

Indonesia's foreign policy after Soeharto: international pressure, democratization, and policy change

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Abstract

Indonesian politics opened a new phase of democratization after Soeharto stepped down from his 32 years of authoritarian rule. In this paper, Indonesia's foreign policy changes after Soeharto are systematically examined through an 'international pressure–political legitimacy' model derived from neoclassical realism. This model specifies that Indonesia's foreign policy during democratization is mainly influenced by two factors: international pressure and the political legitimacy of the new democratic government. Four cases of foreign policy decision-making from three post-Soeharto presidencies are examined: (i) Indonesia's East Timor policy under Habibie; (ii) Indonesia's 'silence response' toward China's protest on the anti-Chinese riots under Habibie; (iii) Wahid's 'looking towards Asia' proposal; and (iv) Megawati's anti-terrorism and Aceh military operation. The results show that political legitimacy shapes the nature of state behavior, i.e. balancing or compromising, whereas international pressure determines the pattern of state behavior, i.e. external/internal balancing or compromising in words/in deeds.

1 Introduction

After 32 years in power, the Indonesian dictator President Soeharto stepped down in May 1998. Indonesian politics opened a new phase of democratization.

How democratization has influenced Indonesia's foreign policy behavior is an important, but neglected, research question. Although conventional wisdom claims that democratic countries are less likely to wage wars with one another (Russett, 1993), some scholars cautiously suggest that states during the democratization process are more likely to be involved in interstate conflicts (Mansfield and Snyder, 1995). Given the fact that Indonesia is the fourth most populous nation and the largest Muslim state in the world, its foreign policy is crucial in determining regional security and stability, especially after 1998. Indonesia has experienced dramatic power transitions since 1998 with four successive presidents after Soeharto: B.J. Habibie (May 1998–October 1999), Abdurrahman Wahid (October 1999–July 2001), Megawati Sukarnoputri (July 2001–October 2004), and Susilo Bambang Yudhoyono (October 2004–present). This paper focusses on policy changes of the first three presidents after Soeharto and also sheds some light on explaining the current Indonesian foreign policy under President Yodhoyono.

Indonesia's foreign policy underwent some important changes after Soeharto. Habibie broke Soeharto's foreign policy taboo – the East Timor issue and the referendum in East Timor in 1999 eventually led to the separation of East Timor from Indonesia. Contrary to Indonesia's traditionally strong position against China's interference in internal affairs, Habibie kept a low profile and followed a 'silent response' policy regarding China's protests of the anti-Chinese riots in 1998. Wahid initiated a 'looking towards Asia' policy, proposing an 'Indonesia–China–India plus Japan and Singapore' alignment. This policy initiative was interpreted as an anti-West orientation, a departure from the long-term, pro-West policy under the Soeharto and Habibie regimes for more than three decades. Megawati seemed weak and passive on international issues. However, contrary to her lukewarm campaign against international terrorism, she showed a heavy-handed policy toward the separatist activities in Aceh.

This paper examines these important changes of Indonesia's foreign policy by introducing an 'international pressure–political legitimacy' model derived from neoclassical realism.¹ On the one hand, it offers a systematic, parsimonious explanation of Indonesia's foreign policy changes after Soeharto. On the other hand, it tests the validity of the international pressure–political legitimacy model, as a new, generalizable theoretical framework linking democratization and foreign policy. One caveat is that many factors influenced Indonesia's foreign policy behavior, especially during the democratic

¹ It should be noted that Indonesia's foreign policy has two aspects: a general orientation and a dyadic policy toward a particular country. The paper focusses on dyadic policy changes rather than the general trend of Indonesia's foreign policy after Soeharto. For example, Habibie's policy in East Timor did not affect the general orientation of Indonesia's foreign policy, but reflected a dyadic policy change vis-a-vis Western pressures on the East Timor issue (from resistance to compromise).

transition. This paper provides a parsimonious model to account for the changes of Indonesia's foreign policy after Soeharto while it acknowledges that more comprehensive investigations on these policy changes are necessary.

First, I introduce the neoclassical realist framework in general and the international pressure–political legitimacy model in particular. Then, I employ this model to explore the changes in Indonesia's foreign policy behavior under the three presidents during democratization. Four cases from the three presidencies are examined: (i) Indonesia's East Timor policy (under Habibie); (ii) Indonesia's 'silence response' toward China's protests on the anti-Chinese riots (under Habibie); (iii) Wahid's looking towards Asia proposal; and (iv) Megawati's soft anti-terrorism policy and hard Aceh military operation.² In conclusion, I argue that Indonesia's foreign policy during democratization is mainly influenced by two factors: international pressure and the political legitimacy of the new democratic government. Although political legitimacy shapes the nature of state behavior, i.e. balancing or compromising, international pressure determines the patterns of state behavior, i.e. external balancing versus internal balancing as well as compromise in words versus compromise in deeds.

2 Neoclassical realism

Neoclassical realism is not a theory, but a research program or framework, which stems from the realist tradition and focusses on foreign policy studies. Neoclassical realism includes many foreign policy theories such as Stephen Walt's balance of threat theory (1987), Thomas Christensen's political mobilization model (1996), and Randall Schweller's balance of interest argument (1998). The reason for grouping these different theories together, as Rose (1998) observes, is that neoclassical realists share a similar theoretical framework that differentiates them from classical realists and structural realists. Simply put, if we see classical realism as 'first image' (individual level) and structural realism as 'third image' (system level) approaches, neoclassical realism is a multilevel approach, whose research framework crosses individual, domestic, and systemic levels of analysis.³

Neoclassical realists build their research on structural realism, treating the system's distribution of power as the chief independent variable in shaping a state's foreign policy. In contrast, they realize the weakness of structural realism in foreign policy studies and the neglect of the transmission belt between the system and state behavior. Therefore, neoclassical

2 The Aceh separatist movement is a domestic issue of Indonesia. However, since the Megawati government connected it with the international anti-terrorism campaign in 2003, I examine the Aceh issue as a special case related to the international environment.

3 For levels of analysis and the three images in IR, see Waltz (1954).

realists borrow explanatory power from classical realism and apply some intervening variables at the unit level to mediate the connection between international system and state behavior, because ‘the systemic pressures must be translated through intervening variables at the unit level’ (Rose, 1998, pp. 145–146).

It is worth noting that although neoclassical realists share a similar, multilevel approach, there is no academic consensus on theorizing the framework, i.e. which intervening variables from the unit level should be included and how to do it. This weakness causes this approach to generate *ad hoc* explanations. However, if we do not view neoclassical realism simply as a grand theory to explain broad patterns of international politics – the general conditions leading to war or peace – then flexibility in specifying the unit-level variables becomes an advantage rather than a weakness as a mid-range research approach focussing on specific issues and particular scope conditions for making foreign policy decisions.

