

## IMPACT OF THE BALI BOMBINGS

### I. OVERVIEW

Nearly two weeks after the Bali bombings, Indonesia is still in a state of shock, and it is difficult to assess the longer-term impact with any accuracy. This preliminary analysis suggests that:

- Disenchantment with President Megawati, already high, has increased as a result of 12 October. This could affect the 2004 presidential elections, which for the first time will be determined by direct popular vote.
- The Indonesian military (Tentara Nasional Indonesia, TNI) could benefit from the sense of lack of leadership and a growing nostalgia for what some describe as the decisiveness and certainty of the Soeharto era. The new anti-terrorism decree is not as draconian as originally feared, but it still could boost the army's role in internal security.
- Advocates of political reform are worried that the post-Bali focus on security, by the Megawati administration and foreign governments alike, could divert attention from the urgent need to strengthen civilian institutions, reform the armed forces (particularly in terms of fiscal transparency), fix the courts, and end corruption.
- The impact on radical Muslim organisations is not clear. The Bali bombings have made a backlash by militants against the arrest of Abu Bakar Ba'asyir less likely. On the other hand, many Indonesians do not accept that militant Muslims were responsible for the attack, and the belief that the U.S. was behind the bombing as a way of winning support for a war on Iraq is widely enough held in the country that there is little incentive for hardliners to question their own beliefs or organisational affiliations.

- Bali itself has been devastated, physically, emotionally, and economically, but the response of both central and provincial governments have been swift. It remains to be seen whether the many promises made in terms of relief and recovery can be met.
- While most international businesses intend to stay, the collapse of the tourist industry, not just in Bali, could take at least a percentage point off Indonesia's GDP over the coming year.
- It is unclear how conflict areas will be affected. The disbanding of Laskar Jihad, decided before the bombings but announced afterwards, is good news for Maluku and Poso, but appears to be unrelated to the bombings. It is not likely to have any impact on the threat of terrorism because Laskar Jihad was never part of Abu Bakar Ba'asyir's network in the first place – if indeed that network proves responsible for the blast. In Aceh and Papua, there is concern that new anti-terrorism measures will be directed sooner or later against supporters of independence.

### II. THE POLITICAL FALLOUT

Before 12 October, President Megawati's re-election in 2004 seemed certain. Her popularity had steadily eroded but few could think of any alternative. It is not clear, even now, that there is anyone with the name recognition, political backing, financial support, and national constituency to beat her – and some say she is still the best of a bad lot. But if before 12/10 there was no obvious challenger, now there is a serious effort to look for one, both from within her own Indonesian Democracy Party for Struggle (PDIP) and without.

Megawati's lack of leadership already had made many PDIP members unhappy, but she lost substantial support after her decision in September 2002 to endorse the re-election of Lt. General Sutiyoso as governor of Jakarta. Sutiyoso was the man who led the Jakarta regional military command at the time of the assault on PDIP headquarters in 1996; Megawati's endorsement was widely believed linked to her husband's business activities and the fact that Sutiyoso and his urban thugs had the capacity to disrupt security for the 2004 elections unless they were brought on board. Her apparent indifference to the fate of the hundreds of thousands of Indonesian migrant workers who fled Malaysia in August 2002 to avoid a crackdown there was also heavily criticised.

But the president's performance after the Bali bombings appalled many within her own party. Some diplomats and foreign business executives noted with approval that she went to Bali in the immediate aftermath of the bombings, held three cabinet meetings in as many days, and issued the anti-terror decree. But Indonesians saw no effort on her part to direct policy or to bring her unruly cabinet into line to convey the image of a united government with a sense of purpose. One commentator said she had shown no emotion when she spoke of the bombing, no sense that she was angered at the devastation or touched by the loss of life, although she undoubtedly was.

