International cooperation between politics and practice: how Dutch Indonesian cooperation changed remarkably little after a diplomatic rupture

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A tale of two countries

It may be possible to indicate many contrasts and shades of differences among different nations, but to strike the balance of the whole is not given to human insight. The ultimate truth with respect to the character, the conscience, and the guilt of a people remains forever a secret; if only for the reason that its defects have another side, where they appear as peculiarities or even virtues. We must leave those who find pleasure in passing sweeping censures on whole nations, to do so as they like. The people of Europe can maltreat, but happily not judge one another. A great nation, interwoven by its civilization, its achievements, and its fortunes with the whole life of the modern world can afford to ignore both its advocates and its accusers. It lives on with or without the approval of theorists (Burckhardt 1860 in: Geertz 1973: 326).

To gain a better understanding of the cases that will follow in the next chapters, this chapter describes generic aspects of Indonesian and Dutch politics and society. The features of the policy environment as listed in Chapter Two on the policy environment serve as focal points of the description: political system, organisation of government, societal make-up, socio-cultural values, the economy and geographic and physical conditions. The description is furthermore focused on Indonesian domestic policy and Dutch foreign policy. That focus has to do with the nature of the research questions and the difference in definition of development policy. For Indonesia, development (pembangunan) refers to the domestic development in the economy and human resources. Pembangunan is an effort of all Indonesian ministries and must be understood as the overarching theme of sectoral policy. For the Netherlands, development cooperation (ontwikkelingsaanwerking) means foreign aid, directed towards other countries. Initially, bilateral cooperation between the two countries was a matter of Dutch foreign aid to Indonesian national development. After 1992, this state of affairs should have been altered to a balance in which bilateral cooperation were to become like two equal partners interacting. Bilateral cooperation should take place in sectoral policy between sectoral departments. The Dutch Department of Development Cooperation (DGIS) should in that situation not play a role anymore. The specific aspects of policy areas in which bilateral cooperation took place are addressed in the first sections of the case-chapters, so that the particular context in which the cases take place is directly related to the projects. Ordering the content in this way is more an issue of style than content.
Indonesia: Unity in extreme diversity

One of the most prominent characteristics of the Republic of Indonesia is its diversity; in its landscape, peoples, languages and cultures. The archipelago’s rich resources in timber, spices, coffee, tea and the vast amount of people who could work for a negligible wage, were of high interest for European traders. The Dutch confiscated the resourceful islands and made it into one administrative unity for efficiency’s sake. The Dutch colonisers thus forced the unity of the archipelago. In the early 1900s the indigenous elite became more vocal in criticising the Dutch domination. The revolutionary leaders in the Dutch Indies desired more say in decision-making and eventually independence from the Netherlands (Kahin 1952; Reid 1974). One Indonesia, uniting the many peoples and cultures had become a common thread in thought and was, seen from the international strife for hegemony to the big powers after World War II, the only way to survive (Steinberg 1987: 292-311).

The first president Sukarno has become renowned for achieving the unthinkable; uniting the peoples of the archipelago with one state ideology the Panca Sila, an Indonesian identity and spreading the use of the national language, Bahasa Indonesia. One could say that a state philosophy, or ideology is ‘invented tradition’ (cf. Hobsbawm & Ranger 1983). Indonesia, as a historical unity and the many groups in Indonesia sharing the same normative values, is in Ben Anderson’s terms an ‘imagined community’ (Anderson 1991). Referring to the Panca Sila as a state ideology or cultural denominator this may be true, but the principles of the Panca Sila do give an understanding of the dominant socio-cultural values of Indonesia. Panca Sila as a state ideology is described here, because an understanding of the underlying concepts elucidates a few aspects of Indonesian politics and the dominant Javanese culture.

The state philosophy, a shared culture?

Panca Sila is Sanskrit for the ‘five pillars’; five principles upon which the Indonesian nation-state should be based. In his famous speech called ‘The Birth of Panca Sila’, delivered for the Investigating Committee for the Preparation of Independence, the first president Sukarno formulated these five principles. They are: Belief in the one Almighty, a just and civilised humanity, the unity of Indonesia, democracy guided by wisdom through deliberation and consensus and social justice for the whole of the Indonesian people. The principles were written into the preamble of the Constitution of 1945 and accepted as the philosophical base of the state. The first principle was an intelligent way to tackle the desire of the Muslims to create an Islamic state (see also Chapter Five). The revolutionaries did not want a religious or a secular state. In fact, according to Eka Darmaputera, the Panca Sila reflects in all its principles the Javanese concept of ‘neither-nor’, contrary to the western idea of ‘either-or’ (Darmaputera 1988: 212-218). Indonesia should not be a communist state or a capitalist state. It should not be a democracy guided by majority rule, which would neglect the minorities, but have a decision-rule based on the practices in the villages, where though
deliberation consensus is reached on the issues at stake. The principle of the unity of Indonesia is also a reflection of this ‘neither-nor’ idea, while all the different cultures are recognised and may exist they are also part of the larger entity, Indonesia. One is a Batak, Dayak or Sundanese, but also an Indonesian. Another discerning principle is that of *gotong royong*, the mutual and reciprocal helping of each other. This is a normative practice found in the rural settings, where farmers, fishers and other labourers all join to help in a harvest or a catch of one individual. Others are assisted in return when they need it. Applying this principle on state-society relations should create social justice and a just and civilised society. In essence, *Panca Sila* is an ingenious philosophy based on known concepts and ideas, albeit mainly of the majority culture of Java, that in principle can deal with the many differences and potential conflicts that the mere structure of Indonesia and its people face. According to Darmaputera, *Panca Sila* has given the Indonesian people

‘...a sense of identity, rooted in their cultural heritage and the past. It has provided the “rules of the game” within which the problems of the present can be settled together or at least their divisive potentials can be reduced. And finally, it has, through its inclusive approach, made it possible for different groups in Indonesian society to live together, to work together, and to engage in continuous dialogue with one another, with regard to the common future – each from its own belief and value conception’ (Darmaputera 1988: 200).

However, *Panca Sila* is so broad and all encompassing that it offers many opportunities to be abused. Several authors from Indonesia and abroad pointed out how the *Panca Sila* has been used by the New Order government to legitimise the state and how each principle has been used for political ends. In the name of *Panca Sila*, individuals were forced to cooperate in development programmes, leave their land and basically give up their individual claims and desires for the collective. John Bowen showed how the principle of *gotong royong* has been abused by the regime to force upon Indonesian voluntary services (Bowen 1986). Anthropologist Koentjaradiningrat writes however that the increasing individualism in modern Indonesia decreases the value of *gotong royong* for many young Indonesians (Koentjaradiningrat 1985: 461). The principles of deliberation and consensus (*mufakat* and *musyarawah*) are indeed age-old principles in Indonesian rural communities, but the question is how practical they are when it comes to decision-making for the entire nation. Decision-making in the Indonesian parliament does indeed take a lot of time. Nevertheless, in practice it was the president who always took the final decision, legitimating the decision by saying that it was taken after deliberation and with consensus.

