

# Strangers Next Door?

## Indonesia and Australia in the Asian Century

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# 1

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## Strangers Next Door?

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TIM LINDSEY AND DAVE McRAE

Australia and Indonesia's immediate neighbourhood is changing fundamentally and both countries know it. Indonesian President Joko Widodo (Jokowi) came to office in 2014 imploring his fellow citizens to 'work, work, and work' to seize an historic opportunity for Indonesia to become a major nation on the world stage. Australia also understands that it will need to transform itself to face the Asian century. That much is clear from the cluster of strategic plans Australia has produced over the past decade: three defence white papers since 2009; the Asian Century white paper in 2013; and, most recently, a foreign policy white paper and a thorough-going intelligence review in 2017. That Australia-Indonesia ties will change because both countries believe regional transformation is imminent is beyond doubt—the real question is how they will change

For Indonesia, recognition of what its leaders see as its 'rising' status must be central to the recalibration of bilateral relations. Former president Susilo Bambang Yudhoyono expressed this point when he rightly called for an update of the 'preposterous mental caricature[s]' that dominate each country's perception of the other in his historic speech to a joint sitting of Australia's federal parliament in 2010 (Yudhoyono 2010). Yudhoyono himself saw the two countries as 'equal stakeholders in a shared future'—arguably an oblique reference to what is often seen in Indonesia as past imbalances in bilateral ties that have advantaged Australia. President Jokowi has been more forthright, asserting on the campaign trail that Australia must not be allowed to 'belittle' Indonesia. Once in office, he instructed his diplomats that all bilateral relationships—that with Australia included—must benefit Indonesia economically, as Evi Fitriani explains in her chapter in this book. This focus on benefit for Indonesia as the key criteria for Indonesia's international relations fits neatly with the views of senior and influential Indonesians speaking at bilateral dialogues and conferences dealing with the Australia-Indonesia relationship. They often say, 'You need us more than we need you', or, as Indonesia rises, 'You now need to show us why you matter'.

Australia too hopes to profit from its ties with Indonesia, as its close neighbour grows in economic clout. Outside government, a sense of Indonesia rising to become an economic giant often spurs anxiety in Australia about opportunity foregone or even fears of future marginalisation. Various analysts have, for example,

judged Australia guilty of ‘a spectacular failure to capitalise on Indonesia’s remarkably smooth democratic transition’ (Hanson 2012), or as having ‘egregiously ... misspent’ (White 2013) unprecedented chances to build a new relationship under Yudhoyono, to cite just two examples. The language of officials is more restrained but also anticipates that Australia will require new strategies to manage ties with Indonesia in the future, as Indonesia transforms. Australia ‘may need to become more selective in what we push and what we ask for’, the then Department of Foreign Affairs (DFAT) secretary Dennis Richardson wrote in 2012. A wealthier and more confident neighbour, he suggested, makes it ‘increasingly difficult for Australia to gain the attention of Indonesian decision makers to the extent that we think our interests might warrant’ (DFAT 2012: 6)—or, it might be argued, to the extent Australia has often been able to achieve in the past few decades.

In these sentiments, the possibility is clear that Australia and Indonesia may largely go their separate ways, and thereby resemble strangers living next door to each other as the Asian Century rolls on. Certainly, if bilateral ties are left to their numerous sceptics and opponents—who may even form a majority in each country—this will be the outcome. As Dave McRae and Diane Zhang set out in their chapter on public opinion polling of Australian attitudes to Indonesia, polls consistently reveal enduring ill-disposed attitudes and mistrust of Indonesia, and sometimes even hostility. Survey data demonstrate that a significant portion of Australians missed Indonesia’s democratic transition altogether and wrongly believe it is still an authoritarian regime run by the military or even that law-making in Indonesia is based on Islamic codes. Indeed, Greg Fealy argues in his chapter that Islam in Indonesia has been consistently exaggerated or overlooked (either way, misunderstood) by governments and the public in Australia.