A senior PDIP parliamentarian told ICG that she had let the country drift, without direction or vision, and even after Bali, there was no sign of real focus. In his view, she had become a liability for the party. "It used to be that Megawati's name attracted people; now it repels them", he said.<sup>1</sup>

A poll conducted in thirteen major cities between 14 and 17 October, just days after the bombings, by a widely respected Jakarta daily, showed dissatisfaction with the Megawati government at an all-time high. Close to 80 per cent of the respondents were dissatisfied with its performance on improving security, ending corruption, upholding the law, expanding employment opportunities, and protecting the environment. The government's best rating was

on monetary policy, where the dissatisfaction rate was "only" 71.1 per cent.<sup>2</sup>

Several sources suggested that the general disenchantment with Megawati could give an opening to the "Poros Tengah" or "Central Axis" led by Amien Rais, former head of the Muhammadiyah organization, leader of the National Mandate Party (PAN), and speaker of the People's Consultative Assembly.<sup>3</sup> At the moment, few observers believe that Amien himself could become president, because he is too widely distrusted. Members of the huge Muslim organization, Nahdlatul Ulama (NU), led by deposed president Abdurrahman Wahid, hold him responsible in part for Wahid's downfall, while many non-Muslims fear his ties to the Muslim right. He remains one of the smartest political operators in the country, however, and can never be ruled out.

Amien Rais can also be in a better position to be kingmaker. The trick is to find a candidate that the Poros Tengah or a new incarnation thereof could agree on, who would be acceptable to all its members, and who would be willing to run. Nurcholish Majid, a leading Muslim intellectual, is widely respected and often mentioned as a possible candidate, but he lacks a political base and while universally regarded as a man of integrity, is seen as not having the taste for the day-to-day fighting and alliance building that constitutes the political game.

The name of Syafi'ie Ma'arif, head of the large modernist Muslim association, Muhammadiyah, is also increasingly mentioned. He is "half interested" in running, according to one source, but has certainly not committed himself. He was also mentioned before Bali as a possible running mate for Megawati, although that seems unlikely now. Ma'arif is acceptable to Wahid's party, and he is a friend of Amien Rais. Indeed, the question is whether he would be willing to put himself forward if he thought Amien could make a strong showing.

Yusuf Kalla, the Coordinating Minister for People's Welfare, and best known for brokering the Malino

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<sup>1</sup>ICG interview, Jakarta, 18 October 2002.

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<sup>2</sup> "15 Bulan Pemerintahan, Pesimisme Publik Semakin Meningkat", *Kompas*, 21 October 2002.

<sup>3</sup> The "Poros Tengah" was a loose association of Muslim parties that came together in 1999 to oppose the election of Megawati as president. Those who helped organise it say it does not exist as such any longer, but it is still an important political force under whatever new name it may take.

peace accords for Poso and Maluku, is also sometimes mentioned, but as a good vice-presidential candidate from the Golkar Party, rather than for the top slot.

Some have suggested that the political blow to Megawati could help Susilo Bambang Yudhoyono, currently the Coordinating Minister for Politics and Security. A man with clear presidential ambitions, he has been the most forceful voice in the government since the Bali bombings and the only person who has shown any sense of leadership. He has stood by Megawati loyally, but the contrast between his command of the situation and hers has been striking. That said, he has a reputation for excessive caution and indecision, and few think he would be a successful contender for the presidency.

### III. THE ARMED FORCES

The TNI could be the major beneficiary of the Bali disaster, although Gen. Endriartono Sutarto, the commander of the armed forces, has said repeatedly that the military has no interest in playing a more prominent role.<sup>4</sup> But the TNI could benefit in four ways.

*1. Increased role in internal security.* Since the police were separated from the armed forces in 1999, they have had primary responsibility for internal security, at least formally, but the precise division of labor with the army has never been clear. The army, particularly at a local level, has chafed at seeing the police usurp its role and often the opportunities for rent-seeking that come with it. The poor performance of the police in handling serious outbreaks of violence has only added to the army's resentment. Nowhere was police incapacity more obvious than in Bali where local officers failed to seal off the bomb site and allowed anyone so inclined to tramp through the area, with no concern for preservation of important forensic evidence.

The new Anti-Terrorism Regulation, adopted on 18 October, less than a week after the bombing, gives the military only a small formal role as part of an ad hoc task force to set policy and strategy on combating terrorism that the President can set up on the recommendation of the head of the police.

Included as members of the task force are the Ministries of Justice, Home Affairs, Foreign Affairs, and Finance as well as the Attorney General's Office, the TNI, and the National Intelligence Agency. There is no other mention of the military in the regulation, and as a whole, it is far less draconian than the Internal Security Act used in Malaysia and Singapore.

But under the looser rules of evidence in the new regulation, suspects can be detained on the basis of intelligence reports, and one of the great fears of the political reform movement in Jakarta is that the role of military intelligence will increase, without effective checks by civilian authorities. The National Intelligence Bureau (Badan Intelijen Nasional, BIN) is not the main player here. BIN is headed by Hendropriyono, a retired army officer with decidedly unsavoury connections, who is not popular with the TNI leadership.

