

Introduction

On the morning of October 1, 1965, Lyndon Johnson's White House received a terse situation report from the Central Intelligence Agency (CIA): "A power move which may have far reaching implications is underway in Jakarta."¹ The night before, six generals from the Indonesian army high command, including army commander Lt. General Achmad Yani, were kidnapped from their homes in Jakarta, killed, and dumped in a well on the outskirts of Halim Air Force Base by self-described participants of the September 30th Movement, who claimed they were acting to forestall a coup by a right-wing "Council of Generals." The Indonesian armed forces quickly labeled the movement a coup attempt against the state and blamed the Indonesian Communist Party (*Partai Komunis Indonesia* or PKI) for the deaths, providing the pretext for one of the great massacres of twentieth-century history—an army-led and U.S.-backed campaign of extermination directed at alleged PKI members and affiliated organizations in which perhaps half a million people were killed in a matter of months. The September 30th Movement

and its bloody aftermath is one of the decisive events of postwar Asian history; the events permanently altered the political landscape of Indonesia and led to more than thirty years of corrupt authoritarian rule by General Suharto. Moreover, the annihilation of the largest nonbloc Communist party in the world vividly undermined the rationale for the escalating U.S. war in Vietnam, as former defense secretary Robert McNamara has noted, eliminating at a stroke the chief threat to the Westward orientation of the most strategically and economically important country in Southeast Asia and facilitating its firm reintegration into the regional and world economy after a decade-long pursuit of autonomous development.²

Forty years later, millions of Indonesians still carry the scars of the night that changed their country's historical trajectory. But they are mostly suppressed scars, prevented from healing by a regime that between 1966 and 1998 used the September 30th Movement and anti-Communism as a master narrative to justify the dominant role of the Indonesian armed forces (TNI) in the nation's life, the circumscription of political parties, Islam, and civil society, and the ruthless suppression of dissent.³ Fearful that memories of the fateful night were fading, in 1981 the New Order regime and its most prominent court historian, Nugroho Notokusanto, produced the film *Pengkhianatan Gerakan 30 September* (Treachery of the 30 September Movement), which was broadcast every October 1 and reminded Indonesians in graphic (although fictional) detail of the murders of the generals and the role of the PKI as *dalang*, or puppet master.⁴ After Suharto was swept from power in 1998 by the forces of economic collapse and popular mobilization, beginning a slow and unsteady process of democratization that continues today, Indonesians of all political stripes began to reckon with the legacy of his rule. A profound reimagining of the nation's recent past is now under way in the cultural, political, and religious realms, even in school history textbooks, the lessons of which are being bitterly contested.⁵ The hegemonic, state-mandated history of the Suharto period is fracturing, buckling under the weight of its own contradictions, but with no clear alternative narrative to replace it. On a 2004 trip to Yogyakarta, for example, banners sponsored by the Front Anti Komunis Indonesia (FAKI) fluttered above the entrance to the famous tourist avenue Jalan Malioboro, reminding me and a thousand backpack-toting tourists to "beware of latent Communism"—three months

before the second major terrorist bombing on the island of Bali carried out by homegrown Islamic militants.⁶

Since Suharto's downfall in 1998, Indonesia has experienced myriad problems, including economic instability, environmental degradation, state violence, corruption, religious conflict, and a recrudescing Islamic radicalism, which is locally rooted but has strong transnational links. Although not spawned by the New Order, each of these dynamics was exacerbated, in some cases exponentially, by the political and economic edifice that the Suharto regime created to sustain and legitimize its grip on power. The persistence of these problems in Indonesia's wobbly democratic transition has forced a long overdue reassessment of virtually all aspects of the New Order period by both Indonesians and foreign observers. "The unified coherence of Suharto's New Order," one scholar recently observed, has been "thoroughly discredited, as economic stagnation and growing discord undermined its core themes of stability and state-managed development."⁷ Such a reassessment has been a long time coming. Between 1966 and 1998, as the Indonesian government pursued a deeply flawed authoritarian development model, the United States and other powerful governments, social scientists, and international institutions cheered Indonesia's purported success while muting criticism of the Suharto regime's appalling corruption and abysmal human rights record as the regrettable price of stability and growth. As in Brazil, South Korea, Iran, and many other countries during the Cold War, Indonesia during the Suharto period pursued a strategy of what might be termed military modernization, in which the armed forces asserted for themselves a dominant political role legitimized by their commitment to economic and political development.

