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Bradley R. Simpson. *Economists with Guns. Authoritarian Development and U.S.-Indonesian Relations, 1960-1968.* 376 pp. \$60.00 (cloth). ISBN: 9780804756341. Stanford University Press, 2008.

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Introduction by Thomas Maddux, California State University, Northridge

Before reading the H-Diplo roundtable and/or Bradley Simpson's book, readers may consider completing the identification quiz below by indicating the official capacity of the following Indonesian leaders:

Saleh
Subandio
Suharto
Sukarno
Sukendro
Sutowo

Those who score less than 50% are probably in a large group of H-Diplo members and historians of U.S. diplomacy. The quiz results reflect the degree to which scholarly attention has focused on Vietnam in Southeast Asia at the expense of studies on countries like Indonesia. The irony, as Simpson points out in his impressive study, is that many U.S. leaders considered Indonesia of greater significance to the U.S. and Cold War considerations than Vietnam.

The reviewers are highly impressed with Simpson's study, his thesis on the influence of military modernization on U.S. policy with respect to Indonesia and elsewhere, and his persuasive assessment of U.S. involvement in the 1965 Indonesian army move to wipe out the Indonesian communist party (PKI) and move Sukarno out of the presidency which he had held since independence was gained in 1949. The reviewers raise some questions for further research and on issues extending beyond Indonesian-U.S. relations which Simpson addresses in his response:

- 1.) The reviewers endorse Simpson's thesis on the influence of modernization theory on U.S. policy, specifically the concept of military modernization which emerged in the late 1950s-early 1960s and pointed to the Indonesian armed forces as the group most capable, in collaboration with American-trained Indonesian economists and with support from American advisers in a range of programs, of leading a successful modernization campaign. This program would serve U.S. interests by welcoming Western economic interests in contrast with Sukarno's gradual moves to assume control of important oil and other resources, by moving Indonesian forces away from extensive assistance from the Soviet Union, and by undermining the challenge posed by the PKI and emerging Chinese influence. Ragna Boden, who has written extensively on Soviet policy and Indonesia, questions whether the ideology of military modernization was more influential than the familiar ideology of anti-communism in shaping U.S. policy. David Ekbladh, who has a forthcoming book on modernization and U.S. policy, suggests that at times Simpson's thesis disappears into a dense thicket of diplomatic issues such as Sukarno's *Konfrontasi* with Malaysia over Borneo; the actual development programs in Indonesia receive little attention; and the views of U.S. officials and especially Indonesian officials and their

views on modernization remain undeveloped. Nils Gilman, who also has written several books on modernization, focuses on this issue in his review, noting the strengths of Simpson's development of the changing impact of modernization theories on policy, and the domestic political context and debate between conservative nationalists and containment internationalists. Gilman would welcome more analysis of the competing views on modernization in Indonesia from the Soviet Union as well as Dutch legacies.

- 2.) The reviewers don't question Simpson's assessment on U.S. involvement with the Army's removal of Sukarno and massive purge. Simpson makes use of limited U.S. documents to demonstrate that the PKI probably attempted to purge the army by killing six generals of the high command. This provided the pretext for the army to unleash itself and a variety of Muslim and youth groups to purge and kill 500,000 to a million members of the PKI and other Indonesians. As Laura Iandola notes, Simpson convincingly documents the prolonged and persistent effort of U.S. officials in Indonesia and Washington—State Department, CIA, Defense Department and other agency representatives—to persuade the Army to take out the PKI and Sukarno. Washington officials were delighted with the results, as Simpson notes, and quickly revived the rhetoric and framework of military modernization, and ensured through extensive involvement with Army leaders that Western economic interests were restored in Indonesia. Simpson doesn't pull any punches and puts President Lyndon Johnson and his Democratic advisers in the same dishonorable place as President Richard Nixon and Henry Kissinger on Argentina and Chile. "The Johnson administration's decisions to extend aid were made after it had become clear that the United States would be directly assisting the army, Muslim organizations, student groups, and other anti-Communist forces in a campaign of mass murder against unarmed civilians—alleged members of the PKI and affiliate organizations," concludes Simpson, who further notes that "...U.S. officials knew and expected that the covert assistance they provided would further this campaign." (187) Simpson also points out that the Soviet Union publicly denounced the purge but privately continued its shipments of weapons to the Indonesian army and blamed China for the destruction of the PKI. (189-190)
- 3.) Simpson is responsive to the suggestions of the reviewers that more attention should be devoted to several topics mentioned in his study, most notably the role of Islam in Indonesia and U.S. views on the Muslim response to Suharto's modernization policies; the views of U.S. economic groups since Simpson considers the reliance on military modernization as aimed foremost at advancing U.S. economic interests as opposed to anticommunist concerns; and Indonesian officials and their views on U.S. policies. Simpson notes the lack of access to Indonesian and U.S. governmental sources, but indicates that he intends to write more about these subjects in the future.
- 4.) Throughout the book the "elephant in the room", as Simpson astutely notes, is the escalating conflict in Vietnam. The Eisenhower administration by 1957, as Simpson demonstrates, extended its preoccupation with stopping the spread of communism

from Laos and Vietnam to Indonesia with a covert operation aimed at multiple objectives that ended in total failure with lasting negative repercussions including the growth of PKI and Soviet influence. (32-34) The Kennedy administration's response to Indonesia paralleled its emphasis on modernization programs and counterinsurgency in Vietnam but differed strikingly with JFK's persistent efforts to work with Sukarno despite his challenges to Great Britain on Malaysia whereas in South Vietnam JFK gave up on Ngo Dinh Diem.(124-125) With the Johnson administration, Simpson points out the increasing hardline approach to both Vietnam and Indochina as the U.S. escalated in one country and, despite being preoccupied with Vietnam, stepped up covert operations in Indonesia and encouraged the military to get rid of the PKI and Sukarno. (146-147) Ironically, the increasing difficulties Washington encountered in the Vietnam War led LBJ and his advisers to put more resources, despite the drain of Vietnam, into support of Suharto's "New Order", the only apparent "success" in Southeast Asia for Washington by 1968. (246-248)

- 5.) A troubling theme throughout Simpson's study is the issue of alternatives in U.S. policy toward Indonesia. As Simpson demonstrates repeatedly, Sukarno was more difficult to negotiate with than many leaders of newly independent countries in the context of the Cold War and domestic pressures. Sukarno appeared to be determined to squeeze out Western and U.S. economic interests, to demand maximum aid from the U.S. and the Soviet Union, to expand Indonesia in various territorial annexation gambits against Great Britain and others, and to maneuver with a number of political groups including the PKI. Eisenhower's 1957 covert operation may have fatally contaminated the relationship for further U.S. leaders, although JFK did ultimately back Sukarno's demands for the acquisition of West New Guinea versus the Dutch. After Kennedy's assassination, the U.S. escalation in Vietnam, and Sukarno's campaign of threats, negotiations, and military incursions against Malaysia, the prospects of an accommodation between Sukarno and the Johnson administration looked very unlikely even if LBJ decided to back off on the various covert and overt campaigns to get rid of Sukarno and the PKI. Since the Indonesian military leaders remained reluctant to replace Sukarno, a different U.S. policy might have contributed to their hesitation and to a less destructive result in Indonesia.