Since 12 October, both Sutarto and the chief of staff of the army, General Ryamizard Ryacudu, have pressed for a new national intelligence coordinating body, akin to Badan Intelijen Strategis (Strategic Intelligence Bureau, BAIS) that comprised both army and police intelligence agencies before the 1999 separation of the police from the armed forces.<sup>5</sup> General Ryamizard in particular has urged the reactivation of an army intelligence network involving all the regional military commands across the country, as a prerequisite for a coordinating body.<sup>6</sup> The need for better coordination of intelligence is not questioned; the concern is how that intelligence will be used.

General Endriartono Sutarto is aware of these concerns – he could hardly not be, since they have been voiced constantly in the Indonesian media since the Bali blast – but he has tried to reassure his critics that intelligence will not be misused. He noted how much the balance of power has shifted since the days of Suharto, that there is now a weak executive and a strong legislature.<sup>7</sup> There is also a free press and a strong civil society. The general sees those as checks on power; his critics see them as weak institutions endangered by a military determined to

<sup>4</sup> See, for example, "Ditandatangani, 2 Perpu Antiterorisme", *Kompas*, 19 October 2002.

<sup>5</sup> "Pemerintah akan Bentuk Badan Baru Intelijen", *Republika*, 17 October 2002.

<sup>6</sup> "KSAD Minta Jaringan Intelijen Diaktifkan Lagi", *Republika*, 16 October 2002.

<sup>7</sup> "Ditandatangani 2 Perpu Antiterorisme", *Kompas*, 19 October 2002.

reassert its role. The truth, as always, is somewhere in the middle.

*2. Entrenchment of the Territorial Command Structure.* Indonesians committed to military reform see a gradual elimination of the territorial command structure, through which the army has command posts at the provincial, district, and subdistrict level, as critical to removing the army from politics. With the territorial commands come direct influence over local politics and involvement of the military commander in local decision-making as a near-equal or even sometimes superior to the civilian executive. In the immediate aftermath of Soeharto's resignation, advocates of military reform, even within the army, seemed to agree that sooner or later, the territorial structure had to go. Over the last two years, there has been steady backtracking from that position, given the outbreak of communal, ethnic, and separatist violence, and the increasing importance of local commands as a source of revenue for military operations.

New regional commands were created in Maluku in 2000 and Aceh in 2001. In the aftermath of Bali, more could follow, and the army has explicitly advocated an increase so that it can be "closer to the people".<sup>8</sup> Given the sense of insecurity in the population at large following the bomb blasts and the nostalgia for the Soeharto era that appears to be on the rise, the army might find political support for such a move. This would be a grave blow to political reform and the notion of civilian supremacy in a democratising government.

*3. Increased funding for the armed forces.* The desperate desire of Western governments, whose citizens or installations could be targeted again by al-Qaeda, to have an effective partner in the war on terrorism may lead to increased funding for and training of the TNI. The pitfalls are enormous. The army is still a highly politicised organisation, and one that leaks information and weapons like a sieve. Rebel movements still get the bulk of their arms from corrupt soldiers (and police), and some 70 per cent of the TNI's operational funding comes from non-budgetary sources, many of them illegal. It is a major understatement to say that enforcement of discipline is weak. A recent attack by soldiers on a police post in North Sumatra in which a ton and a half of marijuana went missing is only the tip of the

iceberg in terms of the TNI's problems. Ongoing trials of army officers for crimes against humanity in East Timor have been a farce that have served to undermine, not strengthen, the prospect of accountability for soldiers responsible for serious crimes.

This is not to say that all efforts to professionalise the army should be blocked or training opportunities cut off. It does mean that donor governments should continue to insist both on fiscal transparency and accountability for serious human rights abuses.<sup>9</sup> It also means that looking to the army, at the expense of civilian security specialists or even the hapless police, as the lead institution to combat terrorism would be a mistake that could as easily compromise security as strengthen it. There is no institutional quick fix in Indonesia for those who would like to see terror stopped, and **all** institutions need strengthening. As long as anyone can enter Indonesia, get a passport or local identity card, or buy weapons and explosives if the price is right, the threat of terrorism will remain.

