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Orchestrating transnational crime

Security sector politics as a Trojan horse for anti-reformists

Indonesia is widely regarded as a hotbed of transnational crime in Southeast Asia. Criminal rings involving illegal logging, human trafficking, illicit drugs, arms smuggling, and sea piracy have developed cross-border networks rooted in Indonesia's underground economy. These crimes quickly emerged as major concerns for post-Suharto governments, posing serious threats to both the national economy and human security. For example, timber smuggling and illegal logging cost Indonesia an estimated US\$4 billion in revenues annually, approximately five times the yearly budget for the Ministry of Health (Setiono and Husein 2005:4; EIA/Telapak 2007:3). Illegal fishing has also increased and cost between US\$2 and 3 billion annually in state losses.¹ An estimated 100,000 Indonesian women and children are trafficked every year, according to UNICEF (2006:4), but the police handle less than 200 cases annually (Yuwono et al. 2005:19). The abrupt increase of the illicit drug trade also poses a national threat, as the government estimates that the country's drug trade is now worth almost US\$4 billion a year, and that as many as 4 million people use illegal drugs.² Violence at sea also became more conspicuous after 1997, as reflected in the number of piracy incidents and armed robberies in Indonesian waters – from 47 in 1997 to 119 in 2000 – and in the Straits of Malacca, from zero in 1997 to 75 in 2000 (ICC International Maritime Bureau 2006:5).

Though these developments in some respects reflect a global trend in criminal activity facilitated by the sophistication of information and communication technology, Indonesia's outlaws have benefited greatly from domestic political changes since the fall of Suharto in 1998. They have successfully identified and exploited the new opportunities of democracy and decentralization to increase their power and influence in legitimate arenas to further their illicit economic activities, often involving transnational crime networks. The rela-

¹ See 'RI forms new courts to fight illegal fishing', *The Jakarta Post* 18-10-2007, and Fegan 2003.

² 'Empat juta penduduk Indonesia pencandu narkoba', *Sinar Harapan* 7-6-2006.

tionship between the state and criminal activity is becoming a more complex issue in the age of globalism when the illegal cross-border flow of human beings, goods, and money exceeds the capacity of state surveillance and control. Criminal actors are also empowering themselves by teaming up with foreign counterparts regardless of differences in political ideology and regime.

The scholarship on transnational crime has long been dominated by international relations, criminal investigation and defence-security experts. This is understandable as research on 'transnational crime' has become key to 'new' security or 'non-traditional' security analysis in the post-Cold War era.³ Their works have contributed to identifying the nature of the threat, related security risks, and the state's lack of adequate institutions and policies to deal with transnational crime.⁴ Nevertheless, these studies tend to overlook domestic political analysis and do not elucidate the local dynamics necessary to contextualizing the 'global threat' of transnational crime. This is where area studies remains crucial in order to enrich the analysis of cross-border crime and – perhaps more importantly – to highlight the potential unintended consequences generated by the spread of criminal activity and state response(s) thereto. It is important to emphasize that anti-crime countermeasures are not produced in a political black box – they are the product of politics and shaped by existing agendas and competition for resources among different actors and institutions. From this perspective, this chapter examines the nexus between security sector politics and expanding transnational crime in Indonesia. We first look at how cross-border crime has flourished after the collapse of Suharto's authoritarian regime in the context of democratic security reform and political decentralization. Then we examine how security-sector actors have seized this opportunity by shaping the discourse over countermeasures in order to advance institutional interests. The politics of security and institutional competition is evident in the 'campaigns against transnational crime' waged by the police, army and navy, examined below.

Security sector reform and the criminalized turf battle

Democratization after the fall of Suharto has caused significant changes in the dynamics of crime and law enforcement. Most prominent among these is the escalating rivalry between the military and police after the former's retreat from its long-standing domestic security role in 1999. This rivalry has undermined state control over the criminal underworld and created space for the extension of transnational crime activities.

³ In the development of these discussions, the Copenhagen Peace Research Institute played an influential role by building a school of thought in security studies. Buzan 1991 and Lipschutz 1995 represent the school.

⁴ Some major studies focusing on Southeast Asia include: McFarlane and McLennan 1996; Emmers 2002; Caballero-Anthony, Emmers, and Acharya 2006.

During the Suharto presidency (1967-1998),⁵ the armed forces consisted of four services, including the police. The army was responsible for internal security, relying on a territorial command system with ten army divisions based around the archipelago and extending down to the village level where it maintained politico-security surveillance. This military network of surveillance and repression was developed to implement the orders of the army chief down to the village level. The police worked under the army in handling internal security, supporting its repressive operations against citizens and assuming responsibility for law enforcement. Suharto's Indonesia established a military authoritarian polity in which the army played a twin role in national defence and politics. This role was formally known as the 'dual function', or *dwifungsi*, of the military.

The fall of Suharto in May 1998 created political space for questioning the relevance of *dwifungsi*. Emboldened civilian leaders in both parliament and civil society criticized past atrocities committed by the military and demanded military reform to professionalize the armed services and to democratize civil-military relations. The military leadership responded to these pressures by formulating a vision of military reform. One of the first proposals was the separation of the national police from the military in April 1999. The armed forces returned to the pre-Suharto era organization of three services – army, navy and air force. This functional separation was inevitably accompanied by the redefinition of responsibilities between the police and the military. In an attempt to professionalize the security services, the military (Tentara Nasional Indonesia, TNI) was assigned responsibility for national 'defence' and the police given the role of maintaining domestic 'security' and 'order'. It was expected that the new role-definition would lead the military to professionalize its capacities regarding external defence matters.