Participants:

Brad Simpson is an assistant professor of history and international affairs at Princeton University, where he researches and teaches twentieth century U.S. foreign relations and international history. He is also founder and director of a project at the non-profit National Security Archive to declassify U.S. government documents concerning Indonesia and East Timor during the reign of General Suharto (1966-1998). This project will be used as the basis for a major study of U.S.-Indonesian relations from 1965 to 1999, exploring how the international community's embrace of an authoritarian regime in Indonesia shaped the contours of Suharto's New Order. Recent and forthcoming essays and reviews are in *Cold War History*, *Diplomatic History*, *Critical Asian Studies*, *The Journal of Interdisciplinary*

History, International History Review, Peace and Change, and American Foreign Relations Since 1600: A Guide to the Literature. He was featured in the recent Australian Broadcasting Corporation radio documentary [Accomplices in Atrocity: The Indonesian Killings of 1965](#)..

Ragna Boden, a professor's assistant with the chair of Eastern European History at Ruhr University of Bochum, Germany, received her PhD in History from Philipps University of Marburg in 2005. Her publications on Soviet policy include: *Die Grenzen der Weltmacht. Sowjetische Indonesienpolitik von Stalin bis Breznev* (Stuttgart: Franz Steiner, 2006) (The limits of empire: Soviet policy towards Indonesia from Stalin to Brezhnev), "Moscow and the 'Gestapu' events of 1965 in Indonesia – New evidence from Russian and German archives," *Bijdragen tot de Taal-, Land- en Volkenkunde* Vol. 163 (2007), pp. 507-528 and the forthcoming "Cold War Economics - Soviet Aid to Indonesia," *Journal of Cold War Studies* Vol. 10 (2008), pp. 110-128.

David Ekbladh is assistant professor of history at Tufts University. His book *The Great American Mission: Modernization and the Construction of an American World Order, 1914 to the Present* is forthcoming from Princeton University Press in 2009. He earned his Ph.D. in history from Columbia University. Work of his has appeared in *Diplomatic History*, *The Wilson Quarterly*, the *Journal of American-East Asian Relations* and in the volumes *Global America*, edited by Frank Ninkovich (forthcoming) and *Nation Building: Beyond Afghanistan and Iraq* (2005). For several years he worked with the Carnegie Corporation of New York on conflict prevention and international affairs issues. He has also been a visiting scholar with the International Development and Foreign Policy Studies programs at the Paul H. Nitze School of Advanced International Studies of Johns Hopkins University, a John M. Olin Fellow with International Security Studies at Yale University, and a visiting scholar at the American Academy of Arts and Sciences. He is currently at work on a second book manuscript on the birth of a new American globalism in the 1930s.

Nils Gilman received his Ph.D. in History from the University of California, Berkeley, in 2000. He is the author of *Mandarins of the Future: Modernization Theory in Cold War America* (2003) and coeditor of *Staging Growth: Modernization, Development, and the Global Cold War* (2003). He currently works as a senior practitioner at the Monitor Group, working mainly on intelligence reform, strategic planning, and emerging issues in geopolitics and national security. His current research focuses on "deviant globalization"--the unpleasant side effects of global integration, including transnational gangs, human trafficking networks, the malware industry, weapons proliferation, and other global black markets.

Laura Iandola is completing her Ph.D. at Northern Illinois University with a dissertation on "Showdown: The United States and Regime Change in Cold War Indonesia". She earned an MA in History at the University of Illinois at Chicago and an MA in Political Science at the University of Toronto. She has presented papers at SHAFR, the Midwest Conference on Asian Affairs, and the AHA.

E*conomists with Guns* is a timely book about the mechanisms and impact of United States (U.S.) world policy during the "old" Cold War. While Odd Arne Westad has recently drawn our attention to the superpower rivalry in the so-called third world countries, Bradley Simpson now broadens the focus of U.S. interest in South East Asia beyond Vietnam.¹ Indonesia was not just another former European—in this case Dutch—colony that needed to be won for a Western version of democracy. As the world's fifth most populous nation and with the third biggest communist party, it was one of the few countries in the 1960s where Washington, Moscow, and Beijing directly competed for influence. Each side tried to win some or all of the main Indonesian factions: nationalists, communists, Muslim parties, and the armed forces. To this end they used propaganda, cultural initiatives, and especially economic and military aid. The latter were employed to such an extent that Indonesia became one of the superpowers' main recipients during the 1960s.

Examining the period from 1960 to 1968, Simpson chose one of most decisive phases in the history of U.S.-Indonesian relations. His book also includes an overview of the 1940s and 1950s in the first of its eight chapters. Given the clear focus on U.S. internal policy, Simpson in chronological order skilfully alternates the American decision-making process on the one hand and the course of events and political situation in Indonesia on the other. Moreover, Simpson shows that in broad terms U.S. policy toward Jakarta fit very well into Washington's overall strategy of supporting military regimes. The author compares it to U.S. policy in South Korea, Iran, and Latin America (3, 255). U.S. support for Indonesia under its leftist president Sukarno was never undisputed, so that Simpson makes a most valuable contribution to historiography when he looks at the different groups of supporters and opponents within the U.S. administrations. He explores in depth how the subsequent administrations adapted their tactics to the growing Indonesian shift to the left, to the Soviet and Chinese influence on Jakarta, and to the change from President Sukarno's "guided democracy" to Suharto's authoritarian military regime.

Even though he uses a variety of materials from the White House and the British Foreign Office, Simpson does not discuss the sources, which leaves the readers to explore them for themselves. The only exceptions are scattered comments on CIA documents of which Simpson could use only a fraction, excluding the operational files for Indonesia (194, 157). In contrast to Paul Gardner, Simpson does not use interviews. This and his implicit renunciation of using documents from Indonesian archives (which for the most part are closed for the period of independence anyway) cannot be regarded as shortcomings. It

¹ Odd Arne Westad, *The Global Cold War: Third World Interventions and the Making of Our Times* (Cambridge: Cambridge University Press, 2005). On U.S. policy in Vietnam, Indonesia and Malaysia, see also Marc Frey, *Dekolonisierung in Südostasien: Die Vereinigten Staaten und die Auflösung der europäischen Kolonialreiche* (München: Oldenbourg, 2006), a short, English version of which was published in 2003: Marc Frey, "Tools of Empire: Persuasion and the United States' Modernizing Mission in Southeast Asia," *Diplomatic History* 27:4 (2003): 543-568.

would have been worthwhile, though, to include material from the U.S. Department of Commerce as well as the Chamber of Commerce of the United States and possibly also from private enterprises since he makes a strong point on economic policy.

For his interpretative framework Simpson draws on the modernization theory with special regard to military authoritarianism.² This concept of military modernization is what he defines as a most influential ideology of U.S. politicians, economists, diplomats, and area experts to develop third world countries like Indonesia (3, 7, 63, 64)—a theory which, according to Simpson (72), had gained wide acceptance in U.S. "policy-making circles" by 1963. The idea of military modernization suggested that the Indonesian armed forces were regarded as the group most capable of modernizing the country in a way that would suit Western interests. As a characteristic of the American hard-liners' variant it implied that even massive American military support was just a means to sustain the most decisive incentives for U.S. involvement: economic gains from Indonesian rubber and oil reserves and more generally liberalization, foreign investment opportunities, and Indonesia's integration into world economy (88, 99-106, 197).

