

Chapter 7

The hardening shell: Indonesian military revenues and force structure

When Louis XIVth asked his Milanese adviser Trivulzio how the success of his invasion of Italy could be ensured, he received this reply: "Most generous King, three things are required: money, money, and still more money".

A great deal of detailed work over the past two decades has provided a fine-grained portrait of the politics of the Indonesian armed forces, its internal elite workings, and its relations with the wider state and society, both in the pre- and post-1965 period. These institutional accounts have largely been elite focussed, and have been able to provide an unusually rich understanding of the place of the military in the political history of the past quarter century or more in Indonesia. But it is not clear that these studies tell us all that is needed to understand the full impact of the military today. Partly, this is a function of the greatly reduced access that foreign scholars have had to serving officers in recent years. But equally important, I would argue, has been the general disinterest in the armed forces as a specifically *military* organization, one using its military capacities for control of the domestic population.

This chapter will outline the sources and levels of military spending in the New Order period, the force structure planning that has been undertaken to guide the military's socio-technical development, the size and composition of the armed forces, and the pattern of weapons acquisition, either imported from abroad or produced domestically. It will argue that the larger than usually recognized increases in real military spending have been used to expand the capacities of the Indonesian military in what are usually two strongly contrasting and, to a certain extent, mutually exclusive directions: capital-intensive external conventional military capacity *and* internally-oriented professionalized modes of population surveillance and control.

Military revenues and expenditures

Perhaps the most difficult area to investigate in the organization of Indonesian military and political affairs is the military budget - both in terms of revenues and expenditures. All published national military budgets should be treated circumspectly, but the Indonesian military budget is remarkable for its brevity and lack of information, and for the lack of unofficial knowledge of the subject. Blackaby and Ohlson report the experience of the Stockholm International Peace Research Institute (SIPRI) that of the more than 150 countries in the world

(W)e have only only about 25 countries where we would rate the statistical series for military expenditures as "good". "Good" in that sense means that we know the coverage of the figures, and changes in the coverage; and we feel reasonably confident that items are not omitted, and that we believe the year-to-year movements in the published figures properly represent the changes in military expenditure that have taken place.¹

1. Frank Blackaby and Thomas Ohlson, "Military expenditure and the arms trade: problems of data", *Bulletin of Peace Proposals*, 13,4 (1982), p. 296.

Since so little is known of the level and composition of the budget, it may be helpful to summarize the findings of researchers on difficulties of estimating military spending in other Third World countries, and also on the slightly different problem of arms transfers to such countries.² In attempting to research these issues, the following problems need to be addressed.

Definitions of military and other expenditure.

The usual assumption is that expenditures for military purposes are categorized under headings such as "Defence outlays". Yet significant relevant spending may be classified in other ways - as outlays for science and technology (military research or research associated with military industrial production), for state-operated industry (e.g. domestic arms production), for police forces (para-military or internal security), state finance (pension funds) and so forth. Moreover some parts of what is labelled military spending in some countries may be considered civilian elsewhere - e.g. civil aviation or aviation control. All these may be quite innocent classification decisions. Less so is the deliberate hiding of relevant items of military expenditures in unlikely or out of the way places, or in extremely vague or residual categories - the proverbial "other" category.³

Double book-keeping.

This is a matter of a double set of accounts for military expenditure: one set for public consumption; another, very much more detailed set, for internal use. Ball cites US intelligence and diplomatic officials confirming such practices by a number of Third World countries, and systematically under-stating military spending in their annual reports to the IMF.⁴ There may be more involved than one false set of public books and one valid and reliable set of in-house accounting. Even within the military there are likely to be struggles over the accuracy of reporting, particularly where extra-budgetary sources of revenue are at stake and are not wholly under the control of the central military finance authorities.

Extra-budgetary accounts.

This is usually thought of as a problem of accounting for revenues, but given the

2. The following section draws on a number of sources. The most systematic and helpful are Nicole Ball, "Measuring third world security expenditure: a research note", *World Development*, 12,2 (1984), "The security sector, the budget and development", *IDS Bulletin*, 16,4, (1985); and Michael Brzoska, "The reporting of military expenditures", *Journal of Peace Research*, XVIII,3 (1981), "Arms transfer data sources", *Journal of Conflict Resolution*, 26,1 (1982), "Third world arms control: problems of verification", *Bulletin of Peace Proposals*, 14,2 (1983). See also the statistical notes accompanying military expenditure and arms trade time series in the recent editions of SIPRI (Stockholm International Peace Research Institute), *World Armaments and Disarmament: SIPRI Yearbook*, (London: Taylor and Francis, annual); United States, Arms Control and Disarmament Agency [ACDA] (annual), *World Military Expenditures and Arms Transfers*, (Washington: ACDA); and the IMF, *Balance of Payments Manual*, (Washington: IMF, 4th edition, 1977) and later editions. In addition see Clare Mundy and Dan Smith, "Facts' about the military", *Journal of Peace Research*, XVII,3 (1980); Blackaby and Ohlson, op. cit.; Edward A. Kolodziej, "Measuring French arms transfers", *Journal of Conflict Resolution*, 23,2 (1979); Amelia C. Leiss, "International transfers of armaments: can social scientists deal with quantitative issues?", in Sheldon W. Simon (ed.), *The Military and Security in the Third World*, (Boulder: Westview, 1978); Edward J. Laurence and Ronald G. Sherwin, "Understanding arms transfers through data analysis", in *ibid.*; and Edward J. Laurence and Joyce A. Mullen, "Assessing and analysing international arms trade data", in David J. Louscher and Michael D. Salomone (eds.), *Marketing Security Assistance*, (Lexington: D.C.Heath, 1987).

3. One student of the Indonesian military budget suggested that the foreign exchange costs of considerable amounts of Indonesian foreign military purchases are hidden in the annual "Errors and Corrections" to the national accounts. [PS/34]

4. Ball, "Measuring third world security expenditure", op.cit., p.158, and "The security sector, the budget and development", p.45. Ball cites one State Department official to the effect that one country following this practice had two completely different sets of books, with the internal books showing expenditures several times larger than those reported to the IMF. See Nicole Ball, "Measuring third world security expenditure...", op.cit., p.158.

extent of rentier activity by Indonesian military personnel some thought should be given to estimating the value of the non-military uses to which military resources are put.

Military assistance.

Military assistance, in its various forms, is usually reported by the donor government. When these reports are compared with the published references by recipient governments, there are often considerable discrepancies. Not all assistance involves arms transfers, but since the 1970s many military aid programmes have consisted of concessionary terms of credit for imported military equipment.

Military-related external debt.

Using Brzoska's (1983) estimation procedure for the military-related component of new foreign debt in Third World countries, it is possible to indicate the probable order of magnitude of the unreported military component of foreign debt.⁵ This can often be remarkably high.

Indonesian military revenue sources

Difficulties in analyzing the military budget are in part due to the most distinctive property of the Indonesian military, which is also the best known - the diverse institutionalized sources of extra-budgetary revenue which make up a large proportion of total military revenue. There is no reliable estimate of the size of the extra-budgetary revenue, and, in any case, the proportion has certainly varied over the years. Different observers in the 1970s and early 1980s placed the proportion of the total budget accounted for by these unacknowledged sources from 30% to 60% of total military spending.

In 1970, an editorial in the ABRI newspaper *Angkatan Bersenjata* claimed that the routine budget of the military met only half of its needs.⁶ A year earlier the Army Deputy Chief of Staff for Administrative Affairs, Major-General Hartono said that the official budget supplied only 40% of the Army's requirements. A year later the Navy Chief of Staff said his service's official budget allocation covered only 30-40% of its actual spending⁷. Further outbreaks of budgetary honesty have been rare, and subsequent estimates have been based on the judgements of outsiders.

In 1972 Wirjasuputra and Rieffel reported estimates of the extra-budgetary revenues at 30% to 50% of the total.⁸ In 1980 Jenkins reported estimates of extra-budgetary sources at 50% to 60% of the total.⁹ By 1986 the Stockholm International Peace Research Institute announced that its own estimates of actual Indonesian military spending were arrived at by adjusting published official data for the 30% of spending believed to come

5. See Brzoska, "Third world arms control", op.cit.

6. *Angkatan Bersenjata*, 4 March 1970 cited by Harold Crouch, *The Army and Politics in Indonesia*, (revised edition, Ithaca: Cornell University Press, 1978), p.274. Since the armed forces development budget at the time was negligible, this implies that the actual military budget was twice the size of the published one.

7. *Pedoman*, 30 September 1969 and *Indonesia Raya*, 28 March 1970 respectively, cited in Crouch, op.cit., p.274.

8. Aninda S. Wirjasuputra and Alexis Rieffel, "Military enterprises", *Bulletin of Indonesian Economic Studies*, VIII,2 (1972), p.106.

9. David Jenkins, "The military's secret cache", *Far Eastern Economic Review*, February 8, 1980, P.70.

from extra-budgetary sources.¹⁰ (See Table 7.1 and Figures 7.1 and 7.2.)

Such extra-budgetary sources of revenue consisted of at least three major types:

- (a) revenues made available to military bodies from state-controlled companies ostensibly unrelated to the military, such as Pertamina, the state oil company;
- (b) revenues accruing to parts of the military organization from the participation of military personnel in trading and production enterprises, often in concert with private capitalists; here a distinction can be made between revenues generated primarily for the direct use of military organization as such, and revenues appropriated for the personal benefit of the officers controlling the enterprises - though in fact the boundaries between "general" military benefit and "private" personal benefit are fluid and subject to change;
- (c) the direct appropriation of local resources by military personnel in village and kampung settings.¹¹

Domestic budgets

The fact that so large, and unknown a proportion of the total military budget is known to come from extra-budgetary sources often results in a reluctance to discuss what is known from official sources, and an unwillingness to consider the implications of existing data. This is understandable, but may be unnecessarily restrictive. For the purposes of this discussion, I will assume that the extra-budgetary sources, unless otherwise stated, do not alter the

10. SIPRI, *World Armaments and Disarmaments, 1986* op.cit., p.146. This is a most conservative estimate, but adds to the standing of SIPRI's approach.

11. These revenues are in at least two forms. Firstly, a number of "self-propelling" civil defence arrangements are financed by the local population, not the central military authorities. See Dorodjatun Kuntjoro-Jakti and T.A.M. Simatupang, "Indonesia: defence expenditures in the period of the New Order, 1967-1985" in Chin Kin Wah (ed.), *Defence Spending in Southeast Asia*, (Singapore: Institute for Southeast Asian Studies, 1987), p.131. Secondly, soldiers are able to appropriate varying levels of local surpluses for their own use.

Table 1.1
Indonesia, military spending
varying SIPRI estimates
1965 - 1985
current and constant thousand mn. rupiahs

	Current			Constant		
	SIPRI 1979	SIPRI 1982	SIPRI 1984	SIPRI 1979 ¹	SIPRI 1982 ²	SIPRI 1984 ³
1965	1			151		
1966	4			104		
1967	22			226		
1968	63			292		
1969	86			339		
1970	102			359		
1971	121			405		
1972	145	157		456	952	
1973	179	264		430	1221	
1974	234	406		401	1333	
1975	407	602		486	1659	
1976	434	722		521	1663	2469
1977	577	776	903	624	1608	2384
1978	683	906	968	680	1729	2576
1979		1028	1130		1650	2458
1980		951	1300		1261	2723
1981		1223	1708		1426	3059
1982			2153			3391
1983			2613			3318
1984			2858			3600
1985			3425			3937
			3923			

Sources: Stockholm International Peace Research Institute (SIPRI), World Armaments and Disarmament: SIPRI Yearbook, (London: Taylor and Francis, annual) 1979, 1982, 1986 editions.

Notes: 1. 1973 prices. 2. 1979 prices. 3. 1980 prices.

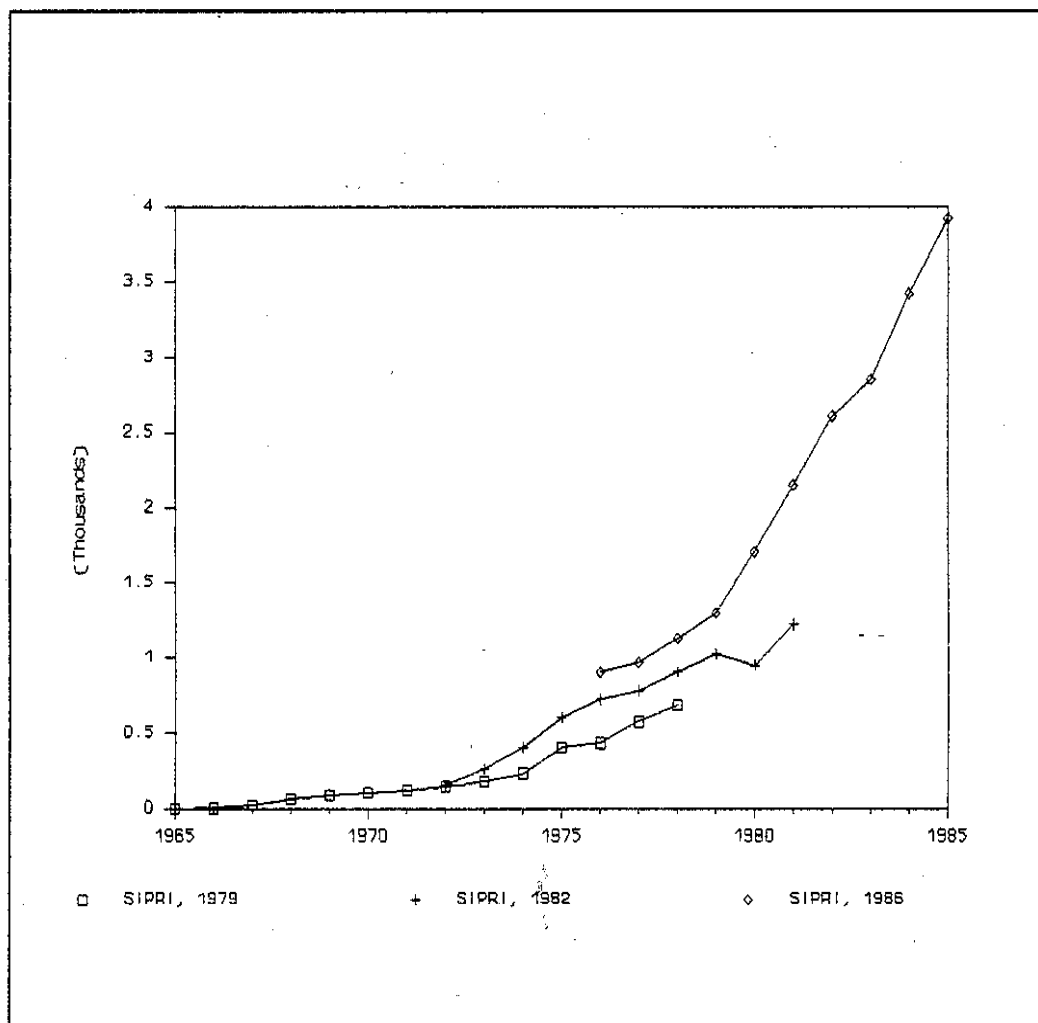


Figure 7.1
 Indonesia, military spending, 1965 - 1985
 Various estimates by the
 Stockholm International Peace Research Institute (SIPRI)
 Current prices
 (Rupiahs, thousand billion)

