabilisation programme could be drawn up. Other creditors were more cautious and felt that decisions on debt re-scheduling should precede decisions on new aid and that both would have to wait for a stabilisation plan to be drawn up. The Indonesians came to the Tokyo meeting seeking assistance for short-term economic stabilisation, balance of payments support and a rescheduling of debt, which amounted to the staggering sum in 1965-66 terms of US$2.358 billion. The creditors disagreed and felt that a temporary suspension of debt and emergency aid was more important. The latter succeeded. Discussions of debt and aid were separated and a further meeting was scheduled for December 1966 in Paris. Australia came to the Tokyo meeting wanting something done urgently ‘…to support the political base of a well-disposed government.’ To this end, Canberra believed it was important that creditors concert their thinking to preclude the possibility of them playing each other off.

The Memorandum of Understanding drawn up upon the completion of the Tokyo meeting was a matter of some contention. Australia was the only participant in the meetings to refuse to sign the Memorandum. Discussion of what to include in the

696 Posthumus *The Inter-Governmental Group on Indonesia*, pp. 13-14.
Memorandum went long into the night, with the Australian delegation objecting to the use of the word ‘agreed’ instead of the word ‘consensus’. The American and Japanese delegation disagreed and the British delegation suggested that Australia could make that point on a bilateral basis. All parties to the meeting were satisfied with the wording of the Memorandum except for Australia and New Zealand.\footnote{Minutes of Tokyo Meeting'. NAA: A1838/287, 2020/1/31 Part 1. ‘Australian External Aid Policy and Finance – Indonesia – Tokyo Group’.} This appears to have been the result of tensions on the matter between the Departments of External Affairs and the Treasury, with the Treasury concerned about any open-ended financial commitments that signing the Memorandum would oblige them to make. It was also opposed to the involvement of the IMF in the process. The Treasury was opposed to the very attendance of Australia at the Tokyo meeting. Shann petitioned the Minister to authorise the signing of the Memorandum. In a submission to the Minister dated 27 July Shann recommended to Hasluck:

Given the reservations of the Treasurer about attendance at the informal meeting just held in Tokyo and the cautious reactions of Treasury officials to the memorandum of understanding may think it desirable if you could conclude (as this submission recommends) that Australia accept the memorandum...\footnote{‘Aid to Indonesia; Multilateral Efforts’, Submission to the Minister by Keith Shann, 27 July 1966. NAA: 4311/5, 692/10. ‘Brief for Visit by Minister for External Affairs (The Right Honourable Paul Hasluck, MP) to Indonesia, August 1966’.

Regarding the participation of the IMF, Shann further criticised the Treasury’s opposition, in this case to IMF participation in the grouping, highlighting the alignment of his view on the matter – that IMF participation was desirable – with Cabinet, and therefore Government policy, thereby implying that the Treasury on this issue was in defiance of the same. Shann commented:

Regarding the Tokyo memorandum, the Treasury has expressed reservations about the call to the IMF to provide advice and expert assistance to Indonesia. But it has been Australian government policy to seek to engage the IMF initiative on this.\footnote{Ibid.}
This was to no avail, Australia continued to refuse to sign the Memorandum, and requested the Japanese to inform the Indonesians as to the reasons for this. As well as conflict between the Departments of External Affairs and Treasury about the degree of Australian involvement in multilateral aid efforts, by the time of the Tokyo meetings another cleavage had developed in Canberra. This opened up between those who favoured an early offer of aid to Indonesia, and those who wanted to wait until the Indonesian economy ‘hit bottom’. This can be seen in the difference of opinion between Hasluck and his Departmental secretary, Sir James Plimsoll. The latter favoured a delay in Australian approaches and offers of aid. However Hasluck believed such a proposition untenable granted the seriousness of the economic and political situation in Indonesia, the need to encourage developments in the economic and political realms favourable to Australia, and Australia’s interest in Indonesian stability generally. This dispute surfaced in the days following the attempted coup when Hasluck rejected out of hand the suggestion put forward by Plimsoll that the Government should wait some time before offering assistance to Indonesia. The idea of this was to ‘let their [the Indonesians’] folly sink in’.\(^{702}\) Hasluck felt that the strategic and regional imperative of a stable and non-communist Indonesia overrode the desire of those in the Department who wanted to ‘make a point’ by delaying offers of financial assistance to Jakarta. Rather, Hasluck reasoned that Australia should immediately offer financial and diplomatic assistance to Indonesia and that the Commonwealth Government should

...look for opportunities and [try] to improve on every opportunity in a constructive way...the Indonesians should not be shamed by their folly but attracted by better prospects for the future.\(^{703}\)

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\(^{702}\) Plimsoll from Hasluck, 25 May 1966, Plimsoll Papers, Department of Foreign Affairs and Trade, Canberra.

\(^{703}\) Ibid.
From this point of view, the failure to sign the Memorandum represented a blow to Canberra’s cause, and its stated policy of assisting Indonesia in every way possible. The fact that the only nation represented at the Tokyo meeting not to sign the Memorandum was also the only nation present to not be a creditor nation betrays a sense of arrogance, if not obstructionism, but one which was not repeated. Upon the conclusion of the meeting, it was made known to the Australian delegation that a series of such meetings were envisaged, with the Japanese stating that the creditors would evolve into a group to assist Indonesia. The delegation recommended that ‘if it were considered that Australia should participate in such a group it might be preferable to do so from the beginning.’

The Paris meeting of creditors in December 1966 successfully negotiated a scheduling of Indonesia’s foreign debts falling due in 1966 and 1967. The Australian representative in Tokyo Sir Ronald Walker was instructed to represent Australia and to

...be as helpful as possible to Indonesia at Paris meetings and be authorised to support [a] complete moratorium on medium to long-term debt until 1969 at least.

Shann recommended that if asked for a statement on future Australian aid, Walker should say that ‘Australia is currently experiencing certain difficulties in giving assistance to Indonesia. We hope these can soon be resolved.’ The difficulties in

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705 Ibid.


707 Ibid.
question related to problems Canberra was having in arranging the supply of emergency aid promised to Indonesia earlier in the year.\footnote{See Outward Cablegram number 1638 to Australian Embassy, Jakarta. Sent 8 December 1966. NAA: A1838/294, 2020/1/31 Part 3. "Australian External Aid – Policy and Finance – Indonesia – Tokyo Group".}

Washington was very much in charge of the economic side of things and in December Marshall Green leaked Washington’s intentions for the meeting to Loveday. According to this information, Washington was seeking a complete deferral of all principal and interest of Indonesian debt; the encouragement of the World Bank and the IMF to play a central role in the stabilisation plan; and the acceptance of the need for additional aid. Revealing the marginal role Australia had in the multilateral discussions on the issue, Loveday was informed that Western European creditors, Japan and the Americans agreed on a rescheduling plan in most respects resembling a plan being negotiated between the Soviet Union and Indonesia.\footnote{Outward Cablegram number 4356 to Australian Embassy, Paris. Sent 13 December 1966. NAA: A1838/294, 2020/1/31 Part 3. "Australian External Aid – Policy and Finance – Indonesia – Tokyo Group".} This limited influence was noted by Barnett of the State Department who observed that

\begin{quote}
Australia was not a creditor country and that our authority to speak was accordingly limited, but he suggested that we had a political interest in the course of these discussions which entitled us to a hearing.\footnote{Inward Cablegram number 4961 from Australian Embassy, Washington. Dated 8 December 1966, received 9 December 1966. NAA: A1838/294, 2020/1/31 Part 3. "Australian External Aid – Policy and Finance – Indonesia – Tokyo Group".}
\end{quote}

The minor role Australia played in multilateral efforts was reiterated by American officials in Canberra, who, on informing the Department of plans by the Washington to postpone the Paris meeting, noted:

\begin{quote}
[As Australia was not a creditor of Indonesia, we would not have so direct an interest in the matter as other members of the group.\footnote{Outward Cablegram number 1638 to Australian Embassy, Jakarta. Sent 8 December 1966. NAA: A1838/294, 2020/1/31 Part 3. "Australian External Aid – Policy and Finance – Indonesia – Tokyo Group".}]
\end{quote}
The next meeting of creditors, the first of the newly formed Inter-Governmental Group on Indonesia, met in Amsterdam on 23 and 24 February 1967. The group consisted of delegations from Australia, Belgium, France, Germany, Indonesia, Italy, Japan, The Netherlands, Great Britain, and the United States with Austria, Canada, New Zealand, Norway and Switzerland represented by observers. The Australian delegation was led by Sir Ronald Walker (at the time Australian Ambassador to the United Nations), B.E. Fleming, P.J. Flood and E. Burtmanis.

According to the report of the Australian delegation, the delegation did not believe the creditors fully appreciated the political problems inherent in pursuing what were theoretically sound and responsible economic measures, such as abolition of Government subsidies on foodstuffs and other essentials. The Indonesian delegation was seeking pledges of aid upon which it could base its stabilisation and rehabilitation policy for the year.\(^{712}\) The Indonesians were specifically requesting US$200 million in direct balance of payments support, the amount recommended by the IMF delegation.

From the Australian point of view the meeting was not very successful as not much progress was made in guaranteeing the necessary foreign exchange required by Indonesia for that year. Immediately following the meeting, Washington announced it would provide one third of the amount of aid required by Indonesia. Another third was offered by Japan, with the remaining creditors challenged to meet the next third. In this way, Posthumus noted, ‘...a rough ‘sharing of the burden’ formula for international aid to Indonesia developed...’\(^{713}\) However, the American delegation was quick to point out that there were several provisos in the American offer including the use of such aid to purchase commodities and, ‘...a comparable effort being mounted


\(^{713}\) Posthumus The Inter-Governmental Group on Indonesia, p. 18.
by our Japanese, Australian, European and perhaps friends not even represented at this table.\textsuperscript{714}

Neither Australia nor the European creditors were prepared to offer anything in way of new aid to Indonesia at this meeting which was considered disappointing as there was no consensus by the parties present on the terms of future aid to Indonesia. In particular, the UK and Japan were seeking interest rates much higher than other creditors were willing to settle for. The delegation noted that

a disappointing feature of the meeting was the absence of anything near a consensus on terms of future assistance realistically related to Indonesia’s balance of payments prospects.\textsuperscript{715}

According to the Australian delegation, the three issues for Australia rising from the meeting were:

(a) Could Australia reach a decision on the amount of aid it would offer to Indonesia, giving time enough for the Indonesians to factor any such aid into their economic planning for 1967 and to influence other donors within the framework set by the United States at Amsterdam?

(b) What would the total amount of Australian aid to Indonesia in 1967 be, and

(c) To what extent would that aid be adapted to meet Indonesia’s 1967 import requirements?\textsuperscript{716}

At the meeting, the Indonesian delegation announced the abolition of import licensing. Henceforth, Jakarta requested balance of payments support be channelled through the \textit{Bonus Expor} (Export Bonus) system. Under this system, the Indonesian Government would sell B.E. certificates, which gave the bearer the right to import


\textsuperscript{715} \textit{Ibid.}, p. 3.

\textsuperscript{716} \textit{Ibid.}
anything listed on the B.E. import list. The price of the certificates were not fixed and there was to be a freely fluctuating rate of exchange of the rupiah. The certificates would be created against foreign aid funds and sold on the foreign exchange market. The certificates would specify the country from which imports could be sourced. In this way, imports would be tied to imports from the donor country. This reliance on the market mechanism was considered necessary in the rehabilitation of the economy and granted the inefficiency and corruption of the Indonesian bureaucracy. The proceeds from the sale of the B.E. certificates would go to the Government to help finance the budget.

In the beginning, this system was unacceptable to Australia and many other donors. As Posthumus points out, the reason for this was that the donor could not prescribe the goods to be purchased by the Indonesian importers, or restrict purchases to certain kinds of goods. However, this new system was endorsed by both the I.M.F. and the World Bank, as well as The Netherlands and the United States. The Australian delegation expressed to Saleh of the Indonesian delegation that they had no in-principle difficulty with the system. The report noted: 'I also talked to Saleh privately to make sure the Indonesians had understood that we have no real difficulties with the B.E. system.' Their report expressed the view that although it represented a break in the Department's practice, it would be desirable to direct at least a portion of its aid through the B.E. system, noted:

Although it represents a departure from our past practice and Colombo Plan procedures, I believe that serious consideration should be given to providing at least part (and preferably a large part) of our aid to Indonesia in 1967 in a form that can be integrated with the B.E. system.  

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717 Posthumus *The Inter-Governmental Group on Indonesia*, p. 20.
719 Ibid.
This was the subject of much debate in the Department. It was recommended that a pilot project should be undertaken involving initially small amounts of money. It was made known to Indonesian diplomats in Canberra that Canberra could see great value in the B.E. system in terms of its freeing up of private enterprise, the perceived logical allocation of foreign exchange resources and the operation of the free market system in relation to foreign exchange rates.\textsuperscript{720} However, Canberra had several difficulties with the new system. These included:

- Canberra's inexperience of it;
- the application of the full B.E. list to Australian aid;
- the controls of credits from aid allocations regarding purchases in third countries;
- the requirement that aid provided have a specified Australian content; and
- the possibility that aid through the B.E. system would be used to purchase goods normally expected to be sent to Indonesia through commercial rather than aid arrangements.\textsuperscript{721}

Hasluck himself was initially unconvinced of the efficacy of the new system as were his advisors. Hasluck expressed as much on his January 1966 visit to Indonesia. In a record of a conversation with Dr Emil Salim, an Economic Advisor to General Suharto, Sir Lawrence McIntyre told Salim that Hasluck was not convinced on the benefits of the B.E. system, citing the lack of Government control in the determination of which products would be purchased with B.E. credits. He stated that

\ldots the Minister and the advisors who accompanied him were rather dubious about the efficacy of the B.E. system, in particular as a vehicle for the handling of aid funds, as it seemed to them that some direct government guidance would


\textsuperscript{721} Ibid.
be needed in ensuring that the goods to be imported into Indonesia were in fact necessary to the economic rehabilitation programme.\footnote{Record of Conversation with Dr Emil Salim, 18 April 1967. Report prepared by J.M. Starey. NAA: A1838/280, 3034/10/15 Part 11. ‘Indonesia – Australian Aid to Indonesia’.
\footnote{Ibid.}}

Salim responded tersely to this, indicating to McIntyre that he took Australia’s reticence on this issue as an indication that Australia was equivocal in the importance of Indonesia in Australian foreign policy thinking. MacIntyre reported:

\begin{quote}
What seemed to him to be lacking in Australia was a consensus on the degree of importance that should be attached to Australia’s relations with Indonesia. He thought that if such a consensus could be achieved, much could be achieved, much could flow from it.\footnote{‘Aid to Indonesia’, submission to The Minister by Shann. No date. NAA: A1838/180, 3034/10/15 Part 11. ‘Indonesia – Australian Aid to Indonesia’.
\footnote{Ibid.}}
\end{quote}

Australia’s recalcitrance on this issue continued. Shann was not among those doubting the value of the B.E. system and was concerned that continued intransigence was both contrary to Australian policy of helping in any way possible in Indonesia’s economic rehabilitation and the practice of its allies and international financial bodies. In a submission, Shann noted members of the IGGI and Indonesian officials had been ‘...pressuring us more and more strongly to agree to channel our aid through this B.E. system.’\footnote{Ibid.} Shann noted that the IMF and World Bank endorsed the B.E. system as had the U.S. and Holland. He noted the reasons the Indonesians had for desiring such a system, including:

\begin{itemize}
  \item The administrative difficulty Jakarta had in administering an efficient allocation and licensing system given present conditions in Indonesia.
  \item The desire to return to the market mechanism and the difficulty of making government decisions far in advance as to what goods needed to be imported.
  \item The need to avoid delay in approving imports.
\end{itemize}

Shann noted that in interdepartmental meetings, the idea of Australia agreeing to channel its aid through the system met with a mixed response. The Department of
Trade and Industry was generally optimistic and was in support of a pilot project to assess its efficacy as they could see in it a way of increasing the miniscule amount of trade between Indonesia and Australia. Shann noted that the Department of Trade and Industry could see potential advantages in the possibility that, by using the B.E. system, the scope of our present relatively limited export markets could be widened.\textsuperscript{725}