*4. Support for a military leader?* Even with the thirst for firm leadership, as expressed over endless radio and television talk shows since Bali, it still seems unlikely that a military leader would be acceptable to the Indonesian electorate; there is still far too much distrust of the TNI. The military's backing of particular candidates could be important, though, and if before the Bali bombing the direction of the decentralisation program was the issue of the day, it may well be national security by the time the campaign moves into high gear.

#### IV. THE ECONOMIC IMPACT

It is probably too early to assess the economic impact of the Bali bombs, but it will obviously be serious. The Megawati administration could report some economic progress after its first year, with the rupiah stabilised and markets strengthened, but the consensus was that recovery was fragile.<sup>10</sup> Central bank interventions in the first two days after the blast were successful in preventing a steep decline in the value of the rupiah, reflecting favourably on the strength of macroeconomic

<sup>8</sup> KASAD: Tak Ada Lagi Kodam Bubar", *Kompas*, 17 October 2002.

<sup>9</sup> ICG Asia Report N°24, *Indonesia: Next Steps in Military Reform*, 11 October 2001.

<sup>10</sup> World Bank, *Indonesia Brief*, 3 April 2002.

fundamentals and central bank reserves. Some economists argue that a slight decline in the rupiah's value would actually help the budget, because it would increase oil and gas revenues, as well as the income from VAT on imports.

A bigger issue is the blow to the tourist industry, which brings in about U.S.\$5 billion a year, and the loss of jobs. Standard Chartered, a major international bank headquartered in Hong Kong, warns that a loss in tourism receipts post-Bali could result in a reduction of one percentage point in GDP growth for 2003, to 3.3 per cent, much lower than the government's overly optimistic GDP target of 5 per cent.<sup>11</sup> The government has already acknowledged that it is unlikely to meet its budget targets for this year. No one is sure how long recovery might take: in Luxor, Egypt, after a November 1997 attack that killed some 70 people, tourists began returning within six months.

More significant and less easy to measure is the impact on confidence. Domestic consumption at 70 percent of GDP has been the main engine of growth, a drop in tourism could send ripples through the rest of the economy as laid-off workers cut back on their own spending.

The more general sense of insecurity will also have an impact, particularly on foreign companies. As one executive noted three days after the bombing, there was not much new investment coming in anyway; the real question is whether businesses that are already here will leave. As of 18 October, most were determined to stay, despite the fact that U.S. non-essential diplomatic staff and dependants had been ordered home.<sup>12</sup> Other embassies in Jakarta, including Australia's, authorised voluntary departure of non-essential staff and dependants and issued warnings against travel to Indonesia.

Whilst long-term investments in the extractive industries remain secure, Indonesia could see its export-oriented manufactures in shoes, textiles and furniture take a hit. Reebok and Nike have already

reduced production levels in Indonesia, blaming lower profit margins on instability and newly empowered labour unions.<sup>13</sup> Travel restrictions which make regular site visits difficult would be a further reason to relocate.

Business executives said that the security situation was manageable but precarious. At this stage, one said, it would take a single additional incident, however small, however unrelated to al-Qaeda and international terrorism, to spark an exodus.

Slower economic growth, the poor business environment and stiff foreign competition, particularly from China, will make it even harder for Indonesian companies to service debts incurred as a result of the Asian financial crisis. Companies such as Asian Pulp & Paper and Astra International, which depend on asset sales as well as consumer spending for revenue-generation, have already warned that the blow to confidence may derail previous debt restructuring agreements.<sup>14</sup> Nevertheless, Indonesia's corporate sector was troubled before the Bali bombings, primarily because both creditors and debtors had been reluctant to adopt standard debt-restructuring practices – such as converting debt into equity – preferring to extend repayment dates in the hope that the economy would pick up.

## V. IMPACT ON RADICAL ISLAM

As ICG has noted previously, only a small proportion of Muslims espouse a radical view of Islam and even fewer advocate violence.<sup>15</sup> All the best-known radical groups – Laskar Jihad, Front Pembela Islam (FPI, Islamic Defenders Front) and the network known as Jemaah Islamiyah – are facing problems, but not entirely as a result of the Bali bombings. It is not clear that the stepped up security efforts after the bombings will have much impact one way or the other on radical Islam per se. Most of these groups are convinced, like many non-radical groups and individuals in Indonesia, that the

<sup>11</sup> "RI maintains 5 per cent economic growth target for next year," *Jakarta Post*, 22 October 2002.