For different research questions, we can choose various ‘transmission belts’ from the unit level as causal mechanisms to connect system effects and policy decisions. For example, Fareed Zakaria (1998) examines the reason why the United States did not expand more and sooner in the twentieth century, compared with its European counterparts by opening up the ‘black box’ of the state. His major finding is that the decentralized, diffused, and divided political structure of the United States hindered the extent and pace of the transformation from power capabilities to expansion policies. In his research, the unit-level variable is the structure of the democratic political system. Christensen (1996) argues that Sino-American hostility in the early Cold War was created by the leaders of both sides to mobilize domestic support. In Christensen’s model, the leaders’ domestic concern rather than the structure of the political system is the key intervening variable.

The contributions of Zakaria and Christensen are not only the persuasive causal stories they have offered regarding US and China’s foreign policies at certain times. They also provide useful models that can be employed to similar cases. For instance, if we want to examine the foreign policies of democratic states, Zakaria’s ‘domestic structure’ model can be very helpful. Elman’s (2000) examination of the myth of democratic peace through unpacking the structure of different democracies is a good example in this regard. If the research question is on foreign policies of states with strong leaders, Christensen’s ‘domestic mobilization’ model can be a good start. Sukma’s (1999) research on China–Indonesia relations to a certain extent is an application of this model, in which Soeharto’s concerns over domestic support shaped Indonesia’s China policy. In sum, neo-classical realism provides us a useful and flexible framework to conduct foreign policy studies.

3 The international pressure-political legitimacy model

The leader-centric approach, which focusses on exploring key leaders' roles in making foreign policies, dominated Indonesian foreign policy studies before democratization in both the Sukarno and Soeharto eras.⁴ It is sensible because both Sukarno and Soeharto were strong leaders who could dictate Indonesia's foreign policy orientations. However, after the downfall of Soeharto, it is less likely that a similar, iron-handed leader will emerge in Indonesia due to Indonesia's pluralist and competitive democratic environment. Therefore, merely focussing on leaders becomes inadequate in explaining foreign policy changes.

A neoclassical realist approach, the international pressure–political legitimacy model, sheds more light on the connection between democratization and foreign policy changes in Indonesia. The international pressure from the system is the independent variable in this model. Because the international system is anarchical in nature, states seek security as the highest end by relying on self-help behaviors (Waltz, 1979, p. 126). Although balancing is the typical state behavior deduced from systemic pressure, states may sometimes choose bandwagoning for security or profit. Although balancing means to ally with the weak against the strong, bandwagoning indicates collaborating with the strong to seek profits or to ensure security.⁵ There are also two types of balancing behaviors: internal balancing and external balancing. Internal balancing means increasing domestic economic and military capabilities, and external balancing refers to forging alliances or alignments with other states to seek security.

Although international pressure is generated from the system, it is manifested dyadically through state-to-state relations. The distribution of power in the system determines the degree of the pressure. The response of Indonesia to systemic pressure reflects the relative power comparison between Indonesia and the pressuring states in the system. In other words, depending on where the pressure comes from, Indonesia will behave and respond differently. Here, I relax the conceptualization of bandwagoning from a military coalition term to include general state behavior. Compromising, rather than bandwagoning, will be used as the opposite of balancing to measure the variation in the dependent variable – state behavior. Two types of compromising behaviors are identified: compromising in deeds, giving up real interests and compromising in words, concession without substantial loss.

4 For Sukarno's foreign policy, see Gde (1990) and for Soeharto's foreign policy, see Leifer (1983); Suryadinata (1996); and Sukma (1999).

5 There are two kinds of bandwagoning in the international relations literature: Walt's bandwagoning for security and Schweller's bandwagoning for profits. See Walt (1987) and Schweller (1998).

For example, Indonesia has two choices in response to pressure from the US hegemon in a unipolar system – bandwagoning by compromising with the hegemon in words or deeds and internal balancing by building up military capabilities or mobilizing domestic resources. An external balancing strategy will not work, because no country is willing to forge alliances with Indonesia to balance against the hegemon due to the disparity in the power distribution within the international system. However, if the pressure is from states other than the hegemon, depending on the structure of the system, i.e. multipolarity or bipolarity, states could choose both forms of balancing and compromising to deal with the pressure. In sum, the distribution of power in the system provides a general but undetermined directive regarding a state's foreign policy options. Therefore, unit-level variables are necessary in foreign policy studies through which the system pressure is channeled into state behavior.

Political legitimacy during democratization is introduced in this study as an intervening variable to connect international pressure and foreign policy behavior. As Shain and Linz (1995, p. 9) observe, political legitimacy constitutes both a normative and a practical challenge to a new democratized regime. Therefore, foreign policy initiatives of a new democratic state will be constrained and shaped by different degrees of political legitimacy, i.e. the more legitimate the state, the more its foreign policy is acceptable to its population and the more assertive its policy will be. Borrowing from democratization studies of comparative politics, political legitimacy is measured by different types of democratic transition. As Huntington (1991, p. 113–114) summarizes, there are mainly three types of democratic transition: transformation, replacement, and transplacement. Although transformation occurs when old regime elites lead the democratic transition, replacement means a 'revolutionary' transition in which the old regime is overthrown by democratic forces, mostly through elections. Transplacement is in between transformation and replacement, achieved by cooperation between the old regime and opposition groups.

As a free and competitive election is a minimalist definition of democracy (Dahl, 1989, pp. 220–221), I will use 'free and competitive election' to measure different degrees of political legitimacy⁶ in context of the three types of democratization. A new government's political legitimacy is high under the replacement type of transition because a 'free and competitive' election in this context empowers the democratic forces by overthrowing the old regime. In contrast, under transformation, the incumbent elites in that context have more leverage in controlling the election to protect their political interests.

⁶ Some scholars distinguished domestic legitimacy and international legitimacy. In this paper, political legitimacy refers to domestic legitimacy measured by whether the government is empowered by a free and competitive election. International support, which could enhance domestic political legitimacy, will also be discussed. However, it is not the primary measurement and the basis of political legitimacy.

Therefore, in the eyes of opposition groups, the new government organized by the incumbent political elites is less legitimate. Finally, the political legitimacy indicated by free and competitive elections under transplacement is medium, reflecting democratization via cooperation between old and new elites.

Any democratization process, as Huntington (1991, p. 35) states, involves at least three stages: the end of an authoritarian regime, the installation of a democratic regime, and the consolidation of the democratic regime. Indonesia's democratization has at least experienced the first two stages since the fall of Soeharto in 1998. Habibie's presidency experienced a transformation type of power transition, in which Habibie as the vice president in the Soeharto regime took over power and made promises of democratization. As mentioned earlier, however, Habibie's government lacked political legitimacy inherently because of the transformation type of power transition.