In 1978, the Soeharto government announced that all civil servants would have to follow the so-called P-4 courses, an intensive course explaining the *Panca Sila* and the application of it for Indonesia’s development programs. According to Michael Morfit the P-4 course is a political indoctrination program, inspired by a fear of loss of authority and an attempt to legitimise all government action (Morfit 1981). In 1984, the Indonesian government decided that the *Panca Sila* was to be the sole basis upon
which any organisation must be founded.\textsuperscript{5} Political, religious and non-government organisations must all have the \textit{Panca Sila} as the sole ideological basis. While in my own interviews and talks with Indonesians, I have never heard anyone mention \textit{Panca Sila} as a principle upon which they acted, Douglas Ramage found that almost all social, political and religious movements do attach meaning to the \textit{Panca Sila}. They have different ideas on how to implement the principles and what they should mean. His conclusion is that \textit{Panca Sila} is not merely a vague and empty ideology, but that the New Order government has enforced its own meaning and practice of otherwise widely respected principles (Ramage 1995).

Now that president Soeharto has resigned and the New Order regime is a historical concept, there is fear that Indonesia will end up in a moral vacuum that former communist countries are witnessing today. The difference with communism as an ideology and the \textit{Panca Sila} is that the latter is more a heritage of the Indonesian cultures than communism ever was in the formerly communist nations. Perhaps more importantly, the people of Indonesia were free to have their religions that teach the norms and values that the people in communist countries did not have to internalise. In Indonesia, an appeal to religious norms and values rings a bell for many people.

\textbf{Indonesian politics in the New Order; unity, stability and development}

In 1965 president Sukarno was ousted by an alleged coup of the communists and in 1967, general Soeharto took over leadership as the new president.\textsuperscript{7} The new regime kept a few key themes of the Old Order\textsuperscript{8} alive: its own interpretation of the \textit{Panca Sila}, \textit{Babasa Indonesia} as the national language and the authoritarian political system Sukarno established in 1957 (see below). However, contrary to Sukarno, who stressed independence – from the coloniser, from western imperialism, from communism – by aggressive foreign policy, Soeharto attempted to enhance the unity of Indonesia by development (Weinstein 1969; 1976). This meant that Soeharto and his team of advisors opened Indonesia for foreign aid and investment, and prioritised restructuring the country’s economy, which was in a state of acute crisis in 1965. The New Order (1967-1998) is the background of this research and in the following, the political system of that period in Indonesian political history is described.

\textbf{Politics and pyramids}

A few features of the Indonesian political system in the New Order stood out: one, it was highly hierarchical; two, it was de-party-politicised; three, the army had a significant role in politics; four, Soeharto decided. These features have one theme in common; the desire to maintain the unity of and the stability in the country, while at the same time working on its development. The hierarchic character of Indonesian political system cannot directly be observed from the formal division in power. In theory, the people’s consultative assembly \textit{MPR} and the parliament \textit{DPR} had legislative power,
since they were elected. One fifth however of the MPR was appointed directly by the president and one fourth of the DPR was reserved for the military (MacAndrews 1986). More importantly however, Indonesia has a presidential system that allows the president to have supreme powers. The President is responsible to the MPR, but the MPR met only once every five years and was not particularly known for its independent stance. Indonesia did once have a more democratic constitution, from 1950 till 1957, that allowed the Parliament supreme power. That democratic constitution however resulted in a chaotic political system, in which eight cabinets were formed in a period of only seven years. In 1957, Sukarno restored the vague and short Constitution of 1945 – it had only 37 articles and was designed for the emergency situation following independence (Feith 1962). Soeharto never restored the democratic constitution of 1950 after he rose to power.

As said, the MPR met once every five years, to elect the president and vice-president and determine the broad state guidelines (GBHN). The DPR, the legislative body, whose 500 members also belonged to the MPR decided on new legislation. The Parliament adhered to the Panca Sila principle of consensus and deliberation, so the legislative process went slowly. When a law was not approved before a new cabinet entered office, the entire deliberation procedure had to start anew. In practice, the President had the ultimate decisive power, aided by a small team of advisors. The State Secretariat (Sekneg) had extensive powers in policy-making as well: all new legislation passed the small team in Sekneg before it was sent to parliament, often altered to accommodate the needs of those in power (Pangaribuan 1995). According to Bill Liddle, the political structure of the New Order compared to a pyramid: the president stands at the apex of power, and the bureaucracy, responsible for the day to day decision-making takes care, through responsiveness and coercion, that the will of the president is done (Liddle 1985). The Indonesian political system was also characterised as patrimonial, even as a continuation of the feudal system that the Dutch encountered upon arrival (King 1979). The late professor Wertheim thought of the New Order as the continuation of colonialism (Wertheim 1978). Soeharto preferred to refer to it as a ‘Panca Sila democracy’ (Soeharto 1989). Pabottinggi wrote that the New Order had always justified its legitimacy pointing to the political stability and economic development, but these were controversial issues for many Indonesians, who experienced a different reality: ‘The political controls instituted by the New Order [are] a necessary price for the sake of unity and national development’ (Pabottinggi 1995: 226).

The ultimate justification for the actions of the New Order government has until the late 1990s been made through an appeal on ‘performance legitimacy’. That is, legitimacy not in the first place based on being elected, but on results, mainly in the economic sphere (Liddle 1991). Protests that those results were not felt by the majority of Indonesians, but mainly visible in total figures, have been silenced in the government-controlled media. Justifying controversial government actions by asserting that these were in the interests of the public good, became a common theme in the judiciary, parliament and media. In a public and political discourse, where everything that government does serves a higher good, it was hard to be disobedient, or critical. Per-
formance legitimacy has been a powerful tool for Soeharto to remain in his seat for such a long time and enabled him to have his government, bureaucracy and people do what he thought was right.

In the mid-1960s, in the last years of Sukarno’s reign, the political party Golkar was founded.\(^1\) This party should become a functional group within the Parliament, where representatives from labourers, farmers, labour unions and business circles would come together. The membership of Golkar was obligatory for all members of the bureaucracy, so in practice, the civil service was Golkar. The elections of 1971 had been delayed and many contended that this was done to give the Golkar time to gain support under the Indonesian people. The campaign slogan of Golkar was: ‘Development, yes. Politics, no’. Golkar won the first election of the New Order with a sweeping majority of 62.8%, leaving all other small parties far behind (Mackie & MacIntyre 1994: 12).