The Treasury, however, was opposed to it with Shann describing their support as being ‘very tepid’. The Treasury’s opposition was based on the fact that it represented a departure from the established practice of aid to Indonesia, and that there was no proof that the system was working or that it would ever work.\textsuperscript{726} The adverse impact that the failure or delay in Australia channelling its aid through the system, the Treasury believed, was mitigated by the small amount of Australian aid in relation to other donors. It was the Treasury’s view that

\ldots any Australian aid given would be so small in relation not only to that of the other donors, but also to the whole Indonesian balance of payments problem, that it would not matter if there was a delay in the expenditure of new Australian aid.\textsuperscript{727}

The Department of External Affairs was wholeheartedly in favour of the system, was convinced of the arguments put forward in support of the system by the IMF and World Bank, and believed that it was in the national interest and congruent with Australian policy that Australia associate itself with the B.E. system. It was External Affairs’ view that

\ldots in view of the many past Australian statements of concern and sympathy to the Indonesians we cannot afford now dispassionately to stand aside while we observe whether or not their machinery for recovery is going to work or not.\textsuperscript{728}

\textsuperscript{725} Ibid.
\textsuperscript{726} Ibid.
\textsuperscript{727} Ibid.
\textsuperscript{728} Ibid.
It recommended that Australia open talks with Indonesian officials to discuss how Australian aid could be integrated in the B.E. system and that the Government should aim to settle its policy on the issue before the next meeting of the IGGI meeting at Scheveningen, Holland, in June 1967.\textsuperscript{729} The issue was further discussed at an Inter-Departmental Committee on aid in April. The meeting in question took place on 21 April at the Department of External Affairs' External Aid Branch. It was noted at this meeting that 'Australia had acquired in Indonesia a special position which must be preserved and strengthened if we expect to exercise influence in Indonesia.'\textsuperscript{730}

From this flowed a requirement by Australia to do something beyond the Colombo Plan programme and in such a way that aid began to flow that year. It was felt that the US$ 5 million advanced by Australia, when compared with Indonesia's need for US$160 million was considered 'small enough in all conscience.'\textsuperscript{731} It was noted that on the record of both past experience, and the admissions of Indonesian Ministers, the bureaucracy could not handle amounts of aid this large. Their answer to this, and their express desire at the Amsterdam meeting and elsewhere, was that aid be channelled through the BE system. In light of this, it was considered embarrassing that Australia had not yet announced an indication of its intentions and was only beginning to seriously consider how to integrate its aid into the BE system.\textsuperscript{732} It was recommended among other things, that Canberra grant A$ 200 000 to be provided to Indonesia in the form of BE aid. Such an amount would be appropriate as it

\ldots would, in the event of the failure of the operation, not prejudice the Australian economy. It would furnish evidence to Indonesia and the Asian world that Australia was trying to be reasonable in seeing Indonesia's problems.\textsuperscript{733}

\textsuperscript{729}\textit{Ibid.}
\textsuperscript{730} Minutes from Inter-Departmental Committee on Aid, 2 April 1967. No author. NAA: A1838/280, 3034/10/15 Part 11. 'Indonesia – Australian Aid to Indonesia'.
\textsuperscript{731} \textit{Ibid.}
\textsuperscript{732} \textit{Ibid.}
\textsuperscript{733} \textit{Ibid.}
Shann took up the issue of Treasury's reluctance to associate itself with the B.E. system with F.C. Pryor, First Assistant Secretary, Department of the Treasury, on 26 April 1967. Shann noted to Pryor at the outset that '...Treasury was not assisting us particularly by making repeated suggestions for inter-departmental discussions on aid...' Shann accused the Treasury of stonewalling and not entering into the discussion properly at the inter-departmental meeting, which Pryor rejected.

Despite this, Australian acceptance of the BE system was eventually approved, and A$ 200 000 of remaining emergency aid pledged by Australia was channelled through the BE system. Dr Emil Salim was informed of this by Shann and told that the Australian Government had decided to send a technical team consisting of people drawn from the Departments of External Affairs, Treasury and Trade, '...to examine the working of the B.E. system and the way in which further Australian aid might be applied to it.'

Support of the BE system was also seen as a form of political support for the Suharto regime, in the sense that support for the latter necessitated support for the program of economic rehabilitation agreed to by it and its creditors. In a submission to the Minister following the next meeting of the IGGI at Scheveningen in June 1967, H.D. Anderson, Assistant Secretary of the Department, noted that strong political support for the system on the part of the creditors would rebound to the benefit of the Suharto government. In arguing for special aid to Indonesia, Anderson noted,

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735 Record of Conversation with F.C. Pryor, First Assistant Secretary, Department of the Treasury, 26 April 1967. Recorded by Shann. Subject: 'External Aid'. NAA: A1838/280, 3034/10/15 Part 11. "Indonesia – Australian Aid to Indonesia".
736 Record of Conversation with Dr Emil Salim, 25 April 1967. Recorded by J.M. Starey. Subject: 'Australian Aid to Indonesia'. NAA: A1838/280, 3034/10/15 Part 11. 'Indonesia – Australian Aid to Indonesia'.
...it seemed strongly desirable for Australia both to lend its support to the B.E. system as a gesture of confidence in the Suharto Government, and to make as significant a contribution as possible.\textsuperscript{738}

The second meeting of the IGGI was held on 19-21 June 1967 in Scheveningen in Holland. The purpose of this meeting was

...to review progress and performance under the rehabilitation programme of Indonesia, and to take note of aid commitments and deliveries furnished in support of this programme.\textsuperscript{739}

The IMF reported that runaway inflation in Indonesia had abated significantly and that rehabilitation was underway. Major donors pledged new assistance, with the United States and Japan each pledging a third of Indonesia’s aid requirements of US$ 200 million for that year which was met entirely by aid pledges. All of this assistance was to be channelled through the B.E. system.\textsuperscript{740} This meeting was essentially a review of aid efforts and improvements in the Indonesian economy, paving the way for a meeting to be held in Amsterdam in November, which further reviewed the economic situation in Indonesia, before another comprehensive pledging meeting to be held in Rotterdam in April 1968. The US practice of providing one third of Indonesia’s aid requirements continued, subject to the other two thirds being donated from other donors and adequate economic reform on the Indonesian side.\textsuperscript{741} However, the State Department expressed the view at this time that the Japanese were not making an aid contribution to Indonesia commensurate with their economic strength and believed they needed to be ‘shamed’ into what they felt to be a more adequate contribution. They felt that

\textsuperscript{738} ‘Aid to Indonesia’, Submission to the Minister by H.D. Anderson. No date. NAA: A1838/280, 3034/10/15 part 11. ‘Indonesia – Australian Aid to Indonesia’.
\textsuperscript{739} Posthumus The Inter-Governmental Group on Indonesia, p. 56.
\textsuperscript{740} Ibid., p. 57.
...the Indonesians should be shocked into an awareness that they could not take anything for granted, least of all that the US would be prepared to meet any deficit, whatever they and the other donors were to do.\textsuperscript{742}

Australian representatives at the IGGI meetings continued to be disappointed in light of the perceived lacklustre way in which the forum examined Indonesia’s economic policies. It was felt that in the main this work was done by the World Bank and the IMF with the forum never questioning their analyses.\textsuperscript{743} The Australian delegation was also displeased with the manner in which the Dutch were chairing the meetings. In particular, it felt that

[t]he Dutch continued to organise the formal proceedings in such a way that it was very difficult for there to be any lively analysis of Indonesia’s economic policies.\textsuperscript{744}

Moodie, in reporting the Rotterdam meeting, expressed the view that the Dutch were exercising excessive control of discussions and expressed a suspicion that they would be unwilling to allow anyone else to chair the meetings. He noted:

[T]he Dutch, having installed themselves in the driving seat, want to stay there and to strengthen further the ‘control’ which they exercise over proceedings at the conference and in the between-conference dealings.\textsuperscript{745}

Such criticisms were echoed by Shann who also expressed annoyance at the way in which the Dutch were conducting the meetings, particularly the fact that all the meetings of the IGGI were held in Holland and that the Dutch had so entrenched themselves in the chair that it would be difficult to remove them. He noted grudgingly that

...it has become the established practice that these meetings are held in Holland, and there seems to be no way in which we can wrinkle the Dutch out of the chair.\textsuperscript{746}

\textsuperscript{742} \textit{Ibid.}
\textsuperscript{743} Memorandum number 338 to The Secretary, Department of External Affairs from C.T. Moodie, 3 May 1968. NAA: A1838/287, 2020/1/31 Part 14. 'CP Policy & Finance - Indonesia - Tokyo Group Paris Amsterdam'.
\textsuperscript{744} \textit{Ibid.}
\textsuperscript{745} \textit{Ibid.}
\textsuperscript{746} \textit{Ibid.}
More specifically, according to Shann, the Dutch were claiming too much of the credit for encouraging donors to be generous to Indonesia, thereby stealing the limelight and kudos he felt Australia deserved in this regard. On this issue he felt that...

...[the Dutch] will have to be carefully watched if they are not to give the impression that it is they and they alone that are producing commitments from other governments and from international agencies to assist the Indonesians.  

The delegation also questioned to what extent a forum moving in this direction was congruent with Australia’s interest and that the IGGI was forming into a ‘pressure group on donors’. Canberra was soon becoming impatient with what it saw as ad hoc measures to restore economic growth to Indonesia, in particular the way Indonesia’s debts were rescheduled annually. This was becoming very costly. This was remarked upon in the Rotterdam meeting, where the cost of rescheduling, in terms of interest accruing on Indonesia’s outstanding debt, was estimated at US$ 479 million. This was described by Shann as ‘a depressing figure’. In light of this, Dr Abs, a German banker, had been asked to compile a report regarding the formulation of a comprehensive settlement to Indonesia’s debt rescheduling and repayment to replace the annual settlement of the problem for debts falling due each year. Abs proposed no writing off of Indonesia’s debts, but writing off of interest on rescheduled amounts and with no discrimination between creditors. The principal, US$ 1.7 billion, would be repaid over thirty equal annual instalments. Initially, the creditors were unable to accept the proposal, with the United States, to whom Indonesia was in debt to the tune of US$ 35 million, offering to endorse the plan only

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747 Ibid.
748 Ibid.
if the other creditors did. The Dutch eventually supported the plan as did the Japanese. Australia’s support for the recommendations in Abs’ report was wholehearted. Canberra’s support was based on the fact that it represented a conclusion to the problem of Indonesian indebtedness. A briefing paper noted: ‘...[O]ne of its principal attractions in Australia’s view is that the report suggests a final solution to the problem of Indonesia’s debts.’

It was seen as being in Australia’s interest that acceptance by the creditors of Abs recommendations were adopted speedily and that the Suharto Government, insofar as it was acting responsibly in the economic realm, was entitled to such support. The paper noted:

It is very important, we think, to have such a solution speedily adopted...the present [Indonesian] Government is making a serious and worthwhile attempt to recover from this chaos...it will be of great help to its efforts to do so if Indonesia’s creditors from former days can see their way clear to agree upon a course of action which will bring finality to the debt issue.

Another attraction the Abs recommendations had for Australia was the viability of the plan and the reasonableness of its demands in terms of Indonesia’s ability to meet its debt repayment commitments. The paper noted:

In Australia’s view, Dr Abs’ report satisfies another essential criterion...that any final and long-term solution should be viable. We think this criterion is satisfied because the suggestions in the report are based on Indonesia’s capacity to pay as best it can be assessed.

Australia’s expression of support for the Abs Report for the reasons outlined above met with a frosty response from British officials. The Australian High Commission in London noted:

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753 Ibid.
754 Ibid.
We met with negative response, main reason being that U.K. were not convinced that the ‘radical’ measures proposed by Abs were necessary or that they could be adopted without creating serious precedents.755

The sticking point for the British, and to a lesser extent other Western European creditors was the precedent that endorsement of the Abs proposals would have in their dealings with other nations seeking relief from their debt burdens. In the case of London, the Foreign Office was concerned about the impact such a course of action would have on its participation in a consortium for the raising of aid and rescheduling of debts of Ghana. The French and the Germans had similar concerns and jointly developed an alternative plan to that of Abs’, which they outlined at a meeting of the ‘group of experts’, in Paris on 2-3 March 1970. The French/German plan was based on Abs’ analysis and most of his recommendations but favoured no writing off of contractual interest, amounting to an extra debt burden to Indonesia of US$ 4.6 million. This involved a rescheduling of principal and interest on Indonesia’s pre 1966 debts falling due in the period to 1978 in such a way that 20 percent of that debt was paid by the due date but 80 percent of it would be rescheduled for repayment over a fifteen year period beginning on the due date of the debt.756 In the opinion of the Dutch and Australian delegations, this would have been beyond Indonesia’s capacity to pay.757 The Australian delegation reiterated Australia’s desire to see a conclusion to the issue of debt. At the beginning of 1970, Indonesia’s major creditors, known as the Paris Club, accepted the terms of the Abs Report for a long-term and comprehensive solution to the problem of Indonesia’s debts. All previous re-scheduling arrangements

were annulled, and Indonesia’s outstanding debts as of 1 July 1966 were to be repaid in equal annual instalments over a period of thirty years, beginning in 1971.\textsuperscript{758}

Canberra’s performance in the area of bilateral and multilateral aid to Indonesia was mixed. Bilaterally, Australia’s performance reflected the importance it placed on Indonesian stability and the need for an Army-dominated government for this reason. This could be seen in the vast increases in aid to Indonesia in the period under examination. It also reflected the overriding strategic nature of aid to Indonesia, over and above altruistic concerns for the welfare of the people of Indonesia, as is evinced in Canberra’s desire to not be ‘upstaged’ by other Western nations in the offering of emergency assistance to Indonesia, and the offering of aid on a triennial basis to make its aid grants appear much greater than they actually were relative to those of other donor nations.

In the multilateral realm, Canberra’s performance was more mixed. This was due to disagreement between the Departments of External Affairs and Treasury, with the former anxious to see its overriding concern with Indonesian economic stability translated into active support for a multilateral process for rescheduling Indonesia’s debts and raising new aid. The Treasury’s concern with the possible additional financial obligations this might impose on Australia, as well as reluctance to chair any grouping of aid donors or creditors, obstructed this very process. This lack of a unity of purpose between the Departments was regrettable and sent mixed signals to the Indonesians who had been assured on numerous occasions by Australian officials that Australia was critically interested in Indonesian economic rehabilitation. The failure of Australia to chair any multilateral grouping of creditors, despite being perfectly placed to do so, and invited by both Indonesia’s major creditors and the Indonesians

\textsuperscript{758} Posthumus \textit{The Inter-Governmental Group on Indonesia}, p. 43.
themselves constitutes a missed opportunity for the building up of diplomatic stocks with the New Order Government. In light of this, Australian criticism of the fact of Dutch chairmanship of the IGGI and the manner in which they conducted meetings in light of a stubborn refusal on the part of Canberra to undertake this role themselves seems audacious. Despite this, Australia did encourage generosity to Indonesia by its donors and creditors, although it did not participate as fully as it could have, and was not as supportive of the process in practical terms as it should have been. Canberra’s actions, in other words, did not quite match its rhetoric, or the expectations of the Indonesians and major creditors.
Chapter Nine

Australian Diplomatic Responses to Growing Authoritarianism and Corruption in Indonesia

For Canberra, the 11 March order marked a turning point in, but by no means a conclusion to, the power struggle between Sukarno and Suharto. Sukarno still retained considerable prestige and could not be conclusively written off. The PKI, although shattered, showed signs of re-organisation and formation into underground cells for the purpose of conducting Maoist-type subversion and guerrilla warfare, in accordance with the new tactics for seizing power set out in the PKI’s _Oto Kritik_ (self-criticism) which PKI remnants abroad produced in 1966. The transfer of authority from Sukarno to Suharto and the rebuff to the former it represented, gave rise to optimism in Canberra about the authoritarian direction in which Indonesian politics was heading.