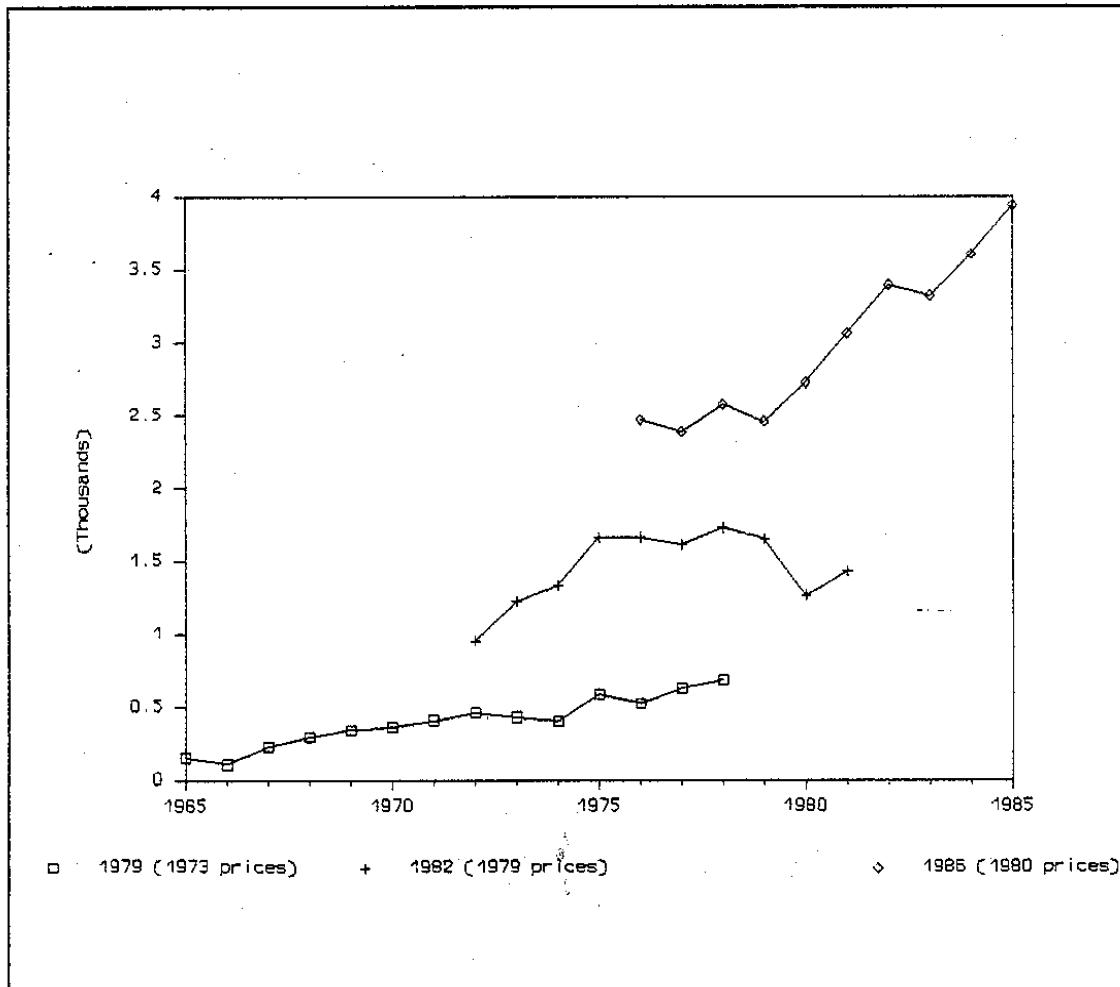


Figure 7.2
 Indonesia, military spending, 1965 - 1985
 Various estimates by the
 Stockholm International Peace Research Institute (SIPRI)
 Constant prices
 US \$thousand mn.

conclusions drawn from this review of the budgetary sources. It may then be possible to be more precise about exactly what information is being withheld, and what restrictions need to be placed on this discussion based on official budgetary information.

Official data on the military budget in the New Order period have been published in at least three series in Indonesia: the papers for the annual State Income and Expenditure Budget [Anggaran Pendapatan dan Belanja Negara - APBN], the Financial Notes [Nota Keuangan] and the Five-Year Plan [Repelita] reports. The basic data for military spending from FY 1970 to FY 1983, according to these sources, are set out in Table 7.2 (current and constant [1980] rupiahs). The division of total expenditures into "routine" and "development" is common to all categories of Indonesian government spending in the period, although the definitions may vary from sector to sector.

In the case of the military, "routine" expenditures appear to include pay and allowances, maintenance and travel.¹² Development spending (which is financed partly domestically and partly from foreign military aid) covers spending on physical infrastructure for the military (barracks, soldiers' facilities, military installations and the like), military equipment, and weapons systems. However, it is also claimed by some observers that the "development" budget is divided into "internal" and "external" spending. Internal spending covers the items mentioned, plus at least part of the wages of military personnel on "karyawan" duties. External spending includes military spending on "non-military" social services - such as "ABRI masuk desa" ["The Armed Forces enters the village"]; contributions to village facilities, mosques and roads; and some portion of the costs of the transmigration programme, including costs of ex-ABRI security personnel attached to transmigration programmes, and in a few cases, special all-ABRI family transmigration sites in Sumatra and Irian Jaya.¹³ This claim is plausible, though it does not correspond to the evidence in the only known example of a detailed breakdown of the official budget, provided by the Department of Defence and Security

12. Jenkins, *op.cit.*, p.70.

13. PS/10.

Table 7.2
Indonesia, military budget, FY 1969 - 1983,
current and constant (1980) prices

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
	- 70	- 71	- 72	- 73	- 74	- 75	- 76	- 77	- 78	- 79	- 80	- 81	- 82	- 83	- 84
Current prices, thousand mn. rupiah															
Military budget, routine	88	108	124	155	195	286	438	497	565	611	739	975	1237	1297	1398
Military budget, development	5	5	7	5	7	13	35	60	56	124	180	339	544	520	526
Military budget, total	93	113	132	160	203	298	474	557	621	734	919	1314	1781	1817	1923
Total budget, routine	214	283	330	429	700	993	1239	1605	2080	2673	3999	5543	6943	6967	8412
Total budget, development	109	138	179	263	406	985	1435	1571	1541	1946	3480	5457	6826	7440	9899
Total budget	323	421	509	692	1106	1978	2675	3176	3620	4619	7479	11000	13769	14407	18311
Implicit price deflator index (gov't. final consumption expenditure), 1980=100	19	21	24	24	32	42	48	56	63	69	88	100	112	122	141
Constant (1980) prices, thousand mn. rupiah															
Military budget, routine	563	593	660	616	686	918	881	894	888	838	838	975	1103	1061	993
Military budget, development	26	33	21	22	31	73	106	89	89	180	204	339	485	426	374
Military budget, total	589	632	681	638	715	994	988	983	983	1027	1042	1314	1589	1487	1366
Total budget, routine	1474	1579	1826	2201	2381	2597	2846	3291	3885	4534	5543	6194	5701	5974	
Total budget, development	719	856	1119	1277	2362	3010	2785	2438	2828	3946	5457	6089	6088	7031	
Total budget	2193	2435	2945	3478	4743	5608	5631	5728	6714	8480	11000	12283	11790	13005	

Sources: Budget data from Dorodjatun Kuntjoro-Jakti and T.A.M. Simatupang, "Indonesia: defence expenditures in the period of the New Order, 1967-1985" in Chin Kin Wah (ed.), *Defence Spending in Southeast Asia*, (Singapore: Institute for Southeast Asian Studies, 1987), Table 3; Implicit Price Deflator Index for 1970-83 from United Nations, *National Account Statistics*, (New York: United Nations, 1986), Table 14.

[Hankam] to the United Nations in 1980.¹⁴ Most likely there are at least two accounting systems used in Hankam: one, based on publicly acknowledged sources of revenue, which necessarily omits various items of revenue and expenditure since they cannot be admitted publicly; and another which is more complete on both the revenue and expenditure sides.¹⁵

Pertamina and other state enterprises

The state-owned corporate sector, "the largest and most crucial element of domestic capital in Indonesia"¹⁶, provides the fiscal basis for the military in two crucial ways. Firstly, for the bulk of the New Order period, publicly-acknowledged state revenues have been overwhelmingly derived from taxes and royalties on natural resource exploitation funnelled through state-owned enterprises, especially Pertamina. Secondly, as Robison put it,

State corporations sit astride strategic sectors of the economy and have constituted important sources of revenue for political factions and military commands as well as providing a basis for the accumulation of personal wealth by individual political power-holders.¹⁷

This second stream of finance through military hands is partly privatized by the officers administering the activity, and partly "public" - in the sense of being made available for use by military organizations. In some cases, the revenues are available only to a particular unit or section of the military - the Diponegoro division, or Kostrad (Army Strategic Command), for example - in other cases to an element of the organization with broader responsibilities - such as the Department of Defence and Security itself.

The Indonesian state oil company, Pertamina has long been regarded as the single most important source of unattributed revenues for the Indonesian military.¹⁸ Three features of Pertamina's operations have made it particularly suited to funding of foreign military purchases. Firstly, Pertamina receives huge foreign currency revenues. Secondly,

14. See Appendix 9.

15. It is of course possible that there is only one accounting system, and that it is quite misleading even for internal use on both the revenue and expenditure sides. For example, it may well be against the interests of military controllers of extra-budgetary resources to reveal the full extent to the military finance section. The assumption of the rational and coherent state is least plausible when large amounts of secret unaccountable monies are involved. Senior officials in economic and planning departments claim to know little of the actual make-up of the military-budget. "They are just given the bottom line in the broad categories." [PS/13] If this is true it must make a number of normal fiscal and budgetary measures extremely difficult, particularly given the impact of the military budget on the government's foreign exchange obligations. There is almost certainly two more or less constant struggles over money: between military finance officials and other economic planners on the one hand; and on the other between central military finance officers and officers who effectively control non-budgetary revenues. In recent years the latter conflict has been intense as service heads have been attempting to regain control over what were once military companies that subsequently become effectively privatized. [PS/14, PS/23]

16. Richard Robison, *Indonesia - The Rise of Capital*, (Sydney: Allen and Unwin, 1986), p.211.

17. Ibid., p.212.

18. On Pertamina generally see Leon Howell, "Indonesia: economic prospects and the status of human rights", *International Policy Report*, II,3 (1976); Robison, op.cit., p.233-241, and *Capitalism and the Bureaucratic State in Indonesia: 1965-1975*, Unpublished Ph.D dissertation, Department of Government, University of Sydney, 1977; Peter McCawley, "Some Consequences of the Pertamina Crisis in Indonesia", *Journal of Southeast Asian Studies*, IX,1 (1978); and H.W.Arndt, "Oil and the Indonesian economy", *Southeast Asian Affairs 1983*, (Singapore: Institute for Southeast Asian Studies, 1983). On Pertamina's role as military purse see, in addition, Rieffel and Wirjasuputra, op.cit.; Harold Crouch, "Generals and business in Indonesia", *Pacific Affairs*, 48,4 (1975); and Jenkins, "The military's secret cache", op.cit.

Pertamina was for a long period under the direct control of General Ibnu Sutowo, a financial officer with close personal connections to General Suharto. Thirdly, prior to Ibnu's fall, the Pertamina financial activities were virtually unscrutinised either by other parts of the Indonesian state or by international state financial institutions. Although the reforms after Ibnu's departure rectified many of the abuses of his tenure, many aspects of the organization's financial operations have remained hidden from public accountability.¹⁹

While there were suggestions after Ibnu's fall that the company was no longer "the army's pot of gold", discussions with foreign officials involved with armaments purchases by the Indonesian military in the mid-80s confirmed the longtime presumption that Pertamina has remained one route by which large sums of foreign currency are made available to the military.²⁰

Military enterprises

One highly distinctive characteristic of the Indonesian military is the direct involvement of members of the officer corps in large numbers of private businesses, in addition to their appropriation of a proportion of the revenues of state-owned corporate enterprises. As with the latter, there is a "private"- "public" continuum of beneficiaries: some military-controlled enterprises operate almost solely to the personal benefit of their controllers, others operate under central military authority to the benefit of the sponsoring military organization, with many gradations in between where the central military authorities have lost control of ostensibly military businesses. Moreover there have been many changes over time in the extent of military involvement, the degree of privatization tolerated by the central authorities, and the business success of the companies concerned.

The purpose of this section is not to discuss the structure of military business activities in detail: suffice to point to four stages in the development of these activities. Their origin in the early and middle 1950s lay in the smuggling activities of individual units and commanders. These activities derived from a mix of need and opportunity: on the one hand, the resources available in the state budget for military needs were inadequate; and on the other hand the opportunities unrealistic exchange rates made possible for smuggling and other black market operations were difficult to resist. A second stage came with the takeovers of Dutch enterprises in 1958, which led to a direct military role in the management of large numbers of formerly Dutch plantations, trading houses, banks, shipping firms and so on. In 1965-67, military enterprises benefitted from the confiscation of assets controlled by former Sukarno supporters, and from re-allocation of forestry exploitation rights from state-enterprises to military enterprises. Finally, and most importantly during the New Order period itself, military enterprises flourished, usually in concert with Chinese partners, through the privileged access the military domination of the state allowed to government contracts for supply and construction and, in the context of a dense network of "nationalist" economic controls, import licenses and credits.²¹

19. For details of the financial maneuvers, and the political struggle against unrestricted military appropriation, see Robison, *Indonesia: The Rise of Capital*, op.cit., pp.234-238. One United Nations Center for Transnational Corporations observer claimed that in Ibnu's time a significant proportion of Pertamina's revenues and expenditures simply did not pass through the national accounts.

20. PS/45; PS/22.

21. Robison, *Indonesia: the Rise of Capital*, op.cit., p.254.

It is impossible to know just what financial contribution the military-owned companies made during the past three decades to either overall military revenues or to those of specific sections. Robison argues that the military-owned enterprises reached their peak in the late 1960s and early 1970s, declining subsequently for two reasons. Firstly, most of the firms were under-capitalised and poorly managed. Their controllers displayed a lack of ability (or interest) in consolidating the economic gains made by this essentially primitive capital accumulation by mercantile means into ongoing reinvestment and the development and management of productive activities.

The companies served primarily as terminals for the exploitation of politically secured monopolies and concessions, and military companies have been notorious for allowing a run-down of capital stock.²²

Secondly, the military administration itself has become more centralized over the life of the New Order and, Robison suggests, this has led to a declining tolerance on the part of ABRI and Hankam financial staffs of the effective privatizing of what were originally military revenue sources by individual military commanders²³. In the middle and late 1980s, this secular centralizing tendency was strengthened by the hunger for revenue felt by the military as falling oil revenues led to a decline in resources for the military. The overt military funding from the budget began to shrink, and the share of funds going to general military coffers (rather than those of individual officers) from state-corporate enterprises and from military-owned enterprises declined along with the rest of the economy.²⁴

Consequently, it is not possible to say how much of the proportion of extra-budgetary military funds at any one time has come from the state-corporate sector, and how much from the military-owned sector. Both sectors have come under closer scrutiny in recent years, by other parts of the state and by the military seeking greater regularization, greater efficiency, and reduced levels of military privatization.

However it is at present difficult to say very much more at present. It is not known whether the decline in the overt budget as a result of declining oil revenues was accompanied by a comparable decline in revenues from Pertamina. It is not known whether extra-budgetary sources in the late 1980s still accounted for over half the total revenues of the military as they had a decade earlier. It is not yet known whether the efforts of central military authorities to regain control over privatized former military enterprises and to improve efficiency have counter-acted the effects of the general economic decline.

Until these questions are answered, attention will remain concentrated on the observable and documented parts of the military budget - the acknowledged military components of the annual state budget and the overt components of foreign military aid. For the rest, it is likely, but not certain, that the extra-budgetary sources, especially those from direct military enterprises, have declined substantially, and are increasingly the

22. Ibid., p.268.

23. For example, the Army under Rudini as Chief of Staff was attempting to remove uncooperative retired Army officers from the control of companies onto whose boards of management they had been placed as part of their Army duties. [PS/13, PS/30]

24. The decline in military enterprises has also been linked to a deepening of capitalist development: the resources that some military groups were able to contribute to their enterprise were simply inadequate in a more complex commercial environment.

subject of political competition.

What remains remarkable, however, is how little public intra-elite debate on the military budget takes place and, apparently, how little occurs in private planning debates. And yet a very considerable proportion of national spending remains allocated to de facto military purposes.

Levels of military spending

In Table 7.2, military spending from the official budget is presented in current rupiahs, and in constant (1980) rupiahs.²⁵ Given the continuous inflation of the New Order period (low though it is by comparison to the hyper-inflation of the last years of Guided Democracy), only constant price data are useful for comparison over time.²⁶ As already pointed out, the real levels of military spending are unknown because of the variable contribution made by extra-budgetary sources, but have probably never been less than one-third as large again, and for a number of years more than twice the level of the overt funding.²⁷

The common claim that the Indonesian military have not used their control over the state to dramatically increase their share of institutional resources is partly supported by these official data. While the total official budget grew more than 6-fold in real terms over the 1970-83 period, the official military budget grew (in constant 1980 prices) by less than half that, from Rp.589 bn. to Rp.1,366 bn. As the total government budget grew, the military budget grew, but at a much slower rate, apparently consuming an ever smaller share of government resources - 29% in FY 1969, declining to 9.7% in FY 1985.

However, leaving aside the issue of extra-budget sources of revenue, it must be pointed out that even on official data, the absolute size of the military budget in real terms did grow very substantially, reaching a high point in 1981 before the impact of declining oil revenues began to cut deeply into all sectors of government spending. The two most rapid jumps in military spending occurred in the middle and late 1970s, when state revenues on oil showed their greatest annual jump²⁸.

