

**SPEECH BY
H.E. DR. SUSILO BAMBANG YUDHOYONO
PRESIDENT OF THE REPUBLIC OF INDONESIA**

“INDONESIA : REGIONAL ROLE, GLOBAL REACH”

**at the
LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE (LSE)**

London, 31 March 2009

Your Excellency Sir Howard Davies, Director of the LSE,
Excellencies, Ministers, Members of Parliament, Ambassadors,
Distinguished Members of the Faculty,
Students of this Great Institution of Learning,
Ladies and Gentlemen,

It is a great pleasure and honour for me to be here. I thank the London School of Economics and Political Science for inviting me here today to talk about Indonesia and our worldview.

The reputation of LSE, widely known as one of the world’s best Universities, is well known in Indonesia. I am delighted that many Indonesians have studied here, and some have even come to work for me. (*Joke : You may take it as a good sign that LSE graduates do get jobs once they leave campus.*) My Minister for Defence obtained his Doctorate Degree here, and so did my spokesperson, Dr. Dino Patti Djalal – both under the supervision of the late Dr. Michael Leifer, one of the best experts on Southeast Asian Affairs ever produced by Great Britain.

I also wish to commend the LSE which through IDEAS Centre for International Affairs, Diplomacy and Grand Strategy has just set up the Southeast Asia International Affairs Programme headed by Dr. Munir Majid.

I am glad to see here today so many young faces glowing with optimism. So let me begin by telling you a story about optimism. This is a true story reported in the mass media. During one of the sessions at the latest World Economic Forum in Davos, the panelists noted that all the talk about the global economy was consistently pessimistic. All gloom and doom. And no silver lining.

Then one asked the question: “Isn’t there one optimist in this room at all?”

And another answered: “Yes, if we can find an Indonesian. Is there an Indonesian with us here?”

I like this anecdote because, frankly, optimism is what has made Indonesia what we are today. The story of Indonesia has not always been an easy one, but it is a remarkable one. An epic story of survival against the odds.

Just a few years ago, Indonesia made headlines around the world - including here in the BBC, the Daily Telegraph, The Guardian – for all the troubles that beset us: economic crisis, East Timor, Aceh, ethnic conflicts, terrorism, political crises. Back then, it seemed nothing could go right with Indonesia.

Some circles predicted that, after East Timor broke away from us, Indonesia would fall into “Balkanization”. It would shatter into bits and pieces. Others thought that Indonesia would crumble under the weight of a disorderly democratic transition.

And why not? Between 1998 and 2004, we had four Presidents – Soeharto, Habibie, Abdurrachman Wahid and Megawati Soekarnoputri - an average of one President every 1,5 year. Thomas Friedman called Indonesia a “messy state.. too large to fail, too messy to work”. But former US Secretary of State Colin Powell was perceptive enough to cite Indonesia as “the most misunderstood country in the world” and I think he was right.

But that picture of disorder and uncertainty no longer represents us today. After all our trials and tribulations, Indonesia today has become a remarkably resilient country.

In a world wrecked by a devastating financial tsunami, Indonesia last year registered 6 % growth – among the three highest in Asia. This year we expect a slower but still respectable 4,5 % growth.

In a world that is still festering with ethnic conflicts, Indonesia has become more united by resolving the conflicts in Aceh, and promoting political and social reforms in Papua.

Today, Indonesia is the third largest democracy in the world – after India and the United States. We are Southeast Asia’s largest and arguably strongest democracy.

And not just a democracy by name – we are a vibrant democracy, with a free press, a multi-party system and regular elections. We are a functioning democracy that has maintained our brand of moderation and tolerance.

And we have been able to achieve that rare thing among countries undergoing transition : that is, to marry democracy with stability. When my current term ends in October this year, *insya allah*, my Government will be the first since *reformasi* began to complete a full 5-year term. Perhaps this is why The Economist stated that “Indonesia sets an example” in our democratic development.

Indeed, Indonesia in recent years has undergone a “quiet revolution” : by the end of this year, every Governor, regent, mayor, local Parliament throughout Indonesia will have been directly elected by the people. This has not only dramatically changed the

political landscape, it has also turned the political pyramid upside down. And all this is happening in an orderly manner, without chaos and bloodshed.