<sup>12</sup> In a preliminary survey of American Chamber of Commerce members days after the bombing, 44 per cent of the 107 respondents considered the U.S. State Department's evaluation of the security situation "too negative", and 53 per cent said it was "about right". More than 90 per cent said they did not intend to order the departure of expatriate staff and dependants.

<sup>13</sup> "Just Quit It," *Far Eastern Economic Review*, 12 September 2002.

<sup>14</sup> "Asia Pulp may miss profit target," *International Herald Tribune*, 21 October 2002.

<sup>15</sup> ICG Indonesia Briefings, *Indonesia: Violence and Radical Muslims*, 10 October 2001 and *Al-Qaeda in Southeast Asia: The Case of the 'Ngruki Network' in Indonesia*, 8 August 2002.

U.S. government planned the attack as a way of prodding countries hitherto reluctant to join the war on terrorism to support a war with Iraq. Horror over the bombing, therefore, is not likely to lead to a perceptible change in the extent or content of Islamic radicalism in Indonesia.

*The Jemaah Islamiyyah network.* This is the only network in the country with significant ties to international terrorist networks, but it appears to be more of an elusive coalition of underground groups rather than a single organisation that can be easily banned or broken up. As of this writing, no conclusive evidence had been made public that JI was behind the Bali bombings, although it remained the leading suspect. The danger it poses to Indonesia is unlikely to be significantly affected by the arrest on 18 October of Abu Bakar Ba'asyir, one of its alleged leaders, particularly when the man who appears to be the operational commander, Riduan Isamuddin alias Hambali, remains at large.

*Laskar Jihad.* The Yogyakarta-based militia known for its use of violence in Maluku and Poso (Central Sulawesi), was formally disbanded a week before the Bali bombing. According to its leader, Ja'far Umar Thalib, an executive board of the organisation had decided on 7 October to cease all activities and disband as an organisation. The leader of Laskar Jihad, Ja'far Umar Thalib, is currently on trial for incitement in connection with a violent attack in Ambon in April 2002. One source interviewed by ICG said that Laskar Jihad was riven by internal differences, short of funds, and infiltrated by intelligence (an odd assertion since the military was heavily involved in its training in the first place).<sup>16</sup> The disbanding of Laskar Jihad, is almost certainly good news for Ambon and Poso, although a question remains as to what happens to the young men recruited locally, and what has happened to the weapons in Laskar Jihad's possession. About 170 fighters had begun to leave Poso by 17 October; in Maluku, some 1,200 were expected to have departed by the end of the week.<sup>17</sup> Laskar Jihad officials in Yogyakarta said they would return to their studies.

*Front Pembela Islam.* FPI is known primarily for smashing nightclubs and discotheques and other places it considers dens of iniquity. Composed largely of young thugs with a veneer of Islamic

leadership, it is headed by a cleric named Habib Rizieq, who was detained on 16 October. He was charged with incitement for his involvement in an FPI raid in Jakarta on 4 October, and the arrest warrant appears to have been drawn up before the bombing.

The end of Laskar Jihad, if it is the end, and the arrest of Habieb Rizieq will have little impact on the capacity of individuals associated with Jemaah Islamiyyah to cause death and destruction. All three networks used violence, but there were fundamental ideological differences. Laskar Jihad and FPI believed that it was forbidden under Islamic law to revolt against a Muslim government, no matter how repressive or wayward. Laskar Jihad was if anything ultra-nationalist, committed to Indonesia's territorial integrity and convinced that its mission was to fight Christian separatists because the security forces were incapable of doing so. Abu Bakar Ba'asyir and the men around him, by contrast, believe that jihad against enemies of Islam is obligatory, even if those enemies are themselves Muslim, and that the only acceptable form of government is a restoration of the Islamic caliphate.

One writer has suggested that Indonesia might experience a phenomenon similar to the reaction in Egypt after the attack on tourists in Luxor in 1997, when many Muslims chose to distance themselves from radical Islamism out of horror.<sup>18</sup> But in Egypt there was no question as to the perpetrators. In Indonesia, the widespread belief that the U.S. government or CIA was behind the bombing to gain support for the war on Iraq and the fact that no one has claimed responsibility mean the incentive to change one's associations or views is not as strong.