In 1972-3 the remaining political parties were compelled to merge into two parties, they were either forced to join the Islamic party (PPP) or the Democratic Party (PDI). This merge is a prime example of the formula *divide et impera*; between Islamic parties there were large differences in religiosity and goals and also the PDI consisted of widely differing parties, from socialist to Christian parties. These parties have never been able to act united and gain enough support and trust by the electorate. Party leaders of these ‘opposition’ parties had to be formally approved by the government, which since the elections in 1971 has always been a Golkar-dominated government (Suryadinata 1987; Mackie 1989).\(^4\) In his short period as president Habibie allowed more parties to compete: in the elections of 1999 more than 40 parties took part.\(^5\)

Many authors have characterised Indonesian society as de-politicised, but it was more accurate to say that it was ‘de-party-politicised’.\(^6\) The act no.3 of 1975 prohibited the PDI and PPP from being active at the village level. The act was meant to ‘simplify’ the socio-political forces and to prevent the villagers from being used as political pawns by the socio-political parties. So only the government party Golkar, through its functionaries in the sub-districts and villages was allowed to be active in the villages (cf. Babari 1987). Only during elections the other two parties were allowed to rally for a few weeks. During the elections of 1997, one could clearly see how the campaigns worked. At Golkar rallies people were handed out t-shirts and food while popular *Dangdut* music enlivened the atmosphere. Our driver told us that he and his family received 10,000 Rupiah a day and yellow t-shirts (yellow is the colour of Golkar) for each family member for participating in a Golkar rally. The PDI and PPP received a limited budget from the government and had significantly lesser means to conduct their campaigns.

The right to form associations was restricted as well. Only one labour union was allowed, controlled by the government. All other non-governmental organisations had to be founded on *Panca Sila* principles. When Mochtar Pakpahan founded a new labour union, he was sentenced to jail, justified by appealing to a colonial law prohibiting causing unrest. Journalists could join only the government-sanctioned association and information was controlled and censored by the government. The coming of
the Internet though put the censors for an uncontrollable problem; the *revolusi* in 1998 can also be explained by the increased accessibility of uncensored information and other means of communication, for example e-mail and mobile phones (cf. Robison & Goodman 1996).

The armed forces of Indonesia (ABRI) have since the late 1950s embraced a dual function in the Indonesian society. General Nasution had in 1958 proposed the concept of the *dwifungsi* of the army, he called it then the ‘middle way.’ Next to its defensive task, the army should have a stabilising and political role in Indonesian politics. One sixth of the legislative is reserved for members of the army, many ministers come from the army and retired army officials own stakes in many large or state owned enterprises (Crouch 1978; Jenkins 1984). But, unlike in many Latin American countries, the Indonesian army was relatively absent from the public life, uniformed soldiers on the streets were until the crisis in 1998 a rarity. Compared to their countries in the Southeast Asian region, the Indonesian army is very small. On a population of 190 million people, there are only 300,000 men under arms and the defence budget is only 3% of the GNP and this amount is even declining (Schlossstein 1991: 76-78). After every election, the division of ministerial posts between civilians or military and the choice of vice-president signifies the relative power of the army (Said 1987).

It cannot be emphasised enough that president Soeharto has dominated political and social life of Indonesia for more than 30 years (1967-1998). Starting as a relatively uneducated sergeant in the Indonesian army, with a simple rural background, in the years of his rule he has developed into an almost untouchable authority. He was both head of state, chief administrator, commander of the armed forces and his power was secured in the Constitution. Soeharto hardly ever communicated directly with his people, only through speeches read in public and pre-structured meetings his thoughts and visions were known, but all observers of Indonesian politics agree that nobody knew exactly what he was up to. His successors Habibie and Wahid are in that respect completely the opposite: they talk to the media, the public and the Parliament in a very open manner. Soeharto’s strengths lied mostly in organising knowledge and strategically moving his subordinates into positions. He has always been surrounded by a team of advisors, who provided him with in depth knowledge of all areas in policies and society. Sparse are his writings, like a Javanese king his oral communication were sufficient for his people to act accordingly (Anderson 1972). It is remarkable that with his simple background (he only spoke Javanese and wanting Bahasa Indonesia, no foreign language at all) he has ruled this immense country for so long and achieved many successes, both domestically and internationally (McDonald 1980). His wife Ibu Tien is by many singled out as an important factor behind his success. It is also contended that when she died in 1996, his power started to wane. The ‘factor Soeharto’ in Indonesian politics makes it hard to make comparisons or to analyse bilateral relations in full: there was simply no equivalent in other countries’ politics to president Soeharto. While much more can be said about the power of president Soeharto, what is crucial for this research is that his power was immense and his
thoughts and actions have never been fully understood by observers, simply because he never communicated directly.  

Although he was believed to be endowed by supernatural powers and although his power has increased during the 32 years of New Order, he could only have become so powerful because he controlled the army. He played the game of *divide et impera* well: he purposefully created tensions and differences in order to stay on, until finally he was beaten in his own game. Until 1998 he has successfully replaced officers and generals who were critical of him by his followers. When the army did *not* intervene in the mass demonstrations in 1998, it was clear that Soeharto had lost much his power base. It is unclear how much power he lost. According to many Indonesians he still rules behind the scenes, and that he is, amongst other things, responsible for the riots in 1998 and the unrest in Ambon. The proof of his ruling behind the scenes is for many the fact that elements of the army are involved in the riots, rebellions and unrest that after his resigning kept on erupting.

The organisation of government

Key aspects of Indonesia’s civil service are presented here, as a prelude to many of the issues of the policy management games addressed in the case-descriptions. The present-day Indonesian civil service owes much to Dutch colonial rule before independence and the subsequent revolution. The Dutch establishment of an administrative system, ruled from Batavia in cooperation with local rulers, developed into a complex multi-levelled network united by central governance (Rickleffs 1981: 105-155). With independence in 1945, the new Indonesian government assumed control over this system, initiating few changes. Central rule is indeed the most logical way to maintain unity in a country consisting of so many islands, peoples, cultures and languages (Vatikiotis 1994: 32-59; Schwarz 1994: 71-97; Jackson 1978). Studies on the actual performance of reforms in government structure demonstrate that the centralist system prevails (King 1988; Amal 1992; cf. Malley 1999).