However, Sukarno’s continued presence and widespread support aroused concern that there remained room for setbacks such as the possibility of Sukarno’s restoration to power as a result of the failure of Suharto to measurably improve economic conditions and the successful regrouping of the PKI into a guerrilla force, possibly in alliance with elements of the Armed Forces. These fears were in part justified due to the continuing presence of Sukarno in political life, his continuing widespread popularity in the parties, the military and the general doubts about Indonesia’s economic prospects. Alternatively, it was feared such failure could force

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759 Hughes points out that as late as the first week of March, the power play between Sukarno and Suharto could have gone either way. Hughes _The End of Sukarno: A Coup That Misfired: A Purge That Ran Wild_, p 231. See also Elson _Suharto: A Political Biography_, p. 120.

any Army-based and/or nationalist regime to pursue policies not unlike those of
Sukarno’s Guided Democracy.

The period from 11 March 1966 to 1972 saw two major trends. On the
Indonesian side, the process was one of a narrowing of the political base and a gradual
concentration of power in the executive, becoming what MacFarling accurately
describes as a ‘praetorian state’. It was also characterised by a growing
authoritarianism in Government corruption, and the introduction of an electoral
system designed specifically to maintain a military-dominated Government in power
indefinitely. Suharto seriously began, with the help of a group of Western-trained
‘technocrats’, to comprehensively undertake economic reform demanded by
international financial bodies.

On the Australian side, the process was one of a correspondingly dramatic and
unprecedented increase in bilateral contacts in the political, economic and military
realms. Australian diplomats watched closely the increasingly authoritarian trend of
the New Order and quietly supported those aspects of it they felt were conducive in
some way to stability. In this period Canberra was content to support the New Order
regime, even though it was known to be increasingly repressive in terms of national
and economic regeneration and the effects of this on regional stability, although it was
a support that was fraught by doubt in Canberra. Archival documents demonstrated
that there was a stream of opinion in the Department that moves by Suharto in this
direction were not necessary or desirable in achieving the stated goals of Australian
policy in Indonesia. This school of thought eventually fell silent by 1971 and the only
view present in the archival record was that the need for stability overrode such
concerns. These dissenting views were based on early views held by individuals

761 See Ian MacFarling The Dual Function of the Indonesian Armed Forces: Military Politics in
Indonesia, Canberra: Australian Defence Studies Centre, 1996.
within the Department of the New Order Government as being transitional in nature and that Suharto would eventually re-introduce parliamentary democracy along 1950s lines. Such views were abandoned in the months following the transfer of power, as Canberra chose to see the direction in which Suharto was taking politics in Indonesia as being preferable in view of Indonesia’s perceived need for ‘stability’, and Australia’s need for a stable Indonesia.
9.1 Supersemar and Australian Assessments of Post-Sukarno Government

The granting of emergency powers to Suharto by Sukarno, or more accurately, Suharto’s extraction of such powers from Sukarno, marked a major turning point in the power struggle between the two, marking the first major and irreversible political victory of Suharto over Sukarno. Sukarno’s authority had been slowly but steadily eroding since the failure of the attempted coup. This was done in a very subtle and gradual way for a combination of political, strategic and cultural reasons. Politically, Suharto was anxious to avoid civil war between sections of the Armed Forces loyal to Sukarno and those loyal to Suharto, which by February and March 1966 was seen as a real possibility. Moreover, Suharto was still unsure of his support in this period. Although Supersemar gave him a much greater scope for action, he did not want unnecessarily to antagonise non-communist and Sukarnoist elements in the Armed Forces and political parties, at least whilst his grip on power was still tenuous, and civil war a possibility. Culturally, Suharto was sensitive to the need to not directly oppose Sukarno or be seen to be insubordinate, and to proceed

...in a deliberate, low-key style, reflecting the Javanese temperament contained in the phrase alan asal kelakon: let things proceed slowly provided they are proceeding towards their objective.

By March 1966, the Army under Suharto seemed ready to act decisively to remove Sukarno from effective power. This was evident in increasing violence in the

762 Crouch The Army and Politics in Indonesia, p. 190. Hughes noted that as late as the first week of March 1966, the endgame between Sukarno and Suharto could have gone either way and that the Australian Embassy was burning sensitive documents in preparation for the worst case scenario. See Hughes The End of Sukarno, p. 231.

763 According to Shaplen, Suharto’s reason for moving so slowly against Sukarno was, …to make sure that the support Sukarno still had in the countryside, especially in Central and East Java, would not flare up into active opposition and provoke a real conflict that might destroy the nation.’ Robert Shaplen Time Out of Hand: Revolution and Reaction in Southeast Asia, New York: Harper and Row, 1969, pp. 128-129.

capital committed by the Army-sponsored ‘Action Groups’ against the PKI, its facilities and those individuals and organisations they felt were sympathetic towards the PKI.\(^{765}\) Whilst careful not to attack Sukarno directly, the Fronts did act against Sukarnoist symbols as well as his allies and policies.\(^{766}\) Army-sponsored youth groups and Action Fronts, the same ones that had spearheaded the attacks on the PKI after the failure of the coup, staged a series of demonstrations in January 1966, protesting against the high cost of living and the incompetence displayed in Indonesia’s economic management. These protests were, in effect, veiled protests against the Sukarno-led Government. In February these protests became centred on left-leaning Ministers in Sukarno’s Cabinet and those seen as representing the ‘Old Order’, specifically Subandrio, concurrently the Minister for Foreign Affairs, Deputy Prime Minister and the Head of the Central Intelligence Board (BPI) and Idham Chalid, the General Chairman of the Nahdatul Ulama (NU). Following this there were attacks on the Presidential Palace on 23 February and the Department of Foreign Affairs which Subandrio headed on 8 March, and other symbols of leftist influence on the Sukarno Government, such as the Chinese Embassy in Jakarta.\(^{767}\)

In an attempt to counter Army-sponsored undermining of his authority, Sukarno challenged his critics to oppose him publicly (a most un-Javanese thing to do) or to commit themselves to his continuing leadership.\(^{768}\) To this end he called on 15 January for the formation of a Barisan Sukarno (Sukarno Front) to unite all Sukarnoist forces in Indonesia under Sukarno. A further attempt to salvage his position came on 21 February when Sukarno announced the formation of a new

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\(^{765}\) For a treatment of this and civil unrest and disorder in Indonesia between January and March 1966, see Elson Sukarto: A Political Biography, pp. 128-135.

\(^{766}\) Crouch The Army and Politics in Indonesia, pp. 186-88.


\(^{768}\) Elson Sukarto: A Political Biography, p. 131.
Cabinet in which General Nasution was removed from the position of Defence Minister, and pro-Sukarno officers moved into key posts.

Shann was informed of Sukarno’s intention to reshuffle the Cabinet five days beforehand. The Japanese Ambassador, Saito, said that Sukarno would be compelled to appoint a new Cabinet drafted by Suharto and the Sultan of Yogyakarta, and that Suharto had successfully forced Sukarno to arrest both Subandrio and Chaerul Saleh.\(^{669}\) In a desperate attempt to stave off the inevitable, on 10 March Sukarno called a meeting of the leaders of the nine political parties at which all of them signed a declaration that the riots occurring in Jakarta and throughout the archipelago were financed by the CIA to subvert the authority of President Sukarno. The next day, he called a meeting of his vast and unwieldy 108-man Cabinet.\(^{770}\) Twenty minutes after the meeting began, Sukarno was handed a message saying that unidentified troops had surrounded the Presidential Palace. The moment he read this, Sukarno rushed out of the room, along with the two most prominent leftist ministers in his Cabinet, and the primary target of the student groups, Subandrio and Chaerul Saleh. The three escaped by helicopter to Sukarno’s palace in Bogor, south of Jakarta. According to May, they were right to have left in such haste and fear as Sarwo Edhie, Commander of the RPKAD commandos surrounding the Palace, had ordered his men to shoot Subandrio on sight.\(^{771}\) Suharto sent three Generals to meet Sukarno at Bogor, who managed to ‘persuade’ Sukarno to sign a document instructing Suharto to

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\(^{771}\) Brian May *The Indonesian Tragedy*, p. 138.

\(^{772}\) According to Shaplen, Suharto’s men, in attempting to persuade Sukarno to sign the *Supersemar*, informed Sukarno, ‘...that Jakarta was about to be the scene of violent demonstrations, arson, and possibly assassinations that could lead to a civil war, and that unless he gave Suharto sweeping powers
take all steps necessary to guarantee security and calm as well as the stability of the operation of the Government and the revolution and guarantee the personal safety and authority of the leadership of the President…

The following day, Suharto outlawed the PKI and a few days later arrested 15 leftist Ministers in the Cabinet who were accused of involvement in the GESTAPU affair. An interim Cabinet was appointed on the evening of 19 March.

The granting of emergency powers to Suharto on 11 March 1966 temporarily allayed concerns on the part of the Australian Government that Sukarno and the PKI would return to prominence in Indonesia. Whilst Canberra expected some degree of instability to continue in Indonesia, for the first time since the coup attempt the locus of authority could be more clearly identified. It was hoped this would make such things as the granting of aid to Indonesia much easier and less risky, both in terms of the efficiency of the distribution of any such aid, and the political risks of a too blatant support for Suharto in a period when Sukarno supporters were still prevalent throughout the community and the Armed Forces.

Canberra remained cautious, but acknowledged that a transfer of power had taken place. A Cabinet minute dated 15 March notes simply that

the Minister for External Affairs provided for the information of the Cabinet and oral account of developments in the past few days in Indonesia in which

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773 See Inward Cablegram number 286/287 from Australian Embassy, Jakarta. Dated 12 March 1966, received 14 March 1966. NAA: A1838/280, 3034/10/15 Part 11. 'Indonesia – Australian Aid to Indonesia'. See also Ian Macfarling The Dual Function of the Indonesian Armed Forces: Military Politics in Indonesia, p. 82. For a thorough treatment of the events surrounding the signing of the '11 March Order', see Crouch The Army and Politics in Indonesia, pp 179-196 and Elson Suharto: A Political Biography, pp. 135-139.


776 For a list of those in the interim Cabinet, see Inward Cablegram number 318 from Australian Embassy, Jakarta. Dated 19 March 1966. NAA: A1838/280, 3034/2/1/8 Part 12. 'Indonesia – Political – Coup d'Etat of October 1965'. See also Crouch The Army and Politics in Indonesia, pp. 179-196.
there has been a further eclipse of the PKI and rebuff to Peking, and, as it would appear, a transfer of power in a degree not yet ascertainable from President Sukarno to President Soeharto.\textsuperscript{777}

It is perhaps indicative of how the Cabinet saw the likely development of events in Indonesia that it refers to ‘President Suharto’ at a time when Suharto was neither President nor Acting President, and had merely been given the authority to restore law and order in a chaotic capital.

Following March, the new Government began to show signs of moderation in its economic and foreign policy thinking. On 7 May, the new Indonesian Foreign Minister, Adam Malik,\textsuperscript{778} in a speech to the DPR, outlined the foreign policy goals the new Government would pursue. Encouragingly for Canberra, according to Harold Loveday, there were only two references to NEKOLIM and imperialism. According to Loveday, Malik’s speech,

\ldots painted a general picture of seeking good relations with all countries and of attempting to solve outstanding differences in a reasonable and practical way.\textsuperscript{779}

Australian perceptions of the moderation inherent in this new direction in Indonesia’s foreign policy is underlined by Shann’s recollections of his first meeting with Suharto. Shann maintained that he was the first foreign ambassador to meet him following his accession to power.\textsuperscript{780} Upon leaving Indonesia in April 1966, Suharto agreed to receive a farewell call from Shann at which, to the confusion and disappointment of Shann, Suharto proceeded to extol Indonesia’s commitment to the


\textsuperscript{778} For biographical information on Adam Malik, see Memorandum number 869 from A.R. Parsons, 12 August 1966. NAA: A1838/321, 3034/10/11/3. ‘Indonesia – Visits by Minister’. See also Clancy A Dictionary of Indonesian History Since 1900. p 186.


\textsuperscript{780} Transcript of interview with Sir Keith Shann, p. 130.
Confrontation of Malaysia, handing Shann a pamphlet justifying Indonesia’s actions against Malaysia. Following this encounter, Shann related:

I thought...I must tell the government that things are not as rosy as we expected. I started back at the Embassy to draft a telegram when there was a knock on the Embassy door. In came the man who was doing the interpretation [for Suharto at the meeting]. He came into my office and said, “General Suharto has sent me to you to say that you are not to believe a word that he said to you...All this stuff about Confrontation is nonsense. He is against it, and it will stop.”

Following the 11 March order and Suharto’s arrest of fifteen Ministers, Suharto ‘assisted’ Sukarno (who remained titular head of the government) to appoint a new Cabinet, the ‘Perfected Dwikora (Peoples’ Double Command) Cabinet’. This new Government was dominated by three individuals – Suharto, Adam Malik and the Sultan of Yogyakarta, becoming collectively known as the ‘Presidium’ in which Suharto was responsible for the security aspects of the new Government, Adam Malik that of foreign affairs and the Sultan that of economic affairs. Malik and the Sultan were selected due to the fact that they were both civilians, thereby helping to deflect accusations of a military dictatorship. They had good revolutionary credentials from the War of Independence and were ‘unsullied’ by Indonesia’s flirtation with constitutional democracy in the 1950s. According to Elson ‘they provided Suharto with a credible face for the new regime he [Suharto] was in the process of creating.’

The Australian Embassy in Jakarta tentatively welcomed the new Cabinet, but emphasised that it had a temporary air to it, reporting that Suharto himself stated in a radio broadcast that the new Cabinet ‘should not be taken too seriously’.

Canberra, like other Western capitals, was generally not hasty in approaches to the New Order following 11 March. The reasons for this lay in Canberra’s analysis of the

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781 Ibid., pp. 130-131.
782 Ibid.
783 Elson Suharto: A Political Biography, p. 140.
political situation as it pertained at the time. In the weeks following the 11 March Order, there was continued political manoeuvring and jockeying for power, which caused continued incoherence in government administration and a failure to begin to address the economic problems gripping the country. This was reflected in the Embassy assessment of the new Cabinet announced at the end of March which noted,

...the fact remains that this is the third Cabinet reshuffle in a little over a month and for rather longer than that the country has not had an effective administration. At least for the time being political manoeuvring continues to occupy more of the time of the top leaders than the economic state of the country warrants.\footnote{Ibid.}

Suharto’s New Order was riding high on a wave of popularity following the 11 March Order. However, Departmental opinion recognised that much of this was in fact dissatisfaction with Sukarno and the Old Order rather than positive support for Suharto. A 1966 Departmental briefing paper noted:

The strength of the [New Order] Government derives from its Army base and from widespread dissatisfaction with the mess felt to have been created by the old regime.\footnote{Departmental Paper entitled, ‘Indonesia – Internal Political Situation’. No date, no author. NAA: A1838/280, 3034/2/1/8 Part 12. ‘Indonesia – Political – Coup d’Etat of October 1965’}

The Embassy felt that Suharto’s position could have appreciably worsened if he had failed to improve economic conditions. He was threatened by disunity among the military and political forces supporting the New Order Government, many of whose constituencies still felt a strong attachment to Sukarno.\footnote{Ibid.} Underlining this dilemma, after March, splits began to appear in the student Action Groups which had hitherto been used by the Army as shock troops against the PKI and leftist elements such as Subandrio, and indirectly against Sukarno. These splits were based on political orientation and religious persuasion. The major divisions occurred between the Student Action Front KAMI, the left wing of the PNI, and militant Muslim youth
groups. The Department conceded that Suharto would eventually need to take repressive measures against the students, as the more assured Suharto’s power became, the less need he would have of them and their continuing militancy could become an irritant at best, and a serious threat at worst, to the New Order Government. The Department felt that

[Student action which is a new factor on the Indonesian scene has been used by the new government to induce unity of purpose. Splits are appearing, however, within the student movement. Left wing groups remain a considerable factor, particularly in East and Central Java, and Muslim extremist students are a further cause of division. It is conceivable that in time the government might have to use repressive measures against the students.]

The Embassy also feared that regional dissident groups could pose a threat to the unity of the nation if the economic situation wasn’t improved in the near future, although by mid 1966, there had been little to justify this claim. The point was made:

There have been no signs since the coup of regional dissident movements. The elimination of the PKI as the leading political group in Java has removed one of the important causes of regional dissidence but if the present government fails to improve economic conditions in all parts of the country, dissidence could develop again.