## VI. THE IMPACT ON BALI

The economic and social scars on Bali are likely to be deep. Kuta, the centre of the tourist district, has become a ghost town. By 18 October, the occupancy rate of local hotels had dropped from close to 80 per cent to 27 per cent. Not only will the service sector suffer, but many tourists also doubled as small-scale exporters, buying up handicrafts to sell in retail outlets abroad. These so-called *cangkingan* sales accounted for as much of 50 percent of Balinese

<sup>16</sup> ICG interview, 18 October 2002.

<sup>17</sup> "Laskar Jihad Pulang dari Maluku dan Poso", *Koran Tempo*, 17 October 2002.

<sup>18</sup> Martin Woollacott, "The Bali bombs may deal a fatal blow to the Islamists", *The Guardian*, 18 October 2002.

exports, according to the local press.<sup>19</sup> Local officials expect the loss of up to 150,000 jobs, and some Rp.190 billion (about U.S.\$21 million) in tax revenues, after the central government granted Bali tax relief through December 2002.<sup>20</sup> Most major foreign tourist agencies have put travel to Bali on hold for at least a month, and it will undoubtedly take much longer for the industry to recover.

Several observers have commented on radio and television that Jakarta should be more forceful about urging Indonesians who can afford it to take their holidays in Bali rather than abroad, so that at least local money can be pumped into the economy.

Bali may also see an impact from the bombing in terms of worsening communal relations with non-Balinese migrants from other parts of Indonesia, although local leaders are doing their best to ensure this does not happen. Anti-migrant sentiment has been building for some years in Bali, and because many of the migrants are Muslim, there was a fear that local Balinese civilian security groups, called *pecalang*, might take their anger over the bombing out on non-Balinese. Rumours that such attacks were likely increased the nervousness of many migrants, but community leaders appear to have persuaded the *pecalang* to turn over any suspicious individuals to the police rather than deal with them themselves.

Two Javanese barbers in North Kuta wondered whether they should leave Bali for a month or so until some of the uncertainty blows over. "Business is going to take a dive anyhow", one of the barbers said. "We might as well head home. I don't want Balinese to avoid us just because we are Javanese. I'm a Javanese Christian, but how would an angry Balinese know that?"<sup>21</sup>

The Muslim community in Denpasar, Bali's capital, has taken some precautionary measures. The usually loud call to prayer was not sounded in certain areas of the city for the first few days after the bombing. One man, a *pecalang* leader, said, "The Muslims in Bali understand that we all need to be very careful of instigating an emotional reaction from Balinese, particularly communities who lost members to the

blast. We are all holding back now".<sup>22</sup> At the same time, the man in question said he had the capacity to mobilise many young men if needed, and that he and other members of his group were suspicious of the military, whom they identify with Islam, and disappointed with the police, most of whom are also non-Balinese. He welcomed the arrival of I Made Pastika, a well-respected Balinese police officer, to head the investigations into the bombings.<sup>23</sup>

In Bali, the local government, religious affairs department and leading Hindu organisation (Parisadha Hindu Dharma) are preparing to hold a massive ritual sacrifice (*pecaruan*) on the site of the bombing in about a month.<sup>24</sup> Balinese families of the missing are also using religion and ritual to help locate the spirits of their relatives. Even though the majority of the victims killed in the blast are burned beyond recognition, many families have consulted *balian takson* (spirit mediums) through a ritual called *maluasan or paluasan*. This ritual is usually conducted to discern which familial ancestor has been reincarnated in a newborn child.

Religious authorities are still discussing how the deaths are to be handled. It has yet to be determined whether those who died in the blast will be termed *salah pati* (unnatural or sudden death). *Salah pati* deaths would require immediate burial of the deceased for at least a year (210 days according to the Balinese calendar) prior to an official – and expensive – cremation. Because *salah pati* is often identified with suicide, a different term may be used

<sup>19</sup> "Ekspor secara Cangkingan Terpukul", *Bali Pos*, 19 October 2002.

<sup>20</sup> "Bali Kehilangan Pajak Rp 190 Milyar", *Bali Pos*, 19 October 2002 and "150 Ribu Naker Pariwisata Terancam Nanggung", *Bali Pos*, 18 October 2002.

<sup>21</sup> ICG interview, Bali, 17 October 2002.

<sup>22</sup> ICG interview, Bali, 18 October 2002.

<sup>23</sup> ICG interview, Bali, 18 October 2002.