Education has not been effective in countering these stereotypes. In fact, Indonesian studies—like much Asia-related curriculum content other than Mandarin—is in decline at primary and secondary levels. The Bali bombings of 2002 and 2005 made it difficult for Australian schools to offer pupils studying Indonesian in-country immersion experiences for many years afterwards, and the knock-on effects are still felt. Moreover, as McRae and Zhang also show, the Indonesian diaspora is much smaller than other communities—roughly a ninth the size of the Chinese in Australia—rendering it less able to generate more positive perceptions of the archipelago. For all its energy and ability (described evocatively by Virginia Hooker in her chapter on women in the bilateral relationship), the Indonesian community in Australia is simply not large enough to be an effective counter to wider popular misunderstandings of their country of origin about their country of adoption, or vice versa. The same is true for the various enthusiastic youth organisations that consciously set out to bridge the difference between Australia and Indonesia that Rachelle Cole and Arjuna Dibley describe in their chapter. These groups do excellent work but their impact will always be greatly constrained by scale.

It also does not help that Australian ignorance of its ‘Near North’ is reciprocated. Indonesians usually look north too, and that means they rarely look back

at Australia—and when they do, it is often with suspicion. As Yudhoyono noted in his speech, ‘preposterous mental caricatures’ are not unique to this side of the Arafura Sea. He said that some Indonesians ‘still suffer from “Australiaphobia” and believe in the notion of the old “white Australia”, that harbours ill-intention towards Indonesia’. This is true despite the fact that Australia has for decades hosted between 13,000 and 20,000 Indonesian students every year, making this country the foremost destination for Indonesians studying abroad.

In fact, most Australians have considerable difficulty in accepting that their country’s reputation in Indonesia is often poor. Like many Indonesians discussing Australia, Yudhoyono specifically mentioned the White Australia policy, which only formally ended in the 1970s. This policy is still within the memory of living Indonesians, many of them senior government figures. If he were less polite, Yudhoyono might also have mentioned that although white women may have voted for most of the federation, indigenous people had to wait until 1962 to be enfranchised, a point often made by Indonesians criticising Australia.

As this suggests, Indonesian attitudes to Australia are still influenced in subtle ways by remnants of hostility to colonialism. The powerful rhetoric of nationalism, unsurprisingly, embraces a deep suspicion of Western colonial ambitions. Indonesia’s bloody revolution against the Dutch (1945–49) is still a fundamental part of school curricula and national imagery. The generation of soldiers who fought in 1945 (which included Soeharto) have only recently left the political stage, replaced by veterans of East Timor, which seceded from Indonesia with Australian support. Ingrained distrust of whites as inherently neo-colonial persists, and Australia, for all its growing diversity, is firmly ‘white’ in Indonesian eyes.

Many Indonesians find these ideas hard to resist, which is why most erroneously (but genuinely) believe Australia wants an independent Papua as a client state, and why many are routinely suspicious of Australia’s motives in its dealings with Indonesia. Such suspicions resonate with a broader preference of Indonesian officials, identified by Richard Chauvel in his chapter, to fail to recognise the agency of Papuan activists in gaining international attention for their cause, instead attributing support for independence to foreign meddling—often by Australians. In fact, most Indonesians are mostly indifferent to Australia but suspicion of Australian ambitions to control eastern Indonesia (where Christians form a much larger minority than in western Indonesia) is a common default position, including in government departments. So, for example, Imron Cotan, then Indonesian Ambassador to Australia, told an Australian journalist in 2004 that ‘while helping his country’s Foreign Affairs Ministry assess applicants for diplomatic positions ‘it emerged that 95 per cent of the 6000 aspirants held ‘anti-Australian views’ (Daley 2004).

It is this broad-based popular indifference, dislike or dormant prejudice that is sometimes provoked into resentment or hostility when incited by small cliques in Indonesia for various political purposes. These provocateurs have in the past included groups within the legislature, the military (most recently, its then chief, General Gatot Nurmantyo), a few newspapers, and small but vocal groups of

conservative Islamists. Despite the commonly-held view that Indonesia is rising, many Indonesia leaders remain insecure about Indonesia's standing in the world, and sensitive to perceived slights from 'white' nations, particularly in relation to the exaggerated notions of 'national sovereignty' that are common stock-in-trade for Indonesian politicians. An escalation of nationalist and 'sovereignty' rhetoric since 2014 has increased Indonesian insecurity about their place in the world, despite (or perhaps because of) the perception that the country is rising and on track to become a significant power.<sup>1</sup> This greatly complicates foreign relations and, in particular, the bilateral relationship.