In mid 1966, Australian diplomatic, defence and intelligence organisations came to some conclusions about the nature of post-Sukarno government, the role of the Army in it, and the future of the bilateral relationship. There was a general consensus among diplomats, the Department, and the Australian foreign policy, defence, and intelligence communities more generally, that the role and influence in the Army in the Government would continue and be increased in the foreseeable future. It was also felt that Suharto would continue in a dominant position, and was seen as indispensable as there was no civilian political leader capable of marshalling

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789 Ibid.
791 Ibid.
sufficient political support to govern the nation as head of a civilian government. As matters stood, Canberra and its allies were far from certain that Suharto was capable of achieving a degree of internal stability and moderation of foreign policy necessary before widespread foreign aid could be assured. Moreover, it was felt that in order to accomplish these tasks, Suharto would eventually have to undertake repressive measures against elements resisting his authority or contributing to continuing instability.

Despite the assurance of a non-communist Indonesia represented by the failure of the attempted coup and the 11 March Order, stability was not seen as guaranteed by Canberra, but was seen as the lynchpin upon which the future viability of the Indonesian state depended. To this end, Canberra devoted some time and effort into studying the quarters from which any credible threat to Suharto could develop. A 1966 briefing paper identified the three main threats to the Indonesian Government following the defeat of the attempted coup, only one of which was the PKI. They were left-wing elements, including PKI remnants and remnants of its various front organisations; disunity among its supporters such as the various Action Fronts; and general discontent among the population, most probably arising out of economic collapse and food shortages.  

Canberra feared that any inability or unwillingness on the part of Suharto to seriously address Indonesia’s parlous economic situation could be exploited by remaining left wing elements in the country and help facilitate the return to power of Sukarno or an alternative left-dominated Government. This was further explored in a paper prepared by the Joint Intelligence Committee in March 1966 entitled ‘Trends in Indonesia in the Next Few Years’. This paper predicted among other things that the

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Armed Forces were likely to continue in their position of dominance into the foreseeable future. It reported that

the Armed Forces, particularly the Army, are likely to continue their role in politics and government by the active participation of serving and ex-members of the Armed Forces, thus maintaining a close watch on the political scene...792

As a consequence of this, Canberra was in little doubt that Suharto would endeavour to maintain and expand the Army’s role in government in the next few years. The paper asserted that: ‘We expect the Armed Forces to increase their participation in non-military affairs.’793

The paper reflected apprehension in the defence and foreign affairs community that a failure on the part of Suharto to do anything meaningful about the economy and liberalise politics could cause sympathetic Action Fronts to turn against the Army-dominated government.

By the end of May 1966, the student Action Fronts had demonstrated that they were now ready to make Suharto the focus of their protests. Also portentous was the ease with which the various Action Fronts could unite to confront Suharto with their concerns, as evidenced on 23 May when KAMI,794 KAPPI795 and elements of other Action Fronts demonstrated in front of the Presidential Palace protesting against the refusals of Suharto to reconvene the MPRS by 1 June, to lower prices of basic commodities, and to appoint a new Cabinet.796 The JIC noted:

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793 Ibid., p. 4.
794 Kesatuan Aksi Mahasiswa Indonesia – Indonesian University Students Action Front.
795 Kesatuan Aksi Pemuda dan Pelajar Indonesia – Indonesian Youth and Students Action Front.
Youth and student groups will continue to press militantly for political and economic reforms. If these are not introduced as quickly as the youth groups would like conflict with the Government could result.\textsuperscript{797}

It was feared such a state of affairs could easily be exploited by Sukarno and pro-Sukarno forces. The paper also pointed out that Sukarno’s room for manoeuvre was limited and diminishing further, noting that

The activities of President Sukarno are controlled and...he is unlikely by his own actions to be able to threaten again the stability of the present Government. However, should this stability be undermined by internal dissenion and by failure to achieve any improvement in economic conditions, Sukarno could influence events to his advantage.\textsuperscript{798}

Another major concern in Canberra was the possibility of the splintering or ‘balkanisation’ of the archipelago, so it directed its efforts to help ensure that this did not occur. Hasluck made his opposition to this clear in August 1966 when he told Malik, ‘...it was the basis of Australian policy that there should be no fragmentation of Indonesia and that Indonesia should be strong and viable.’\textsuperscript{799} The unity of the archipelago under Suharto was seen as being contingent on the successful economic management of the nation by Suharto despite a noticeable lack of evidence for an increase in regional separatist activity in Indonesia since the coup. The paper noted:

It does not seem likely that regional dissidence will again become an important factor in Indonesia, unless the present government fails to maintain control and improve conditions in outer areas where economic grievances and traditional anti-Javanese sentiments remain.\textsuperscript{800}

Canberra also predicted that bilateral relations would become much closer provided Confrontation was resolved and if Australia made a much greater effort in its aid programme to Indonesia. However, there remained the possibility of conflict.

\textsuperscript{798} Ibid. See also footnote 28.
\textsuperscript{799} Summary Record of Meeting between Paul Hasluck and Adam Malik at the Indonesian Foreign Ministry, Jakarta, 9 August 1966. NAA: A1838/321, 3034/10/11/3. ‘Indonesia – Visits by Minister’.
\textsuperscript{800} Ibid., See also footnote 28.
with Jakarta over WNG during and following the ‘Act of Free Choice’ due to take place in 1969. It was felt that

Australian/Indonesian [sic] relations are likely to become much closer than in the past few years if Confrontation is settled, and if Australia participates to a greater extent in programmes of aid for Indonesia. However, conflicts of interest could arise over New Guinea either through Indonesia not fulfilling her obligation to carry out an act of self-determination in West Irian or Indonesia’s interest in drawing the territory of Papua and New Guinea into her sphere of influence.

In the latter half of 1966, Canberra assiduously assigned itself the task of assessing the future shape of the Indonesian Government as well as its longer-term economic prospects. Seeing the need for the maintenance of security as being paramount, the need for an Army-dominated administration was conceded, and a continuation and expansion for the Army’s role in political life was envisioned. By this stage, hopes of a restoration of a constitutional democratic system in Indonesia had been abandoned in Canberra, due to both the need for strong leadership to maintain order and cohesion and the lack of alternative leadership. A briefing paper for Hasluck’s visit to Indonesia in August 1966 noted ‘there is no alternative to the Army as the instrument of effective power...’ The paper also expressed significant doubts about the restoration of democracy in Indonesia, noting pessimistically that, ‘...it will be very difficult for the Army to maintain the trend towards freer political institutions.’

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803 Angel noted that it was a generally held assumption in Australia that Indonesia would be transformed from an authoritarian state into a democracy. See James Angel ‘Indonesia Since the Coup’, Australian Outlook, vol. 22, no. 1, April 1968, pp. 84-85.
805 Ibid.
In the same month, Harold Loveday reported to Canberra that developments seemed to indicate that the aim of Suharto and the Generals surrounding him was to place military personnel in all important ministries and departments. He stated that

the aim of the Generals was to place militarymen [sic] in all important ministries and departments in some capacity or other. Where the Minister is a civilian one of the Directors or Secretary-Generals would be a military man.\textsuperscript{806}

Strangely, despite this, Loveday simultaneously reported that the Army was serious about restoring a democratic process in Indonesia. He commented:

The Generals showed clear reservations regarding the revival and activities of political parties, but asserted that they were anxious to ensure democratic rights, to continue to work with competent civilians and in due course to restore full civilian control.\textsuperscript{807}

However, this was at odds with the findings of the Joint Intelligence Committee. Considering the issue in a report dated two months previously, it noted the exact opposite, predicting greater ‘green shirtism’ and Army participation in government.

We expect the armed forces to increase their participation in non-military affairs, especially administration in the outer areas, civic mission tasks and civil defence, and possibly industry.\textsuperscript{808}

The paper warned that if demands for more openness and transparency in Government by the students who had, since the failure of the attempted coup, been supporting Suharto, the Army would find itself engaged in escalating conflicts with the student groups. The paper noted:

Youth and student groups will continue to press militantly for political and economic reforms. If these are not introduced as quickly as the youth groups would like conflict with the Government could result.\textsuperscript{809}

\textsuperscript{806} Inward Cablegram number 954 from Loveday, Australian Embassy, Jakarta. Dated 5 August 1966, received 7 August 1966. NAA: A1838/280, 3034/2/1 Part 50. ‘Indonesia – Political – General’.

\textsuperscript{807} Ibid.


\textsuperscript{809} Ibid.
In December 1966, the Joint Intelligence Committee noted that continued instability in Indonesia would mean a continuation of military-led Government at least until scheduled elections in 1968. The Committee noted, ‘...there is every prospect that the Soeharto Government will continue to dominate the scene during the period under review [the period until 1968].’

Suharto was in fact seen as a necessary prerequisite for stability. A 1966 paper stamped ‘top secret’ noted,

Indonesia’s stability over the next few years will be largely dependent on Soeharto remaining in power, as his departure could result in a rapid deterioration in the political situation.

The Embassy was enthusiastically talking up Suharto, his perceived personal qualities, the stability it was believed he would bring, and the apparent rationality of his economic policies. Embassy personnel expressed as much in a conversation with the West Java Area Commander, Major General Dharsono, on 6 December 1966, when Australian diplomats opined that

Western diplomats had no doubts about General Suharto’s honesty, integrity and sincerity of purpose. They welcomed the policies he had adopted towards restoring Indonesia internationally and domestically and hoped to be able to help him and without thereby playing into the hands of his political enemies.

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810 'Political and Economic Situation and Likely Developments'. Draft excerpt from Joint Intelligence Committee report, 30 December 1966. 'A1838/280, 3034/2/1 Part 53. 'Indonesia - Political - General'.
811 Paper entitled 'Indonesia'. No date, no author. NAA: A1838/346, TS696/2/1 Part 2. 'Indonesia - Political and General'.
812 Notes of conversation with Major General Dharsono at Bandung, 6 December 1966. No author. NAA: A4359/14, 201/2 Part 5. 'Jakarta - Political - General'.
9.2 Australian Diplomatic Responses to Emerging Authoritarianism

By early 1967, creeping militarism and corruption, increasingly evident since March 1966, was beginning to concern many in Canberra and was beginning to be reported in the world’s media and by Indonesia specialists in academia.\textsuperscript{813} New Order authoritarianism in the remainder of the period under consideration took three main forms; a general clampdown on dissenting individuals and groups, an interference in the internal workings and politics of the political parties and professional organisations with a view to ensuring all these organisations’ leaderships were amenable to the New Order, and the formulation of new electoral laws designed to ensure the success of the New Order’s electoral machine, the SEKBER GOLKAR and its development into a de-facto political party for this purpose. An accompanying concern in Canberra was that of corruption among the top echelons of the Indonesian Government. Australia’s concern in this regard was not so much a moral concern with the prevalence of widespread corruption, although individual diplomats did express disquiet in cablegrams and despatches, but apprehension as to the degree to which it could or would be reined in by Suharto, and the effect this would have on stability, national unity and economic rehabilitation efforts.

Archival documents reveal a high degree of ambivalence by Australian diplomats in both Jakarta and Canberra. Two streams of thought contended in 1967-68 within Australian diplomatic circles on the issue. There was a view that the trend towards authoritarianism was not desirable, insofar as it might hinder the achievement of Australia’s stated aims and objectives in Indonesia. The other, more dominant view

held that growing authoritarianism, while regrettable, was secondary to the broader issue of Indonesian stability which was necessary for economic rehabilitation and for which an Army-dominated government under Suharto was indispensable. In practical terms, this meant Australia would not make these matters an issue in the bilateral relationship.

From late 1966 and mid 1967, the Department began to receive cables from its embassy in Jakarta reporting a growing popular dissatisfaction with the New Order Government, more particularly claims of corruption, suppression of free expression, violence, governmental apathy, and mismanagement. The latter view can be seen in a memorandum from Geoffrey Miller to the Department in May 1967 documenting disillusionment with the New Order from editorials in some of the most prominent newspapers, which Miller did not view as a serious issue at the time, noting, 'We attach, without wishing to attach too much importance to them at this stage, translations of recent [newspaper] editorials...'.

At around this time, Australian Embassy contacts in the media and student movement began reporting instances and trends indicating a growing authoritarianism and restriction of their activities. In August 1967, Loveday reported a conversation with five prominent Generals who, according to Loveday, regarded themselves as Suharto's 'Kitchen Cabinet'. The Generals made it clear to Loveday that it was their intention to place military men in all important ministries and departments in some capacity, and that where a Minister was a civilian, one of the Directors or Secretaries General would be a military man.

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814 Memorandum number 878 from G. Miller to The Secretary, Department of External Affairs, Canberra, 5 May 1967. NAA: A4359/14, 201/2 Part 5. ‘Jakarta – Political – General’.
In January of 1967, John Burgess, a Third Secretary at the Embassy, reported a conversation with a member of the Graduate’s Action Front (KASI) who expressed concern at moves to arrest three outspoken critics of Suharto; the Minister for Agriculture Brigadier-General Sucipto (formerly the Chief of KOTT’s Political Section); the Director-General for Higher Education; and Buyung Nasution, a KASI Chairman and a member of the MPRS. In November K.L. Wells, a First Secretary at the Embassy in Jakarta, reported on the widening trend to authoritarianism under Suharto, citing several incidents which underlined this concern. According to Wells, the main reason for popular disaffection towards the New Order was economic issues such as the high price of basic commodities and the widening gap between rich and poor. Wells noted,

I have...raised the question (of Suharto’s authoritarianism) in various ways with a number of other contacts, official and social, and have found the same view widely held. Undoubtedly, there is an increasing disaffection for the present regime, and while this disaffection owes much of its strength to issues such as high rice prices and, one tends to think, ‘have nots’ jealousy of the corrupt ‘haves’, amongst liberal-minded intellectuals, the fear of authoritarianism is an important and growing contributory factor.

This trend was acknowledged by the Joint Intelligence Committee in the same year. It noted that the appointment of Suharto as Acting President by the MPRS in March 1967 had led to a removal of Sukarno and his use by the New Order as a scapegoat for the nation’s ills and a splintering of the New Order. This had led to criticism of authoritarianism becoming more commonplace, and levelled directly against Suharto and the Army. The JIC noted that

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816 For more comprehensive biographical information, see G.B. Clancy A Dictionary of Indonesian History since 1900, p. 122.
817 Kesatuan Aksi Sarjana Indonesia – Indonesian Intellectuals Action Front.
819 Memorandum number 2343 to The Secretary from K.L. Wells, 29 November 1967. NAA: A1838/280, 3034/2/1 Part 57. ‘Indonesia – Political – General’.
with his [Sukarno’s] removal, the New Order has tended to splinter; and without Sukarno to blame automatically for almost everything, it is the government which has become the target of criticism. ‘Green-shirtism’ has become a popular issue, as has corruption within the government and the military.820

The documents did not suggest that this concern was held too deeply in Canberra, and efforts to influence Suharto or others in his ruling clique away from an authoritarian Government were minimal to non-existent. The reasons for this were continuing instability and the potential this had to jeopardise the recovery of the economy, in turn necessary to ward off a re-emergence of the left.

However, there was simultaneously a view held by individuals within the Department that an authoritarian military-dominated Government was not desirable in Indonesia. These views were based on a belief that the Army should not arrogate to itself too many responsibilities, thereby exposing itself to criticism for its failures which could otherwise be laid at the feet of civilian leaders. There also existed the view that a repressive military regime would alienate the population in much the same way that Sukarno did. As early as September 1966, a Departmental paper described Army rule in Indonesia as

...an extreme and dangerous course...The expansion of its political, economic and administrative functions...could over-extend and weaken it. Direct Army rule could bring increased instability and hinder rather than facilitate economic recovery.821

According to this view, the best way forward for the Army was seen to be one of, ‘...avoid[ing] isolating itself from society and finding itself on the path of authoritarian rule.’822 A draft briefing paper of 1966 stated,
...the development of undisguised military rule in Indonesia would not be in our interest (in principle because it would only bottle up and not moderate existing tensions)...

On 6 December 1966, Australian diplomats expressed to Dharsono that the militarisation of the government could have severe repercussions as it could alienate ‘friendly’ civilian political groups who might prove useful or necessary to the Army in the future. An unnamed Australian diplomat noted,

I took the opportunity to raise the point of ‘excessive militarisation’ of the government machinery. I said that in the past few months complaints of ‘excessive militarisation’ seemed to have become increasingly common. While one could appreciate the reasons the Army felt it could not trust the politicians to have too much control or influence in the Ministry or in the top jobs of the public service, there was a danger that ‘militarisation’ could be carried to the point that it lost for the Army the support of some of the ‘good’ civilian political elements.