This month, we will hold Parliamentary elections, and Presidential elections in July. What is pertinent with this year's elections is NOT who will win, but what it means historically for us : after 3 elections – in 1999, 2004, and 2009 – Indonesia's democracy has achieved a point of no return. Indonesians not only accept democracy as a fact of life, but also embrace it passionately and are willing to defend it when it is under threat.

Indeed, Indonesia is now widely regarded as a living proof that democracy, Islam and modernity can go hand-in-hand harmoniously.

Our reputation for tolerance and harmony is not something that happened just now. We have been working hard at it since time immemorial, in the process developing and nurturing a tradition of consultation toward consensus, "Musyawarah untuk Mufakat." The majority does not impose its will on the minority. There is a thorough process of consultation before consensus is reached, a process in which all views are expressed and all interests are taken into account—including those of minorities. That is how we achieve harmony in an immensely pluralistic society.

And because throughout our history, the cultures of three Oriental, Islamic and Western civilizations have found a home in Indonesia, we have been given a new role. We have come to be regarded as the natural bridge between the Western world on one hand and the Islamic and Oriental worlds on the other. And "bridges" – strategic bridges, generational bridges, technological bridges, cultural bridges, economic bridges, religious bridges - are what the 21st century world order will need plenty of.

This is why Indonesia has been organizing and sponsoring interfaith, intercultural and inter-media dialogues, not only among our national communities but also among nations in the Asia-Pacific region. We have also been co-sponsoring similar dialogues on an interregional and global basis.

In fact, I have vigorously pursued what I call an "all directions foreign policy", a post-Cold War 21st century foreign policy outlook where Indonesia seeks a "million friends and zero enemy".

That is because we know that our international engagement is the key to our success, to our security, and to our prosperity. Our economy cannot survive while the global economy collapses. We cannot have a destiny that is separate from that of our immediate neighborhood, Southeast Asia, and our region, East Asia.

Indeed, it is NOT ONLY Indonesia that is rapidly changing. Southeast Asia is also a very different place today. It has experienced fundamental geopolitical and geo-economic shifts. It is no longer the war-torn region of yesteryear.

Once divided by Cold War politics, Southeast Asia has become the ASEAN region. With the ASEAN Free Trade Agreement already in force, we have become the ASEAN Economic Community. The ten economies of ASEAN have become a single market for goods and services and a single production base.

Several decades ago, Southeast Asia was a cockpit for Cold War strategic rivalry and inter-state as well as internal wars. Today, no external major powers is involved against another in a proxy war in our region, and no ASEAN member is at war against another. While internal conflicts still exist in some parts, these are so low in intensity that do not affect the overall stability of the region.

And today, many external powers have signed on to the ASEAN Treaty of Amity and Cooperation – contributing to our region’s strategic stability : Australia, China, Japan, India, Russia, South Korea and so on. With this Treaty, signatories and acceding states renounce the use of force and bind themselves to the peaceful settlement of disputes. We hope that the United States will accede to the Treaty soon, and there are signs that it just might happen.

A key part of the region’s transformation is ASEAN’s effort to become an ASEAN Community by 2015. The envisioned ASEAN Community would rest on three pillars: the ASEAN Politico-security Community, the ASEAN Economic Community and the ASEAN Socio-cultural Community.

To boost the effort to build these three pillars and ultimately the ASEAN Community itself, the member states formulated and adopted an ASEAN Charter, designed to retool and adapt ASEAN for 21st century challenges. Last December, the Charter, which gives ASEAN a legal personality and greatly strengthens it, entered into force.

Indonesia worked hard to ensure that, through the Charter, ASEAN gets its politics right. And to ensure that its members are committed to democracy and democratization, and to the promotion and protection of human rights. In our time, we in ASEAN can no longer afford to be allergic to democracy and human rights.

Thus, Indonesia pushed for a provision stipulating the creation of a Regional Human Rights body. Hence, by virtue of the Charter, all ASEAN members are committed to the values of democracy and human rights—including Myanmar.

Now Myanmar is legally bound by the Charter to make substantive progress in the implementation of its own Roadmap to Democracy, and to attain national reconciliation. It is legally bound by the Charter to make sure that the elections it will hold next year are free and democratic.