Simpson thus claims to invert a common argument of Cold War historians concerning the interdependence of economic and military influence when he suggests that the U.S. administrations pursued economic aims by military means (11, 255).³ The thesis of military modernization differentiates Simpson's book from earlier studies on U.S.-Indonesian relations like Gardner's⁴ which were good at, yet to a certain degree confined to, narrating the course of events.

Simpson's book is especially strong in its analysis of the range of opinions within the U.S. political, academic, and economic apparatus as well as the respective factions of those who favoured support of Sukarno's policy even when the Indonesian president was clearly following a socialist path, and hard-liners who argued that to continue aid was tantamount to supporting a socialist regime and thus counteracting U.S. interests. Simpson identifies the accommodationists in the State Department's Bureau of Far Eastern Affairs (their

² See for the modernization theory and U.S. policy: David Engerman, Nils Gilman, Mark H. Haefele, and Michael E. Latham, ed., *Staging Growth: Modernization, Development, and the Global Cold War* (Amherst/Boston: Univ. of Mass., 2003).

³ There is a consensus in historiography, however, that during the Cold War economic factors were of utmost importance. See Ian Jackson, "Economics," in Sani R. Dockrill and Geraint Hughes, eds., *Cold War History* (Houndsmills: Palgrave Macmillan, 2006), 166-188, 184.

⁴ Paul F. Gardner, *Shared Hopes, Separate Fears: Fifty Years of U.S.-Indonesian Relations* (Boulder, Col.: Westview Press, 1997). Individual periods have been examined in Robert J. McMahon, "The Point of No Return": The Eisenhower Administration and Indonesia, 1953-1960 in *The Eisenhower Administration, the Third World, and the Globalization of the Cold War*, ed. Kathryn C. Statler and Andrew L. Johns, 75-99 (Lanham: Rowman & Littlefield, 2006); Audrey R. Kahin and George McT. Kahin, *Subversion as Foreign Policy. The Secret Eisenhower and Dulles Debacle in Indonesia* (New York: New Press, 1995); Matthew Jones, "U.S. Relations with Indonesia, the Kennedy-Johnson Transition, and the Vietnam Connection, 1963-1965," *Diplomatic History* 26:2 (2002): 249-281.

opponents being their colleagues from the European Division), the National Security Council (especially economist Walt W. Rostow and his deputies), the Agency for International Development, the Ambassador to Jakarta Howard P. Jones, and some of the oil giants and plantation companies such as Stanvac and Goodyear. In contrast to these individuals and groups the opponents of American aid to Indonesia were mostly employees of the CIA and the Pentagon as well as independent oil companies who warned President John F. Kennedy against supporting Sukarno (39-42), while opinions in Congress were divided (94).

As a counterbalance to the Indonesian communist party (PKI), the Eisenhower administration started with a massive cultural diplomatic initiative and at the same time developed close ties with the Indonesian armed forces, an outstanding contact of which was General Abdul Haris Nasution. This policy culminated in U.S. support for anti-Sukarno rebels whenever there was a chance, starting with the attempted coup against Sukarno in 1958 and ending in the purges of the communists of 1965. During Eisenhower's presidency, U.S. military assistance for Indonesia tripled from 1958-1959 and the U.S. invested nearly half a billion US dollars in technical assistance, training and loans for infrastructure and other projects (47, 49). After Kennedy's brief period of cooperation with Sukarno ended, Lyndon B. Johnson decided in an early stage of his presidency that there was no point in supporting Sukarno, especially because he personally disliked him (151, 154).

The Indonesian president was regarded with suspicion. He had not only accepted aid from Moscow and—to a lesser degree—from Beijing, but also different groups of Indonesian advisers and policy-makers were working on an Indonesian variant of socialism, using the Soviet and Chinese models as blueprints of an alternative version of modernization. The resulting U.S. policy that can be traced during all presidencies from Dwight D. Eisenhower to Lyndon B. Johnson, according to Simpson, was short-term concern with anti-communism and geopolitical issues, whereas in the long-term strategy developmental and security concerns merged (43). It is important to note that those U.S. officials who, according to Simpson, looked with envy to the Soviet planned economy as an allegedly effective instrument of long-term planning in foreign policy (69), were utterly mistaken. As we know now from Soviet state and party documents, there were no such overall plans for Indonesia and there was nothing to envy.⁵ Rather, Soviet experts in their internal reports argued in a similar way and on their part referred to Western initiatives in order to motivate Soviet aid. Thus, the Cold War as a discourse appears as a closed system of secret cross-reference between the superpowers' administrations. This was the mechanism which favoured authoritarian leaderships which promised stability.

A characteristic example of this is the part Washington played in Indonesia in 1965, when hundreds of thousands of real and alleged communists were persecuted and killed by Indonesian civilians and military personnel. In the wake of these events, Suharto took over

⁵ See my own *Die Grenzen der Weltmacht. Sowjetische Indonesienpolitik von Stalin bis Brežnev* (Stuttgart: Franz Steiner, 2006).

power for the next 30 years and could count on massive U.S. and Western support in general for his military regime. Interpreting American involvement in the 1965 events, Simpson takes a clear stand against Gardner, who queries direct U.S. involvement in the anti-communist riots. The material presented by Simpson, however, leaves no doubt either about continuous discussions within the U.S. apparatus about how to provoke a clash between the PKI and the army (156), or about direct U.S. support and enthusiasm for the purges. When the persecutions were in full swing "Washington did everything in its power to encourage and facilitate the army-led massacre of alleged PKI members" and responded "enthusiastic[ally]", a reaction condemned by Simpson as a "disgraceful performance" (189, 193). Simpson certainly deserves respect here for his clear analysis and assessment of his findings on one of the most intensely debated topics of U.S.-Indonesian relations. With regard to the author's general focus, the connection between military and economic modernization, Simpson shows how Washington started to negotiate with the emerging military order as soon as it was clear that the army was gaining the upper hand in the struggle for power (186). This paved the way for a long-lasting understanding between Suharto's regime and Western governments in terms of economic and military aid and cooperation.

How, then, does Simpson's argument of military modernization help us understand U.S. policy toward Indonesia in the 1960s. He is cautious on his theory and recognizes its limits (257). From my point of view, however, the question remains whether these limits undermine the concept as a whole. Bearing in mind that the author equates the terms *modernization* and *development* (8), the differentiation between means and aims is somewhat blurred. There seems to be a certain lack of conceptual clarity here. However, he continues an important discussion of the relationship between aims and means in the Cold War. It remains to be seen whether his argument goes unchallenged that the costly U.S. military and economic support for military regimes like Suharto's was motivated not by the ideology of staunch anti-communism, but by the ideology of military modernization.