<sup>24</sup> Officials say the ritual may be held on the same day as Sugian Bali, a day when all commoner Balinese pray to their ancestors in family ancestral shrines (*sanggah gede*). This year, it falls on 15 November. Sugian Bali is the first of several ritual events conducted to prepare for Galungan, the island-wide ritual held to celebrate the victory of dharma (virtue) over adharma (vice). Galungan commemorates the day when Majapahit, the fourteenth century Javanese kingdom, defeated the evil Balinese tyrant, Mayadanawa. The coincidence of mythological victories, island-wide purification ceremonies, and the Kuta-based sacrificial ceremony is highly significant. The ritual will satiate the demons attracted by the blood and grief caused by the bombing and in doing so will also purify internal emotional demons through a Balinese belief that the cosmos is a supra-human reflection of the internal cosmos of the body. This may help ease some of the anger expressed in the aftermath of the bombing.

for the bomb victims, permitting cremations to be held sooner.<sup>25</sup>

## **VII. IMPACT ON CONFLICT AREAS**

The reaction among Acehnese in particular to the Bali bombings was instructive. Local parliamentarians and members of non-governmental associations contacted by ICG assumed that the rebel movement Gerakan Aceh Merdeka (GAM) would be blamed eventually, or that the new anti-terrorism decree would be used first against suspected GAM supporters. One woman also expressed frustration that there was such an outpouring of concern and assistance in response to close to 200 deaths, when the close to 1,000 deaths in Aceh as a result of the violence this year have gone virtually unnoticed.

A Papuan parliamentarian expressed similar fears to his Acehnese counterpart about the use of the anti-terrorism decrees.

The focus on security and intelligence-gathering in the aftermath of the Bali bombings has generated fears that the government's inclination toward military as opposed to political solutions for conflict could be reinforced, although as this briefing went to press, the government was preparing for renewed dialogue with GAM in Geneva at the end of October, and international monitoring of a ceasefire was on the agenda.

## **VIII. CONCLUSION**

The Bali attack killed almost 200 people, wounded more, and touched thousands of families. It convinced most Indonesians that they had a terrorist threat in their midst, but there is no consensus on who is behind that threat or the best way to address it. Few people think the danger to Indonesia is going to be eased by one arrest or one new decree; much more fundamental reforms are needed. In the meantime, the political and economic impact will clearly be profound. The blow to the economy will depend in part on how quickly a sense of confidence comes back, and that will in turn depend on Indonesia's political leaders. The choices between now and 2004 are not going to be easy.

**Jakarta/Brussels, 24 October 2002**

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<sup>25</sup> ICG interviews with offering maker, Ida Bagus Wayan, and Balinese high priest, Ida Pedanda Ketut Sidemen.



## APPENDIX A

### MAP OF INDONESIA



## APPENDIX B

### ICG BOARD MEMBERS

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**Martti Ahtisaari, Chairman**

*Former President of Finland*

**Maria Livanos Cattau, Vice-Chairman**

*Secretary-General, International Chamber of Commerce*

**Stephen Solarz, Vice-Chairman**

*Former U.S. Congressman*

**Gareth Evans, President & CEO**

*Former Foreign Minister of Australia*

**S. Daniel Abraham**

*Chairman, Center for Middle East Peace and Economic Cooperation, U.S.*

**Morton Abramowitz**

*Former U.S. Assistant Secretary of State and Ambassador to Turkey*

**Kenneth Adelman**

*Former U.S. Ambassador and Director of the Arms Control and Disarmament Agency*

**Richard Allen**

*Former U.S. National Security Adviser to the President*

**Saud Nasir Al-Sabah**

*Former Kuwaiti Ambassador to the UK and U.S.; former Minister of Information and Oil*

**Louise Arbour**

*Supreme Court Justice, Canada; Former Chief Prosecutor, International Criminal Tribunal for former Yugoslavia*

**Oscar Arias Sanchez**

*Former President of Costa Rica; Nobel Peace Prize, 1987*

**Ersin Arioglu**

*Chairman, Yapi Merkezi Group, Turkey*

**Emma Bonino**

*Member of European Parliament; former European Commissioner*

**Zbigniew Brzezinski**

*Former U.S. National Security Adviser to the President*

**Cheryl Carolus**

*Former South African High Commissioner to the UK; former Secretary General of the ANC*

**Victor Chu**

*Chairman, First Eastern Investment Group, Hong Kong*

**Wesley Clark**

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