25. Table 7.1 and Figures 7.1 and 7.2 show variations in estimates by the Stockholm International Peace Research Institute [SIPRI].

26. The difficulties of generating reliable time-series data on military spending in general are discussed in well-known. The general point is that the representation of the meaning of data is inextricably linked to the intention behind its preparation. No single representation will reveal all meanings, and none is, in an unreflective sense, "the truth". For the present purposes, an Implicit Price Deflator Index for the area of Government Final Consumption (from the United Nations series of *National Accounts Statistics*, (New York: United Nations [earlier editions under the title *Yearbook of National Account Statistics*]), was applied to the current price data from the annual budgets. The tables and graphs based on this provide a more accurate representation of the internal fiscal significance of military spending than either current price data, or the common practice of converting Indonesian current price data into constant US dollars by one of several different methods. See, for example the different methods used in SIPRI, *World Armaments and Disarmament, 1986*, op.cit.; ACDA, *World Military Expenditures and Arms Transfers*, (Washington: Arms Control and Disarmament Agency, 1985), pp.145-147. The former practice is usually meaningless over time - and are often used in misleading ways. The latter technique is intended to assist in international comparisons. However for the purposes at hand - the internal significance of military budgets - the technique also includes the effect of variation in exchange rates, which in the Indonesian case, have been considerable. With the exception of purchases of military equipment from abroad, most official budgetary (as opposed to extra-budgetary) spending is domestic, and approximates in character the broad range of government final consumption.

27. Harold Crouch, one of the closest watchers of this issue over many years, has taken issue with this assumption if it includes the late 1980s. He has suggested that it is likely that in absolute terms the non-budgetary sources have remained static or even declined. (Personal communication)

28. Richard Robison, "After the gold rush: the politics of economic restructuring in Indonesia", in Richard Robison, Kevin Hewison and Richard Higgot (eds.), *Southeast Asia in the 1980s: the Politics of Economic Crisis*, (Sydney: Allen and Unwin, 1987), Table 2.5.

If it is assumed that, on average over the New Order period, the official budget accounted for 60% of the total military budget, then the share of social and state resources appropriated by the military is very much greater than usually acknowledged on the basis of official statistics. If by the official figures military spending in FY 1970 accounted for a little more than a quarter (27%) of state expenditures, the actual situation was that the military consumed almost two-fifths (38%) of the resources potentially available to the state as a whole. By FY 1983, when the state budget had grown more than five-fold, the official level of military spending had declined as a proportion of the total budget to only 11%, but the actual spending accounted for more than a sixth (16%) of this much larger total.

The most striking feature of the official military budget over this period, apart from its general rise, has been the growth of the development budget, from a negligible level in the late 1960s and early

Table 7.3
Indonesia, military expenditure/personnel ratio,
Million rupiahs (constant) per armed forces member
1971 - 1984

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Military budget, total (Rps.bn. constant 1980)	589	632	681	638	715	994	988	983	1067	1042	1314	1589	1487	1366
Armed forces personnel ('000s)	319	317	322	270	266	246	247	247	239	-	273	-	281	281
Budget/personnel ratio	1.8	2.0	2.1	2.4	2.7	4.0	4.0	4.0	4.5		4.8		5.3	4.9

Sources: Budget data from Dorodjatun Kuntjoro-Jakti and T.A.M.Simatupang, "Indonesia: defence expenditures in the period of the New Order, 1967-1985" in Chin Kin Wah (ed.), *Defence Spending in Southeast Asia*, (Singapore: Institute for Southeast Asian Studies, 1987), table 3. Implicit price deflator index from United Nations, *National Accounts Statistics 1986*, (New York: United Nations, 1986), table 14.

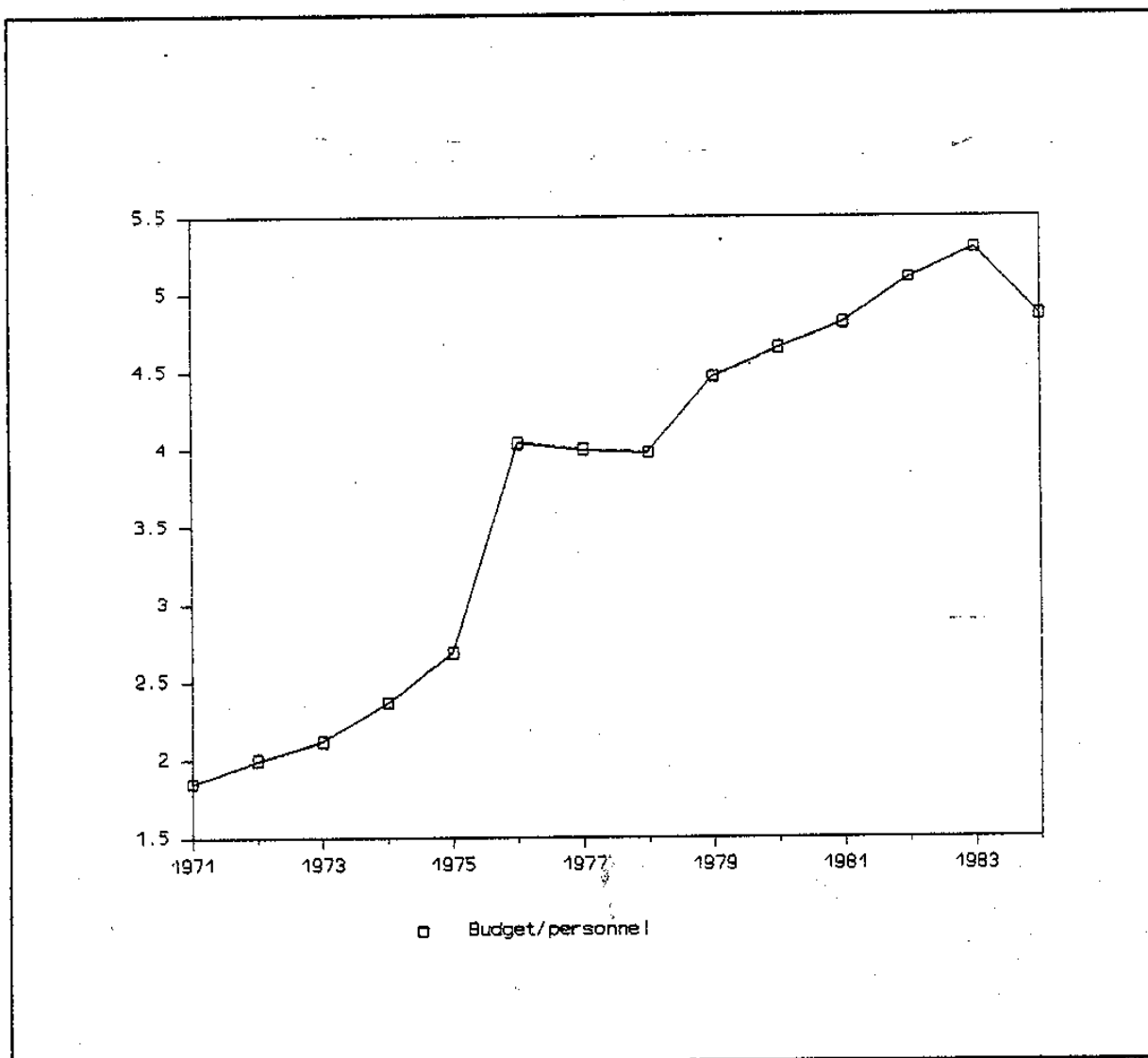


Figure 7.3
Indonesia, military budget/personnel ratio
[Constant rupiah (millions) per armed forces member]
1971 - 1985

1970s, to a small but significant development budget in the middle 1970s, and a major expenditure trend from FY 1978 on. At the high point of 1981, development spending was almost a third of the total official military budget, and was still more than a quarter by FY 1983. While the precise make-up of this is unclear, there is no doubt that the armed forces spent a great deal more on internal military infrastructure and on the acquisition of weapons systems and other military equipment through irregular channels.

Even on the basis of the official data, the shift of spending priorities from personnel to capital equipment is clear. Over the period 1971 to 1983 the amount of money spent for each member of the armed forces (in constant 1980 rupiah) jumped from Rp.1.8 million to Rp.5.3, before declining slightly in 1984. (See Table 7.3 and Figure 7.3.) The changes are still dramatic even when the decline in the numbers of military personnel is taken into account.

Estimating Indonesian military debt

A final register of the burden military spending places on the Indonesian economy is the proportion of the external debt due to military purchase. A full accounting of the level and cost of credits for military purchases is impossible without detailed knowledge of (a) unpublicized equipment purchases and unknown prices, and (b) unknown terms of credit.

However a procedure devised by Brzoska produces a reasonable estimate of how much of Indonesia's external debt is related to military purchases.²⁹ In Table 7.4 the procedure has been applied to ACDA data for Indonesia for the years 1971-1982. These calculations suggest that in the early and middle 1970s, when Indonesian arms purchases were very restrained, the military-related component of the country's external debt was very small - not exceeding 4% between 1971 and 1977. However, once arms acquisitions began in earnest in the period after 1978, the proportion of military purchases in the country's reported external debt jumped to 10% in 1978 and 33% one year later. Of course, the impact of

29. Brzoska "The military related external debt of third world countries", *Journal of Peace Research*, 20,3 (1983), Appendix 1. See also Rita Tullberg, "Military-related debt in non-oil developing countries, 1972-82", in SIPRI, *World Armaments and Disarmament: SIPRI Yearbook 1985*, (London: Taylor and Francis, 1985), p.457.

Table 7.4
Indonesia: military debt, 1971 - 1982:
Estimates of arms transfer credits as a percentage of net debt flows
(Disbursements - amortization = net flows)

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
1. Arms transfers	24	20	27	35	23	75	50	80	180	350	450	230
2. US gifts	15	15	16	12	13	20	14	14	2	2	1	0
3. Other gifts	n.k.	n.k.	n.k.	n.k.	n.k.	n.k.	n.k.	n.k.	n.k.	n.k.	n.k.	n.k.
4. Arms to be paid for	9	5	11	23	10	55	36	66	178	348	449	230
5. Possibly paid for	0	0	0	0	0	0	0	0	0	0	0	0
6. Estimated arms transfer credits (A)	9	5	11	23	10	55	36	66	178	348	449	230
7. Net flows to Indonesia (B)	230	667	917	-	1779	-	1135	657	539	1584	1565	3102
8. Net flows, alternative estimate (C)	253	734	1009	-	1957	-	1249	723	593	1742	1722	3412
9. Estimated arms transfer credits as percentage of net flows:												
A as percentage of B	4%	1%	1%	-	1%	-	3%	10%	33%	22%	29%	7%
A as percentage of C	4%	1%	1%	-	1%	-	3%	9%	30%	20%	26%	7%

Sources: Arms transfers to Indonesia: from US, ACDA, *World Military Expenditures and Arms Transfers, 1967-1976*, (Washington, D.C.: Arms Control and Disarmament Agency, 1976) and *World Military Expenditures and Arms Transfers 1987*, (Washington, D.C.: Arms Control and Disarmament Agency, 1987); US gifts = Military Assistance Program [MAP] payments to Indonesia as in Table 7.6; and debt data from IMF, *World Debt Tables, 1983-84* (Washington: World Bank, 1987), p.128 and *World Debt Tables - Supplement, September 7, 1977*, (Washington: World Bank, 1977).

Notes:

1. The table is based on the method developed by Michael Brzoska in "Research communication: the military related external debt of Third World countries", *Journal of Peace Research*, 20,1 (1983), and replicated by Rita Tullberg, "Military-related debt in non-oil developing countries, 1972-82", *World Armaments and Disarmament: SIPRI Yearbook 1985*, (London: Taylor and Francis, 1985). Details of the method are reported by Tullberg, in *ibid.*, pp.456-8.
2. Since military-related debt is usually not included in most official data on national debt, Line 8 follows the OECD average estimate to inflate the official net flow of debt (disbursements - amortization) by 10 percent.
3. The two IMF sources give divergent figures for the one year for which they overlap (1973): \$756 mn. in *World Debt Tables - Supplement, September 7, 1977* and \$917 mn. in *World Debt Tables, 1983-84*.
4. "Arms possibly paid for" is an estimate based on comparing new debt and arms transfers. If no new credits were taken or if new credits are smaller than arms purchases, then it can be concluded that all or some of the arms have been purchased for cash. Tullberg, *op.cit.*, p.457. This was never the case under the period under consideration.
5. N.k. = Not known.

debt is not a one off affair: its effects are manifest over the lifetime of the debt. By the early 1980s 60% of new debt was required to pay debt service on the old.³⁰

Between 1979 and 1981, the proportion of Indonesia's external debt accounted for by military purchases averaged 28% of the reported total. This is one dimension of the burden placed on the economy by unnecessary high-technology military spending. This took place without significant public discussion.³¹

Foreign aid

According to official data, foreign military project aid accounted for none of the very small development budget prior to FY 1978, but by 1980 and thereafter accounted for up to a third of the money spent on physical expansion. (See Table 7.5 and Figure 7.4.) These figures are inaccurate, as can be seen from the levels of military assistance inflows recorded in the data supplied by the United States and others donors. (See Tables 7.6 - 7.7 and Figure 7.5 for US data.) Either such inflows were not accounted for in the published budget, or were allocated to the routine military budget. Either way, actual inflows of military assistance were higher than acknowledged in the official budgets. However, it is important also to notice that the published budget plans each year in that period anticipated still greater contributions from foreign sources to military expansion - as evident in the difference between the planned figure for project aid and the realized figure.

Indonesia, during the New Order period, has not been one of the large recipients of military aid from its major allies, the United States, Japan and Australia, compared either to the levels of Soviet aid in the

30. Table 7.4 provides an estimate of the military-related component of two measures of net flows of external debt. The first, reported in line 7, is based on levels of debt reported by the IMF in the *World Debt Tables*, (Washington: International Monetary Fund, annual). The second, reported in line 8, adjusts this figure by a factor of 10% due to the fact that the IMF data do not necessarily include military debt. This procedure is that adopted by the OECD in its attempt at a more reasonable portrayal of Third World debt. See Tullberg, op.cit. The amount of direct gifts from countries other than the United States (such as Australia) is reported in line 3 as "not known". On the basis of the comparatively small Australian donations, it could be surmised that full knowledge of this item would slightly lower the figures in line 4, arms to be paid for.

31. By contrast, when the Thai military announced their decision to purchase F-16 aircraft in 1984 pressure against the purchase was intense even within the state. The Ministers of Finance and Economics both stressed the burden that would be placed on the level of debt and the balance of payments. Although the purchases finally went ahead, a National Debt-Policy Committee was set up to control foreign and domestic borrowing, although there have been suggestions the body is unable to control military borrowing. See SIPRI, *World Armaments and Disarmament: SIPRI Yearbook 1986*, op.cit., p.222.