There is one more point that is a suggestion rather than a criticism. With good reason Simpson concentrates on political, economic, and military history. Regarding the immense cultural and propagandistic efforts of all sides during the age of East-West confrontation, however, it would also be interesting to learn more about the impact of religion and especially Islam as a modernizing force, which Simpson mentions without elaborating. If it is true that Muslim organizations have been "totally overlooked by U.S. officials" (253), this is one of the distinct characteristics in comparison to Moscow's policy toward Indonesia. Even the atheistic and anti-religious Soviet state and party representatives—including leader Nikita Khrushchev himself—were confronted with the option of either including religion as a topic in their propaganda and courting Indonesian religious officials or losing what influence they had. This seems to be the decisive distinction between Eisenhower's through Johnson's policy in comparison to later presidencies and a peculiarity of U.S. policy toward Indonesia in contrast to other countries like Afghanistan.

Simpson's book helps us to understand two fundamental facts about the international relations. First, it reveals once again how unjustified it seems to describe the 1945-1991 period as a "Cold War", when foreign influences supported purges and civil wars like those

in Southeast Asia. This is a clear superpower perspective which describes but a part of the global situation. Second, and here Simpson goes beyond pure historiography, as he explains how far political views and mechanisms of the "Cold War" era continue to influence American and world policy through the 21st century. The "ideological lure" (8) of the specific Western understanding of modernization which is used to warrant intervention in third world countries is still current.

This well-researched and well-written book is a must-read for anyone interested in U.S. foreign policy, in International Relations, and the history of the Cold War.

The history of the Cold War has undergone a fruitful transition in recent years. Focus has shifted from causes (and blame) to deeper analysis of how the struggle was waged. Audiences have been rewarded with a wealth of studies that illuminate the scope of the struggle. New research has traced how Cold War imperatives wrapped around intellectuals in Europe and America, slid into universities, was aided and abetted by foundations, and even enlisted the services of jazzmen. What is more, this has been accompanied by an appreciation of the nature of the combat between two ideological systems, each claiming the best means to harness the forces of modernity. This has brought attention to the ways in which the rival encampments sought to promote their visions around the globe, particularly in the contested “Third World.” Modernization has provided one of the best points of entry to explain how this competition actually played out and the impact it had on the lives of individuals in developing countries. The result has been a vibrant and growing body of literature on the topic.

Bradley Simpson’s *Economists With Guns* easily finds a niche in this field. He establishes Indonesia’s primacy during the 1960s in Washington’s regional strategy of containment in Southeast and Pacific Asia. Modernization fit prominently into these efforts. Officials were not applying the edicts of modernization theorists wholesale, rather evolving ideas provided a generalized framework to understand the stakes in a slice of the “Third World.” This shaped policies that prioritized the maintenance of a noncommunist regime committed to modernization that would keep Indonesia tightly bound to the world economy.

From the American perspective this was easier said than done. Increasingly, policymakers sought a strong hand. Simpson reconstructs the increasing comfort intellectuals and officials had in the early 1960s for a man on horseback to herd societies toward the bright promises of (non-communist) modernity. Scholars like Nils Gilman have exposed authoritarian tendencies that came from a comfort with elite and technocratic control that lurked within modernization theory.¹ Simpson gives a bracing look at the accommodation with authoritarianism in modernization policy.

In an era when liberal regimes in the developing world had a reputation for weakness and economic disarray in Washington, noncommunist autocratic forces seemed to provide an answer. They could ensure stability and mobilize resources quickly and efficiently to promote the modernization Americans assumed was indispensable to these countries. Militaries in the “Third World” had a particular appeal that cut across the policy and academic communities. Naturally technocratic as institutions, militaries cultivated modern attitudes in the people that cycled through them. The martial option gained ground even though it ran counter to much rhetoric of U.S. development aid cultivating “grass roots” democracy, liberal institutions, or even free markets. Simpson sees this preference for

¹ See Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: Johns Hopkins University Press, 2003), esp. 47-56.

authority as a basis for U.S. posture toward Indonesia in a critical period of that country's history. Simpson's Indonesia becomes just one of an unsavory collection of illiberal regimes supported by the United States in the 1960s. The likes of Park Chung Hee's military regime South Korea, the military dominated governments in South Vietnam following Noh Dinh Diem's demise, the Shah's Iran, and various juntas across Latin America could be accommodated because they claimed a commitment to modernization.

Of course, comfort with autocrats had its less savory aspects. In 1965 the Indonesian army responded to the apparent murder of some of its generals with a brutal crackdown on the Indonesian Communist Party (PKI). Perhaps a million people were killed in the weeks that followed as the military smashed the PKI's organization and hunted down its members. In the tumult, the tottering President Sukarno, who had led the country since independence, was disposed of by the military that quickly installed General Suharto as the head of a "New Order."

Modernization was prepositioned to frame the American response to this political upheaval. In the wake of a troubling crisis, officials in the U.S. saw economic development as the paramount problem facing Indonesia. The Suharto regime, with a promise of order, rhetoric of development, and technocrats pushed to the fore, was exactly the type of government to which the Americans were predisposed. Reigning assumptions about authoritarian modernization comforted the highest levels of American officialdom. It allowed them to turn a blind eye to a bloodbath and support a regime that would establish a tradition of corruption, missed economic opportunities, and repression in places like East Timor and Indonesian society at large.

At points Simpson's thesis defuses as he dives into a dense set of traditional diplomatic issues, particularly the earlier *Konfrontasi* that Sukarno stoked between Malaysia and Indonesia over the fate of Borneo. Still, there are benefits to a wider view. One is his attention to aspects of the effort to bind Indonesia to the Asian and world economies. In a short and understated part of the book, Simpson highlights the role of Japan, revealing the importance of partners in modernization efforts. The Americans sought Japanese participation to help underwrite Indonesian development and economic integration under the "New Order." Such burden sharing was not unique to Indonesia. At the same time, attempts were made to enlist Japan's growing economic power in support of U.S. proxies in South Korea and South Vietnam. Simpson's aside on the U.S.-Japan modernization partnership in Indonesia points historians toward a potentially fruitful topic within international history.

While modernization is the organizing theme of the book, there is little discussion of development programs per se. Simpson is after bigger fish. His modernization is a lens by which high-level American officials perceived policy questions confronting Indonesia. Accordingly, the book stays close to the diplomatic centers of power in Washington. Here limitations to the study are exposed. Elements of his argument rely on the fact that modernizing tentacles put out by the United States had touched Indonesian elites. Indonesian military officers and government ministers often had a U.S. sponsored training program or time at an American university in their pasts. This often meant individuals in

key positions had attended American universities or training programs and could use a lingua franca of modernization. Americans took this as a signal the “New Order” would follow an acceptable path.

However, aspects of this thicket of relationships remain opaque. As an institution and social force the Indonesian military, load-bearing member of the whole authoritarian edifice of the “New Order,” is only sketchily explained. Even given that Simpson’s analytical center of gravity rests on the United States, some of the American actors instrumental in forging relationships with those crucial Indonesian officials, military officers, and technocrats are overlooked. With aid and training crucial to relations with the Indonesian military, the undoubtedly influential internal opinions and interests of the Pentagon and military advisors on the ground in Indonesia are largely missing. The goals and activities of USAID and other nongovernmental aid actors working in Indonesia are similarly hurried past.