Indonesia does not enjoy easy relations with any of its neighbours and for all the reasons just discussed, Australia is no exception. In fact, it is often observed that there are no two neighbouring countries that are more different than Indonesia and Australia. Race, ethnicity, language, majority religion, economy, geography, demography and history all differ greatly between the two countries; so to do the legal systems of the two countries. Likewise, while both countries are democracies, Indonesia's system is more like the American model than the Westminster one with which Australians are familiar. In fact, Australia and Indonesia are, in many ways, the international 'odd couple'. These differences of religion, ethnicity, economic development and historical experience are not fatal to good bilateral relations; they can be bridged and often are. However, they can easily become flashpoints—and often do—and that is a large part of what makes the relationship between the two countries particularly turbulent and often unpredictable.

Many of the contributors to *Strangers Next Door* argue that to alter this dynamic, Australia needs to understand Indonesia better to engage with it more successfully, while also finding new ways to encourage it do the same with Australia. That is not easy. As this book clearly shows, much that can be done has already been attempted, often with some success, but these efforts need to be scaled up dramatically if they are to have real impact in a nation of 270 million. Unfortunately, there are scant resources available for that purpose. In fact, if anything, the book shows that Australian government support for bilateral people-to-people links and public diplomacy has fallen over the last decade, as John McCarthy forcefully argues in his chapter. Likewise, Australian aid has been cut by 40%, as Robin Davies explains in his chapter surveying the bilateral aid relationship, in which he observes that both countries must reflect anew upon this aspect of bilateral ties to ensure 'Australia's aid is more valued than tolerated'. Australian business engagement also remains lacklustre, Debnath Guharoy's chapter claims, with Australian businesses often just 'not interested'.

However, as the contributions to this volume also demonstrate, a focus on fragility, disruption and turbulence alone does not accurately capture the overall dynamic of Australia-Indonesia ties. Although there have been significant tensions in the bilateral relationship since Indonesia's democratisation, with that country recalling its ambassador twice and Australia once, the bilateral relationship has

<sup>1</sup> Aspinall (2016) provides an illuminating review of this phenomenon.

nonetheless grown incrementally broader and, in a range of respects, warmer over the same period. Freed of the complications that Indonesia's authoritarian regime created, and with tensions over East Timor now more distant, official cooperation has come to span a broad range of government business. Summitry has likewise expanded to include annual leaders' meetings, so-called '2+2' defence and foreign ministers meetings, and a regular 'track two' Indonesia-Australia dialogue. Ministerial visits are also common now, although it is much more often Australian than Indonesian ministers who get on the plane. In any case, cooperation has been close and expanding across government, and in many other sectors as well.

As Michael McKenzie sets out in his chapter, police cooperation provides an excellent example of how bilateral ties deepened despite recurrent turbulence. In fact, McKenzie argues, since the late 1990s bilateral police-to-police relations have been relatively independent of national politics, with ties instead deepening based on a shared professional subculture built on 'fighting a common enemy'. Remarkably, McKenzie's account has it that this shared subculture has allowed the police relationship to navigate the most serious bilateral rows of the past two decades largely unscathed, with police ties if anything reinforced by each force's common deployment to East Timor. Another fractious episode, the 2002 Bali bombings, spurred intimate counter-terrorism cooperation. The key setback to police cooperation ultimately did not result from an external political row, McKenzie explains, but from what Indonesian police saw as improper use of information shared with Australian police counterparts. More recently, however, the emergence of the Islamic State in the region sees the two forces again moving to cooperate in pursuit of a common enemy.