Table 7.5
Indonesia, military development budget
FY 1969-1985 current and constant (1980) prices

FY	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Current prices, thousand no. rupiah																	
Rupiah budget, plan	4.5	4.5	5.0	6.0	4.7	18.0	26.0	42.5	56.0	65.0	100.0	250.0	337.5	401.2	401.2	380.2	395.2
Rupiah budget, realization	4.5	4.5	7.4	4.9	6.6	12.5	36.0	59.5	56.3	108.8	175.9	336.7	387.3	417.9	505.9	451.7	407.9
Project aid, plan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.6	154.3	136.9	143.7	167.5	372.7	317.6	318.9
Project aid, realization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.8	0.0	2.5	156.7	102.3	20.1	250.6	182.3
Total, plan	4.5	4.5	5.0	6.0	4.7	18.0	26.0	42.5	56.0	115.6	254.3	386.9	481.2	568.7	773.9	697.8	714.1
Total, realization	4.5	4.5	7.4	4.9	6.6	12.5	36.0	59.5	56.3	123.6	175.9	339.2	544.0	520.2	526.0	702.3	590.2
Rupiah budget, realization over plan	0.0	0.0	2.4	-1.1	1.9	-5.5	10.0	17.0	0.3	43.8	75.9	86.7	49.8	16.7	104.7	71.5	12.7
Project aid, realization over plan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-35.8	-134.3	-134.4	13.0	-65.2	-352.6	-67.0	-136.6
Project aid (realization) as % of military development budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.0	0.0	0.7	28.8	19.7	3.8	35.7	30.9
Implicit price deflator index (Government final consumption expenditure, 1980=100)																	
	19.0	21.0	21.0	24.0	32.0	42.0	48.0	56.0	63.0	69.0	88.0	100.0	112.0	122.0	122.0	141.0	
Constant (1980) prices, thousand no. rupiah																	
Rupiah budget, plan	23.7	23.8	25.0	25.0	14.7	42.9	54.2	75.9	88.9	94.2	113.6	250.0	301.3	328.9	328.9	284.5	
Rupiah budget, realization	23.7	35.2	20.4	20.4	20.6	29.8	75.0	106.3	89.4	157.7	199.9	336.7	345.8	342.5	358.8		
Project aid, plan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	73.3	175.3	136.9	128.3	137.3	264.3		
Project aid, realization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.4	0.0	2.5	139.9	83.9	14.3		
Total, plan	23.7	23.8	25.0	25.0	14.7	42.9	54.2	75.9	88.9	167.5	289.0	386.9	429.6	466.1	548.9		
Total, realization	23.7	35.2	20.4	20.4	20.6	29.8	75.0	106.3	89.4	179.1	199.9	339.2	485.7	426.4	373.0		
Rupiah budget, realization over plan	0.0	11.4	-4.6	-4.6	5.9	-13.1	20.8	30.4	0.5	63.5	86.3	86.7	44.5	13.7	74.3		
Project aid, realization over plan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-51.9	-175.3	-134.4	11.6	-53.4	-250.1		
Project aid (realization) as % of military development budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.0	0.0	0.7	28.8	19.7	3.8		

Sources: Budget data from Dorodjatun Kuntjoro-Jakti and T.A.M. Sinatupang, "Indonesia: defence expenditures in the period of the New Order, 1967-1985" in Chia Kin Wah (ed.), *Defence Spending in Southeast Asia*, (Singapore: Institute for Southeast Asian Studies, 1987), Table 3; Implicit Price Deflator Index for 1970-83 from United Nations, *National Account Statistics*, (New York: United Nations, 1986), Table 14.

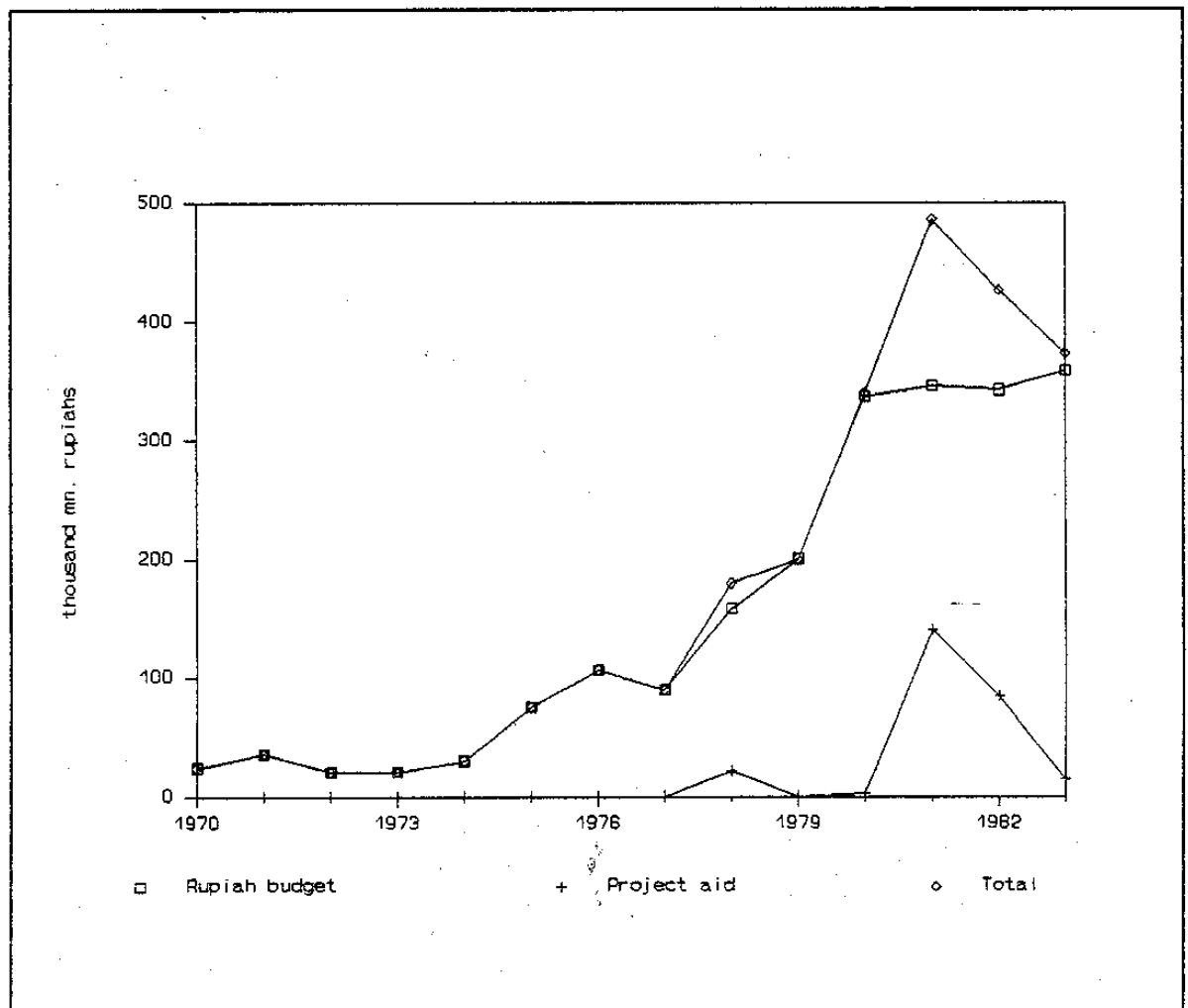


Figure 7.4
 Indonesia, military development budget
 1969 - 1985
 Constant (1980) rupiahs (thousand million)
 Rupiah (domestic revenue) budget + Project aid = Total

early 1960s, or the massive aid from the United States in the New Order period to Asian allies such as the Philippines, South Korea and Pakistan. But foreign military assistance, particularly from the United States, has been substantial. Given the small size of the military development budget in the first years of the New Order, foreign assistance has made an important contribution to the material development of the Indonesian military, a contribution which grew substantially through the first decade and a half of the New order period.³² With the decline in state revenues available to the military, and consequential smaller budgets, the contribution of foreign military aid to the development budget may well grow once more (especially through credits).

As already noted, there is a discrepancy between the negligible project aid component of the military development budget prior to 1978 and the known substantial inflows of foreign military aid from the United States, Australia, Britain and elsewhere between 1966 and 1978. It is not yet clear whether this discrepancy is a consequence of a change in the budgetary accounting categories (of "project aid"), or part of the wider pattern of concealment.

Force structure: plans, personnel and weapons systems

The history of the Indonesian armed forces in the New Order years has been well told in terms of the political significance of internal organization, geographical demarcation of territorial authority, the relationship of power centres in the Armed Forces Headquarters and the Department of Defence and Security, the centralization of power over the regions, and the expansion and consolidation of command dominance by ethnic Javanese.³³ While each of these elements is important for an explanation of the broader place of the military in Indonesian politics, here I will focus on the relatively neglected aspects of force-structure, weapons-systems acquisition, and changes in institutional doctrine. While these were considerably affected by the re-organizations of ABRI in 1969, 1973-74, and 1983-85, those re-organizations have mainly been interpreted

32. In this light, even the quantitatively small Australian military contribution has been more significant than would otherwise be thought.

33. See Ulf Sundhaussen, *The Road to Power: Indonesian Military Politics, 1945-1967*, (Kuala Lumpur: Oxford University Press, 1982); Crouch, *The Army and Politics in Indonesia*, op.cit.; David Jenkins, *Suharto and His Generals*, (Ithaca: Cornell Modern Indonesia Project, 1984); and the more or less annual assessments and reports on the Indonesian military elite by the editors of *Indonesia*, "Current Data on the Indonesian military elite": "Current data..." hereafter.

Table 7.6
United States military assistance to Indonesia,
1968 - 1982
US\$mn. (current)

FY	FMS sales agreements	FMS Sales deliveries	FMS sales financing	Commercial exports	Military Assistance Program	Excess Defence Articles	(INET)	TOTAL (Current) [1+4+5+6+7]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1950-72	0.67	0.67	-	1.05	100.00	23.10	12.48	137.30
1950-67		0.62	-	12.57	58.34			70.91
1968		0.62	-	2.73	4.20			6.93
1969		0.02	-	0.76	4.21			4.97
1970		0.00	-	0.23	4.55			4.78
1971		-	-	0.41	14.94			15.35
1972		0.02	-	0.05	14.71			14.76
1973	0.15	-	-	0.07	16.29	1.84	2.07	20.42
1974	0.15	0.15	3.50	0.86	12.29	2.26	1.69	17.25
1975	51.61	8.15	5.00	0.30	12.58	0.50	2.40	67.39
1976	3.17	11.35	23.10	6.71	20.25	6.28	2.38	38.79
1977	7.09	25.34	23.10	5.30	14.03	0.39	2.43	29.24
1978	109.63	6.15	40.00	3.01	14.45	0.30	2.65	130.04
1979	37.30	6.20	32.00	17.01	1.99	-	1.96	58.26
1980	13.19	88.36	30.00	6.22	1.78	-	1.64	22.83
1981	43.75	65.58	30.00	6.67	0.58	-	1.74	52.74
1982	52.80	15.08	40.00	10.00	0.06	-	2.16	65.02

Sources: United States, Department of Defense, Defense Security Assistance Agency, Defense Security Assistance Facts, various years.

Table 7.7
United States military assistance to Indonesia, 1968-82,
US\$ mn.
constant (1980)

FY	FMS* sales agreements	FMS* Sales deliveries	FMS* sales financing	Commercial exports	Military Assistance Program	Excess Defence Articles	(INET*)	TOTAL [1+4+5+6+7]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1968	-	1.15	-	5.05	7.76	0.00	0.00	12.80
1969	-	0.04	-	1.37	7.60	0.00	0.00	8.97
1970	-	0.00	-	0.40	7.86	0.00	0.00	8.27
1971	-	-	-	0.69	24.94	0.00	0.00	25.63
1972	-	0.03	-	0.08	24.39	0.00	0.00	24.48
1973	0.25	-	-	0.11	27.01	3.05	3.43	33.86
1974	0.23	0.23	5.33	1.31	18.71	3.44	2.57	26.25
1975	69.09	10.91	6.69	0.41	16.84	0.67	3.21	90.22
1976	4.05	14.50	29.50	8.57	25.86	8.02	3.04	49.54
1977	8.51	30.42	27.73	6.36	16.84	0.47	2.92	35.10
1978	124.30	6.97	45.35	3.41	16.38	0.34	3.00	147.44
1979	40.11	6.67	34.41	18.29	2.14	-	2.11	62.65
1980	13.19	88.36	30.00	6.22	1.78	-	1.64	22.83
1981	40.47	60.67	27.75	6.17	0.54	-	1.61	48.79
1982	46.56	13.30	35.27	8.82	0.05	-	1.90	57.34

Sources: United States, Department of Defense, Defense Security Assistance Agency, various years;
and United Nations, *National Accounts Statistics*, (New York: United Nations, 1976 and 1986).

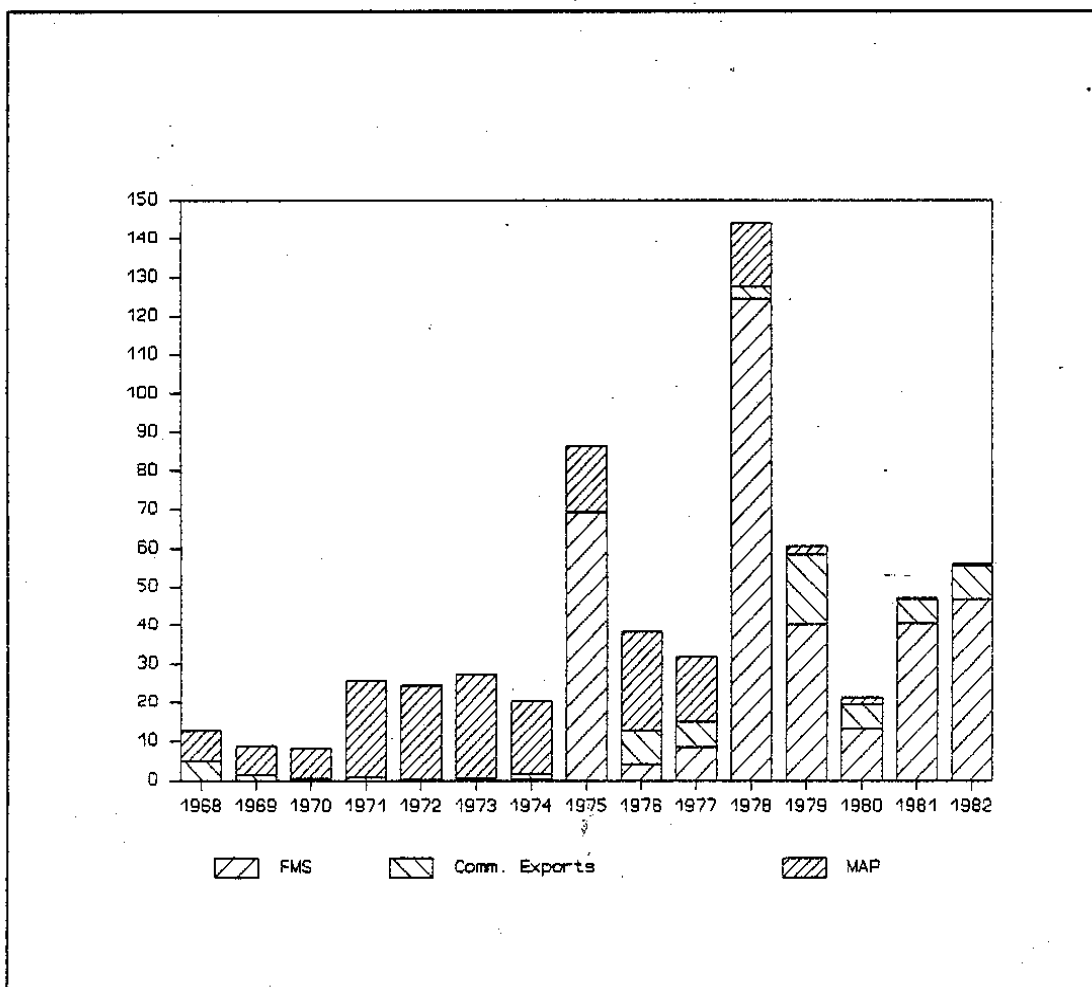


Figure 7.5
 U.S. military assistance and military sales
 to Indonesia, 1965 -1985
 US\$ mn. (constant 1980)

from the point of view of command organizations and the implications for internal military politics, and hence, given the political position of the military, for control of the state in general³⁴. What follows is a different story.

The transformation

The gathering swell of spending on the military, within and beyond the official budget, has been used, especially after 1975, to effect a radical transformation in the force structure of the Indonesian armed forces. The new strategy involves an attempt to establish a politically dominant but professionalized military force, with a force structure appropriate to executing two tasks: sophisticated pacification of the domestic population *and* an externally-oriented conventional strategic military organization. The new stance, associated primarily with the tenure of Moerdani as Armed Forces Commander, represents a break from the earlier Indonesian doctrine of total defence based primarily on the capacity for popularly-supported guerilla warfare, towards a mix of that system and conventional professional *military* defence. Equally, the new orientation is different from what 1960s observers of the Latin American military referred to as "the new professionalism" - meaning a switch in the roles of the officer corps of that continent from defence against external attack to defeat of internal subversion; from an ideal of military subordination to civilian control towards the presumption that the military must intervene in political life; from a narrowly "military" conception of security to a totalistic concept of the security of the nation as many-faceted - economic no less than military, cultural and ideological no less than policing.³⁵

The new stance attempts to embody both sides of these sets of apparent opposites: professionally trained in advanced military technology, *and* politically involved; highly concerned with domestic security in the broadest sense, *and* with an externally oriented conventional defence strategy; consolidating the framework of "total people's defence and security" based finally on a defensive-offensive guerilla strategy, *and* acquiring the capital-intensive weapons systems appropriate for defence-at-a-distance strategies and conventional strategic warfare.

