

China, Australia and Indonesia

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In a persuasive article on ‘China’s Irresistible Power Surge’, Rowan Callick quotes Lee Kuan Yew’s description of China as “not just another big player. This is the biggest player in the history of man”. Yet any danger China poses for us in Australia, notes Callick, lies not so much in a large-scale military threat to us, but in “the gradual constriction of our freedom to operate in the manner to which Anglo-American maritime primacy has long accustomed us”.¹

China’s rise to economic and political primacy in Asia over the past decade or so poses major problems for us of an entirely new kind, particularly for our longstanding policy of reliance on the US Alliance as the basic pillar of Australian defence strategy and foreign policy. Whether or not China’s GDP will exceed that of the United States—and hence her ultimate political power—within the next twenty or thirty years, as some economists are predicting (and others denying) there can be little doubt China will by then, or well before then, be posing an immense danger to US political primacy in Asia, upon which Australia has been counting ever since the end of World War II. That will make the basic pattern of the international politics of our region radically different from the US-dominated pattern that we have so long taken for granted.

Hugh White has recently published a compelling but controversial essay on this subject, ‘Power Shift: Australia’s Future between Washington and Beijing’, in which he urges that Australia should encourage the United States to accommodate China’s ambitions towards regional primacy rather than simply to oppose them.² He suggests we all should be trying to persuade China to “share power in a collective leadership [of the region] with Asia’s other strong states” by participating in the creation of a ‘Concert of Nations’ which would include Japan and India, and presumably the ASEAN group, including Indonesia as its major component.³

His essay is mainly about the Great Power balance, not Indonesia per se, although he makes some pertinent observations about that country which highlight her importance to us, as well as the fragile state of our relationship

¹ Rowan Callick, ‘China’s Irresistible Power Surge’, *The Australian*, 4 October 2010.

² Hugh White, ‘Power Shift: Australia’s Future between Washington and Beijing’, *Quarterly Essay*, no. 39 (2010).

³ *Ibid.* p. 23.

with her, and for our thinking about the regional or global power balance in the years ahead of us.

There is a good chance that... [Indonesia] will grow fast over the next few decades. If so, it will become a serious strategic player in Asia in its own right—not quite a great power, because its population is much smaller than China's or India's, but a middle power of real weight. It will certainly be stronger than Australia, perhaps quite a lot stronger.⁴

White also touches briefly on the link between our thinking about the primacy of China or the United States in the regional power balance and the state of our relations with Indonesia.

The more contested Asia becomes, the more important Indonesia will be as a political ally. Without Indonesia, the idea of a regional alliance in maritime Southeast Asia would go nowhere. With Indonesia, it could have a real chance, and might offer Australia the best way to avoid entanglements in Asian major-power rivalries without finding ourselves all alone. Together, Indonesia and Australia would be quite formidable, as we neatly complement each other's strengths. But none of this is possible unless we can build a bilateral relationship with her that overcomes the suspicions and grievances on both sides.⁵

That last sentence touches on one of the most fundamental aspects of our fraught relationship with our nearest and largest neighbour. As Tim Lindsey has put it, our relationship with Indonesia is “usually managed by its supporters”, who mostly regard it as “beneficial, resilient and strong”, but it is judged by its critics and opponents “who are generally both fearful and ill-informed, but who constitute an overwhelming majority” of the Australian population and tend to see the relationship as “difficult, tense and unnecessary”.⁶ And no Australian government can entirely disregard those adverse public attitudes towards Indonesia. As President Susilo Bambang Yudhoyono put it in his address to the Australian parliament last year, the greatest problem in the relationship is the prevalence of “preposterous mental caricatures”, based on blatant ignorance and prejudice.⁷ There are still many Australians who see Indonesia (quite wrongly) as an authoritarian country, a military dictatorship, as expansionist or a hotbed of Islamic extremism. Conversely, there are some Indonesians, he observed, who suffer from “Australiaphobia”, or believe we still adhere to the White Australia policy and that we harbour hostile intentions towards Indonesia (as demonstrated in our military support for East Timor's independence). And yet “we are equal shareholders in a common future”, he said, “with much to

⁴ Ibid., p. 65.

⁵ Ibid..

⁶ Tim Lindsey, “Preposterous Caricatures”: Fear, Tokenism, Denial and the Australia-Indonesia Relationship’, *Dialogue*, vol. 29, no. 2 (2010), p. 34.

⁷ Susilo Bambang Yudhoyono, Address to the Australian parliament, 10 March 2010, <<http://www.presidentri.go.id/index.php/eng/pidato/2010/03/10/1353.html>> [Accessed 12 August 2011].

gain if we get this relationship right and much to lose if we get it wrong”⁸. That is especially the case when both countries start to think about the implications for us of the broader regional power shift outlined by White.