While Simpson has done an impressive job reconstructing high-level U.S. decision making from records long classified, an important element of his own argument is left underdeveloped. At numerous points in the text it is noted that an Indonesian official had been trained in some form by the United States. How this facilitated interaction with American counterparts is too often left unexplored. While educational and similar types of contacts can foster influence, they do not necessarily lead to an internalization or even respect for the values they seek to instill (the educational sojourn of Said Qtub’s, a father of radical Islamism and critic of Western modernity, to Greeley, Colorado provides a well known example of why). A more critical and intimate discussion of those interactions might have provided a fascinating view of how modernization programs themselves helped cultivate personal and institutional relations that were integral to broadening and deepening U.S. hegemony in Indonesia and elsewhere. And one quibble, in a book covering a wide geographical canvas the publisher has done readers a disservice by not including a map.

Simpson’s own argument underlines these missed opportunities but they are not mortal blows to his overall argument. While monographic in scope, *Economists With Guns* offers a window into how certain sets of assumptions can frame foreign policy. Today, concepts like “market liberalization,” “democracy promotion,” “transformational diplomacy,” and “nation building” can sway policymakers in ways similar to modernization during the Cold War. Despite the fact that modernization as a unified concept eventually fell into discredit, elements of it have lived on under these headings. A willingness to favor stability and economic growth over democracy and pluralism still finds patrons. Recent arguments to that effect, such as Fareed Zakaria’s *The Future of Freedom*, would have put heads nodding in the 1960s.² Beyond being a compelling argument about U.S. policy toward Indonesia, Simpson’s book serves as a reminder of how certain concepts shape policy and that many such ideas are not bounded by the history of the Cold War. Modernization may no longer

² Fareed Zakaria, *The Future of Freedom: Illiberal Democracy at Home and Abroad* (New York: W.W. Norton, 2003).

be in fashion but the lure of cutting policies to fit dominant assumptions among those in power is alive and well.

In what will likely become the definitive account of the American context for Suharto's 1965 coup in Indonesia and the subsequent bloody liquidation of the Indonesian Communist Party (PKI), Bradley Simpson's *Economists with Guns* deserves to be read by diplomatic historians, international relations scholars, Indonesianists, and diplomats alike. On the basis of wide archival research, Simpson develops a narrative that balances national and international causal vectors, and tracks relevant conversations from Washington to Jakarta. The result is not only a vivid narrative of events in Indonesia, but a complex picture of the multifarious ways that decolonization, Third World nationalism, Cold War calculations of Great Powers, regional power struggles, and ideologies of development fit together to shape Indonesia's fate during the 1960s.

Since this review is part of an H-Net-Diplo forum, I'm going to dispense with providing a balanced account of Simpson's work, and instead focus one important strand of his narrative, namely how it advances current understandings of modernization theory: how that theory evolved over time, how it shaped policy making, and how it related to domestic American politics. I should be explicit that this review therefore sets aside the central thrust of Simpson's work, which entails a nuanced analytic narrative of the diplomacy leading up to Suharto's overthrow of Sukarno, and the humanitarian and political catastrophe that ensued.

▪ **Historicizing Modernization Theory**

Economists with Guns does the best job to date of showing how modernization theory—or, more precisely, successive versions of modernization theory—underpinned American foreign policy in one problem area, namely Indonesia. Simpson uncovers a variety of “smoking guns”: sources that show how theories of modernization and political development being forged in the academy (at MIT, Harvard, Yale, Chicago, and elsewhere) were brought into the government's policy-making process. Simpson provides much direct documentation of the policy memos and in-house State and Defense Department publications that deployed the language of modernization to analyze contemporary events and to formulate policy alternatives.¹ In doing so, this work underscores how the early sixties represent the high point in American history of dialog between social scientists and foreign policymakers.

¹ Among documents that Simpson has uncovered and contextualized in terms of modernization theory, the most striking include: U. Alexis Johnson, “Internal Defense and the Foreign Service,” *Foreign Service Journal* (July 1962): 20-23; Hubert Humphrey, “Perspectives and Proposals for United States Economic Aid: Indonesia,” NSF, Box 115, JFK Library; and most of all Airgram A-423 from Jakarta to State, February 21, 1968 (National Archives: RG 59, Central Files, 1967-1969, POL 1, Indonesia), in which the U.S. embassy argued that Washington should “regard our ultimate aim in Indonesia not as economic development alone but as modernization” and indeed that the Johnson administration should treat Indonesia under the emergent Suharto dictatorship “as a good test subject” and “a controlled experiment in modernization,” providing a benchmark for evaluating future development programs globally. (Quoted in Simpson, 247-248.)

Nearly a decade ago, Michael Latham inaugurated historical scholarship on modernization theory's influence on U.S. foreign policy with his *Modernization as Ideology*, which documented how ideas of modernization informed 1960s programs ranging from the Peace Corps to the strategic hamlet program. Since then, a variety of scholars have deployed modernization theory to explain a whole host of U.S. foreign policy decisions and programs in the 1960s, ranging from the development of dams and aid programs in Afghanistan to President Lyndon B. Johnson's quixotic dream of a "TVA on the Mekong" as a solution to the challenges the United States faced in Vietnam.² Methodologically, most of these works share a common approach: they present a static version of modernization theory, and then go on to show how this theory was used to justify a specific set of policies. Looking across these diverse applications of modernization theory, however, an odd paradox emerges: how was it possible that a single theory of development, that in principle specified that development was supposed to unfold in a unilinear fashion, ended up as the basis for such divergent policies? Democracy promotion *and* dam-building *and* village education *and* counterinsurgency strategy? Skeptics have expressed doubts that any single theory could account for such divergent policies, suggesting that references to theory by policymakers were little more than intellectual pretenses, and that the real bases for foreign policy choices in fact lay elsewhere.³

Simpson's narrative about the place of modernization theory in the shifting U.S. policies toward Indonesia under Presidents John F. Kennedy and Lyndon Johnson neatly overcomes this objection by showing that the theory itself was dynamic, changing in response to a complex mix of domestic politics in the U.S. and events on the periphery, including in Indonesia. As such, Simpson's work exemplifies the emerging historiography of modernization theory that recognizes how widely the theory varied, how it evolved with sometimes sharply divergent emphases in different locales and contexts, and how the periphery itself was often the driver of theoretical innovations in the center.⁴ In sum,

² Michael Latham, *Modernization as Ideology: American Social Science and "Nation Building" in the Kennedy Era* (Durham, N.C.: University of North Carolina Press, 2000); Nick Cullather, "Damming Afghanistan: Modernization in a Buffer State," *Journal of American History* 89 (2002); David Ekbladh, "'Mr.TVA': Grass-Roots Development, David Lilienthal, and the Rise and Fall of the Tennessee Valley Authority as a Symbol for U.S. Overseas Development, 1933-1973", *Diplomatic History* 26 (2002).

³ E.g. Bruce Kucklick, *Blind Oracles: Intellectuals and War from Kennan to Kissinger* (Princeton: Princeton University Press), esp. ch 7.