Wahid's government is a product of the first free and competitive election after Soeharto. Although Wahid's party, National Awakening Party (or *Partai Kebangkitan Bangsa*) only held 11% of the seats in the national legislature (DPR, *Dewan Perwakilan Rakyat*), under Indonesia's unique quasi-parliamentary system,⁷ Wahid won the presidential election as a balancer between nationalist forces and conservative Muslim parties. Megawati's presidency is a constitutional takeover after the *Majelis Permusyawaratan Rakyat* (MPR) impeached Wahid on charges of weak and incompetent leadership in July 2001. Therefore, roughly speaking, both Wahid's and Megawati's presidencies are replacement types of transition with higher political legitimacy than Habibie's government.

On the basis of the neoclassical realism and democratization theories, the causal mechanisms in the international pressure—political legitimacy model are summarized by the following processes: (i) international pressures constrain state behavior and challenge leaders' political legitimacy; (ii) all political leaders attempt to enhance political legitimacy after democratic transitions; and (iii) international pressures provide both opportunities and challenges for leaders to enhance their political legitimacy. These processes imply the general

⁷ Indonesia's president was elected by the People's Consultative Assembly (MPR, *Majelis Permusyawaratan Rakyat*), which consisted of members of the DPR (the parliament) and regional and social group representatives. In the Soeharto era, the Assembly had 1,000 members, half from the 500-member parliament (the DPR) and half appointed by Soeharto to represent 27 provinces and a wide variety of governmental, social, and political groups. In the DPR, the military retained 100 seats until 1995 when Soeharto reduced the military seats to 75. However, the military seats in the DPR were appointed by Soeharto. These regional and group representatives were also appointed by the president rather than elected. Therefore, Soeharto's ruling party ensured majority seats in the Assembly. In the 1999 election, the number of non-Parliament members of the Assembly was reduced from 500 to 200, with 135 representing the regions and 65 representing non-partisan social groups. Although regional delegates were to be selected by the newly elected provincial legislators, the social groups would be chosen by the National Election Commission rather than the President. Details see Liddle (2000, pp. 32–42).

proposition that the more politically legitimate the leader is, the more assertive his/her foreign policy will be. Leaders with relatively weak political legitimacy are more likely to compromise facing external pressure because they do not want to antagonize outside powers, which can further erode their political legitimacy at home. Leaders with relatively strong domestic legitimacy are more inclined to an assertive foreign policy, i.e. balancing, toward outside pressure partly because they are more confident with domestic supports and partly because being strong externally can in turn strengthen their political legitimacy at home.

These propositions lead to the following hypotheses about how political legitimacy dictates *what* is the basic nature of a state's foreign policy during democratic transition, i.e. balancing or compromising, in response to outside pressure. In turn, the degree of international pressure determines the formal patterns of state behavior, i.e. *how* to balance or compromise – external balancing versus internal balancing or compromise in words versus compromise in deeds.

- H-1. States will compromise in deeds when political legitimacy is low and international pressure is high.
- H-2. States will compromise in words when both political legitimacy and international pressure are low.
- H-3. States will balance externally when both political legitimacy and international pressure are high.
- H-4. States will balance internally when political legitimacy is high and international pressure is low.

These hypotheses about the types of state behavior determined by the interplay between international pressure and political legitimacy are summarized in Figure 1.

		International pressure	
		High	Low
Political legitimacy	High	External balancing (Wahid's looking to Asia policy)	Internal balancing (Megawati's Aceh policy)*
	Low	Compromising in deeds (Habibie's East Timor policy)	Compromising in words (Habibie's China policy)

*The Aceh issue is a special case related to the international environment. See Note 2.

Figure 1 International pressure, political legitimacy, and foreign policy choices.

4 Indonesia's foreign policy after Soeharto: testing four cases

In this section, I apply the international pressure—political legitimacy model to explore Indonesia's foreign policy behavior under the three presidents – Habibie, Wahid, and Megawati. Four foreign policy related cases, Habibie's East Timor policy, Indonesia's China policy under the shadow of anti-Chinese riots, Wahid's looking towards Asia initiatives, and Megawati's 'anti-terrorism-Aceh' policy, will be examined.⁸ These four cases can be categorized into two sets for comparison based on the different types of power transition toward democracy. Habibie's provisional government has low political legitimacy as a result of the transformation type of power transition. Therefore, the East Timor policy and Habibie's response to China's protest on the anti-Chinese riots are grouped in Figure 1 as two cases under low political legitimacy but different levels of international pressures. In contrast, Wahid's 'looking to Asia' policy and Megawati's anti-terrorism-Aceh policy can be seen as two policy initiatives under strong political legitimacy because of the replacement type of power transition. However, different international pressures faced by the two governments lead to different foreign policy orientations in Figure 1.

4.1 Habibie's East Timor and China policies

In the wake of Soeharto's resignation, it was obvious that Habibie, a long-term supporter of Soeharto, was unable to resolve the complex economic and political crisis in Indonesia. Under Habibie, Indonesia's economy deteriorated and domestic political chaos continued. Internationally, Habibie's succession was not welcomed. The International Monetary Fund (IMF) claimed that it would suspend the next loan disbursement of \$1 billion until the political situation in Indonesia stabilized because 'the fund was skeptical about the depth of the commitment by Habibie to root out the cronyism and corruption' (Stevenson, 1998). With a similar wait-and-see tone, James Rubin, the US State Department spokesman, said 'the United States would wait for changes in Indonesia's political and economic policy before supporting any further loans by the international institutions' (Stevenson, 1998).

Domestically, Habibie faced severe challenges to his political legitimacy. Habibie's government was inherently weak in terms of political legitimacy domestically as a result of the transformation type of power transition during democratization. Pro-reform forces, especially students, did not want Habibie

⁸ It should be noted that this paper chooses specific cases because the general orientation of foreign policy is not the priority for politicians during democratic transitions. A general exploration of Indonesia's foreign policy trends would probably find more continuities than changes. However, some specific, but significant, policy changes and shifts, such as the policy change over the East Timor issue, deserve more attention and systematic research because of their profound implications.

in power. As one activist from the University of Indonesia mentioned, 'Habibie is part of the Soeharto regime, [and] although he promised to make changes in the electoral laws, we are skeptical that he will make any real changes in the system' (McBeth *et al.*, 1998, pp. 16–18). Political elites and the military showed reluctant and limited support to the new president. It was an open secret that Habibie had a souring relationship with the military even when he was a Cabinet member in the Soeharto regime. Indeed, the military had privately signaled that its tolerance of Habibie derived only from the constitutional manner in which he succeeded Soeharto. The reform force in the old Soeharto regime, led by Ginandjar Kartasasmita, the then Coordinating Minister of Economics and Finance, also requested a new election to be held 'as soon as possible' and 'a government with a new mandate from the people'. This comment was a 'pre-emptive strike' toward Habibie, who referred only to 'gradual' reform in his first presidential statement (McBeth *et al.*, 1998, pp. 16–18).