However, the reform generated dissatisfaction among TNI officers. Given the elimination of posts related to political affairs within the TNI and the shifting of domestic security functions to the police, military officers found gaining promotion more competitive and difficult. These frustrations fanned distrust of, and resentment against, the police. The relationship worsened due to a growing turf war between the two institutions over the conduct of business activities, such as protection rackets. Before the separation of the police, it was an open secret that the military largely dominated 'security services' for private companies – including those operating brothels, gambling dens and night clubs.⁶ The criminal underworld also viewed the military as the sole hegemon controlling the constellation of criminal forces during the

5 Although some date his rule from decisive acts in March 1966 and even October 1965, he was appointed acting president on 12 March 1967.

6 For details of these operations, see Human Rights Watch 2006.

New Order.⁷ The transfer of domestic security duties from the military to the police inevitably reduced lucrative opportunities for the military as the newly independent police muscled in on these services. The impact on the TNI was devastating, particularly for local army commands which had relied heavily on revenue from such unofficial business activities to provide for their troops' 'welfare'. As business income dried up significantly after the 1997-1998 economic crisis, police encroachment on army turf after 1999 constituted a serious threat for an institution that is expected to raise its own funds to make up for inadequate budgetary support. Frustration within the TNI boiled over, leading to outright conflicts in various places around the archipelago.

In 2001, for example, the tension between military and police units in the East Java town of Madiun escalated into a violent clash marked by pitched gun battles. TNI soldiers ran amok, attacking the Madiun police station, killing two citizens and wounding several policemen. The army chief-of-staff at that time, General Endriartono Sutarto, admitted that the soldiers involved in the clash had been involved with illegal businesses in the area, referring to brothels, gambling dens and the drug trade.⁸ He also claimed that the frequency of TNI-police clashes dramatically increased by 300% in the period after the separation of the two organizations. Due to these turf wars and the financial losses caused by the shifting of domestic security to the police and the overall economic crisis, the military developed closer ties with criminal groups involved with the lucrative smuggling of goods and people. For the police, it was important to crack down on criminals linked with soldiers both in order to expand its turf and to demonstrate to the public that it was able to manage security and order. The turf battles between the army and police led to similar mayhem in cities such as Maumere (Flores) and Binjai (North Sumatra) in 2002.⁹ In response, top leaders of the TNI and police pledged to tighten discipline over local personnel in the field, but this did not stop the clashes. At least six serious melees between the TNI and police occurred in 2007.

From the police perspective, these conflicts were triggered by 'the jealousy of TNI which has no more authority to dictate to society but is still preoccupied with the old thinking'.¹⁰ Clearly, the rivalry, suspicion, resentment and hostility between the two institutions is now deep-rooted, hampering post-Suharto governments' efforts to establish an effective mechanism for controlling criminal activities in the archipelago.¹¹ Importantly, the logic of

⁷ On the New Order management of criminal activities, see Siegel 1998 and Barker 1998.

⁸ 'Army chief says Madiun victims shot by police', *The Jakarta Post* 20-9-2001.

⁹ For details, see *Current data* 2003.

¹⁰ Interviews with police officers in Police Headquarters, July 2007.

¹¹ This is by no means to generalize local TNI-police relations in the archipelago. In some areas, we see the development of 'peaceful' and perhaps even entrepreneurial turf-sharing between the two institutions. I thank David Jansen in making this point. See his analysis on Yogyakarta (Jansen 2008). See also Baker 2008.

turf battles – which was triggered by the separation of the police from the military – focused both the TNI and police on cultivating the sources of fund-raising. Under these circumstances, criminal enterprises easily found patrons either in the military or the police. For example, in Riau Province, criminal groups have relied on the police in operating big gambling dens while collaborating with TNI in the business of illegal logging.¹² By consolidating such patronage ties, criminal groups quickly developed business networks around the country and some actively sought cross-border ties.

Localizing power, capitalizing crime

In addition to the security sector infighting, political decentralization in the post-Suharto era facilitated the flourishing of transnational crime. The decentralization legislation (passed in 1999) was implemented in 2001, involving the transfer of control over local economic resources from the central administration to local governments, providing them with wide discretion in making use of these resources. As a result, the competition for tapping these resources intensified among local power elites, a development characterized as ‘predatory decentralization’ (Hadiz 2007).

In fact, as competition intensified among local political elites for concessions and graft, political engineering of ‘mass movements’ became a popular means of lobbying. Since government projects – such as land-use planning, large-scale construction, and community development – were promoted in tandem with the implementation of regional autonomy, local political elites learned to orchestrate and mobilize ‘local residents’ to pressure their governments to ensure that these projects came under their control. Astute politicians organized various types of ‘resident groups’ so that they were prepared to pounce on any opportunity to shake down the government. Responding to this surging demand for their services, local hoodlums (*preman*) started to play a decisive organizing role in mobilizing people to take to the streets as required.

During the Suharto era, the two most infamous semi-official *preman* groups, Pemuda Pancasila and Pemuda Panca Marga, enjoyed privileges as the designated providers of state-sponsored civilian protest and violence throughout the archipelago. The collapse of the New Order, however, ended their privileged status, as democracy liberalized this sector and sparked fierce competition from other service providers eager to cash in on the bonanza of democracy.¹³

¹² In fact, 147 policemen, including 6 high-ranking officers, were suspected of involvement with Riau’s gambling ring. ‘Officers questioned over Riau gambling operation’, *The Jakarta Globe* 2-12-2008. There are hundreds of illegal sawmills in Riau and many have military support. ‘Masih ada militer di hutan’, WAHLI 25-6-2007, http://www.walhi.or.id/kampanye/hutan/shk/070625_militer_htn_cu (accessed 6-5-2008; archived at www.archive.org).

¹³ About this, see Ian Wilson’s study in this book, and Ryter 2005.