In March 1967, Suharto was appointed Acting President by a specially convened meeting of the MPRS, a step which according to a Departmental briefing paper brought Indonesia ‘a step closer to military rule.’

In late 1967, the authoritarianism of the Suharto Government became an increasingly frequent topic of correspondence between the Department and the Embassy in Jakarta. In March 1968, Wells reported that Army Officers were being freely moved between civilian and military appointments. Wells noted sardonically:

Such a practice will greatly facilitate and extend the Army’s scope for taking over the civil service and particularly for dominating regional administration...If this is the case, then ‘green shirtism’ is here to stay.

Only weeks later an Army raid confirmed this analysis. In May of that year, troops of the Jakarta Garrison raided the premises of independent amateur radio stations in

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823 Draft Paper on Indonesia, no date no author. NAA: A1838/280, 3034/10/1 Part 28. ‘Indonesia – Political – Relations with Australia’.
826 Ibid.
Jakarta. On the night of 9 and 10 May, the Army entered the premises of a number of radio stations on the order of the Jakarta Military Commander, Major General Amir Machmud. The soldiers destroyed equipment and arrested those it accused of slandering President Suharto in their broadcasts.

Typical of this was the fate of Radio Teknik, an amateur radio station operated by students in the Technical Faculty of the University of Indonesia. For four days prior to this, Radio Teknik, had compared Suharto to an offensive clown character from the Javanese wayang play. This was the first time since coming to power that Suharto had taken such a step to silence his critics. E. Burtmanis reported:

The incident was noteworthy for the fact that the series of broadcasts, for the first time as far as we are aware, directed offensive public criticism at the person of Suharto himself.

Following discussions on the topic with Dr Fuad Hassan, a political advisor to Suharto and a member of the MPRS, Burtmanis, noted darkly:

The situation now was that there was a substantial disenchantment among members of state institutions, students and the politically conscious public, which could see no real way to modify the Government’s course...In fact what indications there are, suggest that the Government, through the Army, may be increasingly taking a tougher stand against its critics.

By the end of 1970, Canberra had indicated its firm support for the New Order regime under General Suharto despite their recognition that his regime was not transitional in nature and that he was presiding over a narrowing of the political base which was characterised by increasing authoritarianism. This was further underlined in 1970, at a time when the New Order had become quite firmly ensconced in power and had passed three pieces of electoral legislation for upcoming election, which will

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828 Memorandum number 880 from E. Burtmanis to The Secretary, Department of External Affairs, Canberra, 23 May 1968. NAA: A1838/280, 3034/2/1 Part 59. 'Indonesia – Political – General'.
829 Record of Conversation with Dr Fuad Hassan, 20 May 1968. Main Subject: 'The Political Situation'. Report prepared by E. Burtmanis. NAA: A1838/280, 3034/2/1 Part 59. 'Indonesia – Political – General'.

be discussed later. Australian diplomatic opinion by this stage had generally crystallised into a view that a military-dominated regime was needed for a prolonged period in order to ensure the stability required for economic development whilst recognising that over time opposition to such a regime would become more widespread within Indonesia. Both of these views can be seen in the record of a Departmental Secretary’s meeting at the Department of External Affairs on 10 July 1970 at which the Secretary was recorded as saying,

the regime is durable now, but over time will increasingly come under inevitable pressure...Indonesia will continue to need a semi-military regime and its tests are still to come. 830

In October of that year, David Reeve, a Third Secretary at the Embassy, noted scathing criticisms of the New Order’s methods reported in the Kompas and Harian Kami newspapers on the fifth anniversary of the coup. According to Reeve, the editorials in question implied,

...that the Government has ignored the constitution, the constitutional basis of Indonesian democracy, and that the Government’s actions have endangered basic individual rights. 831

The corollary of this was that the process occurring in Indonesia was one of growing disenchantment with the New Order by groups which were once its fiercest supporters outside the military,

It seems that the independently-minded may grow progressively less enthusiastic about the power politics of the Soeharto government as the election nears...the display of what they regard as naked manipulation from a government they had hoped would do better, seems to be producing increasing resentment and frustration amongst them. 832

That month, Jockel asked A.C.C. Farran, another Third Secretary at the Embassy, to produce a general paper on the New Order Government and its future prospects.

832 Ibid.
Like Reeve, Farran noted the same increasing disaffection towards the regime on the part of the intellectual community, journalists, some party politicians and amongst the professional classes. According to Farran, the viability of the New Order was threatened by

...the extent of dissatisfaction and alienation from the present military-based Government among the student youth and other articulate elements of the civil population, especially the intellectual community, including journalists, some of the party politicians, and amongst the professional classes.833

Moreover, according to Farran, despite Suharto’s apparent consolidation of power, he had failed to systematise that power to an extent that would ensure the maintenance of the regime indefinitely. He also noted a growing cleavage between civilian and military elements in the New Order, and the trend by which the Armed Forces were accumulating power to itself. Farran felt this would lead to increasing alienation of civilian politicians from the military in the future, noting that

...the armed forces ‘power elite’ has shown a marked tendency to over-react to challenges as well as showing an excessive defensiveness in the face of sophisticated outside political pressure.834

Despite the increasing disaffection towards, and alienation of, civilian elements in society and politics towards the military, full participatory democracy, along the lines of that practiced briefly in the 1950s and in the West, was not seen as a realistic or desirable option to growing authoritarianism. This was based on the view that democracy was outside the desire and competence of most Indonesians, who were described as poor, ill-educated and unconcerned with political issues. Farran opined:

I do not think democracy as we know it...is workable here, nor do I feel it is necessary – nor do I think that more than one fifth of the community at most, would even want it or would know what to do with it.835

834 Ibid.
835 Ibid.
Nevertheless, Farran did believe some greater opportunity for meaningful participation in the political process was warranted, even with the military ‘holding the ring’, but that the capacity of regimes such as the New Order to accommodate this was limited, and that growing unrest due to a deafness towards calls for such participation or occurring as a result of economic failure could be met with greater and greater repression. Farran’s predictions about the future of the regime were grim:

I see the political future of Indonesia as leading to a succession of military-based, rightist-leaning, regimes cast in the conventional Latin-American mould. I see these regimes becoming progressively pre-occupied with actual or potential threats to internal stability.  

Despite taking issue with a few of the finer points of Farran’s paper, Jockel generally agreed with his analysis and conclusions, noting, ‘I do not disagree much with the thrust of Mr Farran’s paper.’

Most influential Australian diplomatic opinion felt that this course was preferable to any actions or representations to Suharto to discourage this trend. The reasons for this were strategic, as Canberra rightly concluded that there was no viable alternative to an Army-dominated government in the short to medium term, at least not one capable of marshalling the human and capital resources requisite to ensure Indonesia’s territorial integrity, economic rehabilitation and a continuation of the suppression of leftist forces in the country. Suharto was viewed by Canberra as a guarantor of the sort of stability which was the focus of Australian policy towards Indonesia in particular and to the region more generally. These overrode very real concerns held by some in the Department that an authoritarian military or military-dominated government in Indonesia could be as much a force for instability as stability. It was at this point that the major fault in Australian policy towards

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836 Ibid.
Indonesia in the post-coup period became clear as Australia placed its diplomatic stocks behind this process of growing authoritarianism without identifying a point at which support for such a policy would become untenable, or jeopardise Australia’s stated aims and objectives, thereby becoming counter-productive.
9.3 Responses to Interference in the Workings of Political Parties

Apart from a general clamp down on dissent, the New Order’s authoritarian tendencies manifested themselves in three concrete ways. The first was the desire by elements in the military within the New Order Government to reform the party system. This desire had its roots well before 1965 and can be traced to the 1950s during Indonesia’s brief period of liberal democratic government. Following the rise to power of Suharto, these efforts were renewed with military and civilian elements of the New Order wrangling over the role, if any, the parties should be allowed to play in political life. Secondly, the Army interfered in the internal workings of the parties to ensure their leaderships were pliable to the goals of the New Order Government and thereby preclude the likelihood of the parties becoming a focus for opposition to the New Order and further stymie their chances of success at upcoming general elections. Thirdly, Suharto enacted new electoral laws designed to ensure that the New Order’s electoral machine, the SEKBER GOLKAR (Joint Secretariat of Functional Groups), which was developed from a loose collection of disparate religious, professional and community organisation for the purpose, would be victorious in all future elections. The Embassy in Jakarta meticulously followed these developments, as weekly savingrams of the period attest. Cables and other archival documents demonstrate that diplomats were tacitly supportive of this process, or at least generally uncritical of it for reasons already stated.

The Army’s antipathy towards the political parties pre-dated by at least a decade the attempted coup in 1965. It tended to view the parties as self-interested and more concerned with scoring political points against each other than addressing issues
of national development.\textsuperscript{838} This reflected a wider contempt towards and alienation from civilian government in the military dating back to the revolution when the civilian government allowed itself to be captured by the Dutch in Yogyakarta in December 1948 and negotiated a ceasefire which as Crouch pointed out was nearly rejected by the nascent TNI.\textsuperscript{839}

The sheer number of political parties in existence throughout the 1950s and the small support bases of most of them made the political arena complex and unstable, as the succession of governments throughout the 1950s demonstrates.\textsuperscript{840} More specifically, the Army was concerned that a disorderly and chaotic party system could be exploited by, and provide no check to, a rise to power of the PKI, which under Dipa Nusantara Aidit, had observed a ‘united front’ strategy\textsuperscript{841} designed to use the parliamentary system and alliances with non-communist parties to achieve power, and which under Sukarno to 1965 was bearing fruit.

Following his de-facto accession to power on 11 March 1966, a major component in the legitimacy afforded Suharto’s Government by both the parties and foreign observers, was his promise to hold general election by 1968. There had not been a free and fair general election in Indonesia since 1955 during the period of constitutional democracy. Under Guided Democracy Sukarno was both head of the


\textsuperscript{839} Crouch The Army and Politics in Indonesia, pp. 26-27.

\textsuperscript{840} For a thorough treatment of political instability in Indonesia’s constitutional democratic years, see Herbert Feith The Decline of Constitutional Democracy in Indonesia, Ithaca: Cornell University Press, 1962. See also Goh Cheng Teik ‘Why Indonesia’s Attempt at Democracy in the mid 1950s Failed’, Modern Asian Studies, vol. 6, no. 2, 1972.

\textsuperscript{841} For a treatment of the Communist Party under D.N. Aidit and the Party’s ‘United Front’ strategy for achieving power, see Peter Edman Communism alla Aidit: The Indonesian Communist Party under Aidit 1950-65, James Cook University, Qld: Centre for Southeast Asian Studies, 1987. See also Arnold Brackman The Communist Collapse in Indonesia, New York: Norton, 1969.
government and Head of State, with a parliament appointed by him. Following the attempted coup, the Army gained political currency and legitimacy both inside and outside Indonesia by hinting at the restoration of a broadly democratic or at least representative political system, albeit one which recognised the role of the Armed Forces in the social and political life of the nation, its Dwi Fungsi (Dual Role) and constituted by political parties who would be 'sensitive' to the needs of national development. In practice this would come to mean that the Army would not allow disputes between and within the parties to in any way jeopardise economic or political stability, or the rehabilitation of the economy.

In Suharto's view, this necessitated a severe curtailment of the parties' power and activities. To this end, the Army interfered in the internal workings and factionalism within parties, through a mixture of manipulation and threats, to produce party leaders who were tame and malleable. It was also accomplished by the enactment of a series of electoral bills which would ensure that the elections would not allow a change of Government or indeed any outcome in which Suharto's own electoral machine, GOLKAR, was not in a dominant position.

The role the political parties would play in post-Sukarno Indonesia was the subject of much wrangling between two groups within the New Order clique in 1966, between what became known in academic circles as 'New Order Radicals' and 'New Order Moderates'. According to Crouch, Suharto could not afford politically to allow the parties to be left to their own devices as in their present state they remained vehicles for the expression of popular resentment against unpopular actions of the New Order Government.

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842 For a more thorough examination of Indonesian Government and politics during the period of Guided Democracy see J.A.C. Mackie 'Indonesian Politics Under Guided Democracy'.
843 For a more comprehensive view on this topic than is possible here see Herbert Feith 'Suharto's Search for a Political Format', Indonesia, no. 6, October 1968. See also Harold Crouch 'The Army, Parties and Elections in Indonesia', Australia's Neighbours, January-February, 1971.
Whilst manipulation reached into even the minor parties, it is sufficient to demonstrate this process in the major surviving political groupings following the coup, the PNI and the Muslim parties. The PNI had been riven by internal conflict and factionalism threatening the party’s cohesion since mid 1965 when a division erupted between groups loyal to Party Chairman Ali Sastroamijoyo, following a strongly Sukarnoist and Marhaenist orientation with correspondingly close links with the PKI and those led by Hardi who were at odds with the Ali group over PNI’s closeness with the PKI.\textsuperscript{845} Whilst it is doubtful the PNI was involved in the events surrounding GESTAPU, following Untung’s coup, the leadership of the PNI issued a statement supportive of Untung’s action. Arising from this and other statements, the PNI as an organisation came to be seen as a supporter of the GESTAPU, and this was the source of Suharto’s desire to purge the Party of its pro-Sukarnoist factions.\textsuperscript{846} The process following this was one of uniting the PNI and purging it of these elements whilst simultaneously reducing its real influence, both prior to and following the holding of general elections. In the Ampera Cabinet formed on 25 July 1966, the PNI was given only three out of 24 positions. Suharto, on 21 December 1967, issued an instruction as Acting President to all regional military commanders to assist the PNI to ‘consolidate and crystallise’ itself.\textsuperscript{847} In meetings with PNI leaders that year Suharto made it clear that his support for the PNI in this regard was conditional upon the PNI dropping its pro-Sukarnoist platform and rhetoric and Marhaenism as a philosophy.

\textsuperscript{844} Marhaenism was a social vision developed by Sukarno to describe the perceived uniqueness of Javanese political economy relative to that of the West. It takes its name from a man called Marhaen who Sukarno claimed to have spoken to and from whom he discovered that in the Indonesian case, the means of production, although owned by the peasant, were barely sufficient to support a family. From this he deduced that the owners of capital were not a privileged class in this case but the workers themselves. See Clancy A Dictionary of Indonesian History Since 1900, pp. 110-111.

\textsuperscript{845} Daniel S. Lev 'Indonesia 1965: The Year of the Coup’, p. 104.

\textsuperscript{846} For a more thorough treatment of the PNI’s role in the events surrounding the attempted coup, its attitude to the New Order and participation in elections see Alexander Nadeson ‘The Role of the Partai Nasional Indonesia (PNI) During the October Coup of 1965 and the General Elections of 1971’, Review of Indonesian and Malayan Studies, vol. 6, no. 1, January-June 1972.

\textsuperscript{847} Ibid.
Before examining Australia’s knowledge of and degree of support for, the Army in the execution of these goals, it is worth briefly examining the evolution of the Army’s thinking about what sort of political system they wanted to implement. In the period immediately following the defeat of the attempted coup, there was almost no consideration of what sort of governing arrangements would replace the chaotic system of Guided Democracy which Sukarno had declared in 1959. The parliament that sat between the time of the attempted coup and elections in 1971 was essentially a continuation of that appointed by Sukarno minus the PKI. Loudest in calls for a restoration of constitutional democracy were the parties, particularly those who polled most successfully at the elections of 1955, the NU and PNI.