Habibie was well aware of the low legitimacy of his presidency and tried hard to increase his political legitimacy by distancing himself from his patron, Soeharto. Domestically, he restored press freedom, released political prisoners, and introduced legislation allowing for the devolution of political and fiscal authority to the regions. Internationally, Habibie broke Indonesia's East Timor taboo to please the international community in hopes of financial support. However, these approaches won him few credits either because the implementation of these new policies was hindered by domestic political struggles or because policy changes themselves were too little and too late. The East Timor issue is a good example of Habibie's failed attempts.

East Timor, a former Portuguese colony, declared independence on 28 November 1975 under the left-wing party, The Revolutionary Front for an Independent East Timor (Portuguese: *Frente Revolucionária de Timor-Leste Independente*) FRETILIN. Soeharto worried that the independence of East Timor would cause a chain reaction for other secessionist movements in Indonesia. Therefore, he sent troops to invade East Timor in December 1975 after the United States gave him the green light. The United States also feared the falling of another Communist Domino in Southeast Asia.⁹ The United Nations (UN) passed two resolutions to confirm the inalienable East Timorese right to self-determination and demanded Indonesia withdraw from the territory in 1976. However, Soeharto insisted on Indonesia's sovereignty over East Timor and tried hard to legitimize its annexation through negotiating with

⁹ Regarding the US acquiescence to Soeharto's invasion to East Timor, see recently declassified US government documents on President Gerald Ford and Secretary of State Henry Kissinger's visits to Indonesia in 1975, which are available at the National Security Archive in George Washington University, available at <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB62/>.

Portugal under UN mediation. Because of Soeharto's non-negotiable position on sovereignty, no solution was implemented until his downfall in 1998.

After Habibie took office, he made a policy breakthrough over the East Timor issue. On 9 June 1998, Habibie proposed a special autonomy status within Indonesia for East Timor, which granted full governance to the East Timorese, except in matters relating to defense and foreign relations. However, Portugal was disappointed in Indonesia's autonomy proposal and demanded independence for East Timor. In January 1999, Habibie decided to allow a referendum (Indonesia's government used 'popular consultation' instead of 'referendum') in East Timor. If the East Timorese rejected Habibie's autonomy proposal, East Timor would be separated from Indonesia. The referendum in August 1999 showed that 78.5% Timorese voted for independence. Mass violence and killing occurred after the referendum. In order to end the humanitarian disaster, the Australia-led International Force for East Timor (INTERFET) under UN auspices entered East Timor in late September 1999. In October 1999, Indonesia's MPR (the People's Consultative Assembly) endorsed the referendum outcome. East Timor was then under UN administration until it obtained full independence and self-governance in May 2002 with a general election.

Habibie's East Timor policy surprised the outside world in three respects. First, why did Habibie initiate the autonomy proposal in June 1998? Secondly, why did Habibie compromise so much to agree to hold a referendum in East Timor in early 1999? Lastly, why did Habibie allow international intervention forces to enter East Timor after the referendum? Regarding the first question, the weak political legitimacy of Habibie's government could offer a satisfactory answer. As mentioned earlier, Habibie intended to do 'what-Soeharto-did-not-do' to gain internal and external legitimacy after coming to power. The East Timor autonomy proposal is a perfect what-Soeharto-did-not-do issue. As Dewi Fortuna Anwar, Assistant Minister/State Secretary for foreign affairs during the Habibie government, pointed out, Habibie wished to 'make his mark by resolving the East Timor issue once and for all as part of his plan both to strengthen his democratic credentials at home and his credentials abroad' (Anwar, 2000, p. 20).

Habibie's political ambitions might be sufficient to explain his autonomy initiative on East Timor. However, it seems weak in explaining the following events, i.e. the referendum proposal and the final invitation of international intervention. First, the referendum proposal was strongly opposed by the military and political elites in the government. General Wiranto, the then Commander of the Indonesian National Army [Tentara Nasional Indonesia (TNI)], claimed that the armed forces were not consulted before the decision was made (Taylor, 1999, p. xix). In addition, Ali Alatas, the then Foreign Minister, also publicly criticized the proposal as premature (*Tempo*, 2000).

Therefore, the question is why Habibie took such a high risk to launch the referendum proposal, despite strong reservations from the inner circles of the government. Further, how could Habibie's proposal get passed in the Cabinet and why did the Habibie government finally agree to international intervention in East Timor after the referendum? Habibie's political ambition to get elected cannot account for all these policy changes given his weak political legitimacy. In other words, even if he intended to, he might not be able to achieve all the changes.

High international pressure as well as low political legitimacy played an important role in driving Habibie's policy changes in East Timor. The critical pressures for Habibie on East Timor were mainly from the United States and Australia. In the annual Consultative Group on Indonesia meeting in Paris in late June 1998, the United States raised concerns on human rights abuses in East Timor. In October 1998, the US Congress voted to continue the suspension of the International Military Education and Training program in Indonesia because of ongoing abuses in East Timor. It should be noted that the US pressure on East Timor focussed mainly on the human rights issue, not on the political status of East Timor. However, this kind of pressure in the context of economic crisis pushed the Indonesian government to consider an 'alternative' approach to fix the problem, i.e. compromising over the political status of East Timor to get economic support.

The well-known trigger for Habibie's decision on the referendum proposal stemmed from a private letter that Habibie received from the Australian Prime Minister John Howard in December 1998. The Howard letter outlined a proposal for an eventual vote on self-determination in East Timor and formally expressed its readiness to accept an independent East Timor. Since Australia had been one of the few Western countries to recognize Indonesian sovereignty over the territory of East Timor, a stance it adopted in 1978, the Howard letter dealt a hard blow to Habibie's government. As Ali Alatas mentioned in an interview with *the Jakarta Post*, 'It [the change of Australian policy] made Pak Habibie mad and it made Pak Habibie angry, because it came from Australia' (Alatas, 1999). Habibie circulated the letter and later announced the referendum proposal. Although some reports indicated that Cabinet members were not granted enough time to consider the proposal, the decision was finally issued as a Cabinet decision, not Habibie's personal opinion. Therefore, it is unfair for Habibie to take either all the credit or all the blame for the violence after the referendum. The pressures from the United States and Australia forced the Habibie government to change its East Timor policy fundamentally.

The later international intervention further vindicated the significant role of international pressure on the East Timor issue. Soon after the referendum, violence and mass killing erupted in East Timor led by the pro-Indonesia militia and backed by some factions of the Indonesian military. According to the agreement between Indonesia and Portugal under the UN, the referendum

result – the independence of East Timor – should be ratified by the People's Consultative Assembly (the MPR) in November 1999 before taking effect. Technically speaking, before the MPR ratification, East Timor would still be under Indonesia's control, and the MPR could void the pro-independence result of the referendum if the conflict between pro-independence groups and pro-Indonesia militias escalated. To end the violence in East Timor, the UN Secretary-General Kofi Annan gave the Indonesian government an ultimatum: maintain peace and order or the UN will do it by sending peacekeeping forces (Murphy and McBeth, 1999, pp. 10–14).