Unlike the decentralised systems of for example the United States of America or the Netherlands, the Indonesian civil service, from central to local levels, has little discretionary powers. Lower echelons of government are reluctant to initiate policy or changes (Conkling 1979). The national policy guidelines, written in the five-year plans (*Repelita*) are the base on which all levels of government have to act. In his dissertation on the implementation of government programs by the *camats* and *lurahs* – the lowest levels of local government in Indonesia – Nico Schulte Nordholt concludes that these administrative entities are the dead end of central government, rather than the mediators between the villages and central government (Schulte Nordholt 1981). Warwick conducted a study on the implementation of three policy programs in Indonesia. Measured to conventional standards, one would expect all programs to fail, because equal salaries, promotion schemes, training facilities differ from one agency to the other. Personal motivation by the staff is according to Warwick essential to understand how the civil service does succeed in some cases. In this respect, the presidential
decision to make local government heads responsible for programme results had a positive effect on the implementation (Warwick 1987). However, the findings of Warwick do not mean that government is decentralised: in fact, the active involvement of president Soeharto via the so called *Inpres* programs even strengthened the grip of the central government on local government (Morfit 1986; Awal 1994).

Some cultural traits present in all Indonesian cultures account for the strong hierarchical lines in Indonesian bureaucracy. Respect for the elderly and a strong sense of belonging to a group (the collective) are cultural traits that are not so strong in the western hemisphere. Subordinates do not easily make a decision on their own, since decisions should always be approved by higher ups. Project organisation, in which one member of the organisation takes the lead for a specific task is in this respect extremely difficult to realise in Indonesia. This is not to say that Indonesia's political system is purely centralised, it would be crippled and not as dynamic as it is. Although the arm of Soeharto's government has been extremely strong, ‘gaps’ in the power structure remain. These gaps occur for example in areas that the secret service (that tends to work haphazardly anyway, because of the sheer magnitude of the country) or the army cannot control. In the cases we will see how these gaps are filled by people with information, knowledge and courage and at times, the support and attention from abroad.

Although in every bureaucracy informal procedures and corruption exist, the Indonesian bureaucracy is notorious for its high extent of ‘informality’. Noted economist Sumitro asserted in 1995 that almost 30% of the government budget leaks away. The Japanese Economic Intelligence Unit ranked Indonesia top of the corruption list. Sociologist Selo Soemardjan explains the vague line between public and private funds as a result of the revolutionary times, when everybody was striving for independence and immediate shortages of food were not to be solved in a formal way (Soemardjan 1994; cf. MacDougal 1981).

Depending on the importance of a policy area, weak and strong ministries are identified. Formally, every ministry is equally important, but some are more equal than others. Typically, the financial and economy ministries are strong, and policy made by these ministries has widespread effect in society. Bappenas, the national planning agency, has significant budget power because it is responsible for foreign aid management. The agency is very influential in the assignments of large scale projects, and in that has large discretionary powers in the budgetary process (Wibisono 1987). The ministries of Home Affairs, Information, Health, Education & Culture and Religion are present all over the country and control much of social life. Home Affairs is a dominant ministry because it has power over the judiciary and is the head of all regional planning agencies (Bappeda). The Department of Information is important because it controls what the population may know. Also depending on the closeness to the president, a minister may have more or less power. Mr. Habibie, who is sometimes identified as the foster son of Soeharto, has always had large discretion to implement the programs of his ministry of Research and Technology. According to economist Hal Hill, the Department of Research and Technology is de facto the Department of Industry, since it plays a dominant role in industry policy (Hill 1997:
Andrew McIntyre studied the relation between business and politics in Indonesia and concluded that policy formation in Indonesia is extremely complex, involves more bargaining and coalition building among both state and societal actors than has generally been recognised (MacIntyre 1990; cf. Ascher 1998). Yet, a ranking of importance can not be put in hard figures, estimations of the extent of strength or weakness of a ministry are only given by the interviewees or become understandable after conflicts.

**Development in the New Order: snappy balloons for the happy few**

Development and stability are two sides of a coin; without stability there can not be economic development and without economic development, societal unrest will rise (cf. Huntington 1968). Until 1997, the New Order government has both maintained the stability and promoted the development of the country. What caused what is debatable, but in the late 1990s severe cracks in the Indonesian miracle begun to appear, ending with the resignation of president Soeharto, an interim-presidency of Habibie and the election of Abdurrahman Wahid and Megawati Sukarnoputri. The politico-financial crisis seemed to have been sparked by the devaluation of the Thai Baht which led to a devaluation of the Rupiah, capital flight out of Indonesia and an economic crisis that made the presidency of Soeharto untenable. On the other hand, it could also be argued that the people of Indonesia needed the opportunity of the crisis of 1998 to cause the change in government.

Although the state of a country can not merely be expressed in economic terms, the achievements restructuring the economy and reaching high levels of growth of the New Order government have internationally been recognised. Indonesia’s economic miracle, a term used by the World Bank until the economy collapsed was praised even more (World Bank 1993a). The secret of Indonesia’s economic success lies in the hands of a number of western trained economists, whom after 1965 used their theoretical knowledge and pragmatic skills in devising fitting policies to restructure the economy and face the specific constraints of Indonesia’s domestic problems (Liddle 1991). Economic growth between the late 1960s to the mid-1990s was remarkable: the Gross Domestic Product of Indonesia increased some 200% (Hill 1996: 11). A major impetus was the utilisation of rich sources of oil and the high prices in the 1970’s for oil after the OPEC countries raised the prices. The so-called petro-dollars provided the government with a windfall income (see also 6.1.2) which was for a great part used for agriculture and education. In the 1980’s, through prudent agriculture policy, self-sufficiency in rice was achieved (Manning 1987). Enrolment in primary education increased from 41.1% in 1968 to almost 100% in the early-1990s (Jones 1994). In 1989 the UN awarded president Soeharto with the Population Award for family planning policy which declined fertility to 40% in the period 1960-1987 (Hull 1994: 134). The physical infrastructure was improved significantly, roads and railways were built, telephone communications received a boost through the launching of
Indonesia's very own Palapa satellite system, and electricity was made accessible in the rural areas (Hill 1996: 181-183).

Indonesia's role in the regional organisation ASEAN is noted. Most of Indonesia's trade relations are within the Southeast Asian region. President Soeharto and his minister of Foreign Affairs, Ali Alatas, have also successfully played an intermediary role in the Cambodia conflict (Anwar 1994b). The international community, and in particular the funding agencies and donor communities have played a large role in the restructuring of Indonesia's economy. The donor consortium IGGI has according to most economists been of tremendous value for helping Indonesia out of its financial crisis (Prawiro 1998: 67). The National Planning Agency Bappenas has been unique in managing the foreign aid. Rather than waiting on proposals of the donor countries, it had, by means of the so called Blue Book, a list of ready-to-start-projects, in which the donor countries could participate. The World Bank and IMF have, through funds and approving reports also been important in the impetus to Indonesia's economy. It was estimated in 1998 that the World Bank alone lent Indonesia more than US$2.5 billion over three decades. But, as the president James Wolfenson told critics in Jakarta in early 1998 'We were caught up in the enthusiasm of Indonesia, ... I am not alone in thinking that 12 months ago, Indonesia was on a very good path'.