Such commitments did not spring out of the political ether, nor were they the product of purely local or national historical conflicts. Rather, a complex constellation of national and international political and economic forces lay the foundations for and encouraged the emergence in the mid-1960s of a military-led regime in Indonesia committed to modernization. These forces included the U.S. and other Western governments, which provided military and economic assistance; philanthropic foundations, which trained economists and military officers in management and administration; international financial institutions such as the International Monetary Fund (IMF) and the World Bank, which promoted early variants of what would later be called

structural adjustment; and social scientists, who deployed theory to account for and legitimize the growing political and economic role of the military in the development process, not just in Indonesia but throughout the so-called third world.

The discourse and practice of military modernization, however, was not forced on unwitting Indonesians by imperial bureaucrats, philanthropists, and academics. Rather, such ideas dovetailed with the political and institutional priorities of significant elements of the Indonesian armed forces and Western-oriented technocrats whose commitment to military rule stretches back to the country's parliamentary period from 1949 to 1959. In this book, then, I attempt to contribute to a reimagining of Indonesia's recent past by exploring the construction and dispersal of American and Indonesian thinking about Indonesian development and the profound effect these had on the emergence of an authoritarian regime in the world's largest Muslim country in the 1960s. In doing so, I explore one of the central dynamics of international politics during the Cold War: the emergence in the so-called third world of authoritarian regimes pledged to and deriving their legitimacy from their commitment to programs of military-led modernization. I argue that, far from paving the way for the post-Cold War flowering of democratic governments and institutions, U.S. encouragement and embrace of such regimes set back the quest for both democracy and independent development and contributed significantly to some of the chief problems—corruption, weak civil societies, military cultures of violence and impunity, and a militant political Islam—that plague many underdeveloped nations in the aftermath of the Cold War.

Former assistant secretary of state William Bundy once described U.S. policy toward Indonesia during the crucial decade of the 1960s as “no more than a sum of decisions to act or not in the face of unpredictable developments.” Bundy's formulation is apt, reflecting not only the blinkered vision with which U.S. officials viewed events outside mainland Southeast Asia but also the judgment of many historians. In contrast to their vast outpourings on the Vietnam War, in which that conflict was explored from nearly every conceivable perspective, scholars of U.S. foreign relations have accorded scant attention to Indonesia, despite the tremendous importance American policymakers accorded the archipelago in their postwar strategic and economic considerations.⁸ One would never know from reading the voluminous

recent literature on the Kennedy and Johnson administrations and Southeast Asia, for example, that until the mid-1960s most officials still considered Indonesia of far greater importance than Vietnam and Laos.⁹

Historians who have explored U.S. relations with Indonesia during this period have portrayed U.S. policy as basically reactive, focused on short-term strategic and political concerns and rooted in bureaucratic conflict. H. W. Brands writes that “the importance of Indonesia to the U.S.” in the 1960s “did not require explanation” owing to its self-evident strategic and economic significance, as if everyone agreed on what that meant and in what context it mattered.¹⁰ American policy throughout is attributed primarily to strategic concerns that the world’s fifth most populous nation would fall to Communism, either boring from within (the PKI) or subverting from without (the Soviet Union from 1960 to 1963, China from 1964 to 1965), contentions that are backed up by boxes of National Security Council (NSC) and Joint Chiefs of Staff (JCS) documents attesting to Washington’s determination to prevent Indonesia’s “loss to communism” and encourage its “free world orientation.”¹¹

Unfortunately, we have yet to answer some of the most basic questions confronting Americans and Indonesians during the 1960s. What was the relationship between Washington’s short-term policy goals for Indonesia and its long-term vision for Indonesian political and economic development? How were U.S. priorities for Indonesia related to the policies it pursued in other parts of the world? How did Indonesians envision their country’s economic and political development, and how did they navigate the difficult shoals of great power conflict and the structural limits of their role in the world economy? How did the destruction of the Indonesian Communist Party and the ascendance of the New Order regime of General Suharto affect these goals? Perhaps most important for our purposes, how did Washington and Jakarta’s commitment to a program of military-led modernization emerge, and what were its long-range implications? Existing accounts of U.S.-Indonesian relations obscure or ignore the long-range developmental vision inextricably linked to the geopolitical and anti-Communist concerns articulated by U.S. officials, social scientists, and businessmen and many Indonesians throughout the 1960s. That vision held out for Indonesia a military-dominated, development-oriented regime integrated into the regional economy and bound to multilateral institutions. It was a vision firmly

embedded in a discourse of modernization, shaping both the ways in which U.S. officials and their Western and Indonesian counterparts thought about Indonesia and the policies they advocated to contain the PKI and lay the foundation for Indonesian political and economic development.