Diversification of underworld power has been a discernible consequence of democratization, most notably involving a growing number of local ethnic identity groups, political party-affiliated youth organizations, and religious vigilantes, oddly mirroring the rapid growth of civil society NGOs in the early 1990s. Since the economic crisis in 1997-1998, which boosted the number of unemployed youth, the recruitment of *preman* members has become easy and less costly. The proliferation of such organizations coincided with the increasing reliance of local power elites on mass mobilization as an effective weapon in their competition for concessions. Thus, cooperation between local elites and *preman* has become extensive and 'normal' as politicians have tapped the coercive power of 'popular' protests to muscle in on the government's economic resources. This trend has effectively blurred the boundary between political and criminal societies as the mutual dependency allows the latter's penetration into the legitimate political process, bolstering the criminalization of local politics in many places.

In Medan, a city dubbed as gang city (*kota preman*), local political authorities have developed a close relationship with the Youth Work Institute (Ikatan Pemuda Karya, IPK), whose leader is referred to as the 'real' mayor of the city (Hadiz 2003b). In West Kalimantan, a Malaysian Chinese timber boss has extended his influence among gangsters in the borderland community, and local political elites have weak incentives, and capacity, to eliminate such informal power (Wadley and Eilenberg 2006). In East Java, the local gambling king has strengthened relations with politically well-connected Madurese *preman* groups (Honna 2006). In Jakarta, many of the capital's gambling dens and brothels are operated by various criminal agencies and different *preman* networks provide similar protection rackets for them.¹⁴ This phenomenon has become so ubiquitous that Henk Schulte Nordholt (2002) suggests that post-Suharto Indonesia is becoming a '*preman* state'.

In this manner, the growing presence and power of criminal networks is rooted in the government's failure (or its incapacity, or indifference) to manage security in the context of democratization and rapid decentralization. Conveniently overlooking the local roots of this problem, however, the government has fingered 'transnational crime' as the culprit, aiming to synchronize the problem with a 'global' paradigm of securitizing cross-border organized crime orchestrated by the post-9/11 Western security community. For the US and its allies, the nexus between terrorism and transnational crime is explained in terms of drug money financing terrorists, the undocumented cross-border movement of people providing cover for terrorist operations, arms smuggling facilitating terrorist logistics, and money laundering by

¹⁴ Among others, Madurese, Timorese, Ambonese and Betawi groups are known to be powerful in Jakarta's *preman* sector. Regarding the Betawi *preman* and its links with the Jakarta government, see Wilson 2006.

criminal syndicates being exploited by terrorist financiers (Shelley 2002; Makarenko 2003; Picarelli 2006). It is this discourse that has encouraged the Western security community to emphasize transnational crime as a top security priority along with counter-terrorism. Drawing on this logic, several new 'global wars' were declared on drugs, trafficking of persons, illegal logging, and other crimes linked to transnational non-state actors.

In Indonesia, where the risk of terrorist attacks and criminal penetration of the legitimate economy is relatively high, it is not difficult for the government to focus attention on transnational crime and emphasize the 'limitations' of individual countries to deal with the threats posed by 'transnational actors'. Given that Indonesia shares porous and extensive borders with other countries and clearly lacks the state capacity to conduct nation-wide border surveillance, the logic of this argument appears persuasive. Here, the emphasis on 'transnationality' effectively obscures local roots and the question of extensive domestic politico-criminal collusion is transformed into a 'capacity deficit', which in turn provides a pretext for inviting international cooperation for bolstering relevant security capabilities. Thus, the rhetoric of the transnational crime threat enables the state to repackage the domestic problem of criminal penetration into state institutions as a capacity deficit issue that fits with the foreign policy agenda of promoting international cooperation. I argue that state security actors intentionally repackage the problem to exploit global concerns in order to promote their conservative institutional agendas. The three different cases of dealing with transnational crime examined below shed light on this institutional sleight of hand.

BNN and the 'war on drugs'

It was during the Megawati administration (2001-2003) that Indonesia explicitly declared a war on drugs. In March 2002, the president strengthened national anti-drug operations by establishing the National Narcotics Board (Badan Narkotika Nasional, BNN), a successor to the existing National Narcotics Coordinating Board (Badan Koordinasi Narkotika Nasional, BKNN), established in 2000.¹⁵ Following this, Megawati instructed all government agencies down to the village level to take necessary measures to tackle the problem of illegal drugs.¹⁶ With these initiatives, the war on drugs

¹⁵ During the Suharto regime, the drug problem was handled by the State Intelligence Coordinating Board (Bakin) which was traditionally headed by a military man. When responsibility was transferred to BKNN in 2000, police officers dominated the new organization. Since then, the police chief simultaneously occupies the head of BKNN or BNN. Again, this issue is related to the turf battle between the military and police.

¹⁶ The presidential instruction is Inpres no. 3/2002 Tentang Penanggulangan Penyalahgunaan dan Peredaran Gelap Narkoba.

(perang melawan narkoba) was launched in 2002. It nearly coincided with the seizure of a very large illicit drug laboratory in Tangerang, Banten, in April 2002. This laboratory which produced 150,000 ecstasy tablets per day was the largest drug factory ever discovered in Indonesia.¹⁷ The surprising scale of production convinced the international community of the fact that Indonesia was no longer a mere transit country for illicit drug trafficking, but had emerged as a source of the regional narcotics trade.