There are a few explanations why Indonesian development drastically changed it course after 1998. Fires in Kalimantan added to the devastating effect of El Niño, which caused the drought of 1997. The draught caused a bad harvest and prices for food increased to such levels that people on the threshold of the poverty line fell below the line. Children were taken out of school, because parents could not afford the fees anymore. After the Thai Baht fell, currency speculators took their money out of Indonesia as well. The austerity measures of the IMF caused prices to rise even more and hungry, angry people took to the streets early 1998 and looted Chinese-owned shops. Chinese businessmen fled the country after anti-Chinese riots and took their money with them. In May 1998 the army shot demonstrating students in front of the Tri Sakti University in Jakarta.

However, the seeds for the crisis of the late 1990s were sown earlier, with the New Order development policies. The spread of wealth and policy priorities was unevenly distributed over the archipelago. The Gross Domestic Product had indeed increased remarkably, but did not benefit the majority of the people. A very small elite became startlingly rich, while the great majority of Indonesians lived in sheer poverty. Most policy efforts were concentrated in the populous western provinces of Indonesia (Java, Bali and Sumatra), while the eastern provinces were in comparison neglected (Kalimantan, the Moluccas and Irian Jaya). On the other hand, resource-rich provinces, such as Aceh (oil), Irian Jaya (minerals and oil) and Kalimantan (mining, oil, gas) provided much of the government budget, but its people remained very poor. The money earned in these provinces went to Jakarta, and within Jakarta, to the hands of the 'filthy rich' owners of the conglomerates, who have never been known for their professional management of business (Booth 1999: 127-133; Borsuk 1999: 136-167). When in 1998 the IMF pressed the Indonesian government to provide openness about
the private and public debts, many people could not have fathomed Indonesia’s debts were so huge. Cronyism, corruption and bad corporate management polluted the Indonesian economic wonder and made the borrowed balloon of ever-increasing growth explode with a vengeance.

**Dutch society and politics**

This second part differs from the first that the focus will be more on the context and organisation of Dutch foreign policy. Because the cases mainly take place in Indonesia itself, comprehension of the Indonesian domestic context is deemed more important than a full recount of the Dutch domestic context. A short outline is presented here of the most salient characteristics of Dutch society and politics to emphasise the differences in parameters that make up for the luggage with which the Dutch actors in our games are equipped. The remainder of this chapter is devoted to that part of the Netherlands that operates abroad.

**A brief overview of a small country**

The geographic, societal and cultural make-up of the Netherlands is the opposite of Indonesia’s: 16 million people who speak the same language and live packed on a few square kilometres, mostly below sealevel. Although the Dutch themselves can distinguish between cultures in the south, north, west and east of the Netherlands, to a foreign observer they all behave the same (White & Boucke 1991). Compared to Indonesia, the religious diversity in the Netherlands is also small. Protestants (although they come in many varieties) lived mainly in the north, while below the rivers, in the south, Catholicism was the dominant religion. Important changes in religious and ideological outlook took place in the 1960s, when the traditional pillarised system crumbled (Lijphart 1968). The percentage of people without any religious affiliation increased from 23% in 1955 to 62% in 1995 (CBS 1996: 474). Education levels increased, to which 4% of the population has had higher education in 1964 to more than 25% in 1996. According to a cross national investigation the Dutch are the happiest people in the world, they are satisfied about their health, welfare and freedom (Veenhoven 1996). With the industrialisation and expanding economy, labour shortages demanded employees from abroad.

Since the 1970s a steady stream of mainly Turkish and Moroccan people moved to the Netherlands and form an important (Islamic) minority in the Netherlands. Refugees from Africa, South America, Asia and the Middle East have also coloured Dutch society, although these are much smaller minorities. Many immigrants also came from Surinam and the Dutch Antilles to the Netherlands, hoping to find better life standards and education.

Being on the border of the Northsea and having limited natural resources, the Netherlands has earned its riches by foreign trade. In the 1990s the Netherlands wit-
nessed an increasing trade surplus, predominantly earned by inter-European trade. It is also the second biggest investor in the United States. After the Second World War, the Netherlands industrialised rapidly. Until the 1990s the Netherlands had its own car and aeroplane industry (DAF and Fokker). In recent years the service sector has expanded and large companies such as Ahold and Philips have become Dutch industrial and entrepreneurial pride.

Since the early beginnings of the European Union the Netherlands has been involved in the shaping of a European political, economic entity. Much of the decision-making in the Netherlands is now influenced by decisions of the European Parliament. Unlike ASEAN, of which Indonesia is a member, the EU has more political aspirations and influence.

Political system and political outlook 1960-1990

The Netherlands is a constitutional monarchy; the queen or king is formally head of state and forms the government together with the ministers, including the prime minister. The electorate elects every four years the members of parliament. In Robert Dahls' terms, the Netherlands comes close to a poly-archy (Dahl 1989: 232-243). All people above the age of 18 who are Dutch citizens can vote and although they have no direct influence on who becomes minister, prime minister or king, the appointment of officials is seldom against the wishes of the electorate. Other factors that qualify a nation as a poly-archy - freedom of expression, alternative information, associational autonomy - are guaranteed and practised by law. Despite criticism on the withering influence of parliaments, calls for referenda, accusations of limited freedom of speech, the Netherlands does in practice stand at the right end of the scale of democracy (Andeweg et al 1989). The Netherlands is a unitary state, which is logical considering its small size, shared language and culture. Some tasks are decentralised to provinces and local governments but general policymaking takes place in the departments in The Hague. Although formally the minister is responsible, it is recognised that civil servants have much discretionary power (Vroom 1980; Sporre 1988; Kuypers 1992).

Until the 1970s, cabinets in the Netherlands have been mainly a coalition between confessional parties and the liberal party. These cabinets instigated the industrial development of the Netherlands and the establishment of a welfare state that took care of Dutch citizens from the cradle to the coffin through extensive social security arrangements. The generation of babyboomers and international developments towards more openness, democracy and permissive society changed the colour of the political spectrum significantly in the 1970s. In 1973 the first left wing dominated cabinet, led by prime minister J.M. den Uyl entered office. The oil crisis of 1973 put a brake on the far-reaching ideals of this cabinet and after the next election, in 1977 a coalition of a new alliance of the confessional parties and the liberal party took over again. This cabinet had to deal with an economic recession and massive unemployment. The 1980s were marked by severe cuts in the budget and stringent measures to fight unemployment (De Liagre Böhl 1999).
The agreement of Wassenaar in 1982 between the employers organisations and labour unions is commonly seen as the start of the so-called *poldermodel* in the Netherlands. It was then that the two opposing groups agreed to temper salary demands in return for less working hours. The *poldermodel*—according to international observers the key to the Dutch miracle of the 1990s—can in general terms be described as agreement between the social partners on wage-restraints, reforming the social security system and active employment policy (Visser & Van Hemerijck 1997). The Wassenaar agreement, but also the subsequent negotiations between the social partners, are examples of the consensus seeking that characterises Dutch politics. Contrary to Indonesia, where consensus seeking was used as apolitical slogan to oppress the opposition, in the Netherlands it actually means finding compromises between opposing groups, although the compromise is not necessarily the best solution.