This shift marks a new point in the internal Indonesian military debate about force structures. The Indonesian military have always been politically involved, but the commitment to technologically accented professionalism was for a long period, seriously contested. McVey discusses the origins of the October 17, 1952 attempted *coup de force* as partly originating from the attempts of the PSI-oriented (and largely Dutch KNIL-trained) high command to dismiss a senior Javanese officer, Colonel Bambang Supeno for his criticisms of proposals to halve the numbers of the swollen post-revolutionary army and establish a smaller, highly trained mobile "cadre force". The arguments on both sides at the time were, as McVey reminds us, a mingling of "romance and reality", and considerably influenced by considerations such as the relative powers of central and regional groupings within the army. However the choice that was posed at the time was one which bears powerful implications not only for military force structures themselves, but for the form of relation to the world economy likely to be favoured by the military,

34. On the re-organizations and their interpretation see the successive analyses in "Current Data..." (various years).

35. See Alfred Stepan, "The new professionalism of internal warfare and military role expansion", in Amos Perlmutter and Valerie Plave Bennett (eds.), *The Political Influence of the Military*, (New Haven: Yale University Press, 1980).

and the relations between the military and the wider society.

Arguments for a large, mass army emphasizing human and political resources such as Bambang Supeno presented are often successfully portrayed as irrational or romantic, especially as, in Bambang Supeno's case, he invoked the nostalgia for the revolution. However, the arguments Bambang Supeno adduced at the time have some cogency, not just for Indonesia at the time, but a great many states in the global system:

Bambang Supeno stressed that for Indonesia manpower was cheap and locally produced, while heavy equipment would cost a great deal in scarce foreign exchange and require skills and servicing which the country was by no means equipped to provide. That the proponents of a cadre army, for their part, were not unmoved by romantic considerations is evident from their monument-building assertions (in the light of the national budget) that they sought to provide Indonesia with an armed force of internationally recognized excellence - not to mention the eventual acquisition of a great deal of impressive, expensive and unnecessary materiel. To the opponents of a highly equipped army, this course promised debt and dependence on foreign powers, just as it seemed to the more westernized army leaders with their emphasis on expertise, technological advancement and discipline, to be the natural choice.³⁶

The end result of the 1952 affair was that the proponents of a cadre army around Nasution over-reached themselves, and Nasution was out of power for four years. However, by the late 1950s the influx of Soviet military aid provided the opportunity for the beginning of the technological commitments Nasution wanted to make. However, in the late 1970s, a more complex and firmly based commitment occurred, one which coincided with a professionalization of the type of political-military controls over the population which had in the meantime come to preoccupy the Indonesian army in lieu of either of the two options McVey discussed.

Force structures: 1968 - 1987

In the remainder of this chapter I will discuss changes in the force structure of the Indonesian armed forces - the numbers and quality of personnel, their organization, and the weapons systems they are expected to use. I will then discuss the evolution of military planning since 1968 and the development of the Strategic (Defence and Security) Plans [Rencana Strategis - Renstra] after 1974. The doctrinal shifts and the central domestic emphasis will not be discussed here.

The numbers in the Indonesian Armed Forces have fluctuated substantially in the New Order period. (See Table 7.8 and Figure 7.6.) The waves of rationalization of the 1950s³⁷ had shed a fair portion of the revolutionary generation, but by 1968 340,000 still remained on the military payroll - indeed, two years later the size reached a high point of

36. Ruth McVey, "The post-revolutionary transformation of the Indonesian army, part I", *Indonesia*, 11 (1971), p.145. Sundhaussen gives a more detailed account of the conflict between Bambang Supeno and the command group around Nasution, although he does not discuss this particular issue. The proponents of a cadre army did have a point at that time, as a consequence of the aging of the large numbers of revolutionary fighters. Not only was there a budgetary crisis exacerbated by a large wages bill, but some 40% of soldiers were physically unfit for service, and the average age of the army was 32 years. At the time of the 1952 incident B. Supeno was close to Soekarno, and in the first Seskoed seminar in August 1966, Bambang Supeno opposed Soeharto's claims for the need to expand the political mission of the army. See Sundhaussen, *op.cit.*, p.243.

37. McVey, "The post-revolutionary transformation...", Part I, *op.cit.*

365,000. The army made up the great bulk of that figure - 275,000 (with further 100-110,000 in the militia). Cuts in the army reduced its size to 180,000 by 1976, a level at which it stabilized for a few years before moving back up towards 216,000 by 1985.³⁸ The size of the militia was stable for many years at 100,000 until 1979, when it was dropped to a stable 70,000. The size of the navy was more or less stable at around 40,000, but including 12-14,000 marines. The size of the air force was similarly stable at around 25-30,000, including air defence units and

38. All services were subject to purges in the years after 1965, perhaps most importantly Soeharto's own division, the Diponegoro.

Table 7.8
Indonesia, armed forces personnel
1969 - 1983
(Thousands)

Year	Army	Navy	Air Force	Police Mobile Brigade	Militia	Total
1968	275	40	25	20	110	340
1969	..	..	..	..	..	..
1970	275	40	50	20	100	365
1971	250	..	35	20	100	319
1972	250	34	33	20	100	317
1973	250	39	..	20	100	322
1974	200	40	30	12	100	270
1975	200	38	28	12	100	266
1976	180	38	28	12	100	246
1977	180	39	28	12	100	247
1978	180	39	28	12	100	247
1979	180	39	20	12	100	239
1980	..	..	..	..	..	..
1981	195	52	26	12	70	273
1982	..	..	..	..	..	..
1983	210	42	29	12	70	281
1984	210	42	29	12	70	281
1985	216	37	25	12	70	278
1986	216	38	27	12	70	281
1987	216	42	26	12	115	284

Source: International Institute for Strategic Studies, *The Military Balance*, (London: IISS, various issues).

Note: .. indicates no data available.

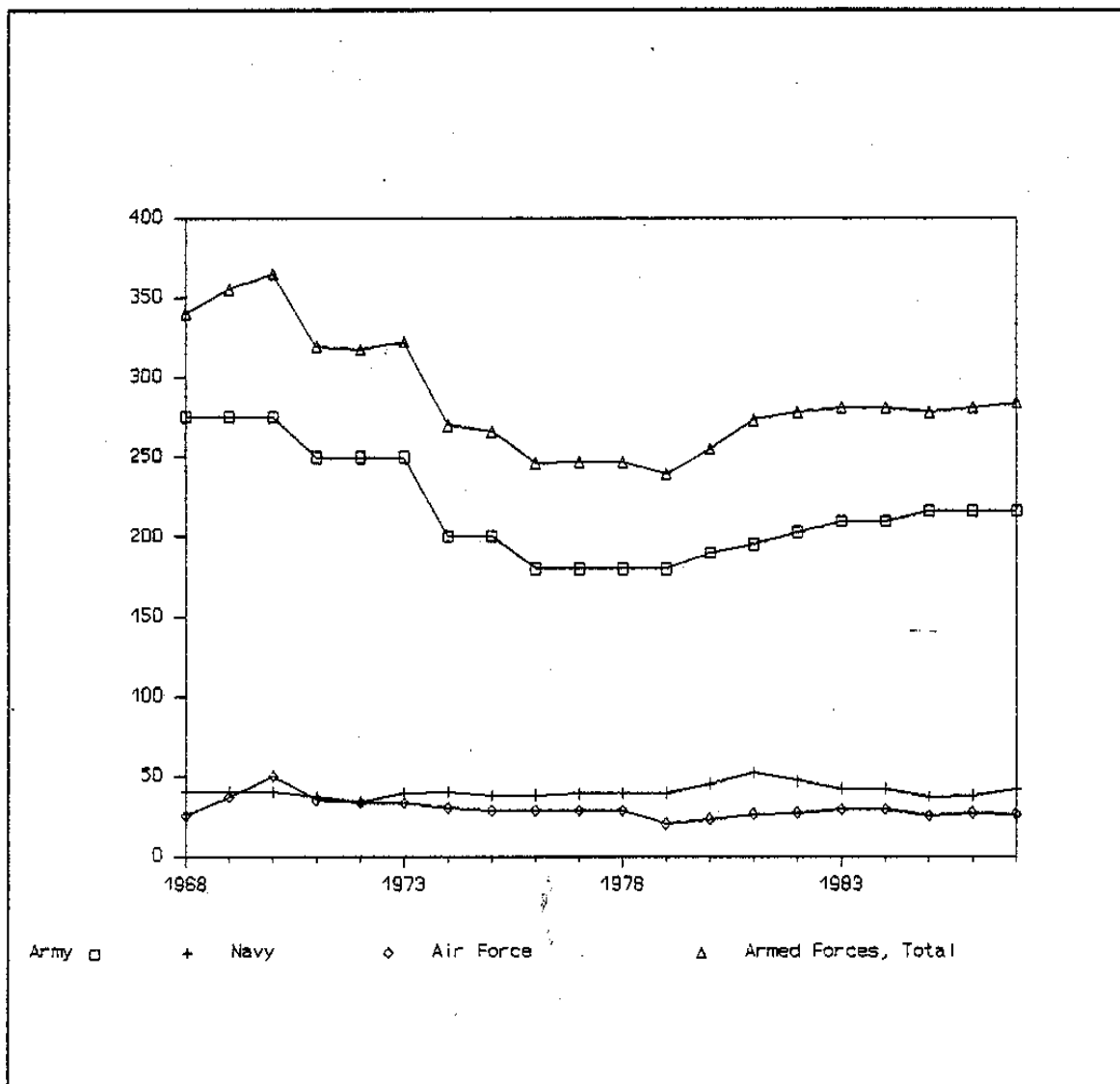


Figure 7.6
Indonesia, armed forces personnel
1968 - 1987
(thousands)

paratroops under air force command. The police mobile brigade was cut from 20,000 to 12,000 in 1974, and has remained at that size ever since.³⁹

In numerical terms, military control of the government has not led to an expansion in the size of the armed forces. However, given the inflated size of the revolutionary generation cohort, the efforts throughout the 1950s to reduce their numbers, and the lack of serious external threats, this is not surprising. Neither is it particularly important in military terms. What matters more than raw numbers is the organization of troops into appropriate organizational forms, their level of training, and their capacity to utilize weapon-systems acquired for them.

Force structure in 1968

It is convenient to take 1968 as a base year from which to observe the effects of the subsequent planning. By 1967/68, the Armed Forces considered the PKI/G30S enemy to be sufficiently under control to set about "fixing itself up"⁴⁰. By that time the Indonesian armed forces were divided into three clear services, each headed by a commander or chief of staff and staff to go with the position. In the army, 275,000 men were organized into about 100 battalions, which in turn made up 16 infantry brigades.⁴¹ These brigades, in turn, were organized into the major territorial divisional commands - Diponegoro, Siliwangi, Brawijaya in Java, and others elsewhere. These divisions were primarily involved in internal security duties under the doctrine of territorial management developed in the 1950s, and later came to be termed "bulk divisions" or "Family [rumpun] divisions".⁴² Divisional pride rivalled allegiance to the army as a whole. In organizational terms, these units were divisional in name only, lacking the internal unit differentiation of functions that characterizes most modern military units of that name. They were quite incapable of operating at brigade level, let alone divisional level - and had never been called upon to do so.

In operational terms, the most important parts of the army in 1968 were not the large numbers of territorial troops, but the rather smaller number of better-trained troops allotted to the elite Strategic Reserve, Kostrad [Komando (Cadangan) Strategis TNI-AD] and the RPKAD, the Army Paratroop Regiment [Resimen Para Komando Angkatan Darat]. Four brigades, mainly paratroops, were assigned to Kostrad, the strategic reserve

39. Personnel data in this paragraph are drawn from *The Military Balance* (various issues). These are not altogether satisfactory. It is only in recent years that the publisher of *The Military Balance*, the International Institute for Strategic Studies [IISS], has provided significant notes on methods of organizing data. For an assessment of *The Military Balance* series on armed forces size see Blackaby and Ohlson, *op.cit.* On other data series see the important critique by Clare Mundy and Dan Smith, "Facts' about the military", *Journal of Peace Research*, XVII,3 (1980); and Michael Brozka "The reporting of military expenditures", *Journal of Peace Research*, XVIII,3 (1981). Writing about IISS series on military expenditure, Brozka concludes that "[t]he use of IISS milex figures for LDC [Less Developed Countries] therefore can only be discouraged." *Ibid.*, p.26. Crouch provides a comparable but slightly different set of figures. See his *The Army and Politics in Indonesia*, *op.cit.*, p.198.

40. Indonesia, *Rencana Pembangunan Lima Tahun Keempat - Repelita IV*, 1984/85 - 1988/89, (Jakarta: Republik Indonesia, 1984) Buku 3, p.476.

41. Data on personnel and equipment are drawn from IISS, *The Military Balance*, (London, Institute for Strategic Studies, 1968). For details of force organization see Ruth McVey, "The post-revolutionary transformation of the Indonesian army, part II", *Indonesia*, 13 (1972), pp.174ff.

42. Atmadji, "Untuk pertama kali TNI-AD mempunyai divisi infanteri yang 'lengkap'", *Sinar Harapan*, 3 October 1985. Prior to 1961 divisions were in fact made up of battalions, with territorially-identified regiments above them. That year marked the beginning of a system which distinguished between those units in a division to be used for territorial duties and those to be used as a more mobile (and elite) force, within the division's territory and outside. See McVey, "The post-revolutionary transformation..." Part II, *op.cit.*, p.175.

which had evolved from its predecessor TJADUAD [Army General Reserve] in the early 1960s. Kostrad originated from the enthusiasm of officers trained in the US Staff and Command College at Fort Leavenworth for a full-scale airborne strategic reserve corps made up of divisions comparable to the US Army's 82nd Airborne - and from the experience of the PRRI rebellion and the West Irian campaign.⁴³ While Kostrad was nothing like its American models, its troops were better-trained and better-equipped than their territorial peers.⁴⁴ There was also the small but genuinely elite shock troops of the RPKAD, with roots in the Army's Commando Corps [Korp Komando A.D] in the early 1950s and in the Army Commando Nucleus Force Training course [Pelatih Inti Pasukan Komando A.D.].⁴⁵

By 1968, just two years after the ending of Soviet military aid, there were substantial shortages of spare parts. While these were less debilitating for the personnel-heavy army than the navy and air force, they certainly reduced the utility of the seven tank battalions equipped with Soviet PT-76 light tanks (although some had French AMX-13s). Small arms consisted of an unplanned and inconsistent mix of Western and Soviet or Eastern European origin, and were often quite ancient.

The huge wave of Soviet-bloc equipment funnelled into the technology-based navy and air force had been an important source of the prestige and relative autonomy of these services from the army during Guided Democracy - a product in large part of President Soekarno's desire to find a balance against the otherwise dominant army. The navy, on paper at least, had some 187 combat vessels in 1968. This was, by comparison with its neighbours' fleets, a very large force. This armada included 6 ex-Soviet W-class submarines, an ex-Soviet Sverdlov-class heavy cruiser, and seven ex-Soviet Skory-class destroyers, to say nothing of support vessels and lesser attack craft.

In 1968 the air force was similarly exceptionally large on paper, made up of about 550 aircraft. In fact only about 200 of that total were in operational service, but even so, this was a very considerable force. It included 25 Tu-16 medium jet bombers, some with air-to-surface missiles, 18 B-25 and B-26 piston-engined light bombers, 55 MiG-15,-17,-19 and 16 MiG-21 interceptors, the last being then very advanced aircraft.

But these very large reported naval and air force levels were quite misleading: the sundering of relations with the Soviet Union, the lack of funds for spare parts from other sources or for the few US aircraft, and the low technical level of maintenance kept most

43. See McVey, "The post-revolutionary transformation...", Part II, op.cit., pp.174-178 for the development of the elite units which were eventually to become controlled by the central Army leadership as the strategic reserve. See also Atmadji, "Untuk pertama kali TNI-AD mempunyai divisi infanteri yang 'lengkap'", *Sinar Harapan*, 3 October 1985, "Peperangan modern menuntut kecepatan pemindahan pasukan", *Suara Pembaruan*, 6 March 1987; "Kostrad, satuan-satuan elite yang digunakan secara sembarang", *Suara Pembaruan*, 21 August 1987. Kostrad, formed in 1963, was preceded by Army Corps I/Army General Reserve [Korps Tentara I/Tjadangan Umum Angkatan Darat - Korra I/Tjaduad], formed 6 May 1961, with Deputy Army Chief of Staff Brigadier-General Soeharto as the first commander.

44. I am grateful to Harold Crouch for reminding me that Kostrad did not have its own exclusive troops until the re-structuring of the mid-1980s. Rather, it drew from units within the three Javanese divisions ear-marked for its use, at the call of the Kostrad commander.