Habibie's government resisted international intervention at the beginning. As the *Far Eastern Economic Review* reported, Habibie became very nervous about international intervention because of the possible military backlash. He warned a visiting Western delegation a few days after the referendum, 'Don't think the military won't make a revolution'. He repeated his fear in the meeting with five Western ambassadors on 4 September 1999 that if the UN were to send peacekeeping forces to East Timor before the MPR ratification, it will 'trigger a crisis among 211 million people' (Murphy and McBeth, 1999, pp. 10–14).

The United States played a key role in forcing Habibie's government to accept international intervention. On 9 September 1999, President Clinton announced a suspension of US military sales, commercial transfers, and training programs to Indonesia. At the Asia Pacific Economic Cooperation forum in New Zealand in mid-September, President Clinton lobbied for pressure on Habibie to invite a multilateral force into East Timor. The US House passed a harshly worded resolution on September 28th urging the MPR to ratify the August 30th vote. In the meantime, Pentagon high-level officers contacted General Wiranto and other senior officers to send political messages regarding East Timor. US Defense Secretary William Cohen met with Habibie and Wiranto in late September in Jakarta and also reportedly sent private letters urging the military to rein in the East Timor militia. Consequently, Wiranto replaced the East Timor provincial commander and other military officers accused of fomenting trouble in East Timor (Cohen, 1999, pp. 16–18).

The IMF and World Bank held up \$1.4 billion in loan disbursements from a \$43 billion rescue package to Indonesia as of September 30th because of the violence in East Timor. In addition, the presidents of the World Bank and the IMF sent letters to Habibie and urged him to accept multilateral military operations in East Timor, later known as INTERFET.¹⁰ Under these political, military, and economic pressures, the Habibie government finally gave in and accepted an international intervention to maintain peace and order in East

10 I thank one of the reviewers for pointing out this fact.

Timor in late September 1999, and the MPR ratified the referendum result in October 1999.

In sum, Habibie's policy changes on East Timor are a joint result of high-level international pressures and low political legitimacy. The low political legitimacy drove Habibie to initiate the 'autonomy' proposal to distance himself from the old Soeharto regime and please the Western donors for economic support. Under high pressure, especially from the United States and Australia, Habibie began to lose control over East Timor policy and his final reluctant acceptance of international intervention was an unintended consequence for the Habibie government, resulting from the combined pressure of the United States and other Western states.¹¹

If both political legitimacy and international pressure are low, what foreign policy will the Habibie government choose? Next, I examine Habibie's China policy under this condition in Figure 1. During the May riots of 13–15 May 1998, which finally forced Soeharto to resign on May 20th, the Chinese community became the main target of looting and killing by Indonesian mobs. About 1,200 people died in the burned-out malls and supermarket and at least 180 ethnic Chinese females were raped during the riots. It was reported that the deliberate anti-ethnic Chinese riots were organized by some groups in the military as part of the power struggles at the top (McBeth, 1998, pp. 2–27; Vatikiotis, 1998, pp. 226–227).

Historically, the ethnic Chinese in Indonesia had always been the victim of riots and scapegoats of political struggles under the Soeharto regime. The Soeharto government suspended diplomatic relations with the People's Republic of China in 1967 because of the alleged involvement of the Chinese communist party in the 'September 30 Movement' or 'G30S/PKI' (*Gerakan 30 September/Partai Komunis Indonesia*). The ethnic Chinese problem became a highly sensitive issue between the two states even after the normalization of diplomatic relations in 1990. In April 1994, an anti-Chinese riot erupted in Medan following labor demonstrations. The Chinese government issued a statement of 'concern' and called on Jakarta to defuse the situation, as 'China is a country

11 It should be noted that there is another reasonable explanation for Habibie's decision to hold a referendum in East Timor. It is the 'information failure' argument. As Ali Alatas mentioned in the interview with *the Jakarta Post*, the prevailing reports to the Habibie government before the referendum was that the pro-Indonesia group would win out because of the intimidation effect on the Timor people. In addition, the parliamentary election in June 1999 also gave Habibie's government an incorrect signal. Because most East Timor people voted for the nationalist parties, which favored the integration-autonomy proposal in the general election, it was reasonable to expect that the referendum would also favor the pro-Indonesia group. This information failure could explain the low level of violence before the ballot. However, no matter what the Habibie government considered before and after the referendum, it is clear that Habibie's government's final compromise over East Timor was driven by the high level of international pressures from the United States and other Western states. For details on information failure, see Gorjão (2002) and for Ali Alatas's interview, see Alatas (1999).

friendly with Indonesia' (Sukma 1994, p. 36). This statement caused strong reactions from Indonesian officials, many of whom saw it as interference in the internal affairs of Indonesia. Theo Sambuaga, the then Vice Chairman of the Parliament's Foreign Affairs Commission, called the Chinese statement 'excessive', and the then Justice Minister Utoyo Usman stated 'China had better mind its own internal affairs' (cited by Storey, 2000, p. 154).

Responding to the anti-Chinese May Riots in 1998, the Chinese government expressed strong concern over the attacks on the Chinese Indonesians and demanded that the Indonesian government 'punish the rioters, take effective measures to prevent the recurrence of such incidents and protect the legitimate rights and interests of ethnic Chinese in Indonesia' (*People's Daily*, 1998). The then Chinese Foreign Minister Tang Jiaxuan declared that China 'attached great importance' to the attacks on the ethnic Chinese and demanded those responsible be 'seriously punished' (*Xinhua News Agency*, 1998). Given the high sensitivity of the ethnic Chinese issue between Indonesia and China, China's diplomatic pressure marked 'the first time since the 1960s that Beijing had criticized a friendly country for its treatment of ethnic Chinese' (Vatikiotis *et al.*, 1998, p. 20; Zha, 2000).

Surprisingly, the strong Chinese statement did not provoke the Indonesian government's protest against China for 'interfering in its internal affairs' as before. This silent response of the Habibie government was a compromise decision in reaction to China's pressure and to Habibie's low domestic political legitimacy. As mentioned earlier, Habibie faced mounting domestic political pressures and economic difficulties after he took over power after the May Riots in 1998. Relatively low political legitimacy limited Habibie's confidence and energy to respond more strongly to China's protests on the May Riots. In addition, when the riots were publicized through Internet and TV, the global condemnation against these organized crimes further undermined Habibie's policy maneuverability regarding China's protests. Theoretically, if Habibie had possessed strong political legitimacy, he could have played a strong card toward China's protests by accusing China of interfering in Indonesia's internal affairs as his predecessor, President Soeharto did many years ago. It would have helped Habibie divert public attention from domestic difficulties to an external threat from China. However, Habibie's relatively weak political legitimacy made this diversionary policy too risky. The possible domestic and international repercussions might have caused more damages than benefits to Habibie's shaky political position.