The cabinets after 1994 are denoted as 'purple': a coalition between the socialist, liberal and democratic parties. The Christian Democrats and the Green Party are since 1994 the largest opposition parties. On the waves of the economic boom of the 1990s and supported by earlier consensual agreements between the employers organisations and labour unions, the purple cabinet has finished the job of former cabinets, turning the Netherlands in a 24-hours, well-performing business (BV Nederland-Netherlands Inc.). Never in the recent history the unemployment figures have been so low and the national debt has been reduced significantly. In the discourse on the 'third way', the Netherlands is a clear success-story. That the reigning political parties have lost most of their ideological colour and that the ultimate political criterion has become the well-being of the Dutch economy does not seem to worry the majority of the Dutch population. Repeated population investigations show that the Dutch society is prosperous and satisfied with the government. Fighting crime, maintaining order and keeping the economy stable are the first three demands to government by the Dutch citizens. Protection of the natural environment ranks eight on a list of 16 items that are considered politically important (SCP 1999: 18-19).

This brief overview served to distinguish the crucial differences between Indonesia and the Netherlands. The Netherlands is a rich country, its political system is characterised as democratic, it is relatively homogeneous and compared to Indonesia, small. Small as it is, the Netherlands has a large domain for foreign policymaking.

**Dutch foreign policy: Exporting social democracy, amongst other things**

Dutch foreign policy analysts show a tendency to summarise the principles of Dutch foreign policy with a few keywords, which boil down to profits and principles or the merchant and the preacher (Voorhoeve 1979; Heldring 1978). However, these principles are not typically Dutch, other countries adhere similar principles, although in a slightly different mix. Foreign policy for most countries is a changing mix of security, national economic interests and to a lesser extent, promoting a just and fair international system (Chan 1984). Depending on the nation’s welfare and ruling political
party, the latter principle is more outspoken. Foreign policy of two large nations, the United States and The United Kingdom, altered when the Democrats with Bill Clinton and the Labour party with Tony Blair came into office; the tendency to have principles prevail in the foreign policy discourse is obvious. Depending on the party that delivers the president or prime minister, the emphasis of foreign policy shifts from promoting national interests to promoting international peace and justice. In other words, foreign policy is an extension of domestic policy, but often more so in words than in action (Everts 1985; cf. Kegly & Witkopf 1988/1996). Dutch foreign policy is no exception on the rule, albeit that Dutch politics in comparison are more 'left-wing' and socialist than for example the United States and the United Kingdom. The Dutch welfare state arrangements combines deliberation among social partners resulting in a relatively egalitarian society in which the differences between rich and poor are evened out and social security is guaranteed for all Dutch citizens. That sort of equality and social democracy is also promoted in international relations.

The objectives of Dutch foreign policy

Duco Hellema distinguishes seven factors that influence (Dutch) foreign policy, of which geographic position, position in the world economy and position in international structure of power are dominant. Domestic factors include party politics and the individual politician responsible for conducting foreign policy. He concludes that Dutch foreign policy is more an issue of adapting to international circumstances than a reflection of the political will in the country (Hellema 1995: 331-336). What is distinct about Dutch foreign policy in comparison to the country on which most studies are conducted, the United States, is that the Netherlands is a small country. It does not have power based on military or economic strength or size of population. The three dominant principles, (security, economic interests and international justice) must therefore be translated in appropriate policies.

For its security, the Netherlands must maintain friendly relations and alliances with the larger nations. Dutch membership of NATO and advocating a European Political Union are logical steps to safeguard security (Van Staden 1974; Hommes 1980; Griffiths 1990). Because the country is small, but strategically located on the coast of the mainland of the European continent, international trade has always been a major means to pursue the national economic interests. In international politics, the Dutch government is not able to force its human rights standards upon other countries by boycotts or economic sanctions, and therefore has to operate within the multinational organisation UN. Some see the punishment of Indonesia to the Dutch government in 1992 as the result of overestimating its role in human rights policy; subsequently, the Dutch government has indeed adjusted its policy and chosen to advocate international justice within fora such as EU and UN (Glasius 1999: 305-306). Small powers have different sources of power and therefore a different role in world politics (cf. Voorhoeve 1991).
Rather than focusing on the principles guiding foreign policy in general, I will focus on the ways they are advocated and the actors in Dutch politics who play a role. The emphasis will be on foreign aid, since that is the area in the totality of foreign policy that has been of importance in the relation with Indonesia. Then the main actors in the field of foreign policy and their relation towards each other are discussed. Finally, an assessment of the characteristics and history of Dutch foreign policy and aid to Indonesia is discussed; information with which we will fully equip is on the journey to some projects of bilateral cooperation. Or was it assistance?

The organisation of Dutch foreign policy

Dutch foreign policy is conducted by a number of departments that cover several aspects of Dutch foreign policy. In principle, the Ministry of Foreign Affairs has a coordinating role, is responsible for diplomatic posts abroad and acts as representative in multilateral fora, such as the UN and EU. Foreign economic relations, primarily the promotion of small and medium enterprises are the responsibility of the Department of Economic Affairs, sub-department Foreign Economic Relations. The Department of Traffic and Waterworks promotes the interests of the larger enterprises abroad. The Ministry of Education and Culture maintains scientific and cultural relations abroad, more and more in cooperation Economic Affairs. Security affairs are the tasks of the Defence Ministry, its international tasks being limited to participation in the UN security force and NATO (Hellema & Vos 1998). In 1964 a special ministry without portfolio was installed for foreign aid policy, as a result of the increasing attention given to assistance to less developed countries (cf. Van Soest 1975; Beerends 1981; Kuitenbrouwer 1994). The policy and organisation of the Directorate of International Cooperation (DGIS) is described in more detail in the following, since this has been the department that played a crucial role in this research.