Demonstrating the government's anti-drug commitment, BNN immediately prepared a 'war plan' to combat drug crime and announced its goal of 'a drug-free Indonesia in 2015'. In its 16-page document, the BNN emphasized that Chinese and West African drug syndicates were key players in the growing domestic production and distribution of illicit drugs – China as the source of precursor chemicals used for the production of synthetic drugs, such as ecstasy, and Nigerian crime enterprises as the smuggler of heroin and cocaine in Indonesia. The BNN also highlighted the sharp increase in drug abuse among youth, citing a survey that indicated 55% of respondents from 64 high schools used drugs. In laying out its action plan, the BNN stressed major difficulties and constraints: porous borders in the world's largest archipelagic country that render it vulnerable to drug smuggling; an ongoing economic crises since 1997 that led to budget cutbacks for programs targeting drug trafficking and abuse; and the weak capacity of BNN in terms of human resources, budget and equipment. These arguments effectively led BNN to conclude that 'a drug-free Indonesia in 2015' could be achieved only if these constraints are addressed. To this end, it recommended that: 1) BNN's capacity – manpower, budget, equipment – should be increased; 2) international cooperation in the field of law enforcement should be enhanced since the crimes were transnational, and; 3) programs for treatment and rehabilitation (T and R) of drug users should be urgently developed.¹⁸

In this way, BNN transformed Indonesia's 'traditional' problem of border-control into a very 'fundable' global problem involving organized drug trafficking requiring extensive international assistance. BNN underscored the need for promoting international cooperation, institutional capacity building, and victim protection at the grassroots level. These countermeasures are no doubt important and widely recognized as such by the international law enforcement community, but BNN deliberately obscures one vital 'domestic' cause of rapid drug proliferation during the post-Suharto era – that is, the collusion between the criminal syndicates and legitimate political actors and institutions. In the first year of BNN's campaign, it was announced that the cases of drug abuse in 2003 increased by 21% from the previous

¹⁷ 'Digerebek, pabrik ekstasi terbesar di Indonesia', *Sinar Harapan* 8-4-2002. According to BNN, US DEA (Drug Enforcement Administration) identified the laboratory as the world's largest (Badan Narkotika Nasional 2003).

¹⁸ All citations in this paragraph are from Badan Narkotika Nasional 2003:5-6, 14-5.

year. Ansyad Mbai, the Vice-Director of BNN, declared that drug abuse had reached epidemic proportions, but BNN was hamstrung due to limited human resources, and an inadequate budget and equipment to combat the transnational crime of illicit drug trafficking.¹⁹ Having aroused public anxieties, he announced that BNN would establish provincial branches (Badan Narkotika Propinsi, BNP) throughout the archipelago to wage the 'war on drugs' by promoting Preventing and Combating Illicit Drug Trafficking and Abuse (Pencegahan dan Pemberantasan Penyalahgunaan dan Peredaran Gelap Narkoba, P4GN).²⁰ Then, in 2004 when the budget for the P4GN dropped to Rp 105 billion from Rp 150 billion in 2003, BNN started to prioritize activities that directly affected potential drug users and victims. Both Da'i Bachtiar (Director of BNN) and Makbul Padmanegara (Vice-Director of BNN) stressed that the anti-drug campaign should have a positive impact on the younger generation, and required the full cooperation of the public.²¹ These shifts in strategy illustrate how BNN and its patron – the police – pursued institutional interests in waging the 'war on drugs'. The establishment of BNP and the extension of grassroots community activities both contribute to larger budget allocations while evading institutional responsibility and accountability regarding the politics-crime nexus. BNN focused on the symptoms rather than the cause of the problem.

To maintain institutional interests, the rhetoric of war requires constant escalation. Coinciding with the international day for the anti-drug campaign led by United Nations Office on Drugs and Crime (UNODC) on 26 June 2005, BNN set its national agenda, 'Improving the P4GN Implementation with High Commitment and Clear Actions', in order to socialize BNN's campaign both at the national and local levels.²² When General Sutanto was installed as the new police chief and BNN director under the government of Susilo Bambang Yudhoyono in July 2005, he gathered all regional police chiefs, instructing them to make a contract with him for eradicating illicit drugs and gambling dens in their regions.²³ Nonetheless, the P4GN program in 2005 hardly changed in its combating (*pemberantasan*) initiatives. In its annual report, BNN explained that it had conducted seven activities to improve law enforcement capacity for combating illicit drugs – namely, hosting an international law enforcement meeting; providing a training course for the Lao police; conducting a joint seminar with the chemical industry; cooperating with

¹⁹ 'Kejahatan narkoba meningkat 21,66 persen selama 2003', *Tempo* interaktif 6-1-2004.

²⁰ 'BNN siapkan strategi bebas narkoba', *Kompas* 7-1-2004.

²¹ 'Police war on drugs taken to grassroots', *The Jakarta Post* 9-7-2004; 'BNN luncurkan peran melawan narkoba', 24-9-2004, available at BNN website, http://www.bnn.go.id/konten.php?nama=KegiatanCegah&op=detail_kegiatan_cegah&id=23&mn=2&smn=f (accessed 12-09-2010).

²² Badan Narkotika Nasional, 'Pedoman Peringatan Hari Internasional Melawan Penyalahgunaan dan Peredaran Gelap Narkoba', 26-6-2005.

²³ 'Kontrak kerja kapolda se-Indonesia: Berantas judi seminggu', *Bali Post* 12-7-2005.

UNODC to develop computer-based training; spreading information about drug-related laws; destroying drug materials; and distributing operational equipment such as portable x-ray machines to BNN teams (Badan Narkotika Nasional 2006:23-4).

There is no denying that these activities bolstered BNN's international cooperation and investigative capacity, but it is telling that there were no efforts targeting the domestic politics-crime nexus. As drug abuse continued to rise under the Yudhoyono administration, critics expressed doubts about the approach taken by BNN and the police. At the end of 2005, however, BNN persisted in emphasizing that the eradication of illicit drugs was a serious challenge because it involved transnational crime among other complex factors and consequences (Badan Narkotika Nasional 2005). Perhaps trying to boost the six-years-old anti-drugs campaign, and to gain popular support, Yudhoyono underlined the need for escalating the war on drugs in 2008 on international anti-drug day by insisting that the current P4GN – which had two main pillars, that is, prevention and eradication – would be upgraded with an additional three pillars. The new pillars were 'therapy and rehabilitation', 'alternative development' and 'research and information'.²⁴ The expanded P4GN now emphasizes the 'protection' approach and victim care, making the 'war' more like a social campaign aimed at 'saving the youth of the next generation'.