45. See McVey, "The post-revolutionary transformation...", op.cit., p.174. She remarks later:

The KOSTRAD, formed following the dissolution of the Mandala Command in May 1963, initially had jurisdiction over the RPKAD and the first three infantry brigades which it had inherited from the TJADUAD. However, unlike the regular army divisions, the KOSTRAD underwent no period of temporary retrenchment following the end of the Irian campaign; instead it expanded very rapidly, adding cavalry and artillery brigades, upgrading its infantry components, and strengthening the RPKAD. Ibid., p.177.

of this equipment out of action. Even in 1968, for the six submarines still in service, another six were in mothballs. Within two years, *The Military Balance* judged that

The operational strength of the Navy and Air Force is well below the number quoted. It is thought that only the active fleet submarines, and the light strike and transport aircraft are fully operational.⁴⁶

By 1970 the Air Force admitted that only 15-20% of its aircraft could be flown, and the navy inspector-general said that 60% of the fleet could not be used.⁴⁷

In sum, by 1968 the navy and air force were of very limited operational use, and the army, while experienced at small-unit counter-insurgency operations over a decade and a half, was primarily a force for domestic control, inflated in size compared to its resources and actual military duties, and with important exceptions, poorly trained and poorly equipped.

The basis of defence planning prior to the mid-1970s is unclear. The defence ideology of "People's War" from the Guided Democracy period, and the earlier doctrines of "territorial management" developed by Nasution and others out of the army's experiences during the revolution and the counter-insurgency campaigns of the 1950s and early 1960s sat oddly with the huge imports of aging and increasingly inoperable eastern bloc military technology.

Whatever the planning involved, the period from 1966 - 1974 was characterized by very small rises in the military budget in real terms, a minimal military development budget, low levels of US military assistance, and limited foreign purchases of major weapons. Most of the military aircraft and ships obtained in that period were provided by the United States or Australia as military aid, usually as grants or for nominal cost (e.g. the four US Claud Jones Class frigates). While some combat aircraft were provided, they were aging excess stocks from the donor countries (Australian Korean War vintage CA-27 Sabres and United States WWII vintage F-51 Mustangs). Even these required considerable ongoing foreign assistance to be maintained at some operational level.

Renstra I and the Timor expansion, 1974/75 - 1978/79

The first National Strategic Plan - Renstra I [Rencana Strategic Nasional] began in 1974, timed to coordinate with the Second Five-Year Development Plan [Repelita II]. According to a sketchy summary published subsequently, Renstra I (1974/75 - 1978/79) had few implications for force structure despite great need, being severely limited by the scarcity of resources. It was concerned with "consolidation" and "regrouping", concentrating on rehabilitating the limited weapons systems and support equipment left over from the period of Soviet largesse, with "limited replacement".⁴⁸

This may have been the original intention behind Renstra I, but the resulting pattern of spending, arms purchases and expansion of support facilities was quite different. In real

46. IISS, *The Military Balance 1970*, op.cit. p.63.

47. Crouch, *The Army and Politics...*, op.cit., p.240. In 1971 a parliamentary commission described the fleet's condition as "extremely sad".

48. Indonesia, Repelita IV, op.cit., Buku 3, p.476. See also the discussion in Dorojatun and Simatupang op.cit. Unfortunately their analysis does not discuss the discrepancy between the limited growth planned for in Renstra I and the great expansion that began to get underway after 1975. The summaries published in the subsequent Repelitas also do not burden the reader with the truth.

terms (1980 prices), the ABRI official budget jumped from Rp.638 bn. in 1973/74 to Rp.994 bn. two years later, and reached Rp. 1067 bn. by the end of Renstra I in 1978/79. The military development budget showed an even more spectacular jump from Rp.31 bn. to Rp.180 bn. over the life of the plan, reflecting the expansion of the arsenal and physical infrastructure that began in 1975. United States military aid, which had been small and steady in the late sixties and seventies suddenly expanded in 1975 and remained well above pre-1975 levels thereafter, reaching a high in 1978.

The deviation from the plan had one major cause - the failure of the invasion in East Timor; and had one facilitating factor - the revenues from the dramatic oil price increases of 1974 that began to be available to the military.⁴⁹ The invasion of East Timor in December 1975 was meant to be a quick and limited military campaign to overcome the FRETILIN-led nationalist government which had grown stronger rather than weaker as a result of the radio campaigns and intelligence operations of Ali Moertopo.⁵⁰ There was little indication of planning for the war which was to last more than a decade, and which was to amount to the most substantial military operation ever undertaken by the nominally large Indonesian military. The debacle of the invasion and the first two years of the subsequent occupation led to substantial re-orientation of weapons acquisition policy, an influx of new and increasingly sophisticated weapons, improved training, a regeneration of support and transportation equipment and gradual changes in force structure. (See Figure 7.7.)

The list of major equipment orders between 1975 and 1979 shows quite clearly the results of this period of planned "consolidation" and "limited replacement":

400 U.S. and French light tanks, armoured personnel carriers and mechanized infantry combat vehicles;

200 plus Exocet ship-to-ship missiles and 96 Sidewinder air-to-air missiles;

3 Dutch and 1 Yugoslavian frigates, 4 Korean fast attack craft and 2 Tacoma landing ships, and 2 German submarines;

Boeing, Lockheed Hercules, Fokker and King Air transports; a squadron each of OV-10 Bronco counter-insurgency aircraft, A-4E Israeli fighter/bombers, F-5E and F-5F fighter/trainer aircraft and British Hawk jet trainer/strike aircraft; in addition to more Nomads for maritime patrol and helicopters.⁵¹

The cumulative effect only began to meet the needs of the war in Timor and to begin to repair the low operational capacities of the Armed Forces as a whole. But the out-of-plan expenditures marked the beginnings of a significant change in force structure and

49. Dorojaton and Simatupang mention another factor: the acquisition of a number of advanced weapons systems (F-5 fighter aircraft and naval equipment) in the 1975-76 period following the fall of Saigon. Op.cit., p.121. Just how important this effect was is not clear - and calls for work on both the Indonesian and U.S. ends of the arms transfers of the time.

50. See Hamish Macdonald, *Suharto's Indonesia*, (Melbourne: Fontana/Collins, 1980); and Jenkins, *Suharto and His Generals*, op.cit. Richard Tanter, "The military situation in East Timor", *Pacific Research*, January 1977 attempted an assessment of the first year of the war.

51. See Table 7.10 Major arms imports, Indonesia, 1971 - 1987.

sheer military capacity.

Renstra II, 1978/79 - 1983/84

Renstra II coincided with the appointment of Mohammed Jusuf as Defence Minister and ABRI commander. Jusuf, a devout Muslim Buginese aristocrat who had spent the previous thirteen years in non-military duties, came to office in 1978 promising an overhaul of the armed forces. In highly publicized inspection tours he spoke of the need to improve the lot of the common soldier and to dampen the enthusiasm of senior officers for conspicuous consumption. The reason was clear:

Remember the past...We slept in the homes of the people in the villages. We ate in their kitchens. We even got cigarettes from them. They covered long distances to tell us of enemy movements. Now we no longer need to trouble the people. We have houses of our own, rice and cigarettes. And then there are explosions in churches and mosques. No people come to give information to the police or the intelligence assistant. We must reflect why this is so.⁵²

This also led to the beginning of the upgrading of what Jusuf referred to as "territorial cultivation" - social-political control of the Kodams as a priority.⁵³

But equally there was the debacle in East Timor. Jusuf visited the war zone fourteen times in his first eleven months (his predecessor Maraden Panggabean visited twice in two years). Reports of the Indonesian failure to subdue the Fretilin "bandits" were beginning to reach wider circles. The incompetent reality behind the well-cultivated prestigious ABRI image was showing through at a time of rising disenchantment with the military's domestic behaviour. Jusuf's solution in East Timor was a mixture of increased training and discipline amongst troops, utilization of the weaponry coming on stream, and application of a ferocious military policy on the ground in East Timor.

One difficulty in analyzing Indonesian military developments is the lack of public data about the *composition* of military spending, apart from its total. This makes comparisons over time difficult. However, as already mentioned, the Department of Defence and Security supplied the United Nations with a breakdown of military spending for the fiscal year of 1978.⁵⁴ This allows comparison between the pattern of spending in the Indonesian armed forces at the time, and other countries. Table 7.9 sets out for the military budgets of Indonesia and South Korea the proportions of the (reported) total military budgets allocated to personnel, operations and maintenance, and to procurement and maintenance.⁵⁵

52. David Jenkins, "General Jusuf: a man from the past leads the march to the future", *Far Eastern Economic Review*, March 2, 1979.

53. Ibid., p.19.

54. See Appendix 9.

55. The categories in the two sets of data are not wholly compatible. accordingly the results should be treated as a basis for broad comparisons only. For the Indonesian data see Appendix 9. The South Korean data are drawn from Charles Wolf, Jr. et al, *The Changing Balance: South and North Korean Capabilities for Long-Term Military Competition*, (Santa Monica: Rand Corporation, R-3305/1 NA, December 1985), p.47. The Korean figures for personnel spending and operations in 1978 are calculated estimates on the basis of reliable data up to 1975. The figure for procurements is a residual based on deducting the figures for personnel and operations from data for total spending supplied by the Korean Institute for Defense Analysis [KIDA].

The figures in Table 7.9 show the relative technological underdevelopment of the Indonesian armed forces compared with South

Table 7.9
Indonesian and South Korean
military expenditures
by sector, 1978

	Indonesia		South Korea Total
	Army	Total	
Personnel	59%	48%	38%
Operations & maintenance	27%	28%	26%
Procurement & construction	14%	23%	36%
Total	100%	100%	100%

Sources: The Indonesian data are from United Nations, *Reduction of Military Budgets: International Reporting of Military Expenditures*, (New York: United Nations Centre for Disarmament, 1981). The detailed Indonesian data are presented in Appendix 9. The South Korean data are drawn from from Charles Wolf Jr. et al (1985), *The Changing Balance: South and North Korean Capabilities for Long-Term Military Competition*, (Santa Monica: Rand Corporation, R-3305/1 NA, December 1985), p.47.

Korean forces. The Korean forces had undergone several Force Improvement Programs from the mid-1960s, as well as the benefits of a number of years operating in South Vietnam and operations in South Korea under an integrated U.S.-Korean command. Whereas the South Korean budget allocated only 38% of its spending to personnel costs, the Indonesian figure was 48%, and the technology-poor army higher still at 59%. By contrast, the South Korean military allocated more than one-third of their budget to new equipment and construction: the Indonesian armed forces allocated 23%, and the army only 14%.

Even if it is assumed that extra-budgetary spending by the Indonesian armed forces was allocated primarily to procurement and construction, the data still demonstrate how far the Indonesian force structure in 1978 was from the profile of a modern, technology- and capital-intensive force. This was the pattern Jusuf and Moerdani intended to change during the periods of Renstra II and III.

The summary of Renstra II offered in the Third Five-Year Development Plan [Repelita III] set out the following programs of development:

A. Major Defence Force Program, concentrating on economy and efficiency, with the army emphasizing the Territorial Defence Force and building up a reserve force, and the navy and air force emphasizing central forces and central transport capacity.

B. Security Forces Program, aimed at building police regional and central forces, as well as police mobility, community security support programs, and intelligence.

C. General Support Major Program, made up of research and development, education, administration and logistics.

D. Program Utama Bakti ABRI.

The Army portions of the major defence force program, were two-fold: improving army striking power at the centre, in terms of equipment, training and mobility; and the Territorial Defence Program, the Army's long-standing prime interest:

The priority for the Army is the development of all corners of the national territory to reach a stable territorial condition, able to develop the village as a base for total people's defence; developing territorial defence striking capacity, including supply and preparation, improving the capacity of the intelligence apparatus from the Kodam level to the Koramil level, so that (it) is able to watch and monitor, obstruct, localize and centralize each disturbance or threat as quickly as possible.⁵⁶

Renstra II marks the beginning of the decade-long concern to simultaneously develop both technologically-powerful combat strike forces *and* village- and urban-based territorial forces to control the population. This is reflected in the intelligence priorities of the plan as a whole - in the Territorial and Police programs as already mentioned, and in the strategic concerns of the separate Intelligence and Central Communications Program, which sought

increased strategic intelligence through an increase in the existing personnel capacity

56. Indonesia, *Rencana Pembangunan Lima Tahun Ketiga - Repelita III*, 1978/79 - 1983/84, (Jakarta: Republik Indonesia, 1979), Buku 3, p. 313.

and an addition of expert resources, plus increasing surveillance and appreciation of the strategic environment, both within the country and abroad, in the fields of politics, the economy, society and culture, psychology and military affairs, so that these changes are able to be identified.⁵⁷

A year later, Jenkins maintained that there were plans, presumably implementing Renstra II, to upgrade 50 of the Army's near 100 battalions, plus the six Marine and four Air Force Kopasgat (Quick Reaction) battalions to create at least 60 top grade battalions, leaving the other 40 for territorial duties.⁵⁸

The period of Renstra II (1978/79 - 1983/84) marked the apogee of ABRI's budgetary and material expansion - greatly outstripping the first period of expansion in the late seventies, and ending with the budgetary stringencies of the collapse in oil prices from 1982-83 onwards. In the first two years of Renstra II, the total military budget had increased in real terms by 50%, reaching Rp.1589 bn. in 1981-82, before beginning to decline slowly. Most of this increase came from a further sharp jump in military development expenditure, from Rp.180 bn. in 1978-79 to Rp.485 bn. four years later - by then amounting to over 30% of the total official military budget.⁵⁹ In that same year, 1981, foreign subsidy of military expansion also reached its apogee, making up 29% of the military development budget.⁶⁰ At the same time, army numbers began to increase, rising from a stable 180,000 in 1979 to 210,000 by 1983. The great expansion in funds flowed mainly into weapons and support systems: the pattern of arms imports established in the middle 1970s continued to rise, before beginning to decline at the end of the decade.

57. Ibid., p.315. This was the beginning of the restructuring of the military intelligence organizations under Moerdani's leadership. In 1983 the relatively small Strategic Intelligence Centre [Pusat Intelijens Strategis - Pusintelstrat] was abolished in favour of the Strategic Intelligence Body [Badan Intelijen Strategis - Bais], both under Moerdani's command. The character of this most important shift will be discussed in the next chapter.

58. David Jenkins, "Taking a defensive position", *Far Eastern Economic Review*, July 13, 1979, p.15. Dorodjatun and Simatupang (op.cit., p.115) quote Renstra II as aiming at 100 "First-Line Battalions".

59. The availability of money for military hardware was a function both of need (East Timor and the general movement towards a technology-intensive military force) and the second wave of increases in oil revenues. Oil export earnings jumped from US\$1,609 mn. to \$5,211 mn. between 1973 and 1974, and again from US\$8,871 mn. in 1979 to \$12,850 mn. a year later. See IMF, *International Financial Statistics*, (annual summary volume) (Washington: International Monetary Fund, 1987), pp.398-399. Eleven months after Jusuf assumed office Jenkins reported that the need for money for improved training, ammunition and other supplies meant that Jusuf was deferring the acquisition of high cost, high technology equipment such as two squadrons of A-4 Skyhawk jet fighter/bombers. See Jenkins, "General Jusuf..." op.cit., p.21. In fact 16 were purchased from the Israelis in 1979 and were delivered the next year, and another sixteen were ordered in 1981 and arrived in 1982. (See Table 7.10.) The rise in oil income must have cleared away the obstacle, since the purchases in the intervening years of Jusuf's tenure were extensive.

60. See Table 7.5 the difference between the planned and realized project aid (i.e. foreign) components of the military development budget is revealing. These figures, drawn from the annual budgets, show, for all but one year, continual high shortfalls in expected project aid. Whereas a shortfall in actual versus planned spending in the rupiah budget can be interpreted as cost savings and efficiency (as Dorodjatun and Simatupang suggest), the shortfall in foreign aid suggests that military planners regularly expected much higher levels of aid than actually arrived.

Renstra III: the Moerdani Years, 1984/85 - 1988/89

The pattern that began to unfold during Jusuf's tenure as ABRI commander and Minister for Defence flourished under his successor as Armed Forces commander (1983 - 1988), Benny Moerdani. A re-shaping of the ABRI structure announced in 1985 centralized the ABRI commander's control over elite land forces and over naval and air operational commands. It was underpinned by a continued acquisition of technologically sophisticated weapons and the ongoing development of elite forces. Side by side with this essentially externally oriented capacity, the professionalization of security control over the population continued apace.