Although Habibie compromised in response to China's protests by keeping silence instead of confronting China's concerns over the May Riots, Habibie's compromise was only in words. The Indonesia's military investigation even claimed that there was no evidence to show that any rapes had taken place in late August 1998 (*Reuters*, 1998). Habibie's similar comments caused a new

wave of strong criticism from China, Hong Kong, Taiwan, and other Chinese communities around the world. Later, the Joint Fact Finding Team (*Tim Gabungan Pencari Fakta*), sponsored by the government to examine the cause of the May Riots, reported that organized rapes targeting ethnic Chinese females happened and were instigated by some groups in the military.

Although the Habibie government changed its suspicious tone to condemn the anti-Chinese crimes, no concrete prosecutions against high-level military officials were conducted. The removal of Lieutenant-General Prabowo from the Strategic Reserve in June 1998 was a result of political struggles in the military rather than a punishment for his role in the May Riots. It is true that Habibie took some actions to end discrimination against ethnic Chinese, such as issuing a decree to eliminate all forms of racial discrimination in March 1999 and allowing Chinese Indonesians to form political parties. However, his major concern was to call back the ‘flight capital’ of Chinese Indonesians during the crisis rather than make a more substantive response in deeds to China’s pressure.

Habibie’s silence-but-no-real-action policy was partly due to the relatively weak pressure of the Chinese government. Although China used strong language, it did not contain any economic or political sanctions. This differs from the Western pressure to Indonesia on the East Timor issue. On the contrary, the Chinese government provided an unconditional \$3 million in medical aid to Indonesia and executed a \$200 million economic loan package to Indonesia in August 1998 (*Antara News*, 1998). The reason why China chose such a generous policy toward Indonesia is beyond the scope of this paper. However, it is quite clear that limited pressure from China made it possible for Habibie’s government to choose ‘silence’ in responding to China’s vocal protests, on the one hand, but ‘no-action’ in punishing the involved military officials, on the other hand.

Owing to his low political legitimacy, Habibie chose compromise over the East Timor issue and China’s protests on the anti-Chinese riots. However, the different levels of international pressure resulted in different patterns of compromise. Although the high international pressure from the Western countries led by the United States forced the Habibie government to compromise with deeds over the East Timor issue, low pressure from China only made the Indonesian government offer belated conciliatory words over the anti-Chinese riots investigation.

4.2 Wahid’s looking towards Asia and Megawati’s ‘anti-terrorism’ initiatives

Compared with Habibie, both Wahid and Megawati enjoyed higher levels of political legitimacy because of their election-based power transition.

Wahid was elected by the MPR as a balancer between the nationalist pro-Megawati forces and conservative anti-Megawati Muslim parties. Although Wahid's party, the National Awakening Party, only held 11% of the DPR seats, his charisma and traditional Muslim background helped him manage a thin victory over Megawati by a vote of 373 to 313 in the MPR vote. He then nominated Megawati as vice president and shared power with other main parties in the DPR through a national unity cabinet consisting of representatives of all the major parties.

Although this multiparty coalition was inherently problematic and weak in terms of cabinet unity and power, Wahid nevertheless initially enjoyed high political legitimacy because he was the opposition leader during the Soeharto era, symbolizing a new hope for Indonesia's democracy. In February 2000, Wahid removed Wiranto from his position as coordinating minister because of his alleged responsibility for the East Timor violence in 1999. A pro-Wiranto armed forces backlash did not occur, and the military reiterated their support for Wahid. This event was widely hailed as a successful test of Wahid's political legitimacy and power.

Internationally, Wahid was also widely praised and supported after he won the presidential election. US Assistant Secretary of State for East Asian and Pacific Affairs Stanley Roth said the new Indonesian president had been 'quite impressive in terms of his breadth of knowledge on the issues and intentions towards the United States'. Australian Prime Minister John Howard said that as a leading religious and public figure, Wahid had been a strong supporter of political reform in Indonesia. Japan, Indonesia's biggest aid donor, said it expected further progress in reforms under the leadership of the new president and promised aid (*BBC News Online*, 1999).

However, Western positive comments did not lower their demands on the Indonesian government, mainly focussing on economic reforms and human rights investigation over the East Timor violence. The international intervention in East Timor and the separation of East Timor were largely viewed by Indonesians as a deliberate humiliation by the West during the crisis. In September 1999, Wahid, then the religious reformist leader, supported the Habibie government's decision to cancel the security cooperation agreement of 1995 with Australia because of the 'unfriendly' action of Australia in East Timor.

In June 2000, the United States pressured Wahid to replace Hasyim Wahid, President Wahid's brother, from a key position in the Indonesian Bank Restructuring Agency (IBRA), one of the financial institutions under the IMF financial aid programs. As the *Far Eastern Economic Review* reported, in a meeting in mid-May with Foreign Minister Alwi Shihab, Secretary of State Madeleine Albright 'took the unusual step of calling for Hasyim to quit IBRA' (McBeth and Murphy, 2000, p. 24). Responding to the tough

conditions of IMF financial aid, Amien Rais, the Speaker of MPR, even suggested the government stop receiving aid from the IMF because of the encroachment on 'economic sovereignty' by the IMF.

Soon after coming into the office of president, Wahid announced a looking towards Asia policy to balance the West. The main idea of this initiative was to enhance relationships among Indonesia, India, China, Japan, and Singapore to counter Western influence and reduce dependency upon the West. Although it would be an exaggeration to equate Wahid's policy to Sukarno's 'coalition of newly emerging forces' in the 1960s, this policy was an external balancing policy in that Indonesia balanced the pressure from the West through forging formal or informal alignments with China, India, and other Asian states, especially after the East Timor intervention and the economic crisis. To implement this policy, Wahid chose China for his first state visit in December 1999 to boost bilateral relations with China. In the first 4 months after he took office, Wahid visited 26 countries in the Asia-Pacific and the Indonesian Foreign Ministry explained that Wahid's active foreign policy was to 'rebuild the good image of Indonesia in the eyes of the international community' (Shihab, 2000; cited by Smith, 2000, p. 505).

Wahid's looking towards Asia policy had multiple purposes. First, the mild, anti-West orientation of this policy differentiated Wahid from the Habibie regime, which favored relations with the West.¹² Although the real policy change was labeled as ambiguous by skeptics,¹³ it at least helped Wahid win domestic support in the short run. Secondly, Wahid worried about further national disintegration after the separation of East Timor, such as in Aceh, Irian Jaya, and Maluku. NATO's humanitarian intervention in Kosovo pushed Indonesia to look for international support for territorial integrity and sovereignty. China and other developing countries then became natural friends to Indonesia because of similar concerns. Lastly, Wahid hoped that his visits would generate more financial aid and investment for Indonesia, which were seen as key for Indonesia's economic recovery.