It is widely believed that the fundamental problem of Indonesia's illicit drug trafficking is corruption in the law enforcement sector which allows large scale criminal enterprises to operate hand-in-hand with corrupt officers. Adrianus Meliala, a prominent criminologist, openly criticizes 'the police, who are supposed to fight drug crime, are drug dealers and consumers'.²⁵ These allegations raise few eyebrows among those familiar with how the police work and certainly resonate with public perceptions. In 1999, 2nd Lieutenant Agus Isrok – a son of army chief of staff General Subagyo – was arrested with packs of '*shabu-shabu*' (methamphetamine), and 7,000 ecstasy pills at Manggabesar, Jakarta's notorious nightspot district. Isrok was a member of the elite military commando unit Kopassus often deployed in secret operations, indicating that the police did not have a monopoly on drug dealing.²⁶ This incident was followed by the establishment of BKNN in 2000 and its operations resulted in the arrests of 398 police personnel, mostly low-ranking officers, in the same year.²⁷ Even after this 'shock therapy', the army-police gun battles in Madiun (East Java) in 2001 and in Binjai (North Sumatra)

²⁴ 'SBY: Tingkatkan perang terhadap narkoba', *Berita Sore* 23-6-2008.

²⁵ 'From ecstasy to agony: Indonesia's war on drugs', *Asia Times* 26-11-1999. The general public also shares this perception as seen in *The Jakarta Post's* special coverage, 'Drug dealers are untouchable', *The Jakarta Post* 16-1-2003 and 'Police rely on money from drug dealers', *The Jakarta Post* 17-1-2003.

²⁶ 'Setelah Agus Isrok digaruk operasi narkotik', *Tempo* 16-8-1999.

²⁷ 'Citra Bhayangkara ternoda Nila', *Gatra* 3-7-2008.

in 2002 both involved conflicts over the illicit drug business.²⁸ Sutanto's strong anti-drug commitment since 2005 was welcomed at large. However, the public still believes that the police are deeply involved in the drug business; an opinion survey conducted by Institute for Social and Economic Research, Education and Information (Lembaga Penelitian, Pendidikan dan Penerangan Ekonomi dan Sosial, LP3ES) revealed that more than 40% of 600 respondents believe the police are the main 'backers' of drug trafficking.²⁹ There are even plausible allegations that drug trafficking networks exist within the regional police command in East Java, and probably elsewhere.³⁰

To sum up, the post-Suharto 'war on drugs' exhibits three interesting features. First, the government has repeatedly expressed its commitment to eradicate illicit drugs by promoting international cooperation. Such 'diplomacy' is always highlighted in the documents of anti-drug campaigns, and it effectively constructs an image of the government trying to combat domestic repercussions of 'global' crimes. The problem of illicit drug trafficking in Indonesia is typically tied to drug syndicates originating in the Netherlands, China and Nigeria.³¹ This emphasis portrays Indonesia as a 'victim' of transnational organized crime. Stoking the sense of victimization no doubt helps the government to whip up nationalism against external criminal actors, bolster budgets and gain public support for both a crackdown and more extensive international cooperation.

Second, it is also notable that the war on drugs emphasizes the significance of targeting the alleged 'root cause' of the problem – in this instance community unawareness of the drug menace. BNN usually argues that transnational criminal groups target the country's less-educated social strata. In fact, this is the largest market for illicit drugs and there is a tendency for targeting young users with cheap synthetic narcotics. Underlining 'unawareness' and targeting of the poor constitutes a significant element in the framing of the transnational crime threat. This helps mobilize public support for the war on drugs as a facet of the larger 'war on poverty'. It is in this context that policies such as 'grassroots socialization' and 'alternative development' are emphasized as long-term viable approaches to protect citizens from the alleged dangers of transnational crime. This 'root-cause discourse' effectively legitimizes government allocation of its resources for community development projects in the name of combating crime while obscuring the key role played by security professionals in the drug trade.

²⁸ Regarding the Madiun incident, see 'Perseteruan saudara tua dan saudara muda', *Tempo* 24-9-2001. On Binjai's case, see Roosa 2003.

²⁹ 'Survei: Hampir separuh polisi jadi beking bandar narkoba', *Koran Tempo* 7-12-2007.

³⁰ About the allegation, see 'Karena narkoba, rusak reputasinya', *Gatra* 19-6-2008.

³¹ According to Sri Soegiarto, Deputy Director of BNN, Jewish syndicates are also recently active in Indonesia. Interview 4-7-2007.

Third, it is also remarkable that Indonesia's war on drugs highlights the point that drug smuggling in the age of globalism cannot be controlled effectively by a government that only provides a minimum budget for law enforcement agencies. The war campaigns constantly draw attention to the lack of manpower, knowledge, instruments and finance to conduct effective anti-crime operations. Against this backdrop, foreign 'stakeholders' who share concerns about the growing threat of transnational crime – such as the US and UNODC – are eager to cooperate with BNN to improve its capacity in crime prevention and enforcement. Here, the agenda of 'capacity building' is described as the key to improve performance in the war on drugs. This discourse fits seamlessly with the agenda of the police and BNN, reflecting the fruits of their lobbying.

There is no denying that issues like capacity building, root causes and foreign-organized crime are important in understanding the problems surrounding transnational crime. However, Indonesia's 'war' suggests that these issues serve to conceal the vital core of the problem – the growing criminal influence in political and security sectors. The rhetoric of transnational crime effectively contributes to the construction of a discourse that neglects the political pollution while emphasizing alleged global threats, diplomatic policies and socioeconomic agendas.