I notice that in the West, discussions on Myanmar tend to focus on the “democracy” aspect. This is of course important. But there is another aspect which do not get enough attention: Myanmar’s struggle to maintain its national unity and territorial integrity. We simply cannot allow Myanmar to break apart, because that will lead to a bloodbath and a humanitarian disaster that would undermine regional order and stability.

In my engagement with Myanmar’s leaders, I have always stressed in no uncertain terms Indonesia’s full support for Myanmar’s national unity. And I do believe that Indonesia’s historical experience, having gone through difficult periods of transition

from authoritarian Government to democracy as well as ethnic conflicts, is relevant to the solution of the problem of Myanmar.

We must therefore help ensure that at the end of the day Myanmar will emerge as a democratic and united country.

I also believe that any attempt to isolate Myanmar will be counter-productive. Myanmar is entering a critical phase in the run-up to elections next year, the final stages of its own seven-step Roadmap to democracy. The challenge here is for Myanmar to show that there is a credible and inclusive process of democratic transition at work. This is therefore the time for greater – not less – engagement, especially by Myanmar's neighbors. I know this is also what the UN Secretary-General and his Personal Representative Professor Ibrahim Gambari are trying to do.

Excellencies, Ladies and Gentlemen,

While ASEAN looks after its own members, like Myanmar, it is also an outward-looking regional organization. Thus, ASEAN leads the shaping of a new architecture of the East Asia region. This can be seen from the processes of ASEAN Plus Three, which groups ASEAN with China, Japan and South Korea, and the East Asia Summit, which groups the ASEAN Plus Three countries with India, Australia and New Zealand.

In 1997, ASEAN Plus Three (APT) was established to address the Asian financial crisis. The ASEAN Plus Three Process gained such momentum that in 2004, ASEAN launched the idea of an East Asia Summit. To some, the East Asia Summit should comprise the ASEAN Plus Three countries. But Indonesia pushed for a more inclusive idea of East Asia, one that embraced India, Australia and New Zealand.

Thus, ASEAN redefined the notion of East Asia so that it is no longer just a geographical, racial or cultural entity—but an entity formed over many years of habitual and intensive consultation and cooperation between ASEAN and its dialogue partners.

Like Indonesia itself with its immense diversity of ethnic cultures, East Asia is made of countries that are widely varied, but are bound together and made one by a commonality of purpose and values.

With this concept of a more inclusive East Asia, ASEAN remains at the centre not only geographically but also in terms of occupying the driver's seat in this important process.

This is important because East Asia will continue to experience, in the short medium and long-terms, changing dynamics of power relationships. While power relationships remain fluid, it is important that a new equilibrium be reached, one that would provide mutual accommodation between the major powers, but in the form of a win-win relationship that would not be at the expense of medium and smaller powers.

And thus one day when East Asia is better crafted and more firmly institutionalized, the United States, Russia and the European Union could join the East Asia process as observers.

This is not to say that East Asia will become the Oriental clone of the European Union. Historically, culturally and even economically, the EU nations are so much more similar to one another than us in East Asia. At present we in East Asia are too diverse to place ourselves under a supra-government or to form a superbureaucracy. But we can integrate in real, dynamic and effective ways.

For instance, ASEAN has completed—or is nearly completing—a process of negotiating free trade area agreements with six dialogue partners, which can lead to the establishment of an East Asia free trade area by 2012 or 2015 at the latest. Here, we are talking about a group involving an aggregate population of 3.6 billion, and of combined powerhouses in Asia.

In a way, this will repeat the process within ASEAN soon after its founding in Bangkok, which makes use of economic cooperation as the driving force of its integration. Thus the new East Asia will be consolidated first through a process of economic integration before it goes all-out for political cooperation.

Nevertheless, we have made an early effort at political cooperation. Last December, Indonesia organized the Bali Democracy Forum, the first inter-governmental forum in Asia about democracy. At non-governmental levels, the region has had countless discussions on democracy. But this was the first time that a home-grown, Asia-wide dialogue among government officials took place about democracy.

Indonesia will sustain and support the Forum through an Institute of Peace and Democracy. Friends in the international community have indicated that they will help us in this effort.

Excellencies, Ladies and Gentlemen,

I have presented to you Indonesia's vision of the regional architecture of East Asia. It is a regional architecture that will strive for balance—balance among the component powers of that architecture and balance between economic development and political development.