In his magisterial *Global Cold War*, Odd Arne Westad argues for a basic reconceptualization of the dynamics of superpower rivalry in which “the most important aspects of the Cold War were neither military nor strategic, nor Europe-centered but connected to political and social development in the Third World” and the destructive consequences of U.S. and Soviet intervention there.¹² Competing U.S. and Soviet visions of development and the programs of military, economic, and technical assistance that purported to realize them often constituted the most important forms of intervention. In recent years historians have produced a rich literature exploring the role that social scientific theories of development and modernization played in shaping both U.S. and Soviet foreign policy and the developmental visions of people throughout the so-called third world. Modernization theory as a social science paradigm emerged out of postwar concerns with the problems of development and their significance for the United States and as part of a “determined, deliberate drive toward a comprehensive theory of society” that would make it possible to better understand and manage social change in developing countries.¹³ Its proponents generally held to a few core assumptions: the distinction between traditional and modern societies; the integrated and interdependent nature of economic, political, and social change; the universality of linear development toward a common modernity; and the conviction that contact with the West could accelerate the progress of developing countries.¹⁴

By the early 1960s modernization theory dominated social science thinking about political and economic development in both the academic and policy realms. Modernization theorists drew in expected ways on deeply embedded discourses that emphasized both the uniqueness and appropriateness of America’s developmental model for the rest of the world and the cultural superiority of the West in general and the Anglo-Saxon tradition in particular. In the case of the United States such ideas also “resonated with previous combinations of missionary vision and imperial control,” asserting America’s right and ability to transform the underdeveloped world in its image even as officials questioned the capacity of non-Western peoples to overcome “Ori-

ental fatalism” and other “ancient cultural obstacles” to modernity.¹⁵ World War II, however, marked a decisive break with these earlier visions, focusing the attention of policymakers and social scientists on the development of postcolonial nation-states within an integrated world system.¹⁶

But modernization theory was more than a social science paradigm driving research agendas and facilitating cozy relationships between scholars and the national security state.¹⁷ Michael Latham suggests that modernization was “an ideology, a political instrument, an analytical model, a rhetorical tool, a cognitive framework, and a system of beliefs”; in short, “an element of American culture.” It was also a discourse in the Foucaultian sense, a language of development “bound up with actions, practices, and institutional networks . . . of power and authority.”¹⁸ This discourse identified and named “backward” countries according to “universal” and “neutral” criteria set out by social scientists, government agencies, and international institutions such as the IMF, catalogued their shortcomings, and prescribed policies and packages of military, economic, and technical assistance to hasten their inevitable march toward development and modernity. Policymakers held up the U.S. and British experience as universally valid models, ignoring their unique historical circumstances and advantages.¹⁹ By arguing that all countries followed similar paths to development and that the speed with which this was accomplished was largely a matter of timing, contact with the West, national volition, and cultural differences, the discourse of modernization also naturalized and dehistoricized economic and political inequality on a global scale, wiping out the vastly different colonial experiences, for example, of Korea under the Japanese (where colonialism helped to lay the groundwork for late economic development) and Indonesia under the Dutch (where it did nothing of the sort).²⁰ The ideology of modernization thus conflated the historically contingent roles that states played in regional economies and the world system with their stage of development, thereby rationalizing the role that U.S. officials thought countries should play in the international division of labor with their supposed level of cultural and material advancement.²¹

The architects of U.S. policy toward Indonesia heartily embraced this discourse from the moment of their arrival in Washington.²² The Kennedy administration’s Basic National Security Policy for 1962, for example, analyzed U.S. policy toward “underdeveloped areas” wholly within the framework of

modernization. It urged the creation of comprehensive country plans for developing nations with “a clear understanding of the desired pace and direction of modernization, based on our objectives and on the limits and possibilities set by the particular country’s stage of political, social and economic development.” By scrutinizing comprehensive national development plans, MIT social scientist Paul Rosenstein-Rodan suggested that Washington could determine which nations were primed for “take-off” and which were still developing the “pre-conditions” for sustained growth, adjusting the type and amount of aid accordingly.²³

Although modernization theory as a social science paradigm may have originated in the United States in the postwar period, it was part of a larger, widely dispersed fabric of thinking about the process of becoming modern, the origins of which stretch back to the Enlightenment.²⁴ The ideological lure of using state power as an agent for social transformation, however, particularly animated early twentieth century development schemes, taking root not just in New Deal America in the form of the Tennessee Valley Authority, but also in the Soviet Union in the form of collectivized agriculture and the Virgin Lands scheme, in rural redevelopment plans in francophone West Africa, and elsewhere.²⁵ Such schemes resonated in postindependence Indonesia as well.