Army and the 'war on terrorism'

The discourse about the transnational crime threat has also aided the army in promoting policies to preserve institutional interests, survive turf battles and emasculate pressures for reform. In particular, the 'war on terrorism' provides a golden opportunity to achieve these existing agendas and has been instrumentalized accordingly. As discussed above, the army has seen the rise of the police in terms of a turf battle over domestic security roles and business opportunities. After formally transferring the role of internal security to the police, the army has been particularly concerned about growing pressure to reform its territorial command structure, a holdover from the authoritarian past. In this sense, reclaiming a role in internal security would be a welcome lifeline, enabling the army to maintain its command structure with only cosmetic changes. For many army officers, the elimination of the territorial command structure is unacceptable. They believe that Indonesia – a multi-ethnic nation spread over a large archipelago – may fall apart without the firm grip of the army, and also fear, perhaps even more, that such a reform would inevitably lead to institutional downsizing. To stave off this threat, fanning fears about the role of transnational actors to generate domestic instability can be a viable strategy. The war on terrorism created such an institutional opportunity to regain lost ground and deflect pressures to reform.

Particularly since 9/11, the army started to disseminate a discourse which insisted that national defence and internal security are actually inseparable because many of the non-traditional security threats are situated in a 'grey zone' between defence and security. The 'theory' then asserts that Indonesia's geopolitical circumstances require the army to defend the nation from domestic penetration by external threats and thus domestic security should be an integral part of 'defence' operations. From this standpoint, the army began to criticize the Defence Law enacted in 2002. They problematized article 7 of the law, which stated that the role of the military was to respond to military threats, but assigned non-military threats to other government institutions. In the eyes of army officers, this law ignores the 'grey zone' and does not reflect the reality of defence-security linkages.³² A window of opportunity to become more assertive came following the October 2002 terrorist bombing in Bali. This tragedy revealed Indonesia's vulnerable security situation, and the army quickly responded by revitalizing the activity of *babinsa* – the village level unit in the territorial command – ostensibly to detect possible terrorist movements. Since the police organization did not reach the village level, the army was confident that *babinsa* in the army network could restore the legitimacy of military surveillance at the local level and the military's role in domestic security. In the aftermath of the Bali bombing, Indonesia's political community was reticent about questioning the army tactic to re-deploy territorial command resources for counter-terrorism operations.

Subsequently in March 2003, when the military published its first post-Suharto Defence White Book, the army-orchestrated 'grey zone' theory was more explicitly articulated in terms of defence-security syncretism. The army stressed that the primary concerns of Indonesia's 'defence' sector had shifted from 'traditional' threats – that is, conventional military attacks by foreign countries – to 'non-traditional' ones such as terrorism, piracy, illegal migrants, separatist movements and armed rebellions (Departemen Pertahanan 2003). In order to respond to these new threats, it was argued, the military needs to strengthen its capacity and role in military operations other than warfare (Operasi Militer Selain Perang, OMSP) in which the demarcation between defence and security is irrelevant. Since then, the army has intensified internal socialization about the legitimacy of defence-security syncretism by producing a set of guidelines for OMSP (Markas Besar TNI 2003). This effort peaked in 2004 when the long-awaited Military Law – replacing the old one of 1982 that legalized *dwifungsi* – was enacted. The army lobby successfully put an article in the new law to address OMSP as TNI's basic duty.³³ For the army, this legal basis was significant to fortify the grey zone theory, assert its

³² Interview with Lieutenant General Djaja Suparman, Inspector General of the TNI, 9-1-2005.

³³ The new TNI law is UU no. 34/2004 tentang Tentara Nasional Indonesia. OMSP is described in the article 7(2).

legitimate role in security affairs, and to maintain the utility of the territorial command structure.

The OMSP discourse was further consolidated under the Yudhoyono government. In July 2005, Yudhoyono claimed that Indonesia's national integrity was seriously threatened by transnational crime, such as drugs and other illegal trade, and instructed both the police and the military to boost their law enforcement operations.³⁴ This construction of a fiction (that is, cross-border crimes threaten national integrity) was repeatedly reiterated by other political and military elites, including the governor of Lemhanas, the national defence think-tank, who acknowledged rivalry between the military and the police, but suggested that the military had a legitimate role to play since the police cannot handle transnational crime on its own.³⁵ The military commander, General Djoko Santoso, similarly stressed that acts of terrorism, both global and regional, constantly pose serious threats to Indonesia. The TNI, he continues, is committed to combat the terrorist threat, as specified in the Military Law.³⁶

In this manner, the army skilfully neutralized pressure to limit its role to external defence by incorporating transnational crime – including terrorism – into the scope of non-traditional security issues that support the 'defence' agenda in the context of 'grey zone' theory. Although the army's efforts to undo the separation of security and defence partly embraces its long-standing self-image as the sole guardian of the nation, it also reflects institutional resistance to reform targeting the territorial command structure. As discussed above, the territorial commands are vital for the army to promote fundraising, generate economic and promotion opportunities, and maintain the size of a force that is the largest – and thus most powerful and prestigious – within the military. The army discourse concerning transnational crime and terrorism contributes to this strategy of resisting reform.

The navy and transnational crime at sea

The navy has also developed its own interpretation of the transnational crime threat in creating a pretext for regaining its supremacy vis-à-vis the police in the field of maritime law enforcement.³⁷ Warning that regional criminal rings operate in Indonesian waters without facing serious state interference, the international community has pressured the government to strengthen its law

³⁴ 'Presiden: Kejahatan transnasional rugikan Indonesia', *KapanLagi.com* 18-7-2005.