Following the attempted coup, there was much speculation in Australian diplomatic and ministerial correspondence regarding the nature of a post-Sukarno government in Indonesia. In the first few months following the coup there was a great deal of doubt over whether Suharto would be able to form a viable military based government and whether or not this was desirable. This can be seen in a working paper submitted by the Australian delegation to the Four Power Conference on Information Activities in Southeast Asia and Oceania, held in Canberra from 14 to 15 November 1966. The paper stated that the problem with the transitional governing arrangements in Indonesia vis a vis the Army was one of legitimacy. It noted:

It is in Western interests to avoid direct Army rule which could bring increased instability and hinder rather than facilitate economic recovery...The Army must avoid isolating itself and getting on to the path of authoritarian control and repression.\(^{849}\)

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The idea of re-ordering the political system had its genesis in the chaotic days of Sukarno’s Guided Democracy. Following the chaotic period of Constitutional Democracy and the failure of Guided Democracy to achieve these ends, the Army saw the parties as the problem, and their failure to articulate co-operation for national goals. As far back as 1958, at a time when the Army’s power and prestige had been augmented following their crushing of the *Perusahaan* revolt in Northern Sumatra, a Joint Intelligence Committee meeting held in Melbourne in September 1958 concluded that ‘...the Army should control the administration for the next three to five years.’ The report also noted that the parties had three options open to them as a consequence. They could: ‘a. Rationalise into a smaller number of parties, b. Have their activities restricted throughout the country or c. Be completely eliminated.’

In 1964, Sukarno began a process of ‘simplifying’ the party system by merging all parties into one mass organisation, although the Embassy assessed that Sukarno would be unlikely to take any action in this regard in the near future. The vociferous opposition of the biggest parties, the PKI, NU and PNI, forced Sukarno to accept a continuation of the *status quo* for the time being.

In 1966, views within the Army about the future of political life in Indonesia were coalescing around two opposing groups which became known as New Order ‘moderates’ and ‘radicals’. The former wanted the party system as it existed left largely intact as vehicles through which the various streams of political and religious thought could be constructively and peacefully vented, thereby precluding the sort of

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850 Joint Intelligence Committee Report no. 27/1958, held at Victoria Barracks, Melbourne on Tuesday 2 September 1958. NAA: A1838/269, TS682/6/1. ‘Joint Intelligence Committee – An Assessment of Developments in Indonesia up to the end of 1960’.
851 Ibid.
852 Inward Savingram number 29 from Australian Embassy, Jakarta. Dated and received 24 December 1964. NAA: A6364/4, 1964/01S. ‘Jakarta Savingrams Inwards Chronological, numbers 1 to 61, 3 January to 22 December 1964’.
widespread disenfranchisement likely to lead to popular unrest. According to Crouch, the major political parties

...had developed deep roots in the respective cultural communities which could not easily be pulled out. Thus it was felt that it was better, except in the case of the PKI, to leave the well-established parties as natural vehicles of communication between the government and the people rather than to create new, artificial means for the expression of political interests.\textsuperscript{854}

Opposing this group were the New Order ‘radicals’, who saw in the failure of the attempted coup an opportunity to completely overhaul the party system in accord with the Army’s deep distrust of the parties dating back to the time of independence and more recently borne out in the apparently easy adjustment of the major parties to Sukarno’s idea of NASAKOM, reinforcing suspicions in the Army that the parties were self-interested and unable or unwilling to stand against the communist threat. In practical terms, this was to take the form of a reformation or reduction of the number of political parties to two in an attempt to stimulate political stability, and with platforms emphasising programmes rather than specific political ideologies.\textsuperscript{855}

The battle between these two opposing groups took place in a conference held at the Army Staff College, SESKOAD, in Bandung, West Java in August 1966. The purpose of the conference was to allow the Army to discuss its role in a post-Sukarno Indonesia, more specifically to discuss ways of reconstituting the party system to make it less fractious and unstable, and unable to oppose or diminish the Army’s Dwi Fungsi. These proceedings did not pass unnoticed by the Australian Embassy. In June of that year, the Embassy’s Army Attaché, Colonel Terrence Warren, reported that there appeared to be a course taught at SESKOAD for senior ABRI officers. The information available to Colonel Warren at the time was minimal and could only ascertain that between 21 and 24 senior officers of the rank of Major General and

\textsuperscript{854} Harold Crouch ‘The Army, Parties and Elections in Indonesia’, p. 4.
\textsuperscript{855} \textit{Ibid.}
Brigadier-General were attending a course of at least three months duration, and consisting of three periods, the first and last held at SESKOAD. According to Warren, in the absence of much information, four theories were put forward for the purpose of the meeting; ranging from simply providing staff training to those officers who had not had an opportunity to receive any previously, to an attempt to ‘weed out’ those officers who had the potential to be disloyal at some future stage.\footnote{Report from Colonel Terrence Warren, Military Attaché, Australian Embassy, Jakarta, June 1966. NAA: A1838/280, 3034/2/1/8 Part 12. ‘Indonesia – Political – Coup d’Etat of October 1965’.}

The seminar itself was attended by about 300 Army Officers, as well as a group of Western-educated economists from the University of Indonesia, also teaching at SESKOAD, who constituted the economic face of the New Order. Participants were separated into three groups, dealing with military, economic and political issues. The Seminar discussed the need to restrict the activities of the Jakarta-based parties and altering the method of election from the proportional system that prevailed to a single member district system with a provision for residency.\footnote{Elson \textit{Suharto: A Political Biography}, pp. 148-149.} This was the first time in the New Order period that the regrouping of the parties was discussed. Reporting to Canberra on the meeting, Geoffrey Miller commented:

Politically, the crux of the matter is in a recommendation that Suharto ‘regroup’ the political and social forces in parliament before the elections. The argument is that the ‘Party Group’ can always outvote the ‘Functional Group’...Thus, ‘desirable legislation’ is blocked.\footnote{‘Army Seminar in Bandung’, Memorandum by G. Miller, 10 September 1966. NAA: A4359/14, 201/5/1 Part 1. ‘Jakarta – Army’.}

Economically, this was the first major opportunity for the technocrats to present to the economically ignorant Suharto a program for economic rehabilitation based on balancing the budget through price rises and abolition or reduction in subsidies and controlling debt and inflation.\footnote{For a treatment of Suharto’s early efforts to rehabilitate the economy, see Elson \textit{Suharto: A Political Biography}, pp. 149-152.} Militarily, the seminar re-affirmed the unique role of
the military in Indonesia and its role in public and political life. In a conversation with Australian Ambassador Loveday, Mohammad Sadli related that

…the Army was now profoundly interested in its role in the nation’s political life…that the Army had a strongly developed idea of its rights and responsibilities to play a leading part in government, and therefore was closely examining with which political and social groups it should seek to find common cause.\(^{660}\)

A major component in the New Order’s legitimacy was its promise to reintroduce democratic elections in the near future. According to Legge, Suharto saw himself as leading a ‘caretaker government’ with a view to the restoration of constitutional democracy in some form.\(^{661}\) The decision to hold general elections was taken by the MPRS during its first sitting since the failure of the attempted coup in July 1966, despite reluctance on the part of the Army. Suharto’s emphasis was first and foremost on development and security. Shortly before that MPRS session, Suharto was quoted as saying:

General elections can only be held if the requirements and conditions are ready...[they] are not important if they do not guarantee the democratic rights of the people...To guarantee healthy democratic rights, physical security and political security are needed.\(^{662}\)

Such a view did have merit in light of continuing violence between pro and anti-Sukarno forces that raged throughout the country and the possibility that early elections could trigger an escalation of such violence. This was certainly the view of the Department. A Prime Ministerial briefing paper of May 1967 noted:

The holding of elections would not only be an expensive operation in itself, but would be likely to have an adverse effect on economic rehabilitation efforts.\(^{663}\)

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\(^{660}\) Record of Conversation with Mohammad Sadli, 2 September 1966. Recorded by Harold Loveday. NAA: A4359/14, 201/5/1 Part 1. ‘Jakarta – Army’.


\(^{662}\) Harold Crouch ‘The Army, Parties and Elections in Indonesia’, p. 5.

The Army feared that Sukarno’s political stocks were still very high in the community, particularly in East and Central Java. As Crouch noted and Mackie concurred, there was a real fear that forces loyal to him would fare too well in any hastily arranged general election.\footnote{Harold Crouch ‘The Army, Politics and Elections in Indonesia’, p. 5. See also J.A.C. Mackie ‘Civil Military Relations and the 1971 Elections in Indonesia’, Australian Outlook, vol. 24, no. 3, December 1970, p. 250.} By the end of 1967, the Government had decided to postpone the elections until 1972\footnote{The reason for the postponement was that Election Bills designed to ensure victory for the Army’s political machine, Golkar, had not yet been completed. In the 1968 MPRS Session, the Government sought to postpone elections for five years. The parties were able to persuade the Government to agree to a three-year postponement, in return for the parties agreeing to Suharto’s election as President for a five-year term. See Elson Suharto: A Political Biography, p. 164. See also Crouch The Army and Politics in Indonesia, pp. 247-253.} and this was ratified by a meeting of the MPRS in March 1968 which also changed Suharto’s status from Acting President to President.

Between the postponement of the general elections and the holding of them in 1971, the Suharto Government went to significant lengths to reform electoral laws to rig the elections and ensure a continuation of Army rule. This was done through the enactment of three election bills. These consisted of three pieces of legislation drawn up after the conclusion of the Bandung Seminar and which were submitted to the DPR in early 1967. The bill dealing with general elections provided for the establishment of single-member constituencies, each of which was to be based on a Kabupaten (district) or major urban centre. The second bill dealt with the future structures of the DPR, MPR and regional legislatures so that only half of all of these bodies would be constituted of members from the political parties with the other half made up of the Gologan Karya (Functional Groups), half of which would be members of ABRI.

Accompanying these two bills was a third outlining the requirements for the recognition of parties, functional groups and mass organisations with a view to
reducing the numbers of parties. It also established which individuals and groups were eligible to vote. This was done in order to exclude from the franchise former members of the PKI and its various front organisations, as well as other individuals and constituencies likely to express left wing sympathies in a ballot. The parties did not receive these proposed changes well. The reservation of one quarter of all seats in the DPR, MPR and regional assemblies as well as the use of single-member constituencies rather than proportional representation seriously threatened the ability of the parties to achieve a dominant position in the legislatures of the New Order or a degree of representation in these bodies commensurate with the degree of popular support enjoyed by them. The Bills required that to be recognised as parties, the parties must have a membership of at least one and a half million and have branches in at least half of Indonesia’s twenty five provinces and at least half of the archipelago’s 273 districts. Their influence could be further diluted by the establishment of a new Muslim party, Partai Muslimin Indonesia (Parmusi) which was developed to channel the Muslim vote which had previously gone to the Masyumi.

Despite some incidents of election-related violence and heavy-handedness on the part of the Army, polling for the elections held on 5 July was relatively peaceful, and succeeded in reducing the power of the major political parties which polled much more poorly than expected. Golkar won a resounding victory, securing 62.8 percent of the vote. With the exception of the NU, whose 1971 vote was comparable to that

866 Crouch The Army and Politics in Indonesia, pp. 247-253.
867 For a treatment of reaction and opposition to the electoral laws by the parties see Crouch ‘The Army, Politics and Elections in Indonesia’.
achieved at the last elections in 1955 (18.6 percent in 1971, 18.4 percent in 1955), the
departments were decimated. The PNI’s vote was only 6.9 percent (down from 22.3 percent
in 1955). The recently established Muslim Party Parmusi (Partai Muslimin Indonesia
– PMI) polled 5.3 percent as opposed to 20.9 percent achieved by its predecessor
party Masyumi in 1955.870 The Australian Ambassador to Indonesia, Gordon Jockel,
was under no illusions as to the reasons for GOLKAR’s resounding victory:

Golkar’s electoral success has been described as ‘overkill’ though no one
associated with it now seems much worried on this score. It arose essentially
from unequal competition and the state’s virtual monopoly of resources
compounded by over-insurance at each level of the government apparatus
under pressure to secure quotas of votes for Golkar.871

Interestingly, despite a thorough awareness of the manipulation of the party and
electoral system designed to ensure precisely this sort of result, which exceeded even
the expectations of some senior GOLKAR organisers872 and Suharto himself,
Australian diplomats spoke of the election results as legitimising the dominance of the
Suharto regime.873 Jockel noted,

Sekber Golkar’s election victory has reinforced the confidence of the
Soeharto regime and legitimised the political authority of the armed forces.
Golkar itself is an extension of state power.874

This was echoed in an extract of JIO weekly report circulated in Canberra that month,
which asserted,

the elections legitimised the concentration of power in the Armed Forces
(ABRI) under President Soeharto...ABRI provided the frame on which the
strength of Golkar’s electoral campaign was based, though its planning was
mainly in the hands of civilians. Golkar developed a certain momentum of its
own, but may be regarded as the civilian political wing of ABRI.875

870 Despatch number 3 from Gordon Jockel, Australian Ambassador to Indonesia, Australian Embassy,
871 Ibid.
873 Ibid. According to Jockel, Suharto’s estimated Golkar would poll 60% of the vote.
from Gordon Jockel, Australian Ambassador to Indonesia, Australian Embassy, Jakarta, 7 September
1971.
875 Extract from JIO/OCI Weekly Report number 38, 22 September 1971. NAA: A1838/2, 3034/2/1
Part 72. ‘Indonesia – Political – General’.
Amazingly, the view from the Embassy in Jakarta and the Department in Canberra was that despite the rigging of electoral machinery to ensure a Golkar victory, there remained little anger or bitterness within the parties or their supporters, and that the election victory represented the beginning of a moderation in Indonesian politics.\footnote{Ibid.}
9.4 Responses to Corruption

The existence of corruption among leading elements of the Suharto regime was a focal point for criticism of the regime in the period under examination. Nevertheless, this can give the impression of corruption in Indonesia as coming into being with the Suharto regime. This was not the case. As Mackie demonstrated, during the period of Guided Democracy, corruption was endemic in Indonesia, to the point that it jeopardised the economy.\textsuperscript{877} Moreover, there was great pressure on the New Order to comprehensively tackle corruption from non-military supporters of the New Order. Whilst there is little evidence that suggests corruption in the period under examination was more widespread under Suharto than Sukarno, under the Suharto regime the issue took on more political importance as, \textquote{in some respects the circumstances which gave rise to it are less compelling}.\textsuperscript{878} Also relevant were great improvements in the economic realm and correspondingly increasing opportunities for corrupt practices by senior Army leaders and others.\textsuperscript{879}

By 1968, the issue of corruption became more prominent in Indonesian public life and with the international media.\textsuperscript{880} In that year, the Australian Embassy received complaints from prominent Indonesians along with information regarding the nature of the corruption and who the major perpetrators of it were. There were indications in the early period following the de-facto rise to power of Suharto in March 1966 that Suharto intended to make a concerted effort to tackle corruption. To what extent this was really the case and to what extent it was merely window dressing to ensure foreign aid donors that their aid would not be misappropriated, and encourage foreign

\textsuperscript{877} J.A.C. Mackie \textquote{The Commission of Four on Corruption}, \textit{Bulletin of Indonesian Economic Studies}, vol. 6, no. 3, 1970, p. 87-88.
\textsuperscript{878} \textit{Ibid.}, p. 250.
\textsuperscript{879} \textit{Ibid.}, p. 88.
\textsuperscript{880} A good example of such reporting can be seen in Robert Keatley \textquote{Indonesia’s Burden: Army Corruption Slows Efforts to Rebuild the Nation}, \textit{The Wall street Journal}, vol. CLXIX, no. 85, p. 1.
investment, is a moot point. Certainly, from 1965 to 1967, there appeared to be little
knowledge in Canberra of widespread corruption on the part of Suharto and his
Generals, and indeed, little interest. Corruption, at least in the period under
examination until 1969, was of secondary importance to stability.

Australian Embassy officials were aware of significant corruption from at least
as early as 1968 and that senior Generals and their wives were abusing their positions
within the new regime to enrich themselves. Canberra seemed not so much concerned
about cases of corruption for their own sake so much as the possibility that allegations
of corruption could damage the image of the Suharto Government and threaten the
stability and economic progress which followed in its wake.

In the period from 1969 until 1972, documents suggest that the Embassy in
Jakarta and the Department in Canberra took a keen interest in efforts (or lack thereof)
on the part of the Suharto Government to tackle official corruption. Following the
findings of The Commission of Four on Corruption, a group of politicians from the
Supreme Advisory Council charged with investigating and exposing instances of
corruption in government, a degree of resignation is detectable in Australian
diplomatic correspondence. Clearly, efforts by Suharto to combat corruption were
indeed window dressing, and Suharto was himself deeply implicated in high-level
corruption.