Comparing Wahid's balancing policy with Habibie's compromise policy toward Western pressures, we can further identify the role of political

12 It should be noted that Soeharto had earlier changed his pro-West foreign policy to seek more balanced relations between the West and its Asian neighbors after the Cold War. Soeharto had also pursued leadership in the 'Non-aligned Movement' to boost his international prestige and strengthen his domestic support from the Muslim population. Details see Sukma (1999) and Suryadinata (1996).

13 Some scholars argue that Wahid's looking towards Asia policy was more rhetoric rather than practice because Indonesia needed Western economic aid to revive the economy. See Smith (2000, p. 526). I basically agree with this assessment. However, I prefer to differentiate the policy from the consequence or outcome of the policy. Rather than asserting that Wahid's looking towards Asia policy is rhetoric at the beginning, I argue that the policy outcome was a failure in terms of forging an anti-West alliance, because other states, including China, did not actively respond to Wahid's proposal.

legitimacy in shaping state behavior. Facing similar high pressure from the West, the Habibie government with low political legitimacy chose concessions on the East Timor issue in hopes of maintaining political and economic support. Wahid proposed a balancing policy by seeking support from Asian states based on his high political legitimacy. Wahid's looking towards Asia policy ultimately failed because of the lukewarm responses from other key Asian countries. Under a unipolar international system in the post-Cold War era, no country was willing to challenge the United States over Indonesia.¹⁴ However, for Indonesia, looking towards Asia is still rational given its international and domestic situations.

Megawati replaced Wahid after the Parliament impeached him in July 2001 for corruption and cronyism, failures in making economic reforms, and inept handling of deteriorating internal security. However, as many observers argue, the real trigger for Wahid's downfall stemmed from his mismanagement and abandonment of the fragile political coalition, which had helped him in October 1999 (Huxley, 2002, pp. 20–21; Lanti, 2003, pp. 111–129). Although facing similar domestic difficulties, such as uneasy relationships with other parties, a tough economic situation, and an unstable social environment, Megawati enjoyed some advantages in terms of political legitimacy and power when she was elected.

First, Megawati's party was the largest party in the Parliament, holding 31% of seats, whereas Wahid's party had only 11%. Although Megawati still needed to forge coalitions and seek support from other parties, she enjoyed more leverage and faced fewer constraints than Wahid. Secondly, with her father's past glory, Megawati, the eldest daughter of President Sukarno, had won critical support from the military, which Wahid lacked. Finally, although Megawati's leadership skills were widely doubted and criticized, she was the best among the worst. Rather than challenging Megawati immediately, most parties waited to prepare for the electoral race in 2004. In other words, no one wanted to get trapped into the mess left by Wahid. Therefore, Megawati's political legitimacy is at least as high as Wahid's. However, Megawati's foreign policy is less assertive when compared with Wahid's balancing strategy.

Megawati changed the high-profile external balancing policy under Wahid to a low-profile neighbor-first policy. Learning from Wahid's failure, Hassan Wirayuda, the new foreign minister under Megawati's administration, recognized that 'it will be very difficult to launch many initiatives with the current fragile stability [domestically]' (Unidjaja, 2001). Therefore, Megawati's priority was domestic stability, and the importance of foreign policy was downgraded. In her first state-of-the-nation address on 16 August 2001, there was only one

14 For the lack of balancing against the United States under unipolarity, see Wohlforth (1999).

paragraph on foreign policy, in which she mentioned the importance of ASEAN and the ASEAN Free Trade Area (Purba, 2001).

Further, rather than seeking support and alignment with major powers in Asia and the world as Wahid did, the official document of the Foreign Ministry under Megawati clearly stated that ASEAN countries were the first ‘concentric circle’ of Indonesia’s foreign policy priorities.¹⁵ Since ASEAN was Indonesia’s traditional vehicle to extend its policy influence on the larger international stage, this ‘neighbor-first policy’ was an internal balancing strategy in that Indonesia intended to strengthen the internal consolidation and revival of ASEAN in order to counter external pressures. It may be the underlying reason why Indonesia became pro-active in constructing ‘economic, social and cultural, and security communities’ in ASEAN at the 2003 ASEAN Summit (Bandoro, 2003).

Besides the neighbor-first orientation, Megawati’s internal balancing policy is also manifested through the way she used foreign policy to solve domestic problems. A good example is Megawati’s cautious anti-terrorism policy and the hard-line Aceh policy. Although Megawati strongly condemned the September 11 attacks during her visit to the United States in September 2001, she publicly criticized the counterattack of the United States on Afghanistan and opposed the US intervention in Iraq. The official policy position of Indonesia emphasizes the role of the UN and multilateral cooperation for resolving problems and rejects all *unilateral* decisions taken outside the framework of the UN. It is understandable that being the leader of the most populous Muslim nation, Megawati had to act cautiously in her anti-terrorism policy, considering the constraints of public opinion and potential attacks from other competitive parties who may use the issue to erode Megawati’s legitimacy.

Megawati’s less co-operative anti-terrorism policy significantly changed after two terrorist bombings in Bali in October 2002 and Jakarta in August 2003. The Indonesian government cooperated with the United States and Australian intelligence agencies to investigate and arrest terrorist suspects from Jemaah Islamiyah (JI), which was believed to be affiliated with Al Qaeda and had planned the two bombings. In addition, the Indonesian government passed tougher anti-terrorist laws that allowed terrorist suspects to be detained for 6 months and introduced classified materials into court hearings (Masters, 2003; Smith, 2003). After the Bali nightclub bombing, the Indonesian government arrested Abu Bakar Bashir, the spiritual leader of JI, for investigation after requests from the United States and Australia. However, the 4-year jail

15 The other two concentric circles are the ASEAN +3 and United States and the European Union. For Indonesia’s official foreign policy documentation, see Indonesia’s Foreign Ministry website at <http://www.deplu.go.id>.

sentence given to Bashir and his exoneration from the Bali blast was disappointing to Washington and Canberra and was widely seen as a setback for Indonesia's war on terror by the United States and Australia (Wagstaff, 2003, p. 18).

Compared with Megawati's halfhearted anti-terrorism policy, Indonesia's Aceh policy was tough and heavy-handed. The Indonesian military rejected the 9 December 2002 'Cessation of Hostilities Framework Agreement' with the rebel Free Aceh Movement [*Gerakan Aceh Merdeka* (GAM)] and began to crack down on the separatist rebels. In Indonesia's largest military operation since the 1975 invasion of East Timor, the TNI continued to announce victories as hundreds of rebels were reported killed (Mapes, 2003).¹⁶

There are many reasons for Megawati's tough policy toward Aceh, including the military's influence on policy-making, Megawati's nationalist ideology, and deep concerns over regional separatism. However, one of the key reasons for Indonesia's military action in Aceh was the weaker US pressure on Indonesia. Soon after the September 11 tragedies, the United States changed its high-handed policy toward Indonesia driven by human rights issues to a low-pressure and co-operative policy. Indonesia had become an important partner for the United States to fight against global terrorism.

