

A. Lin Neumann

There are times in conversation when James Castle easily drifts into the personal pronoun “we” as he talks about the successes and the shortcomings of the country he has called home for 34 years. He can be forgiven, as few foreigners have spent as much time in Indonesia or watched the dizzying changes that have swept over it in recent years as closely as he has.

The veteran American business consultant and analyst, who came here as a graduate student, is a fixture in Indonesia’s business community and expert in discussing subjects as diverse as infrastructure, reform and the push and pull of a young democracy. He has advised many large multinational companies through CastleAsia, the firm he founded in Jakarta in 1980.

To mark US Independence Day, the Jakarta Globe asked Castle to discuss the state of Indonesia’s political and economic future and its relations with the United States.

Seated in his understated Jakarta offices, he strikes a note of caution fringed with optimism.

“We,” he says, “could have invested more in infrastructure, health care and education” in recent years. And “we” have to be aware that the good times do not last forever. “Adversity will come,” he says of Indonesia’s current boom, “it always does.” And when the next downturn washes ashore, the country will have to cope with tasks left undone.

The tall and soft-spoken 65-year-old — who looks like a favorite uncle and never seems to be in a hurry — pauses, then adds: “I don’t see any reason not to be optimistic ... It’s a big, complicated place, but there is no serious political force here that says democracy is for the birds and is trying to reverse things.”

And when it comes to the relationship with Washington, Castle says, things have gone pretty well for the two big democracies — one “the big brother” of Southeast Asia, the other a superpower no one can ignore and whose profile here is currently stable and without crisis.

Castle credits the long friendship to the fact that the United States has generally made the right calls on Indonesia. At the time of the independence struggle, he notes, the United States used its clout with the Dutch to “take the moral high ground” and back independence, perhaps feeling there was no serious communist threat in the new country at the time and thus little risk involved.

Later tensions with President Sukarno’s left-wing government never boiled over into open hostility, and the CIA’s mucking about in the country in the 1950s and 1960s eventually ended. Similarly, tensions that finally emerged with President Suharto’s New Order military regime over human rights abuses have been resolved in the reform period that began in 1998, leaving the two countries on stable ground, Castle believes.

“A lot of the military issues that prevented closer cooperation between the two countries are not on the table



Castle at his Jakarta offices. He has been in Indonesia for 34 years, and decided to stay in 2009 despite being hurt in the July hotel bombings that year. JG Photo/A. Lin Neumann

US-Indonesia? ‘It’s Now A Very Rich Relationship’

Veteran US business consultant James Castle credits the countries’ long friendship to the fact that the United States has generally made the right calls on Indonesia

any longer because of democracy,” Castle says. “The relationship is just where you would want it to be.”

The fact of US President Barack Obama’s childhood ties to Indonesia, he says, is just a “quirk of fate” that “has opened doors on all sides.”

Finally, with the recent Comprehensive Partnership between Indonesia and the United States building greater links in education, investment and other areas, Castle

feels that relations are also moving away from the post-9/11 fixation that Washington had on Indonesia as a “bulwark against terrorism.”

Terrorism is a threat that Castle knows only too well. He was a victim of the twin Jakarta hotel blasts two years ago on July 17, 2009, when a suicide bomber exploded a device during a breakfast forum for businesspeople that CastleAsia was hosting at the JW Marriott hotel.

Famously, Castle never gave any thought to leaving the country after the horror. “Why not stay?” he says. “This is where I have lived and worked for 30 years and I was not going to leave. It wasn’t a personal attack.”

Progress combating the terrorism threat and instituting at least some governance and regulatory reforms, Castle says, now have made it easier for US companies to stay interested in the country. The Comprehensive Partnership is significant because it gives some “texture and comfort to the relationship” and ensures that the two countries are on a course of continued cooperation.

Castle credits two events of the last dozen years with improving relations with Washington. One is the fact that

in the immediate post-Suharto era, US aid and organizations such as The Asia Foundation and others played a significant role in helping to encourage the electoral and legal reforms that quickly gave the country a foundation for a free press and a political future after decades of dictatorship.

“The US was extremely helpful in supporting forces for stability and democracy in ‘98 and ‘99,” he says.

The other key event was President Susilo Bambang Yudhoyono’s snap decision in the aftermath of the 2004 Aceh tsunami to allow US combat troops into the country to assist in recovery efforts.

That move, Castle says, allowed the US and Indonesian militaries to re-establish ties of friendship and cooperation that had been torn apart by the human rights abuses of the Suharto era. The result, he says, has been a new level of understanding on security and other issues.

So what remains to be done? Plenty, Castle stresses. Rising religious intolerance remains an issue, he says, that has to be addressed but remains manageable.

“Regulatory uncertainty” and the

often opaque and confusing legislative and legal environment in Indonesia, however, is the “No. 1 concern” of US businesses here and Castle says patience is required moving forward. “This is a young democracy,” he says, “and institutions remain weak.”

A lot of major structural reforms came into place very quickly in the first half-dozen years following Suharto’s departure, he notes. Now, traditional elites who prospered under the old system are trying to reclaim lost ground in areas like the fight against corruption. “I see reform as a pendulum,” he says, “and some guys are pushing back. So the fight is on. But politics is always like that.”

On balance, Castle says, things are headed in the right direction, and the United States and Indonesia can look forward to a long and prosperous friendship in the decades to come, with one sign being that Washington’s actions in Indonesia are not a staple of headline news in Jakarta, meaning that a sense of normalcy has been achieved.

“The relationship has become more balanced and calm” than it once was, Castle says. “I think it has become a very rich relationship.”