

# USINPO Brief

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## “The Status of Military Reform in Indonesia and its Impact on U.S.-Indonesian Security Relations”

### Guest Speakers:

#### **BGen John Toolan**

Principal Director for South and Southeast Asia, Asian and Pacific Security Affairs  
Office of Secretary of Defense Policy

### Panel Discussion:

#### **Lex Rieffel**

Non-resident Senior Fellow, The Brookings Institution  
Co-author, “Out of Business and On Budget: The Challenge of Military Financing in Indonesia”

#### **Eduardo Lachica**

Former Washington Bureau Chief, The Wall Street Journal, Asia  
Co-author, “Toward a Stronger US-Indonesia Security Relationship”

#### **Lt. Col. Andika Perkasa**

Ph.D. candidate, George Washington University  
Indonesian Army

**BGen Toolan** identified two areas in which the TNI made significant contributions to the strategic interests of both the U.S. and Indonesia: maintaining the security of the Malaccan Straits and providing forces for peace keeping operations in the Middle East. With regard to the status of the TNI reform, he suggested that an evaluation should consider the contrast between the TNI under Suharto and the progress it has made over the past 10 years. In his position as a uniformed member of the Office of the Secretary of Defense he encounters, on a weekly basis, criticism of the TNI’s lack of accountability for past human rights abuses. He suggested, however, that a lack of resources has hampered investigations and prosecutions of past offenses, noting that a recent USMC court martial covering an incident in Iraq cost the USG over two million dollars. To improve its human rights record the TNI had to change its culture, a conversion that would not happen over

night. Looking to the future, the general observed that further improvements would occur only when more budget resources become available for the TNI

### **Q. What is the greatest source of friction within the defense relationship?**

A. A lack of patience on the part of the U.S. side and a lack of appreciation for the scarce resources available to the TNI.

### **Q. Please comment on the effectiveness of the Joint Inter Agency Task Force program?**

A. The program is highly effective in that it reinforces the separation of the police from the military. However, it is also effective in identifying areas where the TNI can appropriately play a role in Indonesia’s economic, political, and social development

**Q. How effective are the police and the TNI in providing for public safety?**

A. The police have not progressed to the extent that we would like. They continue to need additional material resources as well as training.

**Lex Rieffel** said that getting Indonesian government agencies out of business and on budget is a problem across the board, not just for the TNI. He suggested that progress will continue as long as Sri Mulyani continues as Finance Minister and the government remains committed to prudent fiscal policies. He noted, however, that defense was not a priority for government expenditures, and it was highly unlikely that full divestiture of the TNI's businesses could be achieved by 2009. Nevertheless, there is no evidence that failing to meet this statutory goal will be an important issue in Indonesia's next presidential election that year. Contrary to the conventional wisdom, Prof Rieffel's study (undertaken jointly with Jaleswari Pramodhawardani at LIPI) had concluded that profits from TNI business were equivalent to only 1-3% of the defense budget in 2006. Undeclared gifts to senior officers probably were estimated to be a greater source of off-budget funds in that year. Another apparently large source missed in his study was transfers from provincial, municipal, and district budgets to the TNI.

**Lieutenant Colonel Andi Perkasa** suggested that one method of evaluating the progress of the reform program would be to examine the attitude of the Indonesian populace to the military. He noted that in 1998, polling data indicated that 64% of the Indonesian people had an unfavorable opinion of the TNI. By 2007 this attitude had been reversed so that now 98% of the people had a favorable view of the military. He observed that this trend should offer some assurance to the U.S. Government that progress was being made. He was concerned, however, that this highly favorable opinion might not be sustained if

Indonesian politicians attempt to involve the TNI in politics and the U.S. and other donors fail to provide much needed assistance.

**Eduardo Lachica** noted that military reform seemed to be primarily about sensitivity to human rights and civilian control. He suggested, however, that reform of the TNI also involved the enhancement of its professional capabilities. He further suggested that the reform program seemed to be comprised of two segments: the establishment of regulations and laws, which had essentially been completed, followed by implementing measures that would give substance to the policies and programs. He concluded that the next step in the reform process should aim at developing a consensus on the mechanism for U.S.-Indonesian defense cooperation.

**Q. Is the reform movement sustainable?**

A. Col Perkasa indicated that it could be sustained but that the U.S. and others should not indict the entire TNI for the criminal acts of a few. He also reiterated that sustainable progress required sustainable involvement by the U.S. and other friends of Indonesia

**Q. How does Washington view the TNI efforts at divesting its businesses?**

A. Prof Rieffel said he was not sure of the current thinking in the U.S. Government and Congress. He stressed the limitations at the present time of the ability of the US Government to influence what is being done in other countries and how efforts of this kind can be counter productive.

**Q. With the divestiture of business, what do TNI personnel do when they retire?**

A. Col Perkasa suggested that they had little recourse but to approach old friends on active duty asking for help in finding a post-retirement job.