During Megawati's 2001 visit, Bush offered a package of financial aid worth \$657 million and promised to lift the embargo on commercial sales of non-lethal defense equipment. The United States also replaced Robert Gelbard, the 'abrasive and controversial' ambassador to Jakarta, with Ralph Boyce, an experienced career diplomat (Malley, 2002, pp. 130–131). In mid-July 2002, US Senate Appropriations Committee lifted restrictions imposed 3 years earlier on military training programs with Indonesia, which was seen as the first step for the US Congress to lift the ban against American training programs for the Indonesian military (Hiebert and McBeth, 2002, p. 16).¹⁷ In August 2002, Secretary of State Colin Powell stated that the United States was considering resuming military aid to Indonesia and fully normalizing military-to-military relations (Powell, 2002).

16 It should be noted that the disastrous tsunami in December 2004 brought the hope of peace to Aceh. The Indonesian government and the GAM signed a peace agreement in Helsinki, Finland on 15 August 2005.

17 It should be noted that the full Senate and the House of Representative still needed to vote on the military training amendment before it became law. In August 2002, two US citizens were killed in ambush near Timika in the Papua province and Indonesia's military failed to cooperate fully in the investigation. This incident delayed the resumption of military-to-military ties between the United States and Indonesia. Until February 2005, the United States lifted long-running restrictions and resumed full International Military Education and Training for Indonesia as Secretary of State Condoleezza Rice determined that Indonesia had continued to cooperate with the FBI investigation into the 2002 Timika killings (Boucher, 2005). The author thanks one of the reviewers for kindly pointing out this fact.

Although the United States declined Indonesia's request to place the GAM on the list of international terrorist organizations or to link the anti-separatist war with the global war on terrorism, the United States did not seriously criticize Indonesia's military actions in Aceh. It is true that the US Congress finally blocked the renewal of military-to-military ties partly because of Indonesia's offensive in Aceh. However, as Anthony Smith argues, 'Aceh will not derail the broader Indonesia-US relationship, especially as the United States needs good relations with Indonesia to proceed with the war against terrorism in Southeast Asia' (Smith, 2003). President Bush still called Indonesia a vital partner and a friend to America during his short visit to Indonesia in October 2003 and stated that the United States 'appreciates Indonesia's strong cooperation in the war on terror' (Unidjaja and Boediwardhana, 2003).

To a certain extent, Indonesia's government under Megawati played to US interests in the war on terror and seized the opportunity of weak US pressure to try to solve its own separatist headache in Aceh. Although the United States did not accede to the demand by Indonesia to link the Aceh rebels to terrorism, the US acquiescence was the second best result for Indonesia, compared with the strong US position over East Timor 2 years before. The intentions of Megawati's Aceh policy is clear, i.e. crackdown on Aceh separatist rebels to prevent further disintegration of Indonesia and restore domestic order to facilitate economic recovery.

In sum, both Wahid and Megawati enjoyed stronger political legitimacy than Habibie because of their election-based 'replacement' type of power transition. Wahid chose a high-profile, external balancing strategy through proposing an 'Indonesia, China, India, plus Japan and Singapore' alignment against Western pressure. Megawati employed a neighbor-first, internal balancing strategy to protect the anti-terrorism campaign against separatism in Aceh. Although there are many reasons for the differences between Wahid and Megawati's policies, the varying degrees of international pressure, especially from the United States, played an important role in shaping their respective policy choices.

5 Conclusion

Since the downfall of Soeharto in 1998, Indonesia has begun its journey toward democracy. During this democratization period, Indonesia's foreign policy experienced dramatic shifts under the three successive presidents, Habibie, Wahid, and Megawati. Two variables, international pressure and political legitimacy, influenced the variations in the three president's policy choices. Habibie's political legitimacy was inherently weak because of the 'transformation' type of power transition. When facing a high level of international pressure from the West over the East Timor issue, Habibie had no

alternative but to compromise and finally give up Indonesia's sovereign claim over East Timor. However, when international pressure was weak as in the case of the anti-Chinese investigation over the May Riots, Habibie compromised in words – keeping silent over criticisms and protests from China and doing nothing to punish the military officers involved. Wahid and Megawati enjoyed high political legitimacy, given their election-based victories, although both experienced unstable domestic control because of shaky multiparty coalitions formed in the parliament. Although Wahid chose a strong external balancing policy to counter high pressure from the West on the East Timor issue and economic reforms, Megawati employed a neighbor-first internal balancing strategy in the presence of low US pressure to strengthen its regional and domestic control, especially on the Aceh issue.

There are some limitations in this research because the international system-political legitimacy model omits some other potentially important variables such as political leaders' personalities and the roles of other social actors, such as non-governmental organizations, in explaining foreign policy decisions. One example is the erratic leadership style of Wahid late in his administration, which disrupted Indonesia's foreign policy-making, and the resulting policy changes could not be fully explained by the model.¹⁸

Nonetheless, this parsimonious, neoclassical realist model has some implications for future research. With the third wave of democratization, more and more authoritarian countries are democratizing. How different types of democratization affect state foreign policy behavior deserves more theoretical attention. The international pressure–political legitimacy model, combining merits from both democratization studies in comparative politics and foreign policy studies in international relations, may shed some light on future research in at least three ways.

First, we may be able to apply this model to explain other past cases, e.g. the democratic transition in the Soviet Union. To a certain extent, the collapse of the Soviet empire is an extended version of the East Timor story. Secondly, as Indonesia is still in the process of democratic transition, the model may explain the present case of continuity in Indonesia's current Aceh policy under President Yudhoyono. His strong position on the Aceh separatist movement is similar to Megawati's 2003 policy, which was driven by strong political legitimacy and relatively weak international pressure. Thirdly, the future cases of

18 It should be noted that multiple causality or equifinality, i.e. many alternative causal paths to the same outcome, is a common problem in the social sciences. Although the international pressure–political legitimacy model suggests a causal explanation on Indonesia's foreign policy change, it does not deny other possible explanations. To identify which path is stronger ideally requires observations of the same variables across several cases to control for their relative influence. For the multiple causality or equifinality issue, see Ragin (1987, pp. 34–35); King *et al.* (1994, pp. 86–89); and George and Bennett (2005, p. 10, 20).

China's Taiwan and Tibet policies may be predicted, based on the type of democratization and the degree of international pressure that occurs together in each case. Last but not the least, this model and its application to the Indonesian case provide some policy heuristics for the United States to follow toward newly democratized countries. Depending on different interests of the United States at various times, such as protecting human rights, fighting against terrorism, or expanding the democratic zone, this model could help decide when and how to apply international pressure and avoid counterproductive policies.

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