In 1995, a major reorganisation of the Department of Foreign Affairs took place. Realising that the actual foreign policy was conducted by so many departments and at times conflicting, the ministry of Foreign Affairs should be enabled to play its coordinating role in a better way. For the relation between DGIS, Foreign Affairs and the BEB it meant that rather than conducting policy organised by objectives (foreign aid, diplomacy or economic affairs) the organisational rationale should be based on regions and countries. In that way, it was devised that coordination and some extent of consistency could be safeguarded. Also, the competency between the minister of Development Cooperation and Foreign Affairs would be better demarcated. Notable in this document was that for the first time, an attempt was made to define the objectives of foreign policy. Until this document, the department had never published a document similar to those of DGIS in which the mission was stated. The objectives were defined as an interplay between the smaller and wider interest, the wider interest being international justice and welfare, and the smaller interest the Dutch economic interest (Buitenlandse Zaken 1995: 13). The formulation caused a lively debate, between on the one side the ‘development-coalition’, fearing that the redefined policy
would mean that economic interests would prevail and on the other side the ‘economic coalition’ which was content that finally there was recognition for the interests that the Netherlands has always pursued (Everts 1995; Siccama 1995; Hoebink 1998). Whether the reorganisation had the outcomes hoped for is still a matter of debate, but goes beyond the purposes of this research. Truth of the matter is that despite numerous calls to change the position of Minister of Development Cooperation into a state secretary function (less competencies) has not resulted in an actual change. The Cabinet that took office in August 1998 still has a separate ministry for Development Cooperation.

Relations between the ministry of Foreign Affairs and DGIS are intrinsically difficult: in practice it is hard to draw the line of responsibility between foreign aid and foreign policy. The prime example of the difficulties with delineation of responsibility was the struggle between minister of Foreign Affairs Hans van den Broek and minister of Development Cooperation Jan Pronk in 1992. Minister Pronk was said to have gone too far and acted too independently from the general policy guidelines of foreign affairs when he made his comments and warnings to the Indonesian government. After March 1992, minister van de Broek tightened the reins again.

The role of the Dutch Parliament in decision-making on foreign policy is, compared to the Indonesian parliament large, but that applies to other policy areas as well. In November 1991, it was the Dutch parliament that requested suspension of aid to Indonesia, and the two ministers responsible, Hans van den Broek and Jan Pronk, jointly executed the parliamentary decision. However, compared to other policy areas, the power of the parliament is limited. In principle, it has the right to amend, intervene in foreign policy, based on the revised written constitution of 1953. In practice, Parliament can either accept or be secluded from decision-making: the executive decides most of the time and Parliament can react afterwards. This is the case in most agreements concerning international legislation and institutions such as UN and EU. The legal principle that international law prevails over Dutch national law is adhered to (Brouwer, de Jong & Besselink 1993).

Dutch foreign aid

Humanitarianism and self-interest are the two sides of the dichotomy that according to most authors defines the spectrum of motivations for foreign aid (Cassen 1993). Depending on the international situations (disasters, conflict and recession) and the political signature of the cabinet and Minister of Foreign Aid, the contents of foreign aid policy have shifted. In the early beginnings, foreign aid was called ‘technical aid’, the main motive being assisting developing counties. That assistance was directed to the ex-colonies in particular and involved infrastructure and industrial development, eventually benefiting the Dutch economy. Political moodswings and new theories on development altered the basic premises and motives of Dutch foreign aid. Minister Jan Pronk put a significant mark on Dutch development aid during his first term in
office (1973-1977). As a student from economist Jan Tinbergen and supporter of the New International Economic Order he successfully advocated an emphasis on aiding the poorest of the poor. He set in motion the process of diminishing the level of tied aid. In fact, the Netherlands has a very low level of tied aid.\(^{41}\)

Subsequent ministers from Christian Democrats and Liberal Party altered Pronk’s policy somewhat, but the firm basis that Dutch foreign aid should first and foremost serve the interests of the poor, remained. Minister Eegje Schoo, the only minister for Development Cooperation of the Liberal Party, brought back in Dutch enterprises and employability for the Netherlands in her policy documents\(^{42}\). The legitimisation of that change was not so much that the Dutch economy should be served more, but that private parties were much better able to implement policies than the rather rigid and bureaucratic apparatus of the Ministry. She also instigated the ‘privatisation’ of the implementation of Dutch foreign aid projects: rather than employing the development workers by the Department, private consultancy agencies were to carry out the projects. This would guarantee expertise and reduce the personnel costs for the Department. Her successor Bukman did not change much of the groundwork laid by his predecessors (Kuitenbrouwer 1994: 109-177).\(^{43}\) Then minister Pronk stroke back again, when he was appointed as minister in two cabinets (1989-1998).

The basics of Dutch development aid are laid down in his first major policy document, ‘A World of Difference’ (1990/1991). The policies proposed in this document can be seen as the crystallisation of the Dutch intentions with foreign aid of the preceding decades. The core of Dutch foreign aid is structural poverty alleviation and sustainable development. Structural poverty eradication means in this document investing in people to increase their productive capabilities, to improve the provision of basic needs and an improvement of the participation of the poor in political decision-making (p. 155-170). Sustainable development means development that provides in the needs of the present generation without limiting the possibilities of the next generations (p. 87-108). These objectives are based on internationally agreed conventions and for a large part on the Brundtland report. The political beliefs expressed in this document are worth mentioning, because in the case of Indonesia, they clashed. According to Vroonhoven, the document breathes the ‘religion’ of Enlighted Humanitarianism (Vroonhoven 1991). Freedom and democracy precede all other basic needs. The document justifies this dictum with the collapse of Soviet communism and the historical given that in the western countries democracy was the cause rather than the result of the social and economic development. Joris Voorhoeve, serving as minister of Defence for the Liberal Party from 1994 till 1998 and a noted scholar on Dutch foreign policy agrees with Pronk. Voorhoeve argues that the crumbling of formerly well to do countries such as Argentine, Yugoslavia and Lebanon was due to political conflict. The poverty in which these countries find themselves now is the result of political conflict, accompanied with instability, violations of human rights and oppressive or corrupt regimes (Voorhoeve 1994).\(^{44}\)

The emphasis of minister Pronk on human rights finds its political base in the policy document written by (Liberal Party) Minister of Foreign Affairs Van der Klaauw
in 1979. In this document the Dutch government gives a testimony of her dedication to promote the Universal Human Rights. An attempt is also made to set the conditions for foreign aid in relation to human rights. It is stated that only in the case of systematic and large human rights violations of recipient countries, aid should be withheld. However, no clear-cut criteria can be given and with respect to the human rights and foreign aid, it has been noted that the Dutch government pursued a much more strict policy towards Surinam than to Indonesia (Sap 1990; Baehr 1996).