The arts sector has not been as resilient during periods of turbulent ties: Joseph Mitchell and Lydia Teychenné recount cases of festivals cancelled and artists disinclined to attend. Nevertheless, they overall describe a bilateral arts scene reinvigorated by the freedom to explore contentious contemporary issues that Indonesian artists found after Soeharto's fall. This is evident in the increasing involvement of Indonesians in some of Australia's major artistic festivals, reminding Australian audiences that modern Indonesian culture is just as rich and vibrant as the ancient artistic traditions more often associated with that country. In part, DFAT's public diplomacy imperatives and the greater resources available in Australia drive increasing arts cooperation, the authors argue, although these resources are nowhere near enough, a view John McCarthy supports in his chapter. Finally, Mitchell and Teychenné stress that a shared recognition that 'artistic exchange can play a major role in deepening the dialogue and understanding' between two countries is crucial too, with both still having much to learn from each other.

Education is another sector where ties have continued to deepen—at the tertiary level, at least. The number of Australian scholarship recipients studying at Australian universities has ticked past 18,000 (Purdey cited in Hill, in this volume), with a potential impact that goes well beyond what the numbers suggest. Whatever the resentment of Australia among Indonesia's foreign policy thinkers, this education relationship is among the factors that generates a significant

reservoir of goodwill. Both chapters on education in this volume highlight the role of Indonesian alumni in broadening and deepening bilateral ties. Writing from an Australian perspective, David Hill notes the ‘extraordinary concentration of knowledge about Australia and Australian society’ resulting from 4 of 34 Yudhoyono-era ministers holding Australian degrees, in a government he observes was one the most favourably-disposed Indonesian administrations towards Australia. In their chapter, Najib Azca, Atin Prabandari and Priyambudi Sulistiyanto similarly highlight the role of influential alumni but focus on their role in facilitating the expansion of collaborative ties between Australian and Indonesian universities. Of particular advantage to such collaboration, various Indonesian alumni have risen to senior ranks in their home institutions. Two of the past six rectors at Indonesia’s prestigious Gadjah Mada University received their PhDs in Australia, for example, with the more recent of these, Professor Pratikno, plucked from his university leadership role to become Minister of the State Secretariat in President Jokowi’s cabinet.

The deepening of bilateral ties is also evident in the state of knowledge of Indonesia in Australian government, academia and the media, even if the huge challenges facing Indonesian studies as it struggles to survive in Australian schools raise concerns about sustainability. Knowledge of Indonesia in these sectors remains strong, in contrast to the wider community. Hill is correct to observe that Australian politicians do not share analogous in-country study experiences with their Indonesian counterparts. However, Indonesia specialists, alumni of ACICIS,<sup>2</sup> AIYEP<sup>3</sup> and other student exchange programs, along with diplomats with experience in Jakarta, fill numerous government positions, some senior. They notably include the current Defence department secretary Greg Moriarty, a former ambassador to Indonesia. According to a 2014 census exercise, more than 130 academics at Australian universities are engaged primarily in the study of Indonesia (Ford 2014)—a number unrivalled in any country other than Indonesia, with the openness of Indonesia’s political system now enabling Australia-based academics to research topics once considered too sensitive for foreigners.

One sign of Australia’s academic knowledge of Indonesia was the prominence of Australian university blogs such as *Election Watch Indonesia* and *New Mandala* in coverage of Indonesia’s 2014 elections.<sup>4</sup> These elections also showcased the strength of Australia’s media presence in Indonesia, with Australian readers and

<sup>2</sup> ACICIS is ‘a cross-university Australian Consortium for In-Country Indonesian Studies (open to all universities, to facilitate the placement of Australian undergraduates into Indonesian universities’ (Hill, this volume).

<sup>3</sup> AIYEP is the Australia-Indonesia Youth Exchange Program, established in 1981 and run by the Australia Indonesia Institute in DFAT. This brings Australian and Indonesian students to each other countries for community based programs. ‘Both groups participate in work placements, home stays, cultural performances and visits to local schools and communities’ (Cole and Dibley, in this volume).