The first mention of rumours of corruption in the New Order came to the attention
of the Department on 14 June 1966, when C.R Ashwin,881 on behalf of the Secretary,
wrote to Ambassador Loveday at the Embassy in Jakarta. Ashwin asked:

We would be grateful for any comments you might have on points raised in
the telegram and particularly on the following points...That Suharto is
engaged in corruption.882

881 For a biographical treatment, see Who's Who in Australia 1968, p. 65.
After this communication, there were very few archival documents on the issue until 1968 and 1969, when the issue of corruption became a major source of friction between the military and civilian elements in the New Order Government, the Action Fronts, parties, intellectual community and Indonesia's major creditors. Loveday remained generally optimistic that although it would be impossible to eliminate corruption, greater efforts by Suharto would lead to a curbing of the more glaring instances of it.

This can be seen in Loveday's record of a meeting with Widjoyo Nitisastro, Chairman of the Indonesian state planning agency BAPPENAS in which the latter was describing to Loveday efforts Suharto had been undertaking to reduce corruption. More specifically, Suharto mentioned smuggling, illegal and unethical use of Army vehicles and interference by the military in civilian matters. Describing a 'Commander's Call' given by Suharto, Widjojo related to Loveday that

...Suharto lectured the Commanders at length to the effect that they must adjust their behaviour to the needs of the country and the fulfilment of the Five-year Plan. When I asked how specific the President had been, Widjojo confirmed that he had used the actual words corruption, smuggling, illegal use of Army vehicles, interference by the Army in what should be ordinary commercial practices, and so on.  

Whilst Loveday expressed the belief that this did not mean an immediate end to corruption arising as a result of 'deeply entrenched interests and patterns of behaviour', he felt

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883 For a biographical treatment, see 'Biographical Notes on the Indonesian Leadership. No date, no author. NAA: 3034/2/10 Part 7. 'Indonesia – Cabinet and senior Government Officials'. See also G.B. Clancy A Dictionary of Indonesian History Since 1900, pp. 128-129.
884 Inward Cablegram no. 602 from Australian Embassy, Jakarta, 4 March 1969. NAA: A1838/2, 3034/1/3/1 Part 4. 'Indonesia – Head of State'.
...it could mark the first beginning of some pruning back of the more extreme excesses, with the stage being set for reprimands if some of the darkest areas are not improved.\textsuperscript{885}

In December of that year, allegations of corruption were crystallising around Ibnu Sutowo and his handling of funds raised from the state oil company \textit{Pertamina}. The Australian Embassy was able to glean a perspective on this from Haji Prinsen, a defector from the Dutch Army during the struggle for independence, and the Chairman of the Indonesian League of Human Rights. In a conversation with John Monfries, a Third Secretary at the Australian Embassy in Jakarta, Prinsen accused Suharto’s advisors, but not Suharto himself, of corruption. Monfries took up a position supportive of the Generals, pointing out that,

...[a]lthough the Generals might be corrupt, there were a number of them who were capable and hardworking such as Ibnu Sutowo. Prinsen then accused Sutowo of stealing state funds.\textsuperscript{886}

Monfries was dismissive of these claims and described Prinsen as, ‘...an idealistic liberal, impatient with the graft surrounding Indonesia’s power elite.’\textsuperscript{887}

In 1968, in response to growing calls from sections of Indonesian society and the donor community, an anti-corruption task force under the leadership of the Attorney General Sugih Arto began work to investigate allegations of corruption in government. Canberra suspected that this was merely a window-dressing exercise designed to assuage the concerns of the above-mentioned groups that Suharto was determined to attack the worst cases of corruption. Their suspicions proved well founded, as high-level corruption remained almost untouched by the taskforce which was in fact prohibited from even investigating cases involving senior Army officers or which had leads into this group.

\textsuperscript{885} \textit{Ibid.}  
\textsuperscript{886} Record of Conversation with Hadji Prinsen recorded by J.F. Monfries, 15 December 1969. Subject: ‘Political Situation’. NAA: A4359/14, 201/3/1 Part 5. ‘Jakarta – Communism and PKI’.  
\textsuperscript{887} \textit{Ibid.}
In September 1968, J.M.C. Watson, a First Secretary at the Australian Embassy reported a conversation with Dr Tojiman Sidikprawiro, the director of Training and Research in the Indonesian Department of Home Affairs and a member of the anti-corruption team. Watson noted that Tojiman

...admitted that the Team was dealing with cases of only marginal interest to the public and that its meagre results after nearly a year’s work indicated that it would be as ineffectual as all previous anti-corruption teams had been. 888

Watson noted that the team was occupying itself investigating minor cases of corruption and that

only a few cases involving large amounts had been investigated and none of these implicated those prominent people whose corruption was a public secret. 889

The problem was that for the Attorney General to bring a successful prosecution against someone accused of corruption, evidence that would stand up in a court of law had to be provided. The difficulty in this regard was finding witnesses who would be willing to testify against their colleagues or superiors. Another major difficulty was finding documentary evidence of large-scale corruption. The team was also hobbled by unwritten rules stipulating

...that it [the anti-corruption team] should not investigate cases involving senior members of the Government and the Armed Forces and should not follow up cases that were found, during investigation, to have leads into these groups. 890

Tojiman remarked to Watson that Suharto had shown little interest in the team’s activities and that based on the restrictions imposed upon the investigation of corruption, ‘...one could argue that the President himself was equivocal about corruption.’ 891

888 Memorandum no. 1453 from J.M.C. Watson to The Secretary, Department of External Affairs, Canberra, 13 September 1968. NAA: A4359/14, 201/15 Part 1. ‘Jakarta – Corruption and Smuggling’.
889 Ibid.
890 Ibid.
891 Ibid.
By 1970, things had not improved. A further attempt to combat high-level corruption took place in January 1970 when Suharto authorised the establishment of a group that became known as Komisi Empat (Commission Four). This was prompted by continuing allegations of widespread and high-level corruption and more indirectly by increasing disaffection following a round of price rises which helped to throw into sharp relief the luxurious lifestyles of senior members of the armed forces.\textsuperscript{892}

According to the Embassy, the terms of reference of the Commission were to

\textldots evaluate policy and results in the eradication of corruption, to make recommendations for future action to the Government, to request relevant information from Government Departments and officials (civilian and military) and to verify letters, documents and booking administration of Government or private offices in accordance with prevailing laws.\textsuperscript{893}

For this purpose, Suharto commissioned a group of older statesmen. The establishment of the Commission was a product of continuing public criticism in 1969, and the commensurate increase in the political costs to Suharto of increasing inaction on this issue. The commission was headed by Wilopo (Chairman of the Supreme Advisory Council and a former PNI Prime Minister in 1952-53), two former Ministers from the Catholic Party, Kasimo and Ir. Johannes, and Anwar Tjokroaminoto from the PSI. Its secretary was Major-General Sutopo Juwono, the head of the Armed Forces Intelligence Agency, BAKIN, who according to Mackie, was one of the more reform-minded senior Army officers.\textsuperscript{894} The Commission presented seven reports.

The first of these dealt with corruption in the Attorney General’s Department and was handed down less than a month after the formation of the Commission. Two of the reports dealt with corruption in the state oil company Pertamina, a report on

\textsuperscript{892} Elson Suharto: A Political Biography, p. 194.
corruption in the rice procurement agency Bulog and the state forestry company, Perhutani. The final two reports entitled ‘The Reordering and Simplification of the structure and Procedures of State Administration’ and ‘A new Course in Eradication of Government Corruption’. Despite the apparently full workload given to the Commission, none of the reports handed down by it paid much attention to corrupt practices in government. It is doubtful that Suharto really intended to make a concerted effort to root out corruption, in light of both the widespread practice of corruption among the top Generals and the need to not alienate the Army which was still needed for domestic stability and his own involvement in it. This was reflected in conversations Australian Embassy personnel had with prominent Indonesians in the period 1969-70.

On 27 June 1969, F.R. Dalrymple, of the Australian Embassy discussed the issue T.K. Hafiz, the editor of the newspaper Nusantara and a member of the anti-corruption team, on which he was working gratis. He noted that Suharto had indicated that senior ABRI officers were not immune from the law and could be prosecuted for corruption. He then criticised the allegedly ill-gotten wealth of Ibnu Sutowo which was an open secret in Jakarta at the time. Much like Monfries in his discussions on the issue, Dalrymple described Sutowo as,

...a man of high reputation...a man of great business skills who had managed Pertamina with great success and who had greatly increased the Indonesian revenues from the oil companies. Dalrymple noted that ‘experienced observers’ at the Australian Embassy in Jakarta believed that the anti-corruption team would achieve very little and that those closest to Suharto would remain immune from prosecution. Dalrymple felt that Hafiz was too

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895 Ibid., p. 89.
896 Memorandum no. 860 from F.R. Dalrymple to The Secretary, Department of External Affairs, Canberra, 27 June 1969. NAA: A4359/14, 201/15 Part 1. 'Jakarta - Corruption and Smuggling'.
concerned with individual cases of corruption rather than reforming institutions and procedures which facilitated such corruption.

Until late 1969, accusations of corruption were centred on the top Generals close to Suharto, but in late 1969 reports regarding the business activities of Mrs Suharto began to be received by the Embassy. The first of these was in November 1969. It was revealed to the Ambassador that Mrs Suharto had become involved in corrupt practices associated with her Chairmanship of a charitable foundation (yayasan) called *Yayasan Harapan Kita* (The Foundation of our hopes).\(^{897}\) The Ambassador was informed that,

...opinion around town has it that the Jajasan takes a large rake-off of money for the welfare of members of the Executive Committee who are all first ladies.\(^{898}\)

The wife of Ibnu Sutowo was the Foundation's treasurer. Burtmanis noted such malfeasance constituted only one part of the moneymaking activities taking place at senior levels of government. Nevertheless, Burtmanis took up a position in defence of Mrs Suharto, highlighting the relatively small nature of her moneymaking schemes compared with others, noting,

Mrs Suharto's dealings may well be considered fairly small beer by comparison. In other words why single out Mrs Suharto's activities as a potential threat to the President's position, when the activities of many of his closest advisors, their links with wealthy Chinese and with foreign companies - the integrity of the Government machinery as a whole - is open to more serious question.\(^{899}\)

Another memorandum also dated 20 November deals exclusively with Mrs Suharto's business activities. The memorandum attempted to place Mrs Suharto's unethical

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\(^{897}\) For a more thorough treatment of *Yayasan Harapan Kita* and others, see Peter Britton 'The Indonesian Army: Stabiliser and Dynamiser', pp. 88-89.

\(^{898}\) Memorandum to the Ambassador from E. Burtmanis, 20 November 1969. NAA: A4359/14, 201/15 Part 1. 'Jakarta – Corruption and Smuggling'.

\(^{899}\) *Ibid.*
practices in a wider context by contrasting it with those committed by the wives of other senior Generals, noting that

nearly all wives of prominent Indonesians engage in business activities of some kind to augment the family earnings and provide for future security. Most of them are obliged to use their husband’s position and contacts to do this, and inevitably much of the moneymaking is connected with official contracts and tenders.  

The difficulty with these stories was in determining their authenticity and the lack of expert legal opinion as to whether these activities constituted malfeasance or misappropriation in a strictly legal sense. The concern of the Australian Government in all this was not so much the occurrence of corruption in and of itself so much as the negative political impact it could have on Suharto’s image and the security of his position. Watson noted regarding Suharto’s wife’s business activities:

It is difficult to know whether there is a growing criticism and dismay among Suharto’s loyal followers and advisors about Mrs Soeharto’s activities in particular.  

Watson reflected that Mrs Suharto’s business activities,

…could affect Soeharto’s image, however, if a scandal had to be hushed up. Mrs Malik [wife of Foreign Minister Adam Malik] got too blatant in her moneymaking activities a couple of years ago and gave his enemies plenty of ammunition.  

One of the major abuses committed by Tien Suharto and wives of other prominent leaders was the misuse of Government credits. Watson noted sarcastically,

My favourite manipulation is the common misuse of Government credits. Everyday scores of large contracts are put out to tender. The wife of a prominent official joins in a dummy company. Through a friend she gets the bank guarantee that makes the company eligible to tender as a Government contractor. Other friends help her to get the contract. With this she can borrow up to 30% of the value of the tender from a State Bank. This amount she lends out at 10%-15% per month for a couple of months. She then hands the contract back to the Government Department asking for it to be cancelled. The contract is then used by another dummy contractor and then another until finally after a

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900 Memo from J.M.C. Watson to Ambassador, 20 November 1969. NAA: A4359/14, 201/15 Part I.
901 Ibid.
902 Ibid.
year or more, when the project cannot be delayed any further, the tender is
given to a genuine contractor. Each person who has had the use of the contract
has meanwhile made Rps. 2 or 3 million – and this is probably only part of
their activities.903

Complaints regarding Mrs Suharto’s business activities aroused increasing
resentment throughout 1970. These complaints were received by diplomats at the
Australian Embassy in Jakarta and came from very prominent Indonesians. E.
Burtmanis recorded such grievances from Dr Fuad Hassan, an advisor to Foreign
Minister Malik who had recently become the Secretary-General of ASEAN.
Burtmanis noted:

He [Hassan] contrasted her modest dress and way of life in 1966 with that
today. These days Mrs Suharto was “covered in diamonds and other flashy
stones.”904

He expressed fears held by the Embassy that

Mrs Suharto’s moneymaking would, in the long run, hurt Soeharto’s image
substantially...Soeharto’s image as an honest leader was already slightly
tarnished because of his wife’s greed.905

Dr Hassan also mentioned a conversation with the head lawyer of Caltex in Indonesia,
a Mr Jusar, who expressed the view that

Mrs Soeharto was ‘very stupid’ in the way she went about making much of
her money, virtually all of which was for herself and her family...her
methods were amateurish and that she was leaving behind far too obvious a
trail, which could one day prove dangerous.906

The following year further difficulties for Suharto were created by Tien Suharto’s
*Taman Mini Indah* project which was a theme park containing traditional buildings
from the various cultures of the archipelago in miniature, at a cost of approximately
US$50 million. Officially, the project was being undertaken by the *Yayasan Harapan
Kita* with Tien Suharto actively using her position as first lady to pressure business

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903 Ibid.
904 'Mrs Suharto’s Money-Making Activities’, Note for file no: 201/15, 13 January 1970. NAA:
A4359/14, 201/15 Part 1. ‘Jakarta – Corruption and Smuggling’.
905 Ibid.
906 Ibid.
leaders and provincial governments for funding for the project. The project was rightly seen by the New Order’s critics as a wasteful extravagance the nation could ill-afford. This was similarly the view of the Australian Embassy, which highlighted the fact that the historical and cultural artefacts held by the Indonesian national museum were literally rotting from neglect and mismanagement at a time when vast amounts of money were spent on what the project’s critics thought would become a ‘white elephant’. The Embassy was concerned at the fact of Tien’s involvement in the project, the manner in which she had sought funds, her motivations and those of the other ‘first ladies’ involved in the project:

The most obviously disturbing feature [of the project] is Ibu Tien’s involvement. Many people assume that she and her Jajasan Harapan Kita lady colleagues see in this opportunities for substantial profit...There is also resentment that the president’s wife should assume that she is entitled to seek substantial funds from provincial authorities and private businesses for this purpose.\(^{907}\)

More importantly in the Embassy’s view, was the impact of criticism of Tien Suharto’s *Indonesia Indah* project on Suharto’s position. They noted discontent among senior Generals and the insistence by Ali Sadikin, Governor of Jakarta and the project officer of *Indonesia Indah* that contributions to the project would be entirely voluntary. According to the Embassy, this would convince few, and it described the whole project as ‘absurd’.\(^{908}\)

By 1972, Indonesia’s donors were becoming alarmed by the prevalence of corruption, and the lacklustre efforts on the part of the New Order Government to rein it in. On 19 December 1972, Indonesia Raya reported that

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\(^{908}\) *Ibid.*
several representative offices of IGGI members are reported to have given
gentle but serious warning to the Indonesian Government that they are deeply
concerned and worried about the spread of corruption in Indonesia.  

This concern was shared in Canberra, which centred on the degree to which its aid to
Indonesia was subject to corrupt practices. It was known in Canberra that this was the
case, but only with Australian food aid. In a memo dated 31 August 1973, Max
Loveday noted:

I believe we should give the problem of corruption and its relationship to our
aid program, close attention... The matter is of such import, both to our aid
program and to our political relationship with Indonesia...  