Renstra III recognized the limitations imposed by declining state revenues, but also sought to continue the earlier expansion. A primary commitment in the plan was to the upgrading of the quality of military personnel and of facilities for their use, the "capital of the Armed Forces". But a note of caution was sounded:

Technological advance and modernization bring more rational thinking and attitudes, but this must never be allowed to push out the values of struggle of the Indonesian Armed Forces.⁶¹

Most important of all in this plan was the expansion of the police force, and an improvement in its professional quality. In 1981 the Chief of Staff of Kopkamtib had said that the fight against crime was to be carried out within the doctrine of the Total People's Security Defence by the police component of ABRI. For this the police were undergoing an expansion in personnel and equipment, and an internal tidying-up.⁶² Earlier in the year the police had received new handguns, and a decision was taken to upgrade police rifles.⁶³ In an interview six months after taking office, Moerdani stressed his desire to expand the size of the police force, because men on the ground could not be replaced by technology.⁶⁴

Material investment would be directed towards:

- *the most urgently required weapons systems, especially replacements;
- *major equipment and operational support facilities for the air force and navy to achieve "completeness" for particular weapons systems;
- *troops quarters, especially for operational units meeting soldiers' basic needs;⁶⁵
- *headquarters' facilities, with priority for territorial command, the intelligence apparatus and the police executive apparatus in an effort to raise operational capacity of the police;

61. Repelita IV, op.cit., Buku 3, p.480.

62. *Kompas*, 15 October 1981.

63. *Kompas*, 20 May 1981.

64. *Tempo*, 15 October 1983. Of course, the intelligence-orchestrated death squad operations against alleged criminals was proceeding apace through the year of 1983.

65. Jusuf had highlighted the poor living conditions of many soldiers and announced priority plans for their upgrading. In his first year in office, Jusuf had begun this process: "The daily food allowance of the Indonesian private has already been raised twice from Rps 470 (75 US cents) since Jusuf took charge and is due to go up to Rps 500 on April 1. Soldiers who were lucky to get one new uniform a year will now get four new sets of clothing." See Jenkins, "General Jusuf..." op.cit., p.19. Jusuf also took steps to make sure that these monies and allowances actually reached those for whom they were intended, and were not "redirected".

- *development of base facilities for the navy and air force; and
- *improvement in education and training facilities, and logistical facilities.⁶⁶

One of the broad aims of Renstra III was to increase the country's capacity to fight a conventional war, rather than simply engage in counter-insurgency and internal security activities. This was reflected in the actual programmes proposed, leading off with the Central Forces component of Operational Forces Development:

(1) "National Air Defence Capacity, able to detect, identify, shadow, escort/shadow landings and pursuit, as well as destroying air targets and other foreign air objects, which endanger or could endanger the national interests of the Republic of Indonesia, including development projects and vital objects which are the fruits of development.

(2) Strategic Strike Capacity, able to carry out aerial surveillance and strategic air attack, able to watch and control each enemy move and activity, as well as able to destroy land and sea targets, whether in enemy territory or parts of Indonesia occupied by the enemy, as well as able to mount airborne and amphibious assaults in all parts of the country."⁶⁷

The development of air and sea assault capacity was described in like terms, including a capacity to clear Indonesian waters of mines, as well as a Strategic Transport capacity.

The other side of the coin was the development of methods of controlling threats to the state on Indonesian soil. The Territorial Forces (as distinct from the Territorial Management Apparatus) were to be developed further, firstly through a conventional military Land Assault Capacity⁶⁸ and a Territorial Control/Surveillance Capacity, including Exclusive Economic Zone (EEZ) and important economic installations. But the internal control role of the military (including the police) was equally important with the Society Ordering Capacity, which involved firstly:

precisely and quickly identifying situations giving rise to disturbances to general security and community order; carrying out general security preparations by implementing combined operational preventive measures in accord with legally-enacted decisions; and carrying out community order in accord with enacted laws and developed norms, mainly based on the consciousness of the people themselves.⁶⁹

Secondly, it involved a Law Upholding Capacity,

to be able to carry out the detection of the causal factors of criminality by investigating the types of violations and criminality; carrying out the prevention of violations and

66. Repelita IV, op.cit., Buku 3, pp.481-482.

67. Ibid., Buku 3, pp.488-489.

68. One interesting objective of Renstra III is "protection against the use of nuclear, biological and chemical [Nubika] weapons by the enemy" See Repelita IV, Buku 3, op.cit., p.490. A Seskoad army manual speaks of operating in such environments, and Haseman mentions a Chemical/ Biological/Nuclear Branch Center under the Army Education, and Training Development Command. In the face of close Indonesian interest (along with many other nations) in the use of chemical weapons by Iraq against Iran this should be taken as of more than passing interest. See Seskoad [Sekolah Staf dan Komando], *Vademecum: Pengetahuan Pertahanan Keamanan*, (Bandung: Markas Besar, TNI-AD, Sekolah Staf dan Komando, Cetakan Dua, (1982), pp.260-261; and John Haseman, "The dynamics of change: regeneration of the Indonesian army", *Asian Survey*, XXVI,8 (1986), p.890.

69. Repelita IV, Buku III, op.cit., p.491.

criminality by giving service, support and protection to the community; restricting each threat to security and social order; carrying out high quality measures in limiting criminality, even if small in size, but frustrating and posing a high threat; carrying out counter-measures to tackle organized crime on the basis of special provisions of the criminal procedure; carrying out scientific investigation and collection of evidence in accord with technological advances and the Criminal Law.⁷⁰

And thirdly a Capacity to Take Action Against Security Threat, which included a capacity for

counter-measures to criminal activities in the seas under Indonesian jurisdiction, counter-terrorist measures for all forms of terror; counter-measures to prevent and put down mass unrest/agitation quickly and with an awareness of the possibility of certain subversive elements riding on its back;

as well as putting down any form of armed rebellion or guerilla activity⁷¹.

The Territorial Management Apparatus proper was to be developed further, including the basis for Territorial Management in the fields of economy, culture and politics to aid national development as the basis of national defence and security; development of the Strength and Potential of Social Wellbeing and Order, and Maritime and Air Strength and Potential. Finally the Armed Forces Social and Political Role was to be strengthened as "dynamisator and stabiliser" of the society, responsible for securing and making a success of national objectives.

Once again, the Strategic Intelligence Apparatus was to be further developed, raising the skills and resources of staff, for use in security and in national development.⁷² Further development of control and coordination and communication went with both the high technology and social control aspects of the military's tasks, as well as logistics.

This then was the public face of the plans for the Moerdani tenure, building on what had been achieved under Jusuf. What were the results in terms of force structure and operational capacity in 1987, two decades after the starting point of this review?

Force structure, 1987

The level of the official military budget rose steadily in the mid-1980s, with development spending making up about a quarter of the total. As the domestic budget tightened, foreign subsidies for military spending became more important than ever: in FY 1984 foreign project aid rose to 36% of the total development budget, an all-time high. Weapons acquisition from abroad continued, but at lower levels than during Renstra II. The expansion in size established at the same time was maintained during the mid-1980s.

The shrinking budget slowed the rush of major armaments purchases in the mid-1980s. (See Table 7.10 and 7.11 and Figure 7.7.) After 1983, no aircraft orders were placed until the huge and controversial decision of 1986 to purchase 8 F-16A fighter/strike and 4 F-16B fighter/trainer aircraft at a cost of US\$432mn. But, as with the F-16, such purchases as were made were generally in the high technology sector.

70. Ibid., Buku III, pp.491-2.

71. Ibid., Buku III, p.492.

72. Repelita IV, op.cit., Buku III, p.495.

Negotiations with Britain led to a massive order for 600 advanced Scorpion light tanks in 1987. Four (secondhand) Dutch Van Speijk Class frigates and 2 minehunters joined two modern West German Type 209 submarines, Australian patrol craft and three older British Tribal Class frigates. More important still were the weapons systems placed on these platforms: 116 AIM-9P Sidewinder air-to-air missiles for the F-16s; and Harpoon and Seacat ship-to-ship launchers and missiles for the Van Speijk and Tribal Class frigates. Finally, and marking most clearly of all the change in defence posture, a stream of orders for ground based air-defence missiles: Swedish RBS-70 portable SAMs in 1981, 55 Rapier mobile SAM systems and 660 Improved Rapier land mobile SAMs to equip them.⁷³

The costs of the F-16 aircraft and the missile systems acquired between 1984 and 1986 could not have been less than US\$1 bn. Even without the enormous Scorpion tank deal, something of a similar order would have been involved in the acquisition of the frigates and submarines - a huge total by Indonesian standards. In addition, there are the unknown costs

73. The total costs of these systems are not available. The first twenty five Rapier SAM systems were costed by SIPRI at \$128mn. - at that rate the total cost would be about \$300 mn. The second order of 120 Improved Rapier SAMs cost \$100mn. and the third of 120 \$60mn. See SIPRI, *World Armaments and Disarmament, SIPRI Yearbook 1987*, op.cit.

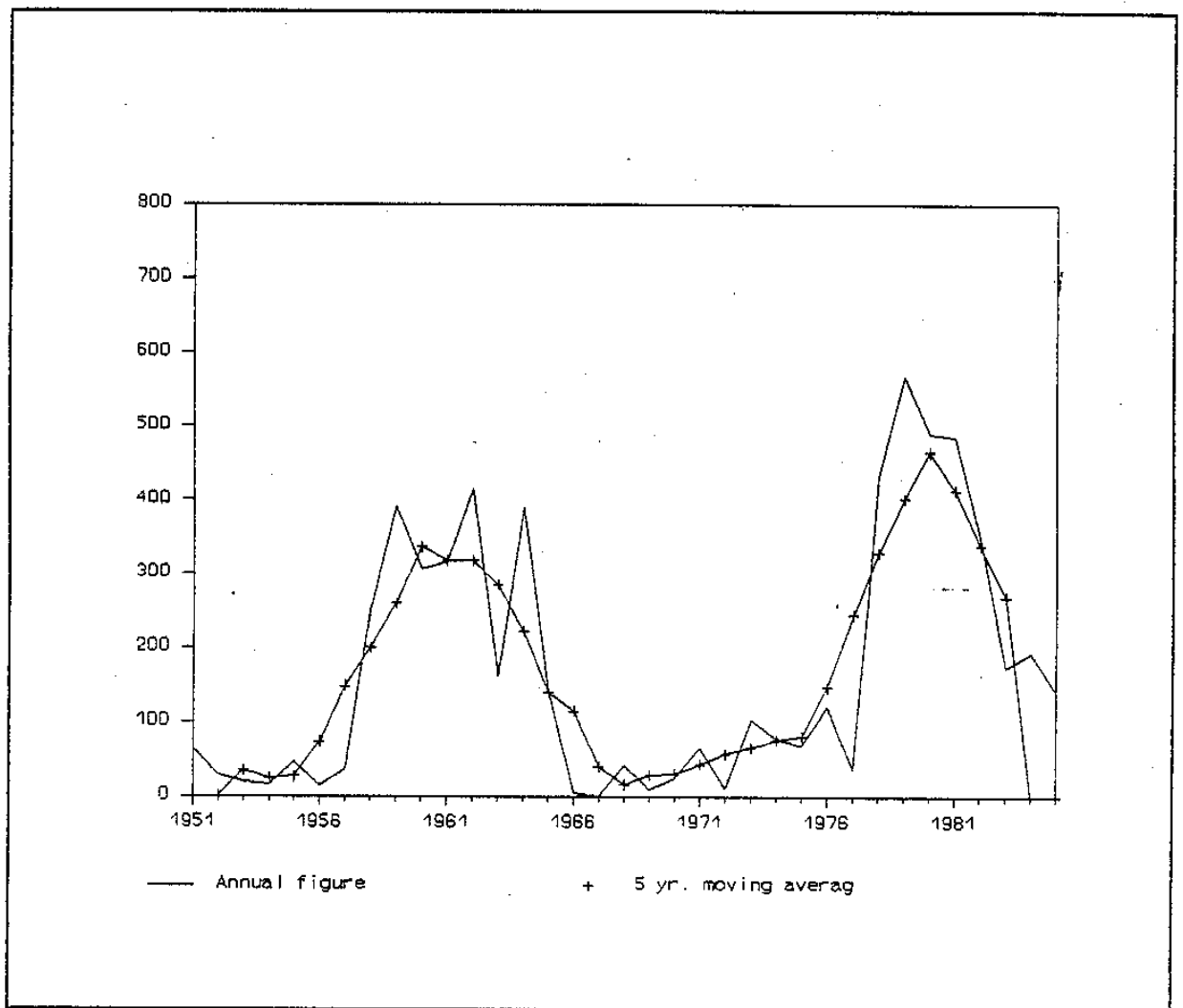


Figure 7.7
Indonesia, imports of major weapons
1951 - 1985
US\$ mn. constant (1985)

Table 7.10
Major Indonesian Arms Imports
1971-1985
(By year of acquisition)

Supplier	No. ordered	Weapon designation	Weapon description	Year of order	Year of delivery	Total delivered
AIRCRAFT						
Malaysia	12	Pioneer-2	Lightplane	(1970)	1971	12
New Zealand	(2)	Airtourer-150	Lightplane	(1970)	1972	(2)
USA	4	B-26 Invader	Bomber	(1970)	1971	4
USA	10	S-55 Chickasaw	Helicopter	1970	1972-3	(10)
USA	5	Model 207	Lightplane	(1970)	1971	5
USA	21	C-47	Transport	1970	1973-4	(21)
USA	14	F-51 Mustang	Fighter	(1970)	1971	14
Australia	2	C-47	Transport	1971	1973	2
USA	4	Model 310	Lightplane	(1971)	1972	4
USA	16	T-33A	Jet trainer	(1971)	1972	16
Australia	16	CA-27 Sabre	Fighter	1972	1973	16
Australia	6	N-22L Nomad	Marine patrol	1973	1975-6	6
Netherlands	8	F-27 Mk-500	Transport	(1974)	1975	8
Netherlands	8	F-27 Mk-400M	Transport	1975	1976	8
USA	2	HU-16B	Maritime patrol/ASW	(1975)	1977	2
USA	2	Model 206B	Helicopter	1975	1976	2
USA	2	King Air A-100	Transport	1975	1977	2
USA	21	Musketeer Sport	Lightplane	1975	1976-7	(21)
USA	16	OV-10F Bronco	Trainer/COIN	1975	1976-7	16
USA	2	C-130B Hercules	Transport	(1975)	1976	2
USA	3	Model 47G	Helicopter	1975	1976	3
Australia	6	N-22B Nomad	Marine patrol	1977	1978	6
France	6	SA -330L Puma	Helicopter	1977	1978	6
USA	4	F-5F Tiger-2	Jet trainer	1977	1980	4
USA	12	F-5E Tiger-2	Fighter	1977	1980	12
Australia	8	Model 47G-3	Helicopter	(1978)	1978	8
UK	8	Hawk	Jet trainer/strike	1978	1980-1	
USA	16	Model 205 UH-1H	Helicopter	1978	1978	16
USA	16	T-34C-1	Trainer	1978	1978	16
France	3	C-160F Transall	Transport	1979	1982	3
Israel	14	A-4E Skyhawk	Fighter/bomber	1979	1980	14
Israel	2	TA-4H Skyhawk	Jet trainer	1979	1980	2
USA	1	L-100-30	Transport	1979	1980	1
USA	5	C-130H-30	Transport	1979	1980-1	5
Australia	6	N-22L Nomad	Marine patrol	1980	1981-2	6
Switzerland	20	AS-202	Trainer	1980	1981	20
UK	8	Hawk	Jet trainer/strike	1980	1981	4
USA	..	T-41A	Lightplane	(1980)	1981	(5)
USA	2	C-130H Hercules	Transport	1980	1981	2
Netherlands	10	Wasp	Helicopter	1981	1981-2	10
USA	1	B-707-320C	Transport	(1981)	1982	1
USA	16	A-4E Skyhawk	Fighter/bomber	1981	1982	16
USA	3	B-737-200C	Transport	1981	1982-3	3
USA	4	C-130H-30	Transport	1981	1982	(4)
UK	5	Hawk	Jet trainer/strike	1982	1983	5
UK	3	Hawk	Jet trainer/strike	1982	1984	(3)
USA	6	Model 212 UH-1N	Helicopter	1982	1983	6
USA	9	Model 300C	Helicopter	1982	1893	9
USA	(6)	PA-38 Tomahawk	Trainer	(1983)	1983	(6)
USA	9	T-34-C	Trainer	1983	1984	9
USA	6	Model 412	Helicopter	1983	1983	6
USA	8	F-16A	Fighter/strike	(1986)		
USA	4	F-16B	Fighter/trainer	(1986)		