⁴ It may be asked whether, in pluralizing of the category of modernization theory in this manner, the concept itself loses its capacity to bind a particular strand of foreign policy by clearly excluding significant alternatives. I believe that despite pluralization, modernization theory retains important explanatory power. What remains common to all versions of modernization theory are *inter alia*: (a) a concept of development focused on the nation-state as the "object" of development, with industrialization as its designated outcome; (b) the belief that the "subject" of development—that is, its driving force—will be one or another "elite" cadre; (c) a commitment to "scientific," rational, and secular norms; and (d) an utter lack of nostalgia, bordering on contempt, for "traditional cultures." Excluded from the rubric of "modernization theories" are visions of development that make local self-sufficiency a primary goal, that view NGOs rather than the state or corporations as the locus of development, or that place religion or spirituality at the center of the development process. What all modernization theories share, in other words, is a commitment to some

Economists with Guns takes a carefully historicist view of modernization theory, understanding modernization not as a single reified theory, but rather as *a set of evolving ideas* about development.

Simpson argues that the application of modernization theory to policymaking in Indonesia went through two distinct phases. The first phase, first theoretically articulated in the mid-1950s, was a liberal-democratic version of modernization theory that specified liberal democracy as the natural outcome and preferred vehicle for development. For scholars and policy-makers in this tradition, the military was an afterthought; for example, the military is all but absent in both Walt Rostow's *Stages of Economic Growth* and Seymour Martin Lipset's *Political Man*, each written in 1958-59 and published in 1960. Simpson observes that, "Before 1959 much of the political science literature on the armed forces in the developing world... portrayed the armed forces as bulwarks of stagnation and reaction. Such criticisms were consistent with the optimism that modernization theorists displayed toward the prospects of democratic development, although they were at odds with the Eisenhower administration's often warm relations with military dictators" (68). Simpson argues convincingly that liberal-democratic modernization theory formed the basis for the Kennedy administration's initial policies toward Indonesia, through 1962.

The second phase, which was first theoretically articulated in 1959 and 1960, entailed "military modernization theory," which Simpson defines as "a conceptual and policy turn toward the explicit embrace of military-led regimes as the vanguard of political and economic development" (62). This theoretical shift commenced with the Draper Committee's 1959 report on military assistance, the first official U.S. government report to contemplate collaboration with military dictatorships as a mechanism for promoting development. The Draper Committee's proposals dovetailed with a shift among some U.S. academics toward a greater willingness to countenance military-led approaches to modernization – a position notably advocated in 1960 by the Center for International Studies at MIT (Lucien Pye and Walt Rostow's outfit). Although it had long been acknowledged that armies could promote political stability, military modernization theory encouraged a positive conceptualization of the military's role in economic development and civilian administration, which practically meant routing aid intended for economic and political development through the military (70). Although throughout the 1960s there continued to be proponents of liberal-democratic modernization theory, over the course of the decade, military modernization theory increasingly displaced the liberal-democratic version. By the time of Suharto's coup in 1965, the modernization theory being promoted in (some quarters of) the academy and being consumed by policymakers in Washington

version of "the Enlightenment project"—itself of course a contested concept. A commitment to modernity contrasts with the beliefs and motives of various actors on the global stage, both during the period in question in Simpson's book, and perhaps even more so today, when so many of the places that once expressed a faith in the mantra of development have descended into a nihilist gangsterism. On this latter point, see John Hagedorn, *A World of Gangs: Armed Young Men and Gangsta Culture* (University of Minnesota Press, 2008), for an impassioned analysis of the nihilistic political and social formations that take place globally and locally in the wake of the ideological collapse of optimistic, progressive theories of development, including modernization theory.

was more than ready to embrace military dictatorship as a vehicle for promoting development. While modernization theory may not have “caused” the pro-coup policy of the Johnson administration, it unquestionably helped to justify that policy by framing military dictatorship as a viable pro-modernization option.

▪ **Rooting U.S. Modernization Theory in its Domestic Political Context**

Had Simpson left his interpretation at this point, it would already be among the more subtle accounts to date of the application of modernization theory to policy-making in the 1960s. But Simpson’s account of modernization theory’s development doesn’t stop here. In an argument that builds on and largely supersedes my own scholarly efforts in this vein,⁵ Simpson includes factional political infighting in Washington as a critical variable for explaining the shift toward a more militarized version of modernization theory. Simpson shows how liberal-democratic modernization theory, far from representing a consensus view of all Americans about how to approach the developing world, was in fact rooted in a particular domestic political constituency, and that pushback from other political factions was critical in shifting toward a more militarized vision of the process.

In the case of Indonesia, the two different versions of modernization theory lined up with two different U.S. approaches to dealing with Sukarno’s military adventurism against Malaya, his threats to seize foreign-owned (including American-owned) property in Indonesia, and his flirtations with the Soviet Union. On the one hand were the “accommodationists,” who advocated working with Sukarno to curb his worst “excesses,” and who favored generous helpings of civilian-oriented foreign aid. On the other hand were the “hardliners,” who argued that Presidents Kennedy and Johnson should demand more forceful compliance with U.S. interests. The hardliners regarded the foreign aid program for Indonesia as little more than an ineffective bribe, preferring private forms of assistance (62). These two positions mapped to a broader cleavage between those who believed in “containing” Communism, and those who proposed more muscular efforts to “roll back” Communism, which in turn mapped to the distinction that Ron Robin has made between those advocating “constructive” counterinsurgency strategies to those preferring more “coercive” approaches.⁶ Simpson labels those Americans who took a hardline approach to Sukarno in Indonesia “conservative nationalists,” contrasting them to the “containment internationalists” who favored an accommodationist approach.

Simpson notes that the split between the containment internationalists and the conservative nationalists was “linked to identifiable social constituencies with concrete interests in the outcomes of seemingly byzantine disputes about [foreign] policy” (42). Liberal-democratic modernization theory was the dominant doctrine of containment internationalists, who tended to be aligned with the Eastern establishment, including

⁵ Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: Johns Hopkins University Press, 2003), esp. ch. 6.

⁶ Ron Robin, *The Making of the Cold War Enemy: Culture and Politics in the Military-Industrial Complex* (Princeton University Press, 2001).

international lawyers, Wall Street, and organized labor. By contrast, Simpson asserts that conservative nationalists tended to be “Republicans from states with declining manufacturers sectors and low wage industries under threat from increased foreign trade” (94), and who regarded Sukarno’s threat to nationalize foreign-owned businesses as socialism pure and simple. “Sukarno was a poster child for these conservative and nationalist opponents of the New Frontier approach to foreign aid who rejected both the short-term logic and the long-term strategy of the [Kennedy] administration’s modernizing vision for Indonesia. He was a self-proclaimed socialist and nationalist who thumbed his nose at the West, disparaged private property and attacked foreign capital, [and] favored state-led development” (95)—in other words, as far as the conservative nationalists were concerned, Sukarno was not too different from the New Dealers themselves. To conservative nationalists, the foreign aid program promoted by liberal democratic modernization theory was merely the foreign policy extension of what H. R. Gross (R-Iowa) characterized “this New Deal-Fair Deal-New Frontier madness” (94).