It was believed that Australian food aid to Indonesia was subject to corrupt
practices upon arriving in Indonesia by Bulog, the National Logistics board, which
was responsible for the procurement and distribution of foodstuffs, including rice,
sugar and wheat. Canberra was aware that Bulog was profiting from kickbacks from
its favoured distributors and transport companies handling rice and other food stocks,
was responsible for a crisis in rice prices, and the provision of rice at very generous
prices to two millers favoured by the New Order Government, PT Bogosari, owned
by an Indonesian Chinese Businessman called Liem Sioe Liong and PT Prima. A
submission flagged two ways to deal with this. The first was to reduce or cease food
aid to Indonesia. This was seen as undesirable at a time when Indonesia was having
difficulty locating sufficient supplies of foodstuffs internationally to avert future food

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909 IGGI Expresses Serious Concern at the Spread of Corruption in Indonesia", *Indonesia Raya*, 19 December 1972. Taken from NAA: A1838/2, 3034/2/9/1 Part 2. ‘Indonesia – Corruption’.


911 P.T. Bogosari was granted a partial monopoly on the import, milling and distribution of flour in 1969, which later became a complete monopoly. See Adam Schwartz *A Nation in Waiting: Indonesia’s Search for Stability*, St. Leonards: Allen and Unwin, 1999, pp. 110-111.

shortages. A preferable solution according to the submission would be to encourage a united approach at the upcoming IGGI meeting to have the wheat subsidy reduced.913

Interestingly, action on this issue was initiated by the Department not because it only recently became aware that its food aid was being subject to corrupt practices, but because of a series of articles written by Liberal Party MP Don Chipp in The Age in late July 1973. These articles drew attention to the corrupt practices alluded to and were based on a document prepared by the American Embassy in Jakarta that was obtained by Chipp. The submission noted: "This document, which is regarded as a factual presentation of the situation, substantiates Mr Chipp’s allegations."914 The submission warned of the embarrassment that could ensue if Chipp decided to pursue this issue in the public arena. The submission continued that

...the similarity of points made in both the document and the articles is such that it is possible that Mr Chipp who visited Indonesia recently has had access to or is in possession of the document. If so, and he elects to press the matter publicly it could prove embarrassing to Indonesian/Australian relations.915

Thus, Australian diplomats and Departmental officials were well aware of widespread corruption in the top echelons of the Indonesian Government, and by the wives of prominent Indonesians, and the presence of graft, malfeasance, nepotism and misappropriation of state funds, at least as early as 1968. Documents suggest that in their conversations with prominent Indonesians complaining of corruption, Australian Embassy officials stressed the positive aspects of those accused of corruption. This implies that Australian diplomats believed that the practice of corruption was to be expected, or that it was a matter of secondary importance so long as Indonesia was treading the path of economic stabilisation and rehabilitation. Both were probably correct.

914 Ibid.
915 Ibid.
There is no indication in the available archival record of any representations being made to the Indonesian Government of concern or disquiet by the Australian Government over allegations of corruption. This is understandable. It must be remembered that there was precious little Canberra could have done to help curb corruption in its varying forms in Indonesia. The reasons for this were twofold and can be located in the power relations between the two countries at the time. To threaten to reduce or withdraw Australian aid to Indonesia pending real progress in the battle against official corruption would have worked against Australian policy which was a policy directed towards the shoring up of a non-communist Government in Indonesia and which would preserve (or enforce) stability and territorial integrity. Suspension or discontinuation of Australian aid may have served in some small way to undermine the foundations of the New Order Government. Secondly, Australian aid to Indonesia, although it had increased dramatically since 1965, and in 1970/71 was in the order of A$ 15 512 000, up from A$ 15 810 000 in the period between 1952/53 and 1966/67, and in the year 1970/71 stood at A$ 15.5 million. This represented only 3 percent of Indonesia’s total aid receipts in 1971. The degree of leverage over the Indonesian Government commensurate with this would have been small and threats from Canberra to scale down or discontinue aid to Indonesia would likely have had correspondingly little effect. As Mackie pointed out

…it is highly unlikely that a threat to reduce Australia’s aid substantially would have any great impact on the Indonesian Government, much less induce it to mend its ways in accordance with our wishes…

This became even truer with the rise in the price of oil in 1973 after which Indonesia was less reliant on foreign aid. Geographic proximity compelled Australia to remain

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on good terms with Indonesia despite the absence of any serious military threat. Concerted protests from the Australian Government or the Embassy in Jakarta would likely have been ineffective at best and possibly counter-productive. It would not have led to any significant scaling back of corruption, and damage painstaking efforts since the coup to court Suharto.

Had Australia been more determined to take a stand against corruption in Indonesia, it could have quietly lobbied the United States, Japan and other creditors and had there been enough interest on their part, perhaps something appreciable in this area could have been done. However, it is doubtful that these powers were any keener to see corruption tackled than was Canberra, or if they were, it was very much a secondary concern. This does not imply that Canberra was unconcerned with the issue of top level corruption in Indonesia, but rather that it was more concerned with the maintenance of the New Order regime, which it saw as the only guarantor of unity and stability in Indonesia.

It is evident that Suharto’s consolidation of power increased in this period, as did Australian approaches and understanding of the direction in which Indonesian politics was headed. The increase in authoritarianism and narrowing of the political base was roughly proportionate to the increase in Australian approaches to Indonesia in various fields in the same period. This came despite the objections of some in the Department of External Affairs that authoritarianism was not warranted in Indonesia as it could have backfired on the Army and thereby provided a boon to its enemies, and for these reasons cautioned against too close an association with a regime of this nature. Australia’s main concern was Indonesian stability, and only displayed displeasure with authoritarian acts, corruption, and extra judicial killings when they threatened internal disorder or the ire of the donor community. This is particularly
evident in Canberra's response to reports of well-founded allegations of corruption at the highest levels of the New Order Government, and the rapid increases in Australian aid to Indonesia which accompanied them in the last two years of the decade.
Conclusion

By 1972, Australia had developed a close bilateral relationship with Indonesia. This was a sharp contrast with the relationship of the early 1960s and was the result of an activist pro-Suharto and pro-Army policy characterised by increasing Australian initiatives towards Indonesia and a consequent increasing intimacy with the New Order Government. Practical and strategic requirements demanded that Australian policy achieve a degree of intimacy with and support for the Suharto regime since this was, for Australia, a benign authority with armed force at its disposal with which it could enforce national stability. However, by tying Australia’s diplomatic fortunes in Indonesia so closely to those of the New Order Government, this relationship became too intimate, too personalised, and exposed Australia to an unnecessary and to some extent counter-productive degree of diplomatic risk. This was because of increasing international disquiet at trends of authoritarianism and high-level corruption in the New Order government at a time when, as Mackie pointed out, Suharto’s grip on power was still unsure. Thus, Australian policy departed from a course of rationality, and the liability attached to such a close support for the Suharto regime thereby increased.

This departure from rationality was due to a policy dominated by a preoccupation with the security aspects of the relationship and a domination of security issues in Australian foreign policy. This was amply demonstrated in the preceding study in the brief but wide-ranging examination of the bilateral relationship in the period between 1945 and 1965 and the geo-strategic asymmetry of that relationship which it described. It was also borne out in Canberra’s continued focus on doing all in its power to maintain Suharto in power in order to stave off both civil disorder and chaos, and a return of the PKI.
This departure from a course of rationality was itself the product of an abiding sense of vulnerability and an inflated view of Indonesia’s threat potential despite Canberra’s own security assessments which indicated that the threat potential of both Indonesia and Communist China to Australia was minimal prior to the attempted coup, and negligible afterwards. Threat assessments produced by the Joint Intelligence Committee following the attempted coup made this clear. This reflected the lack of a working definition or standard of what constituted ‘security’ for Australia, and the absence of such a measure contributed to a perpetual sense of threat and vulnerability, demonstrably unwarranted at the time. It also bore out the claim that Canberra policy makers possessed an under-developed understanding of security as a theoretical concept, although they were correct in not seeing Australian security separately from the security of Indonesia or the wider Southeast Asian region. Such a working definition may have prevented excessively obsequious approaches and over-intimacy leading to a regime-specific Indonesia policy. Setting a standard of security, which, when reached, would allow a gradual slowing of approaches and allow a slow increase in subtle and quiet criticism in Australian policy more in line with the real and changing nature of the strategic environment might have been more effective.

These factors themselves were the result of a more deeply rooted cause infusing all others, fear. This fear was based on a sense of vulnerability deriving from the distance between Australia and its allies, traditional racialist fears of being overwhelmed demographically and/or militarily by an Asian power and in the period under consideration the growth of influence in a Peking-oriented communism, and the corresponding growth in Chinese influence and power in the region it would afford China in Southeast Asia.
Fear drove strategic thinking among Australian policy-makers at the time and there were constant security concerns even though the strategic environment was generally benign. Only a country fearful for its security would exaggerate the threat posed to it by its neighbours against both reason and the best information available to it. In the Australian case, the amount of fear in Australian foreign policy formulation was in direct proportion to the degree to which Canberra’s policy departed from a course of rationality defined as a policy based on an accurate assessment of its strategic position and the threat potential of its neighbours.

This has been borne out in the preceding examination in Australia’s relationship with Indonesia which was cool but cordial in the pre-coup period, and not one of near total estrangement as Jakarta’s relationship with London and Washington had been. The period from independence until the attempted coup revealed a relationship characterised by a minimal degree of influence by Canberra over Jakarta, necessitating the development of the mythology of a ‘special relationship’. This was derived from an interpretation of Indonesia’s struggle for independence in which Australia’s support for Indonesia’s cause and the degree to which it helped achieve independence was exaggerated for the purpose of creating a favourable historical framework within which to conduct bilateral relations. The relationship in this period was characterised and punctuated by conflict, and by events within Indonesia occurring as a product of its own internal dynamic over which Canberra had virtually no control.

Following the failure of the attempted coup, and more so following the transfer of authority to Suharto in March 1966, Canberra exerted itself to the full in the political, diplomatic and economic realms and increased contacts with Jakarta at a rapid pace. This continued despite growing concern in Canberra and internationally at
instances and trends indicating growing authoritarianism, corruption and military
domination of politics. This was reflected in the view held in the Department of
External Affairs that such trends were not in Indonesia's interest and could expose the
New Order Government to domestic and international dissent which could be
exploited by PKI remnants and elements loyal to Sukarno, as well as by Peking and
Moscow. That these views fell silent in the documents by the end of the decade itself
demonstrates that Canberra saw Suharto as the guarantor of Indonesian stability, and
that a degree of coercion was requisite in maintaining that stability, at least until
economic rehabilitation measures had an opportunity to take effect and rising
economic growth would discourage radicalism.

Australian policy towards Indonesia in the period under examination must be
seen in the light of the context of Australian foreign policy-making in general. This
was largely an affair of the executive arm of government with a comparatively low
level of public interest in foreign affairs and a commensurately high level of apathy
and ignorance of foreign affairs on the part of members of Parliament. In terms of
policy towards Indonesia, the Government relied heavily on the Department of
External Affairs, which in turn relied heavily on its diplomats in Jakarta. Key
individuals included Keith Shann, Sir Lawrence McIntyre, Gordon Jockel, Max
Loveday, Sir James Plimsoll, and, of course, Paul Hasluck, who, as Minister,
performed well in the external Affairs portfolio and was retained in the External
Affairs portfolio by three successive Prime Ministers.

The unique nature of Australia's strategic position and political status in
Indonesia required in Australian foreign policy a delicate balance between a degree of
intimacy with a particular regime necessary for the successful conduct of bilateral
relations and distance to give oneself sufficient room for manoeuvre. Intimacy was
necessary for the efficiency of such things as the implementation of the aid program. However, an appropriate level of distance was equally necessary in the relationship. Such a distance would afford Australia greater room in which to consider its options in the relationship, and prevent Australia from exposure to fallout from criticism of the New Order regime by other governments, academia, the media and non-governmental organisations and allow greater scope for Australia to criticise Indonesian actions, even if it were done in a subtle and 'behind the scenes' manner. The silence of Canberra on issues of repression, authoritarianism and human rights abuses in the period under discussion and afterwards can be attributed to Australia’s failure to do this.

Such an approach would also place the longer-term bilateral relationship on a surer footing, as any successor regime would likely be constituted of elements alienated by the New Order. Thus, an unnecessarily intimate foreign policy led to a paradox. It may have been very effective in the short to medium term, but would only continue to be so as long as the regime remained in power. Even in the short to medium term such a policy ran into difficulties such as exposure to fallout from criticism of the regime and being obliged to maintain a high degree of acquiescence in unsavoury behaviour simply to maintain the relationship on such an even (if intimate) footing.

The study has highlighted the discrepancy between private and public diplomacy evident at the time in Canberra. This has been demonstrated in Canberra’s public pronouncements and direct and indirect accusations of PKI responsibility for the coup despite the vast bulk of international and Australian diplomatic and intelligence opinion suggesting the opposite. This was further borne out in Australian involvement in multilateral debt rescheduling efforts which were directed officially
towards doing all in its power to assist in Indonesia’s recovery whilst simultaneously undermining aspects of it which conflicted with aspects of the modus operandi of the Departments of Treasury and External Affairs.

This study has also highlighted several areas in which further research is warranted, areas which due to logistical, space, time and legal constraints have not been possible in this study. These include a more considered study of the role played by Canberra, if any, in the undermining and overthrow of Sukarno, focussed on measures taken by ASIS in this regard. A prima facie case has been established in this study of some degree of involvement by ASIS in this regard, although any documents relating to this, presumably held in ASIS Station files, have been closed or removed from the National Archives of Australia database, and it is unlikely that they would be released in the foreseeable future. Other areas where further study should be undertaken include Australian information policy towards Indonesia in this period, Australian diplomacy in international economic rehabilitation efforts for Indonesia and an in-depth study of Australian diplomatic perspectives on political developments in Indonesia in the early New Order period. A more thorough investigation into the rapid increase in defence cooperation between Jakarta and Canberra as well as an examination of the issue of the Indonesian Chinese in Australian foreign policy thinking in this period is also warranted. The bilateral relationship in this period seems to have borne out Eldridge’s assertion that ‘it is probably hard for Australians to perceive external situations in terms other than a sharp choice between close mateship and stark hostility.’ And perhaps Mackie was correct to assert that

if Australians could take a cooler, more detached attitude to political developments in Southeast Asia, instead of casting about nervously for a

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countermove every time something disturbing occurs there, we would have more scope for flexibility and independence in our policies.\textsuperscript{921}

The preceding examination also raised an issue which to some degree has polarised commentators on Australia’s relations with Indonesia since the end of the Sukarno era, that of the two conflicting principles of morality (or Western concepts of morality) and raison d’état. This issue has led to discussion of the bilateral relationship becoming a battleground for these two schools of thought. Those on the left of the political spectrum generally subscribe to some degree to the view that morality should take precedence over raison d’état, and those on the right subscribe to the view that raison d’état should take precedence over morality. In such a discourse, the aims and objectives of Australian policy towards Indonesia become hostage to ideological issues pursued for their own sake and in which a fair and reasonable assessment of the bilateral relationship, Australian diplomacy, and how it may be improved, becomes seconded to it. There must be room for both realpolitik and ethical considerations in Australian policy towards Indonesia. There are always competing interests and views, and in any case, foreign policy decisions are rarely, if ever, that clear-cut. From a theoretical point of view, realism demands the pursuit of a rational course of action.

However, foreign relations are conducted by governments, constituted of a range of varied and competing political, economic, religious and social interests all competing for influence in a nation’s foreign policy discourse. Foreign policy never fully reflects that. Nevertheless, it would be absurd for any nation to pursue a course of action in its relations with any other country that directly worked against its own interests and undermined stocks of goodwill and cooperation built up over years of careful diplomacy. Had Australian policy towards Indonesia in the period under

\textsuperscript{921} Ibid., p. 13.
discussion been more tempered, without lagging behind that of other Western nations, Canberra would have had more room to manoeuvre and hence greater scope to encourage the New Order regime to curb the more brutal and salient instances of repression and human rights abuses. In this way, theoretically at least, *realpolitik* and ethical considerations could have complemented each other. This could have been done whilst still maintaining a general support for the broad objectives of the New Order and simultaneously remaining in step with its major Western allies.
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