(continued)

Supplier	No. ordered	Weapon designation	Weapon description	Year of order	Year of delivery	Total delivered
Ships						
USA	3	LST 511-1152	Landing/minelayer	(1969)	1970-1	3
USA	6	Bluebird Class	Minesweeper	1970	1971	6
USA	1	Arcadia Class	Support ship	(1970)	1971	1
USA	1	LST 511-1152	Landing/minelayer	(1971)	1971	1
Australia	2	Attack Class	Patrol craft	(1972)	1973-4	2
USA	4	Claud Jones Cl	Frigate	(1972)	1973-4	4
Netherlands	3	Fatahillah Cl	Frigate	1975	1979-80	3
Korea, South	4	PSMM-5 Type	Fast attack craft	1976	1979-80	4
Germany, FR	2	Type 209/2	Submarine	1977	1981	2
Yugoslavia	1	Training ship	Frigate	1978	1981	(1)
Korea, South	4	Tacoma Type	Landing ship	1979	1981	4
USA	1	Jetfoil	Hydrofoil FAC	1980	1982	1
Australia	3	Attack Class	Patrol craft	(1981)	1982-3	3
Korea, South	2	Tacoma Type	Landing ship	1981	1982	2
Yugoslavia	1	Training ship	Frigate	(1981)	1984	(1)
Germany, FR	2	PB-57 Type	Patrol craft	1982	1984	2
Korea, South	4	PSMM-5	Fast attack craft	1982		
USA	4	Jetfoil	Hydrofoil FAC	1983	1984-6	(4)
UK	3	Tribal Class	Frigate	1984	1985-6	3
Australia	..	Attack Class	Patrol craft	(1984)	1985	2
UK	1	Hecla Class	OPV	(1985)	1986	1
Netherlands	2	Alkmaar Class	Minehunter	1985		
Germany, FR	2	Type 209/2	Submarine	(1986)		
Netherlands	4	Van Speijk Cl	Frigate	(1986)		
Armoured vehicles						
USA	(40)	M-102 105mm	Towed howitzer	(1971)	1973-6	(40)
France	(100)	AMX-VC1	MICV	(1976)	1977-8	100
USA	M-113	M-113	APC	(1976)	1978	100
USA	60	V-150 Commando	APC	(1977)	1978-9	(60)
France	200	AMX-13	Light tank	(1979)	1979	(200)
France	..	VPX-110	Tank destroyer	1980	1981	(10)
France	..	AMX-10 PAC-90	MICV/SPG	1981	1981	(5)
France	40	AMX-10P	MICV	1981	1981	40
USA	133	M-101-A1 105mm	Towed howitzer	(1981)	1982	(133)
USA	22	Commando Ranger	APC	(1983)	1983	22
USA	38	Commando Scout	Recce AC	(1983)	1983	28
UK	600	FV-101 Scorpion	Light tank	(1986)		
Missiles						
France	(36)	MM-38 Exocet	Ship-ship missile	1975	1979-80	(36)
France	(3)	MM-38 L	ShShM Launcher	1975	1979-80	(3)
France	(4)	MM-38 L	ShShM Launcher	1976	1979-80	(4)
France	(48)	MM-38 Exocet	Ship-ship missile	1976	1979-80	(48)
France	(20)	TRS-2230/15	Air defence radar	(1977)	1978-9	(20)
USA	(96)	AIM-9J	AAM	1977	1980	(96)
France	(2)	MM-38 L	ShShM Launcher	(1978)	1981-4	(2)
France	24	MM-38 Exocet	Ship-ship missile	(1978)	1981-4	(24)
Sweden	(150)	RBS-70	Portable SAM	(1981)	1982	150
France	(48)	MM-38 Exocet	Ship-ship missile	(1982)		
France	(4)	MM-38 L	ShShM Launcher	(1982)		
UK	(6)	Seacat L	ShAM Launcher	1984	1985-6	(6)
UK	(72)	Seacat	ShAM/ShShM	1984	1985-6	(62)
UK	(300)	Improved Rapier	Land mobile SAM	1984	(1986)	(60)
UK	(25)	Rapier SAMS	Mobile SAM system	1984	(1986)	(5)
UK	(240)	Improved Rapier	Land mobile SAM	1985		
UK	(20)	Rapier SAMS	Mobile SAM system	1985		

(continued)

Supplier	No. ordered	Weapon designation	Weapon description	Year of order	Year of delivery	Total delivered
USA	(48)	AIM-9P	AAM	(1986)		
France	(10)	AM-39	Anti-ship missile	(1985)	1986	(10)
Netherlands	4	RGM-84A L	ShShM Launcher	1986	(1986-7)	(3)
Netherlands	(8)	Seacat L	ShAM Launcher	1986	(1986-7)	(6)
Netherlands	(32)	RGM-84A Harpoon	Ship-Ship Missile	1986	(1986-7)	(24)
Netherlands	(96)	Seacat	ShAM/ShShM	1986	(1986-7)	(72)
UK	(10)	Rapier SAMS	Mobile SAM system	1986		
UK	(120)	Improved Rapier	Landmobile SAM	1986		
USA	(72)	AIM-9P	AAM	(1986)		

Source: SIPRI, *World Armaments and Disarmament: SIPRI Yearbook 1987*, (London: Taylor and Francis, 1987).

Conventions:	..	Information not available
	()	Uncertain data or SIPRI estimate
	AAM	Air-to-air missile
	AC	Armoured car
	APC	Armoured personnel carrier
	ASW	Anti-submarine warfare
	COIN	Counter-insurgency
	FAC	Fast attack craft
	MICV	Mechanized infantry combat vehicle
	MSC	Minesweeper, coastal
	OPV	Off-shore patrol vehicle
	ShAM	Ship-to-air missile
	ShShM	Ship-to-ship missile
	SPG	Self-propelled gun
	TD	Tank-destroyer (gun-armed)

Table 7.11
Indonesia
imports of major weapons, 1951 - 1985
US\$ mn., constant (1985) prices

	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
Annual	64	28	18	15	46	13	35	254	391	306	316	414	162	389	141	3	0	40
Five year moving average	..	..	34	24	25	73	148	200	260	336	318	317	284	222	139	115	39	15

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Annual	9	24	64	10	103	77	67	120	35	433	567	490	485	350	173	193	142
Five year moving average	27	29	42	56	64	75	80	146	244	329	402	465	413	338	269	..	..

Source: SIPRI, *World Armaments and Disarmament 1987*,
(London: Taylor and Francis, 1987), Appendices 6A
and 6B.

of licensed production.⁷⁴ The details of the financing arrangements for these arms deals are not known, most importantly the terms of soft loans.⁷⁵

By the end of Moerdani's tenure as Armed Forces Commander, the force structure of the Indonesian military and the resources available to implement its tasks were quite different from the situation in 1967. Numerically, the core of the Army remained the territorial forces, 39 battalions reorganized in 1985 to allocate at least one battalion to each Korem as a local "strike force", plus one to each of the ten Kodam commanders (down from 16 previously). The brigades of infantry from the 1960s were done away with - Indonesian troops had neither fought nor trained at brigade level in any case.

During counter-insurgency campaigns crushing revolts from 1950-1963, military operations virtually never involved mobile forces of more than a battalion.⁷⁶

Internal security operations like the crushing of the PRRI, the cleaning out of the Blitar South region or operations in East Timor do indeed require forces in large numbers in total, but the actual manoeuvres/movements have been executed at battalion or company level. "In East Timor I never mobilized a force of more than two companies," said a four-star officer. "Whereas I had under me a brigade-sized force!"⁷⁷

But the great change for the combat army was the establishment of two fully operational elite divisions within Kostrad, the Strategic Reserve. These were composed of the following elements:⁷⁸

- 1 armoured cavalry brigade (=2 separate cavalry battalions)
- 3 infantry brigades (9 battalions)
- 2 airborne infantry brigades (6 battalions)
- 2 field artillery regiments (6 battalions)
- 1 anti-aircraft artillery regiment (2 battalions)
- 1 field engineer regiment (2 battalions)

74. The question of Indonesian domestic arms production has not been addressed in detail in this thesis. There has been an arms industry for a number years, an industry which became more significant from the late 1970s onwards. See Ronald Huiskens, *Defence Resources of Southeast Asia and the South Pacific: A Compendium of Data*, (Canberra: Australian National University, Strategic and Defence Studies Centre, 1980). By 1986, several different government plants were producing a range of small arms of indigenous design and under license; assembling French Puma and Super Puma helicopters, U.S. Model 412 helicopters, West German MBB 105 and BK-117 helicopters, Spanish CH-212 light transport aircraft; and a small number of West German PB-57 Type patrol craft. The helicopters were being assembled in large numbers, but not at a great rate. See SIPRI, *World Armaments and Disarmament: SIPRI yearbook 1986*, op.cit., pp.279-280. More detailed work is required on items produced, levels of skill required for the assembly work and the impact of associated technological education and training programs, and the economics of the licensing arrangements and the production plants and research facilities under the control of the Minister for research and Technology, currently Dr.B.J.Habibie. Exports were small: some of military versions of the CN-212 transport aircraft were reported sold to Thailand and Saudi Arabia. See SIPRI, *World Armaments and Disarmament: SIPRI yearbook 1985*, op.cit., p.416.

75. The F-16 deal is most important because of its size. According to a senior U.S. military official in Jakarta, no FMS credits were involved in the deal. PS/46, Interview, 3 June 1988. However, it is most unlikely that it was a straight cash deal.

76. Atmadji, "Untuk pertama kali TNI-AD mempunyai divisi infanteri yang 'lengkap'", *Sinar Harapan*, (3 October 1985).

77. Atmadji, "Melangsingkan tubuh TNI-AD tanpa menimbulkan efek samping", *Sinar Harapan*, 16 March 1985. Of course, the other reason for liquidating the brigade structure was the unnecessary cost.

78. IISS, *The Military Balance 1987*, op.cit.

In addition to a number of independent specialist battalions, Kostrad was supported by three Kopassus [Komando Pasukan Khusus - Special Warfare] groups, a Kopassus anti-terrorist detachment, and, since 1984, the Fast Reaction Strike Force [Pasukan Pemukul Reaksi Cepat] (Green Berets) intended to provide an immediate response to external attacks of any kind.⁷⁹

After more than a decade of substantial replenishment and development, the navy and air force are serious forces to be reckoned with externally, as well as making powerful contributions to domestic counter-insurgency campaigns.

While the territorial structure remains a central feature of all Indonesian military planning, it no longer guides the future direction of development. The changes in force structure and the weapons acquisition programmes of the past decade and a half have laid the foundations for the change in orientation sought after in Renstra III. In addition to a counter-insurgency capacity and an unprecedented development of territorial control structures (to be discussed in the following chapters), the Indonesian armed forces have a comprehensive, if far from complete, conventional war capacity. During the large-scale re-organization of the armed forces in 1985, General Moerdani made the rationale for this quite clear. The historic task of the Indonesian armed forces, he maintained, has changed. Its task now was to protect the fruits of development, a shift with very important implications. As one observer put it:

This means that ABRI must be capable of guarding and securing the numerous and costly "assets" of the country. They must be capable of securing, for example, the LNG projects at Arun and Bonang, as well as protecting the maritime wealth of eastern Indonesia from foreign ships.⁸⁰

A prime example of such a policy is the deployment of expensive surface-to-air missile systems around industrial centres in Jakarta and elsewhere, and around highly vulnerable natural resource projects, such as Arun and Lhok Semawe.⁸¹ Similarly, the acquisition of F-16 fighter aircraft, amongst the most advanced in the world, indicates that external considerations are very high in the minds of defence planners. The choice of the F-16 over the more cost-effective F-20 or upgraded F-5 is often perceived as inappropriate for a nation with no serious external threat in the next decade, and facing severe budgetary constraints. Vietnam, with advanced Soviet MiG-23 fighters, is relatively distant from all parts of Indonesia, with the exception of the Natuna Islands. In any case, relations between the two countries are comparatively good, with limited bases for conflict in the near future, other than the Natunas. The real reason for choosing the F-16, in this line of criticism, was because two neighbouring ASEAN countries, Thailand and Singapore had acquired them, and so Indonesia had to do so for reasons more of national prestige than military necessity.⁸²

79. The actual status of the Fast Reaction Strike Force is not clear. According to one well informed journalist writing in 1985, "ideally the PPRC should form a stand-alone force for that purpose. But because of cost restrictions and for reasons of efficiency, its main unit is taken from Division I, Kostrad." Atmadji, "Untuk pertama kali...", op.cit.

80. Atmadji, "ABRI akan membeli sistem senjata modern untuk mengamankan pembangunan", *Sinar Harapan*, 1 October 1985.

81. PS/15.

82. There was some public debate in Indonesia about the F-16 purchase, but this was a small and restricted affair compared with the large-scale debate in Thailand in 1984 and 1985 over proposed purchases. There the Ministers of Finance and of Economics opposed the

Whatever the merits of this line of criticism, the new acquisitions bear three extremely important implications for future Indonesian military policy. The first is that to service and support such complex technology, the military will require a much higher level of technical training of both combat crews and support staff. The Air Force began an upgrading of crews, pilots and ground staff in 1981 in Operation Ganesha, and such programs will have to expand still further. Inevitably the ratio of combat to support staff will change still further in the air force and navy.⁸³

The second consequence is a familiar one in the recent history of all militaries acquiring advanced weaponry, as well from Indonesian military history (after the sundering of contacts with the eastern-bloc suppliers). Once a state is embarked on a policy of commitment to technically advanced weapons systems justified by reference to potential external enemies armed with comparable systems, it is extremely difficult to avoid the follow-on process, a step-by-step escalation of systems acquisition. The F-16s will, in a decade or less, come to be seen as inferior in performance to those aircraft held by Australia, Vietnam or Singapore - and their replacement will be more complex and expensive still.⁸⁴ Equally, the military logic that views Indonesian defence needs through the prism of high technology deficiencies in one area (strike aircraft; air defence, etc.) will inevitably turn its gaze in other directions, requiring new "gaps" to be plugged with comparably expensive and complex equipment. Such demands for more equipment will presumably not always be met by those deciding the allocation of scarce state resources - but the important point is that an autonomous socio-technical structure of demand has been established.

The final consequence is implicit in the new policies, but not yet fully realized. The basic Indonesian defence policy of "total people's defence and security" has always been posited on the participation of the people in active support of a military force that, in the event of invasion, could move from a stance of direct, conventional military resistance in the face of a technically superior invader, to one of guerilla war on prepared ground. Leaving aside the question of the political relationship between the Indonesian state and the Indonesian people, the new policy of capital- and technology-intensive externally-oriented military forces will slowly erode support amongst the military for the policy of "total people's defence and security". To be sure, there are some states that have pursued policies of total defence (Sweden, Switzerland) which have integrated capital-intensive and popularly-supported non-military forms of defence, but they are so far relatively few. Most importantly, there are no examples of such a system where the military themselves

purchase because it would exacerbate the balance of payments problem. See SIPRI, *World Armaments and Disarmament: SIPRI Yearbook 1986*, op.cit., p.222. Singapore announced its intention to purchase F-16s in August 1985.

83. See Repelita IV, op.cit., Buku 3, pp.479-497; and Atmadji, "ABRI akan membeli sistem senjata modern...", op.cit. Two questions are relevant here. Firstly, how is the country's overall supply of technically skilled personnel developing? What are the effects of the technical education programmes in the military industries under the control of Minister of Science and Technology Habibie? Secondly, are the these effects of the acquisition of advanced weapons systems going to continue to be mainly limited to the air force and navy as in the past? Are the SAM systems operated by the army or the air force? Do these and other missiles (e.g. anti-tank TOW under consideration) require comparable levels of technical support?

84. Robin Luckham, "Militarism and international dependence: a framework for analysis" in Jose J. Villamil (ed.), *Transnational Capitalism and National Development*, (Hassocks, Sussex: Harvester Press, 1979), and "Regional security priorities and disarmament in Africa", paper presented to the International Conference on Disarmament, Development and Regional Security in Africa, Lagos, July 1981; and Ronald Huiskens, "Disarmament and development" in SIPRI, *World Armaments and Disarmament: SIPRI Yearbook 1978*, (London: Taylor and Francis, 1978).

have retained a dominant political role. Assuming that the army succeeds in maintaining its role as a dominant element of the government, it is likely that the old defence posture will either be abandoned or eroded to a shell of rhetoric, one which disguises the ongoing development of a re-furbished and professionalized intelligence and security apparatus for control of the populace as a whole - the other side of the Moerdani tenure, to which we now turn.