Concerns about modernization and development, terms used interchangeably by U.S. officials, shaped the policies of both the Kennedy and Johnson administrations toward the developing world.²⁶ In January 1961 Soviet premier Nikita Khrushchev famously (if briefly) suggested that Moscow would support “wars of national liberation,” and Soviet officials pointed to their country’s rapid industrialization as a model for postcolonial states. Moreover, Soviet bloc foreign aid and technical assistance expanded dramatically in the late 1950s and early 1960s, targeting countries such as Cuba, Indonesia, India, Egypt, and Ghana. Deputy national security adviser Walt Rostow, the MIT economist and author of *Stages of Growth: A Non-Communist Manifesto*, warned that unless the United States could respond in kind, the Soviets and Chinese would succeed “in projecting an image of communism as the most efficient method for modernizing the underdeveloped regions.” The Cuban revolution added greater urgency to this challenge.²⁷

The Kennedy administration responded to these challenges by declaring a “Decade of Development,” creating the Agency for International Devel-

opment (AID) and initiating programs such as the Alliance for Progress and the Peace Corps. Perhaps more important, President Kennedy oversaw a worldwide expansion of economic and military assistance and inaugurated a global turn toward counterinsurgency, paving the way for the emergence or consolidation of military modernizing regimes in Asia, Central and Latin America, and the Middle East. The Johnson administration shared its predecessor's commitment to these policies, persisting in the belief that U.S. military and economic assistance, advice, scientific expertise, technology, and culture could decisively shape the economic, political, and social trajectory of developing nations and speed them along the road to a modernity that policymakers defined almost wholly in terms of their own experience.

U.S. officials during the 1960s viewed these challenges in strongly gendered terms, as had their predecessors.²⁸ John F. Kennedy arrived in office amid a perceived crisis of American masculinity linked to allegations of declining U.S. power. William Lederer and Eugene Burdick's best-selling 1958 novel *The Ugly American* charged that flabby, effeminate bureaucrats holed up in U.S. embassies were losing the Cold War in Southeast Asia to their Communist adversaries, who were "out in the villages . . . winning converts to their cause" through hard work, sacrifice, and grassroots economic development programs. *The Ugly American's* portrayal of the Eisenhower administration's foreign policy, Robert Dean argues, "reflected and embodied ideas about foreign aid and counterinsurgency current with Kennedy and many of his advisers," including skepticism of large-scale aid programs involving "military highways, dams, and industrial infrastructure." Washington's support for counterinsurgency, civic action, and Peace Corps activities in countries such as Indonesia during this period can thus be viewed in part as an attempt to promote modernization using more vigorous, individualistic, and masculine aid techniques (the Peace Corps contingent in Indonesia consisted entirely of physical education instructors, Sargent Shriver explained to President Kennedy, in part because "athletics is a matter of national pride and importance" to Sukarno).²⁹

Indonesia loomed especially large in Washington's eyes as one of the few countries in the world where U.S. and Soviet officials competed directly for influence with military, economic, and technical assistance. U.S. aid policy toward Indonesia thus offers a particularly valuable window into the developmental model America was offering as an alternative to Communism,

Socialism, and state-led industrialization. U.S. officials believed that integrated programs of technical, military, and economic assistance and multi-lateral efforts to stabilize the Indonesian economy, while plugging holes in the containment dike being poked by PKI activists and Soviet aid technicians, could set it on the path to economic rationality, political stability, and Western-oriented development. This is the vision that lurked in the background of the military and economic aid package that the Kennedy administration proposed for Indonesia in late 1962 following the brokered settlement of the West New Guinea dispute with the Netherlands. But it was a contested strategy, vulnerable domestically to congressional and hard-line opponents, dependent on the domestic strength of Western-oriented technocrats in Indonesia and on Sukarno's willingness to adopt policies urged upon it by the United States and the IMF, and contingent on Washington's allies playing roles that complemented its regional policies. Chief among these unforeseen contingencies was Britain's formation of Malaysia out of the remnants of its Southeast Asian empire in the early 1960s—London's own attempt to contain and channel Southeast Asian nationalism and development along acceptable lines. Indonesia's opposition to Malaysia's creation in the fall of 1963 would lead over the next two years to a major military and political confrontation with Malaysia, Britain, and, indirectly, the United States, torpedoing the Kennedy administration's plans and accelerating Jakarta's domestic political polarization and economic collapse in late 1965. In the wake of the September 30th Movement, which brought General Suharto to power in 1965, however, this modernizing vision reemerged in slightly altered form to guide policy toward Jakarta as Washington embraced the New Order and sought to restore political and economic stability in Indonesia.