³⁵ 'Muladi: Masih ada kompetisi TNI-Polri soal keamanan nasional', *AntaraNews* 13-5-2008; 'Pemerintah perkuat koordinasi TNI-Polri', *Suara Merdeka* 29-7-2008.

³⁶ 'Panglima TNI: Teroris mula tebar ancaman', *Kompas* 29-11-2008.

³⁷ For a detailed discussion in this section, see Honna 2008.

enforcement capacity to combat transnational crime at sea. Donor countries, such as the US, Australia, Japan, and ASEAN members have made commitments to promote regional and bilateral cooperation to fight cross-border maritime crime. It is in this arena that the role of the navy as a stakeholder in maritime security has been neutralized vis-à-vis 'civilian' law enforcement agencies that can institutionally promote closer cooperation with other countries and operate in a less threatening manner compared to the armed forces.

Clearly the navy faced several obstacles in promoting international cooperation against transnational crime. First, the navy has been the subject of a US ban on military aid since 1999.³⁸ This US sanction effectively helped the police to gain greater assistance from Washington in developing capacity to deal with maritime security related to terrorism and crime. With this cooperation in progress, the navy was left behind the water police (Polair) which enjoyed various offers of grants, including the provision of patrol vessels and training, under the US International Criminal Investigative Training Assistance Program (ICITAP).

Second, it has gradually become common practice for the regional security community to build up civilian coast guard agencies both in order to deal professionally with maritime crime in the sovereign territory and to promote regional cooperation between these agencies.³⁹ The navy's warships are not suitable for handling transnational crime; instead, smaller, speedier patrol boats are most appropriate for the mission and cost far less to purchase, run and maintain. In recognition of the rising threat of crime at sea, the Philippines established its coast guard in 1998 and Malaysia did so in 2004. Clearly, the navy found itself out of the loop in the region's newly emerging maritime strategic environment.

Third, there was a new priority for port security in the wake of 9/11. The US strongly demanded the international community, in the name of the global war on terrorism, to review the existing International Ship and Port Facility Security (ISPS) Code, resulting in the adoption of an amended version by the International Maritime Organization (IMO) in December 2002, and its implementation in July 2004. The amended ISPS Code had two key revisions: 1) all countries which signed the 1974 International Convention for the Safety of Life at Sea (SOLAS) – including Indonesia – are obliged to provide appropriate security measures in their ports; and 2) these countries are allowed to formally exercise control over foreign ships in their territorial waters, including the denial of port entry. These revisions came as a big shock for the shipping industry in Indonesia since the country's maritime waters were identified

³⁸ The ban was to protest human rights abuses by TNI in East Timor. This ban was mostly lifted in 2005 under the Bush administration which saw Indonesia as a partner in its 'war on terrorism'.

³⁹ About this trend, see Bateman 2003.

as a 'black spot', or dangerous zone, in the international community,⁴⁰ and therefore ships from Indonesia to the US could be stopped and denied access in accordance with the amended ISPS Code (Supit 2004:13-4). For Indonesia's maritime industry, it became apparent that Indonesia's weak governance at sea could prove a huge economic liability. The improvement of port security soon became a major concern for the government in dealing with the new security regime at sea, but the agenda of strengthening law enforcement in the ports was not a navy matter. Again, the navy was left bobbing in the wake of new developments in maritime security.

Having assessed the changing strategic environment in the age of transnational crime, and the limits of the navy to deal with it, the Yudhoyono government issued a presidential decree in 2005 to transfer the authority of the Maritime Security Coordinating Body (Badan Koordinasi Keamanan Laut Republik Indonesia, Bakorkamla) from TNI headquarters to the Coordinating Ministry of Political, Legal and Security Affairs. The new Bakorkamla is charged with formulating national maritime policy and coordinating the activities of 12 maritime-related institutions, including the navy and Polair.

When the idea of a new Bakorkamla first emerged in 2004, it was the navy that expressed the strongest resistance, fearing the possible loss of maritime authority and business interests that it has enjoyed.⁴¹ Significantly, however, the navy quickly recognized that its resistance would not change the situation, because – unlike the army – it had no strong political resources to shape the direction of government discourse. Thus, how to take the initiative in developing Bakorkamla soon dominated the agenda of the navy's top echelons. They found an answer in proposing the establishment of the Sea and Coast Guard of Indonesia (SCGI). In December 2006, the navy headquarters submitted its initial plan to establish SCGI as Indonesia's contribution to regional maritime security cooperation.⁴²

According to Vice Admiral Tedjo Edhy Purdijatno, 'it is difficult for the navy to fully respond to the changing demands of maritime security, therefore we encourage Bakorkamla to take further steps to build our Coast Guard and streamline the inefficient structure of maritime authority today'.⁴³ According to the navy proposal, many democratic countries have professional civilian paramilitary organizations called coast guards that conduct maritime law

⁴⁰ See, for example, 'Indonesia piracy black spot as attacks rise', *Lloyd's List* 7-11-2000, p.18.

⁴¹ Like other services, the navy established its own foundation and corporations, and both controlled various enterprises involving shipping, resorts, oil refineries, real-estate, cocoa plantations, maritime electronics and telecommunications, transportation, fisheries, construction, and timber. For details, see Widoyoko et al. 2003:120. The navy's involvement in illegal business is typified by its protection of smuggling rings, most notoriously in the case of illegal logging. See, for example, EIA/Telapak 2005.

⁴² The official document is Markas Besar Angkatan Laut 2006.