There are various reasons why our bilateral relationship with Indonesia is not in much better shape than it currently is, one of the most serious being the sharp decline in Indonesian studies and language teaching in Australian schools and universities over the last decade or so, which must be remedied soon if we are not to suffer a damaging deterioration in our slowly-created levels of expertise about Indonesia in some segments of our universities, the military and parts of our governmental structures over recent years. That is such an obvious area of need that it warrants little further elaboration here.

But another crucial reason is the lack of any strong sense of shared strategic interest in the state of the regional balance of power, of the sort that White has adumbrated above. Over the past half-century or more Indonesia has been inclined towards non-alignment during the Cold War years when Australia was strongly committed to SEATO and the US Alliance, towards which Indonesia has never been attracted (as Thailand, the Philippines and Japan have been). Under the Suharto regime, Indonesia swung to a far more anti-communist foreign policy, but never as patently pro-American as Australia was. Whether or not her thinking about the great powers will become closer to ours over the next decade or so is too conjectural a matter to go into briefly here. Yet we in Australia should not only be better informed about the dynamics of Indonesia’s relations with China, but should be incorporating that information into our thinking about future developments in the regional power balance along the lines indicated by White.

Indonesia’s relations with China have been problematic ever since Mao’s victory in the civil war turned the country towards communism in 1949. Beijing’s support for the Indonesian Communist Party (PKI) aroused great hostility among anti-communists in Indonesia and between 1967 and 1990 Indonesia suspended diplomatic relations between the two countries completely, ostensibly in response to China’s alleged backing for the leftist Gestapu coup attempt in 1965. While relations between them have been patched up since then, it cannot be said that they are particularly close or promising, especially in light of the pressure China is exerting on Southeast Asian nations over their various claims to the Spratley Islands in the South China Sea. China’s commercial competition in the field of manufactured goods is also a source of friction between the two countries, as also is her ability to attract the lion’s share of available international investment capital at a time when Indonesia is having difficulty in obtaining its share. A few Chinese companies are making investments in Indonesia, but these arouse mixed reactions, as the prospect of China becoming a major investor there is far from entirely welcome.

⁸ *Ibid.*

Complicating the issue of Indonesia's relations with China is the vexed question of the status of Indonesia's large ethnic Chinese minority. It has long exercised a quite disproportionate degree of dominance over much of the nation's capital-intensive economy, thereby provoking a high degree of hostility from the rudimentary Indonesian business class which has nothing like the same commercial clout. This is a controversial topic since the Sino-Indonesians (as I feel they should be called, by analogy with the Sino-Thai) are now almost entirely citizens of Indonesia who have been born there and identify solely as Indonesians, not at all as Chinese. Yet there are debates even about their number, the figure normally cited in the 1990s being in the order of five to six million (on the crude basis of their ancestry), or about 2-3 percent of the total population, although the number reported in the census of 2000, on the basis of self-identification, was less than two million, or only 0.9 percent. On the other hand, their enemies and critics tend to cling to the higher figure, and are inclined to think the worst of them. But there is now absolutely no basis for earlier fears that they might serve as a potential 'fifth column' prepared to give support to efforts by China to subvert the newly-independent Republic of Indonesia. China's policies towards the Overseas Chinese throughout Southeast Asia have been close to impeccable under the communist regime. Presumably that will continue to be the case even as China becomes a dominant power in Asia. Yet the question of how Indonesian attitudes towards her will develop as the regional power balance shifts in China's favour is currently anyone's guess, not at all a clear-cut proposition.

Closer and regular communication between Australia's experts on China and Indonesia's about our expectations of China's long-term foreign policy aims is clearly a high priority for us both in a situation like this. Hitherto there has been little more than episodic contact between them. I even have trouble in identifying just who Indonesia's academic experts on China currently are. So the case for building up a much more structured dialogue between us on the matters raised in this article is overwhelming. Let us hope that government agencies, the private sector in both countries and our respective specialists on China (and on Japan and India in due course) will give more attention to such questions in the decades ahead than they have in the past.

Professor Jamie Mackie, who passed away in April 2011, was one of the most important figures in the field of Asian studies in Australia over the past fifty years. He is perhaps best known for his outstanding contribution to the establishment and development of Indonesian and Southeast Asian studies at Melbourne University, Monash University, and the Australian National University, where he was a mentor to many young scholars through his own research, teaching and writing. Trained originally as an historian, Jamie was renowned for the remarkable breadth of his intellectual concerns that ranged across politics, economics and international relations. His contribution to scholarship and analysis, however, was never limited to the narrow confines of the academic world. He remained committed to informing those in policy-making circles, as well as the wider Australian community, about the challenging problems and complexities that must be faced if we are to better understand our Asian neighbours, and was a frequent advocate of sensible and practical solutions to promote harmonious relations between Australia and the countries in the region.