Kennedy's much-maligned undersecretary of state Chester Bowles deftly articulated the broader impulses animating U.S. policy, explaining to Indonesian president Sukarno in November 1961 that Washington's goal was to develop a "stable group [of] independent Asian nations as [an] offset and counter to Chinese Communist power" by creating "an arc of stable and free Asian states based on Japan, Indonesia, India and Pakistan" with the United States as a "helpful bystander"—in other words, former secretary of state Dean Acheson's "great crescent." Bowles drew comparison to the nineteenth-century British empire, whose naval fleet shielded American development, prompting one of Sukarno's ministers to urge similar protection for Jakarta,

noting that the ‘British fleet was just like your seventh fleet today.’³⁰ A few months later Bowles wrote a ‘Draft Memorandum on East and Southeast Asia,’ offering an unusually explicit definition of long-term U.S. goals for the region. Casting Washington’s short-term goals in largely strategic terms, Bowles argued that over the long term the United States should foster ‘increased cooperation among nations of the region’ along lines that ‘must follow the natural flow of economic utility’:

In this context, the U.S. role must remain subtle, sophisticated, and unostentatious. If the fragmentation of free Asia is to be bridged, persistent U.S. leverage is essential: leverage toward increased intra-regional trade, increased productivity, multinational economic development, regional communications arrangements, commodity stabilization plans, and cultural and information exchange.

Our *ultimate* aim, however difficult to achieve, must be the gradual economic integration of the free Asian rim land, from Japan and Korea to India and Pakistan. In the long run, such integration is the only viable basis for increasing political cooperation and for coordinated security planning by the free states of the region.

These ambitious goals necessitated a long-term U.S. presence in the region as a ‘military shield for the developing nations of South and Southeast Asia’ and ‘as the major outside contributor to technical training, economic planning and economic development.’³¹ Here geopolitical and strategic means served world economy ends, a formulation precisely the opposite of most accounts of U.S.-Indonesian relations.³² This was a mature hegemonic vision for the region, gracefully articulating the relationship between power and plenty and the role of the United States in exercising that power—the gloved hand rather than the mailed fist.

The assumptions underpinning U.S. thinking about Indonesia changed remarkably little in the postwar period, tracing ever back to the early postwar period and visions of Indonesia’s role in an integrated regional economy centered on Japan. Upon coming to office, Kennedy administration policymakers began pushing Japan to develop closer ties to Indonesia and urged Tokyo to help underwrite development assistance to Jakarta. As the curtain rang down on the Sukarno era in 1966, the State Department continued pressing Japan to take the lead in organizing multilateral assistance to Jakarta, arguing that ‘the economies of Japan and Indonesia are complementary’

even as it concluded that Japanese capital intended to push American oil companies out of Indonesia—all while American exporters howled about losing markets to Tokyo.³³

Several themes emerge from the account that follows, themes that characterized U.S. relations with Jakarta through the 1960s and its policy in much of the so-called third world during the Cold War.³⁴ The first is Washington's near obsessive fear of Communism in Indonesia, a concern that persisted throughout the period, led U.S. policymakers to substantially exaggerate the likelihood of the Indonesian Communist Party (PKI) coming to power, misjudge the balance of Indonesian social forces, and support the mass killings of alleged PKI supporters in the months following the September 30th Movement. The second theme is the Kennedy and Johnson administrations' commitment to military-led economic and political development, a project that many Indonesian officials also embraced and considered synonymous with modernization. This commitment emerged in heightened fashion following the destruction of the PKI and General Suharto's rise to power in 1966, but, as we will see, it produced its own contradictions for Suharto's New Order regime. The third theme, which flowed directly from Washington's developmental concerns, is Washington's consistent support for authoritarianism in Indonesia and its reliance on the armed forces as the guarantor of economic and political stability, a policy that would guide its relations with Jakarta for the next thirty years and substantively affect the course of Indonesian history.

Four decades after Suharto came to power, the United States continues to intervene politically and militarily in the Islamic world, now under the guise of the so-called war on terror and with the goal of "nation building" in Afghanistan and Iraq and "democracy promotion" elsewhere in the world. And despite endless high-flown rhetoric emanating from the White House about its commitment to freedom and democracy, the United States continues to align itself with authoritarian regimes and armed forces from the Middle East to Southeast Asia, incubating the same forces of political instability, corruption, and political Islam that the modernizing New Order regime helped to unleash in Indonesia. It is to that story, which also began with hopes in Washington and Jakarta for the prospects of democratic development, that I now turn.