To reach the policy aims and objectives, distinctions are made in the different ways aid can be given. Emergency or food aid, project aid, program aid and contributions to multilateral organisations should be the ways to promote the objectives of the document. In bilateral project aid, the Dutch government has the best opportunities to pursue its specific objectives, such as emancipation of women, protecting and improving the natural environment and promotion of good governance. Program aid and support to multilateral organisations are less manoeuvrable, but worthwhile because the impact is wider and multilateral aid is considered more neutral. Non Government Organisations (NGO's) play an increasing role in Dutch foreign aid policies. They are considered politically neutral, effective because they have direct contact with NGO's in recipient countries and Dutch citizens feel more involved by supporting these NGO's. Four intermediary NGO's in the Netherlands (the so called MFO's) receive an annual budget from DGIS to implement projects with counterpart NGO's in developing countries. The budget for the MFO's increased from 5 million guilders in 1965, which was 2% of the total foreign aid budget to 336.6 million guilders in 1991, which was 6.25% of the budget (Impactstudie 1991: 13). Via this indirect support the Dutch government supported critical NGO's in Indonesia as well. For example, the INGI, a forum for Indonesian and international NGO's met annually before the IGGI meetings and presented critical reports on Indonesia's government policy. The INGI was largely sponsored by Dutch MFO's, and thus indirectly by Dutch foreign aid funds (Van Tuijl 1993). A few days after March 25 1992, the Indonesian government made it clear that this indirect form of aid, via Dutch MFO's to Indonesian NGO's should be ended as well. One of the Indonesian ministers involved with the decision said it had been a thorn in the eye that the Dutch government-sponsored critique on the Indonesian government (Vos 1994: 37).

Aid to Indonesia

Several authors implicitly contend that foreign aid and Indonesia have been the same side of a coin since the beginning of foreign aid (Van Soest 1975; Kuitenbrouwer 1994; Schulte Nordholt 1989). The Netherlands had a 'debt of honour' to redeem towards the former colony. Because the diplomatic ties were broken since 1957, no formal policy could be made. Private organisations, mainly churches in the Netherlands, supported small-scale development projects. In 1964, when President Sukarno invited minister of Foreign Affairs Luns, the Agreement on Technical Cooperation was undersigned. The Netherlands would endeavour to aid Indonesia with technical assis-
tance for the infrastructure and know-how in Indonesia. Only after the fall of Sukarno, and the start of the New Order in 1966/7, Dutch foreign aid to Indonesia gained momentum.

Since 1975, Indonesia has been a so-called ‘concentration-country’, meaning that Dutch foreign aid was concentrated towards this country. After 1975, Dutch aid efforts diversified to more counties, in particular to India. The total amount of aid to Indonesia in the period 1966 till 1983 amounted to 2.5 billion Dutch guilders, approximately 10% of the entire budget of Dutch foreign aid. From 1983 till 1990, the annual budget for Indonesia was around 200 million guilders.48 But next to that, aid via the ORET and gifts via the special categories 11 1b and 1vd (emergency and food aid for areas hit by disasters) also amounted to the aid flows to Indonesia (De Jong 1986: 131-132). The policy document for Indonesia of February 1992, which consisted of the plans for the next three years intended to allocate 184 million Dutch guilders. Only a small part of that money was spent: on administrative costs made to finish the projects until April 1992.

The composition of aid has varied in the course of years. Until the 1970s the aid consisted for the greater part of deliveries of capital goods, concomitant with the then vying definition of technical aid. After minister Pronk entered office in 1973, the focus was directed to project aid. In accordance with the recommendations of the World Bank, a part of the funds was destined for program aid, with the purpose of assisting Indonesia in its balance of payment problems (DGIS 1992: 19). Telling is the fact that in the document ‘A World of Difference’ it is stated that Indonesia would only in exceptional cases receive programme aid, the aid form destined for countries which have the trust of the Dutch government. Project aid, in which the donor country (i.e. the Netherlands) has much more say, was considered better for Indonesia (p. 319). According to an interviewee, this was another subtle sign of the role perception of the Dutch government in Indonesia, that of the guardian.49 Changes took place also within the projects. In the early beginnings, these were basically meant to aid in Indonesia’s infrastructure and industrialisation. The projects in the early seventies had mainly a technical character; in the course of the 1970s and 1980s, the projects endorsed reflected the new policy objectives of emancipation of the poor, good governance and rural development (DGIS 1995: 8-14).

Annually, the Dutch minister of development cooperation met with Bappenas and discussed new projects and the level of funding. Usually this bilateral policy-discussion took place in February. Twice a year – one visit in the capacity as Dutch minister and one visit as chairman of the IGGI – the Dutch minister would visit some sites in Indonesia to see for him- or herself how the projects were implemented. According to historian and senior civil servant Joop de Jong, Dutch ministers have until the 1992 lived under the impression that Dutch involvement in Indonesian development was indispensable (De Jong 1995). For the Indonesian government the Dutch were only indispensable as chairman of the IGGI, Dutch bilateral aid amounted to a mere 1.9% of the total amount of foreign assistance pledged by the IGGI (Suryakusuma 1992).
The Dutch government has, like most other donor countries, set conditions to aid (cf. Stokke 1994). If these conditions were not met, the Dutch government could suspend the aid to a certain country. The demand that human rights in the recipient country should not be violated has led in some cases, but in particular in Indonesia, to political conflict. Compared over the years and the different cabinets, it has usually been the Dutch parliament who requested withholding of aid. The responsible ministers on their turn handled decisions with receiving countries in their own ways. Minister Pronk was known for his directness, while the two foreign ministers with whom he has served in office preferred silent diplomacy. For example, in the 1980s, when the Indonesian government intended to execute alleged communist coup leaders, the Dutch government considered suspending the aid as a protest to the executions. According to Peer Baneke, as a result of the mix of minister Pronk's directness and the silent diplomacy of Minister Van der Stoel, Indonesia eventually accommodated the wishes of the donors (Baneke 1983). The withholding of a part of the aid in 1990, as a protest against the execution of four alleged communists added to the irritation and conformed the Indonesian conclusion that it was time to end Dutch chairmanship of IGGI (Malcontent 1998). During the annual bilateral discussion in 1991 of foreign aid, the Dutch delegation announced that it would end its support to Indonesia's family planning programme, after allegations by professor Breman the Indonesian programme was highly coercive. This decision was made unilaterally, without discussion with the Indonesian counterpart. When the assistance to the program was resumed, the third secretary of the embassy was sent to deliver the message. The Indonesian government was very angered by this event, because a report written six months earlier had been positive about the program and president Soeharto had just received the UN price for the family planning program. When in November 1991 the Dutch parliament requested a complete suspension of aid to Indonesia, this Dutch action was the final straw for Indonesia (Van den Ham 1993; Schulte Nordholt 1994). The question is for whom was this the final straw? Was the opinion of the top of Indonesian power the same for the Indonesians who in their daily business worked together with the Dutch? Was the past as painful for the people who personally dealt with the Dutch? What was the significance of the past for the present and practice of cooperation? To what extent do high politics such as described in this chapter have meaning and importance for the 'real world'? These matters will be explored in the next chapters.