Understanding how this profound division structured U.S. foreign policy debates in the early 1960s is the linchpin of Simpson’s explanation of the shift from liberal-democratic modernization theory to military modernization theory. Conservative nationalists were more ready to countenance foreign aid if it went to a military organization, particularly a military organization like Indonesia’s, which favored policies congenial to conservative nationalists (such as union-busting). *The shift to military modernization theory, in Simpson’s reading, represented a policy compromise between the containment internationalists and the conservative nationalists: funneling “development aid” through militaries overcame the objections of conservative nationalists while allowing containment internationalists to continue to promote modernization abroad.*

As original and compelling as this interpretation of the shift toward military modernization theory is, *Economists with Guns* might have amplified its analysis of the domestic constituencies underpinning the conservative nationalists’ foreign policy stances. For example, Simpson fails to note that the conservative nationalists included not just Republicans from states with export-oriented manufacturers sectors (in fact not yet in decline), but also, crucially, many segregationist Democrats from the South. For these constituencies, decolonization abroad was only slightly more appetizing than the prospect of desegregation at home—both being symptoms of the end of white supremacy. Likewise, Southern segregationists considered foreign aid to developing countries in the same light as welfare programs at home: both represented transfers of wealth from virtuous whites to feckless coloreds. The conservative nationalists who opposed liberal modernization theory and civilian foreign aid, in other words, were a coalition of soon-to-be-rust-belt white working classes (mostly Republicans) and segregationist Southerners (all Democrats).

The emergence of formerly Democratic Senator Jesse Helms in the 1980s as the leading voice of conservative nationalist foreign policy demonstrates the centrality of segregationists to the conservative national foreign policy coalition. Recognizing the importance of the Southern segregationist component of the conservative nationalist opposition to modernization theory-inspired foreign aid also reveals a foreign policy context to Richard Nixon’s post-1968 “Southern strategy” to lure Southern whites into the

Republican Party. While Nixon’s motives were primarily oriented toward domestic voting considerations, part of what made this strategy effective, Simpson’s analysis suggests, may have been its consolidation of conservative nationalists into the Republican Party. Since 9/11 the GOP has explicitly defined itself as the party of nationalist-rollback-hardline foreign policy, basing itself in a domestic constituency of Southern and rustbelt whites and extractive industrialists,⁷ and leaving the internationalist-accommodationist policy faction to coalesce within the Democratic Party. While during the early to mid-1960s this fundamental foreign policy division was not yet marked a partisan one, *Economists with Guns* nevertheless offers essential background to the decisive foreign policy cleavage of our own time.

| Group | “Conservative Nationalists” | “Containment Internationalists” |
|--------------------------------------|--|--|
| Key U.S. constituencies | Extractive industries, segregationists | Wall Street, international lawyers, unions |
| Stance toward Sukarno | Hardliner | Accommodationist |
| Theoretical affinity | None | Liberal-Democratic Modernization Theory |
| Instincts on Communism | Rollback | Containment |
| Counterinsurgency stance | Coercive | Constructive |
| Preferred form of foreign assistance | Private | Public |

▪ **Modernization Theory’s Reception on the Periphery**

A final way in which Simpson’s book advances the historiography of modernization theory is in its account of the reception of modernization theory in Indonesian policy circles. This continues a broad scholarly effort that began with the 2003 volume *Staging Growth*, and was recently taken forward by Odd Arne Westad’s *The Global Cold War*,⁸ to document the diverse receptions and interpretations of modernization in the countries which were the ostensible subjects of the theory.⁹

⁷ For a brilliant account of the triumph of the conservative nationalist moment in American foreign policy under President George W. Bush, see Anatol Lieven, *America Right or Wrong: An Anatomy of American Nationalism* (New York: Oxford University Press, 2005).

⁸ David Engerman, et al., *Staging Growth: Modernization, Development, and the Global Cold War* (U Mass Press, 2003); Odd Arne Westad, *The Global Cold War: Third World Interventions and the Making of Our Times* (Cambridge: Cambridge University Press, 2007).

⁹ Recent work that attempts to mine the particular applications and reception of modernization theories on the periphery include Roland Popp, “An Application of Modernization Theory during the Cold War? The Case of Pahlavi Iran,” *International History Review* 30 (2008); Stephan Malinowski, “Modernization à la mode: West German and American Development Plans for the Third World,” *Bulletin of the German Historical*

In Indonesia, the divided commitments between democratic and military-led forms of modernization mirrored the split between the Indonesian civilian leadership and the Indonesian military. Whereas many civilians under Sukarno embraced some notion of liberal-democratic modernization theory, under Suharto Indonesia would instead articulate its ambitions in terms of military modernization theory, the latter serving as a useful mechanism for legitimating the army's vision of civilian-military relations and territorial warfare. In the view of Indonesian military leaders, the army was the only institution that could hold together the Indonesian archipelago and develop it economically. Simpson observes that having the military take over as the driver of modernization in Indonesia meant extending "the army's territorial command structure... to the village level; this structure enabled a far greater degree of control over local political and economic affairs than had previously been possible" (228). This redefinition of "development" not as economic growth or democratization but simply as the extension of state control over village life would of course represent the centerpiece of Samuel Huntington's 1968 revisionist account of "political development" in *Political Order in Changing Societies*.¹⁰ Simpson's account thus underscores how the evolution of theory in the United States was not just a driver of policy on the periphery, but was also itself a response to policy outcomes and political events on the periphery. The causality, in other words, was clearly bidirectional.

As much as *Economists with Guns* succeeds in enriching our understanding of modernization theory's reception in Indonesia, it would have been even more illuminating had it spent more time explaining where non-American theories of development fit into Indonesia's ideological and political landscape. Not only are the legacies of Dutch colonial development theories all but invisible in the narrative, but we also learn little about which (competing) Communist development doctrines were in play. Learning more about the Indonesian reception of Communist development theories might help explain a central conundrum of the events of 1965-6, namely why neither the Soviets nor the Chinese intervened to prevent the liquidation of the PKI. This remains a mystery not only because

Institute Washington DC 40 (2007); Stephan Malinowski, "Modernisierung aus dem Konzentrationslager? Repression, Umsiedlungslager und Modernisierungsversuche im Algerienkrieg," *Journal for Modern European History* (forthcoming 2009); Stephan Malinowski, "Modernisierungskriege. Militärische Gewalt und koloniale Modernisierung im Algerienkrieg (1954–1962)," *Archiv für Sozialgeschichte* 48 (2008); Stephan Malinowski and Corinna R. Unger, "Modernizing Missions: Approaches to 'Developing' the Non-Western World after 1945," *Journal for Modern European History* (forthcoming 2009). A forthcoming special issue of *Diplomatic History* will showcase a variety of modernization-related scholarship.

¹⁰ The most thoughtful "post-development" scholar, anthropologist James Ferguson, would ironically adopt this Huntingtonian definition of "development," arguing that what development has always meant in practice was not economic growth or democratization, but simply the extension of state control. Ferguson argues that supposed benefits offered by the always-being-amended theories of "development" operate simply as a cover story for the extension of state power. The rhetoric of "development," Ferguson claims, manages to depoliticize the extension of state power by emphasizing the supposed benefits of that extension, which for some reason rarely materialize. See *The Anti-Politics Machine: "Development," Depoliticization, and Bureaucratic Power in Lesotho* (University of Minnesota Press, 1994).

(as Simpson documents) the Soviet Union had given the Indonesian army as much or more military aid than the United States in the years running up to the coup, but also because the state-led model of industrialization that the Indonesian army would embrace was not on the face of it any more at odds with Soviet than with American development doctrine. Ragna Boden has suggested that the reality of Soviet development aid—low-quality goods and an insistence on a single model of central planning—proved disillusioning to the Indonesians, particularly to the military.¹¹ Understanding how the weight of material advantages intersected with, trumped, or caused revision of ideological preferences among the recipients of aid and modernization programs is an important avenue forward in the study of modernization on the periphery.