<sup>4</sup> Both authors were involved with *Election Watch Indonesia*, run by the University of Melbourne. The blog has since become *Indonesia at Melbourne*. Both authors are members of its editorial board.

viewers receiving a depth of coverage of the polls that its news organisations would struggle to provide for most other countries. As Michael Bachelard recounts in his chapter, Jakarta remains a key foreign bureau for serious Australian news organisations, with correspondents driven to provide ever-greater volumes of reportage by the new demands of technology and the news cycle.

## Future Prospects

It is not hard to identify issues on which Australians and Indonesians often do not see eye to eye. Examples of areas where differences of opinion are common include human rights (as Ken Setiawan shows in her chapter), the status of Papua (Richard Chauvel) or, as Denny Indrayana and Tim Lindsey argue in their chapters, criminal law, including the death penalty and drugs sentencing. As Antje Missbach shows in her comprehensive chapter, asylum seekers and people smuggling are another common area of disagreement. Nonetheless, as we said at the start of this chapter—and as Richard Woolcott insists in his chapter—the leaders of the two countries do share the view that the Asian century has already begun to transform Indonesia and that this will demand a recalibration of Australia-Indonesia relations. Endy Bayuni suggests in his chapter that this is already underway. This raises the question of what are likely to be the issues that will define bilateral ties in the decades ahead, and how will they be managed?

For both countries, China's rise and its apparent drive for regional primacy presents the greatest near-term strategic challenge. For Indonesia, its northern neighbour's increasing power carries the additional challenge of Chinese vessels' assertiveness in the area of the South China Sea that Indonesia claims as its exclusive economic zone (EEZ). Certainly, this situation could see Australia fade further from calculations, as Indonesian defence planners and diplomats focus north on Southeast Asia, the region that, as Catherine Renshaw shows in her chapter, Indonesia sees as its 'sphere of influence' and would hope to one day dominate. However, in an era where Australian strategic planners no longer perceive Indonesia as a threat, Australia can have a substantial say in how important it becomes in Indonesia's strategic equation, as Peter Jennings argues in his chapter. He advocates bold steps to produce a closer strategic relationship between the two countries' defence establishments, such as the gifting of two ANZAC frigates to Indonesia, making Australia's Cocos islands facility available to Indonesia, and seeking to supply Indonesia with vessels to better patrol its EEZ.

Jennings is not convinced that the strong language of Australia's 2016 White Paper, which places critical importance on 'strong and productive ties' with Indonesia, will be matched by transformative action. Bureaucracies everywhere, he observes, tend to default to 'steady-state engagement'.

In fact, a gap between political rhetoric and action has been a persistent feature of political discussion of bilateral ties in Australia. Both sides of politics

have long acknowledged that Asia's growing geo-political and economic significance will force a reshaping our ties with the region, including with Indonesia, the giant of Southeast Asia.

Prime Minister Paul Keating famously said in 1994, 'No country is more important to Australia than Indonesia. If we fail to get this relationship right, and nurture and develop it, the whole web of our foreign relations is incomplete'. While many Australia politicians would not be so sweeping, most would now agree that Indonesia matters more to Australia than it has for many years and should be a priority for Australia in its dealings with the world. As former Prime Minister Tony Abbott put it, Australia needs 'More Jakarta, less Geneva'. Australian politicians understand that Indonesia: straddles our vital principal commercial air and sea lanes to the north; mediates our access to Southeast Asian regional forums and diplomacy; is the key to our northern defence; and controls the vital deep sea naval passages in the Lombok and Makassar Straits. They also know that if China becomes more bellicose in the seas to its south, Indonesia will only become more strategically important to the West.

Australian politicians often struggle, however, to turn this understanding into concrete and effective policies, hampered by the fact that it is emotive issues of transnational crime and sovereignty that most often draw Indonesia into Australia's domestic political debate, as Tim Lindsey shows in his chapter on the place of Bali in the bilateral relationship. Thus although each of Australia's major parties has sought to depict itself as the most capable guardian of ties with Indonesia, and indeed almost all governments have stepped in to mend fences when ties have been truly strained (McRae forthcoming), the relationship has always been subject to ongoing domestic politicking (although the most inflammatory rhetoric, it must be noted, has often emanated from outside the government of the day). Much as almost all Keating's successors have echoed his 'no more important relationship' language, the importance of bilateral ties has frequently been trumped by other policy imperatives, usually domestic in nature. As Tony Abbott found, these can render commitment to 'more Jakarta' nugatory.