I realize well enough, however, that it is not enough to have a regional vision. We must also have a global vision, most especially at a time when the whole world, without exception, is reeling from the impact of a global economic and financial crisis.

That is why Indonesia is deeply involved in the work of the G-20, which is humankind's best hope for the solution—or the beginning of a solution—to the crisis that has engulfed us all. And that is why I am here in London today—to attend the G-20 Summit after visiting this nice institution.

The G-20 was created in 1999 after the 1998 Asian Financial Crisis as a forum of finance ministers and central bank governors. Given the severity of the global financial

crisis that broke out in the second half of last year, the G20 has been elevated to the Leaders level with the first summit in Washington last November. Today, we are having our second meeting in London and we hope there will be a meeting later in the year in Asia.

The G20 Summit has become de facto the world economy steering committee because it represents the major economies in the world, accounting for 80 percent of GDP and 90 percent of world trade. Developed and developing countries, and geographical regions are represented in this forum.

In facing this very serious challenge of overcoming the worst global recession in 60 years, the G20 Summit is crucial to the building of global confidence and global togetherness to get us out of this complex financial collapse, which has had a devastating impact on the world economy.

Much has been done and achieved since the last meeting. We have all undertaken countercyclical measures and the Ministers of Finance, Central Bank Governors and their officials have worked on an agenda of reform of the financial architecture and international financial institutions.

However, more needs to be done. Let me share with you a few points that I will bring up at the G20 Summit.

First, we urge the US and other developed countries to give priority to the cleaning up of the toxic assets in the financial system. Otherwise it would be difficult to get financial flows going.

Second, since the Washington G20 Summit, Indonesia has sent a very strong message that in resolving this crisis we must not forget the developing and emerging countries that have limited resources to prevent the drying up of liquidity, investment and capital on their economies.

These developing and emerging countries, have worked hard at building up their economies, institutions and governance structures. They have undertaken difficult reforms – and achieved remarkable progress toward development goals such as poverty reduction. They must not be punished. They must not be left to suffer unmanageable increases in poverty.

There must be a global expenditure fund to serve as buffer and to provide these countries with needed financing so that their budgets can sustain development goals. There has been progress on this idea and we hope that there will be an announcement regarding the availability of this fund at this meeting.

Third, there must be financial architecture reforms and disciplines that will prevent another financial bubble from creating such unprecedented havoc, not only in the countries where the bubble originated --- but also in the rest of the world.

Fourth the multilateral agencies—the IMF, the World Bank and others-- must rise to the challenge of this unprecedented world economic crisis. This means greater resources, flexibility in utilizing these resources and the reform and improvement of the

governance of these institutions. This will entail a better system of representation at these institutions to reflect the changing geo-economics of the world.

Finally, I also believe that the world economy will not recover without the recovery of the real economy. Therefore, we must ensure that there will be no increased restrictions that will hamper the flows of trade, investment, capital and even people. The surest way to prevent protectionism is to ensure that the major economies, (especially the US and India) return to the WTO Doha Round negotiations as soon as possible.

The process of recovery, the rebuilding of the financial architecture and the reform of multilateral institutions will take time. Over time it is likely that the G20 Summit will evolve into a regular summit and will be very focused on steering the world economy toward changes that will get us back to global stability.

Indonesia will therefore continue to be deeply involved in the processes of the G20 to ensure that the interests of developing nations, especially Asian countries, are taken into account. At the same time I can also assure you that in the face of this crisis, for Indonesia protectionism is not our choice. That is a firm political commitment.

One other message that I will try to put across is this:

Man does not live by bread alone. He must also have his freedom and his ethics. By the same token, nations do not survive by the operation of the market alone. They must also get their governance and their politics right.

That is the lesson that the United States learned in the months leading to its latest presidential elections. That is the bitter lesson that Indonesia learned in the midst of the Asian Crisis eleven years ago. That is the insight behind the ASEAN Charter.

And that is the insight that will save us all from this global financial and economic crisis, if we accept it and act accordingly.

To conclude, no less than the future of humankind is at stake in the work that we in the G20 are about to do here in London. Indonesia will do its part in this great undertaking aimed at overcoming the crisis. I hope that our partners in the G20, the developed economies as well as the emerging economies, will also do theirs.

I thank you.