⁴³ Interview, 24-8-2007. Tedjo Edhy Purdijatno was Director-General of Defense Planning at the Defence Ministry. In 2008, he was promoted to the navy chief-of-staff.

enforcement activities. Responsibility for Indonesia's coast guard function is unclear because of overlapping authority and legal responsibilities spread across 12 institutions related to maritime governance. To meet global expectations, the proposal argues, it is time to streamline maritime authority and establish a unified representative in the global community of coast guards (Markas Besar Angkatan Laut 2006:11). The navy insists that the new coast guard, or SCGI, should be given a clear legal status as a maritime law enforcement agency, and that it be placed under the Ministry of Transportation in order to comply with international standards. With this new organization, the navy is proposing to rationalize the overlapping functions of other related agencies, including the navy itself. In this way, the navy, which was originally very reluctant to reorganize maritime security management, has now become the prime mover in reform and reorganization.

What were the calculations behind this shifting attitude? First, the new organization can absorb some of the officers in the top-heavy navy. 'The navy will be more professional if SCGI is established and staffed with our friends', according to one navy officer.⁴⁴ It is expected that the transfer of high-level officers may encourage the promotion of younger generation officers within the navy. In addition, if SCGI recruits personnel from the navy – like the coast guards of the Philippines and Malaysia – it may contribute to confidence building between the two institutions and nurture respect for each other's jurisdictions. In the cases of the Philippines and Malaysia, many naval officers wished to move to the new agencies, motivated by higher salary and the relatively 'clean' image enjoyed by the coast guards.

Second, emphasising the global trend of international coast guard cooperation is a very effective way for the navy to neutralize the role of the police in maritime security. With the creation of SCGI, the navy expects donor countries to provide both financial and technical assistance to develop its capacity to combat transnational crime, which in turn may help constrain the ascendancy of the police in security sector governance. If a significant number of SCGI personnel is drawn from among former navy officers (as expected), the navy-SCGI alliance may overwhelm the presence of Polair. In May 2008, a new Shipping Law (UU no. 17/2008) was enacted with the powerful lobbying of the maritime industry and the navy. The new law's Chapter 17 is about the establishment of SCGI and the new organization is directly under the President. Although the details of the plan are not clear yet, it is basically in line with the navy's proposal.⁴⁵

In this manner the discourse of transnational crime threat (at sea) has provided a rationale for the navy to insist on the need for 'harmonizing'

⁴⁴ Interview with Col. Desi A. Mamahit, Assistant of Operation to the Western Fleet Commander, 16-12-2007.

⁴⁵ Interview with former navy chief-of-staff, General Bernard Kent Sondakh, 8-10-2008.

Indonesia's security structure with 'global standards', a clever tactic aimed at promoting navy interests. In promoting the establishment of SCGI, the navy expects to have significant influence over and within this new civilian institution, seeing an opportunity to build a 'second navy' that may effectively undermine the role of the police in maritime security governance. Significantly, this navy agenda perfectly fits with the institutional interests of the TNI as a whole.

Conclusion

One cannot neglect the problem of transnational crime in discussing the relationship between the state and crime in the globalizing world. It is particularly so since 2000 when leaders from 154 countries gathered in Palermo, Italy, in order to sign a new UN Convention against Transnational Organized Crime. It was a watershed in the post-Cold War global security agenda, in a sense that national leaders jointly identified transnational crime as a 'security' threat. Various 'wars' have been conducted around the globe to fight against the alleged threats – including illicit drugs, terrorism, sea piracy, and human trafficking. The international community has supported and promoted these 'fight against' projects by providing 'weak states' with financial support, capacity-building assistance, and joint training programs. Realist political scientists may argue that the state advances such international cooperation as a rational policy to enhance its ability to control anti-social forces in the sovereign territory. The constructivist school of thought may stress that the 'shared value' – that is, the threat posed by trans-border, non-state criminal actors – plays an important role in harmonizing security designs of the states in the region. These views are well-embedded in the current trend of international assistance programs sponsored by donor countries and major aid institutions aimed at 'combating common enemies together.'

What we have discussed in this chapter provides a critical view on these trends. The threat of transnational crime is undoubtedly real, but its image can be constructed arbitrarily by the state as it typically dominates intelligence regarding criminal activities and can curb transparency and avoid accountability in the name of state and diplomatic secrecy. This creates political space to manipulate the interpretation and discourse of transnational crime. Those engaged in power politics exploit this open space, and construct scenarios to promote varied and often long-standing agendas. For BNN, inventing a root cause of drug trafficking that avoids the messy and dangerous nexus of drug syndicates and state actors helped accelerate the expansion of budget and institutional capacity; an important mission for the police to establish a 'second police'. For the army, the discourse over transnational crime served as a pretext for legitimizing OMSP which in turn helped resurrect its

internal security role and preserve the territorial command structure. For the navy, it was able to preserve its influence vis-à-vis the police in maritime law enforcement activities by skilfully insisting on the need for establishing a civilian coast guard to deal with transnational crime at sea. In all these cases, there seems to be a common political strategy of instrumentalizing the threat of transnational crime. With this strategy, these three institutions were able to deflect criticism, reclaim ground lost during the democratization movement, and articulate this revanchism in the legitimizing vernacular of 'global wars'. In this sense these security actors are hijacking transnational crime as a Trojan horse to regain power, build budgets, strengthen institutions and undermine reform pressures.

As we noted at the outset, a notable development in the post-Suharto polity is the deepening criminalization of the legitimate political and security sector triggered by the police-military rivalry and political decentralization. This is the very factor which has sustained the growing industry of cross-border illegal businesses in Indonesia. Thus, any anti-crime countermeasures which fail to target the core factor may facilitate unintended consequences, most seriously the empowerment of anti-reform agendas. To prevent the international community being a blind enabler of the Trojan horse, it is crucial to understand the dynamics of power politics and the possible impact of introducing counter-crime cooperation programs on the constellation of power relations among domestic stakeholders. This is perhaps the most important contribution that area studies can make – opening the black box of domestic politics – to infuse global agendas with an understanding and appreciation for sobering local realities. Here lies the *raison d'être* of area studies in the borderless world.