In Indonesia, Australia is rarely an important part of the calculations of Indonesian policy-makers when they consider how to ensure or expand their country's regional and global standing. This is all the more true now, because President Joko Widodo (unlike his predecessor) does not regard his country's relationship with Australia as a special one. This reflects a view among the elite in Indonesia that their country ought rightly be the senior partner in the bilateral relationship and Australia needs to show why it should be given attention, as Evi Fitriani explains in her chapter. Australia is a low-ranked trading and investment partner for Indonesia, and that is unlikely to change soon, given Australia invests far more in each of New Zealand, Luxembourg, Ireland, Papua New Guinea and most other Southeast Asian countries than in Indonesia.

In his chapter, Debnath Guharoy argues that this is a result of the persistent popular misunderstandings of Indonesia in Australia described above. He says these have led Australian business to be apathetic or unjustifiably risk-averse

when presented with business opportunities in Indonesia—they need to do much more, he says. In fact, Guharoy calls for a major shake-up of business attitudes to Indonesia so Australia can make the most of its serendipitous geography and not miss out on Indonesia's predicted boom.

Matthew Busch agrees that Australian trade and investment is underdone but says much of the reason for this relates to Indonesian policymakers' failure to provide an attractive, reliable and predictable environment for business. He argues that most of what can be done by Australian governments and businesses has, in fact, already been attempted. It is now up to Indonesia, Busch suggests, to reform itself if it is to win the foreign investment that economists and policymakers agree is essential for its 'rise'. Without that, it will be difficult for Australia to 'do more' about business engagement. Whoever is right, there can be little doubt that Indonesia's economic performance and Australia's responses to it will play a critical part in the future of the bilateral relationship.

Finally, Papua will, as mentioned, continue to be a major fault line in the relationship. Ken Setiawan and Richard Chauvel both show in their chapters that Papua has long sat at the intersection of powerful and often conflicting ideas about human rights and national sovereignty in the two countries. Many of the Australian activist groups that Jemma Purdey describes in her chapter that for so long lobbied for democracy in Indonesia and self-determination for East Timor now see Papuan independence as a similar cause. In this sense, Papua has come to replace East Timor as what Ali Alatas famously called Indonesia's 'pebble in the shoe' (Thompson 2006)—at least in the context of its dealings with Australia. It is, in fact, one of the few strategic issues that consistently pulls Indonesian attention southwards, and as Richard Chauvel argues, will continue to do so as activists increase their pro-Papua diplomacy in the Pacific, squarely in Australia's diplomatic and economic sphere of influence.

## Conclusion

Certainly, the challenges ahead for Australia-Indonesia ties are considerable at a time of rapid and far-reaching change right across Asia, with Indonesia seemingly poised for dramatic transformation. Policymakers in both Australia and Indonesia may find themselves having to rethink many of the traditional assumptions about how these two very different countries will interact. Their wider communities may even eventually be forced to reconsider the caricatures that have long dominated their perceptions of one another.

In that context, this book is an attempt to make a contribution to thinking about how the bilateral relationship between Indonesia and Australia might be better than it is. Principally, it seeks to map the trajectory of the volatile relationship between these two strange neighbours. To do so, it brings insiders and leading observers from both sides of the Arafura Sea together to critically assess the state

of Australia-Indonesia relations and their future prospects, offering insights into why the relationship is important, why it is so often in crisis, and what might be done to improve relations between the two countries.

*Strangers Next Door* also aims to offer this analysis of the bilateral relationship across a wide spectrum of areas of engagement. While our contributors certainly do not always agree with one another, together they clearly demonstrate the surprising depth and diversity of links between the two countries. While often hidden, this depth and diversity is, in fact, a foundation on which better relations might be constructed, but only if the will and the resources were there to do so—and for now that remains a big ‘if’ for both countries.

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