¹¹ “Modernization as a Global Project: American, Soviet, and European Approaches”: A conference at the German Historical Institute in Washington, March 2008: <http://geschichte-transnational.clio-online.net/transnat.asp?id=2083&view=pdf&pn=tagungsberichte> (accessed September 20, 2008). See also Ragna Boden, “Cold War Economics: Soviet Aid to Indonesia,” *Journal of Cold War Studies* 10 (2008).

In the early hours of 1 October 1965 a small group of Indonesian army officers and Partai Komunis Indonesia (PKI) leaders staged a putsch that killed six senior generals. Within 48 hours the Indonesian Army, under the leadership of General Suharto, struck back and seized control of the government. Both the United States and the Army had long been waiting for a pretext to move against the Sukarno regime. The Army quickly broadcast a barrage of propaganda, fabricating the story that PKI women had sexually taunted, tortured, and mutilated the slain generals. Violence against PKI members, which had been escalating for months, now spread rapidly, with Muslim student and youth groups acting as proxy forces for the Army. By the end of 1965 half a million PKI members and their families had been slaughtered.

Bradley Simpson acknowledges that this aborted coup and the massacre that followed it were “one of the decisive events of postwar Asian history.” (2) But in *Economists with Guns*, Simpson shifts his focus to the larger continuities of American policy, arguing that the process of eliminating the PKI was a mere “interregnum,” a necessary diversion from the long-term goal of U.S.-dominated economic development on the Indonesian archipelago. (251) With their eyes firmly on this prize, the United States collaborated with the Indonesian Army to achieve “military modernization” on terms dictated by the West. Simpson’s interpretation resonates beyond Indonesia, for he identifies authoritarian development as a Cold War template that the United States employed for nations as disparate as Brazil, Iran, and South Korea.

Days after the ignominious Bay of Pigs fiasco, President Sukarno paid a state visit to the new American president, who later pronounced him “an inscrutable Asian.” (52) It is interesting to imagine what might have been going through Sukarno’s mind as he impassively witnessed the aftermath of this CIA operation to overthrow a sovereign government, just four years after a covert operation had failed to do the same in Indonesia. Simpson correctly underscores the destructive and long-lasting impact the American intervention of 1957-1958 had on U.S.-Indonesian relations—although U.S. officials seemed blind to these repercussions.

One such repercussion would be an intensified suspicion of foreign investment, given form in Sukarno’s 1960 Eight Year Economic Plan stressing state-led development, or “Guided Economy.” At the time of his visit to Washington, the Kennedy administration was already divided between those who hoped to accommodate Sukarno, working with him to foster economic development, and those who contemplated his departure and a more pliant Indonesian government. Those seeking to work with Sukarno’s government could build on programs in place since the 1950s aimed at training a generation of Indonesian economists in the norms and models of American development. The Ford and Rockefeller foundations funded area studies programs in a range of American universities that brought Indonesian students to the United States for graduate study. This carefully-cultivated elite of so-called “technocrats” stood poised to move into positions of power in the future “showdown” between the Army and the PKI that the United States was already anticipating.

What Simpson excels at is showing how carefully and closely the United States began in the early 1960s to integrate its military and economic assistance to Indonesia. Under Military Assistance Programs, the United States provided military and police training, weapons, and civic action equipment in what Simpson calls “the flip side to economic aid.” (67) Such policies put into motion the ideas of a burgeoning social science literature that championed the military forces in developing nations as reliable agents of modernization. Civic action programs promised to build good relationships between citizens and the military through needed public works projects, but they also served as “a front for covert operations aimed at undermining the PKI.” (75) The Indonesian army had developed its own version of civic action, General Nasution’s doctrine of “territorial warfare and civic mission,” that had proved useful in Indonesia’s long effort to defeat Islamic insurgencies in Aceh and West Java. Now, as the PKI began to push for land reform and attract increasing peasant support, U.S.-sponsored civic action hoped to undermine the PKI’s appeal to growing numbers of Indonesian citizens.

It was to stymie such subversive forces that the United States invested heavily in police training in Indonesia, a “crucial and underappreciated role” that Simpson correctly points out is “unrecognized by historians.” (82) A mainstay of counterinsurgency, such forces were seen as the local bulwarks in maintaining the internal stability necessary for economic development. Simpson suggests these forces may have played a significant role in the massacre that followed the 1965 regime change, an important charge that deserves to be in the body of his text and not a footnote. (283, n79)

The heart of U.S. economic interests in Indonesia lay in the holdings of Stanvac and Caltex, American-owned oil companies that had operated in Sumatra since the early twentieth century. They confronted powerful forces of economic nationalism, a legacy of Dutch colonialism and exploitation, that attracted Indonesians from across the political spectrum. The system of production sharing that Indonesia designed for oil and extractive industries served as a model for other developing nations—the government controlled but did not run the day-to-day operations of these foreign companies; it also collected royalties from the extraction of raw materials. Much of the turbulence of American relations with the Indonesian government stemmed from Sukarno’s attempts to refashion the terms between the government and foreign oil companies. Simpson deftly weaves these conflicts into the larger global shift toward greater agency, control, and profits on the part of oil-producing states. By 1965 Sukarno was indeed living dangerously, with passage in April of a decree banning foreign investment. Shortly before the coup attempt in October, the American government learned that Sukarno was planning to complete his takeover of U.S. oil companies and purchase their refining assets.

By 1966, as the Suharto government consolidated its power, negotiations were underway between the United States and Indonesia to create a new economic regime friendly to foreign investment. Here is where Simpson unveils the prize that the United States had sought and now won. The terms of foreign investment were recast and dictated by the United States. When Indonesia drafted its new foreign investment law in September, the State Department edited it line-by-line, severely truncating the sector of state control. For

Simpson, “The episode was a stunning reminder of the structural power wielded by the Suharto regime’s supporters, over some of the most crucial decisions made by sovereign states.” (234) These arrangements were crowned by a joint investment guarantee protocol in January 1967 that was entirely written by the United States with no Indonesian amendments. It is worth remembering that Sukarno’s post-colonial ideology, a source of ridicule and derision to Western powers, had warned against imperial threats to economic sovereignty in its denunciation of neo-colonialism.

Despite Simpson’s downplaying the crucial 1964-1965 years as an “interregnum,” an interruption to the long-term goal of Western-controlled Indonesian economic development, his treatment of this critical time in Indonesian history is path-breaking. For many years scholars affirmed the official position that the United States played no role in either the regime change or the massacre that followed it. Their works, however, stood on one side of a great divide in the historical record. In 2001 the CIA attempted to halt publication of the *Foreign Relations of the United States* (FRUS) documents for 1964-1968 Indonesia—too late, however to stop the shipment of review copies and the subsequent publication online by the National Security Archive. Simpson connects these pivotal sources with his research in British and Australian archives to give us the contours of American participation, a narrative on which other scholars can build with confidence. More study and analysis is needed, for example, on the religious dimension of the post-coup violence, where Muslim youth waged religious war on Communist infidels.

As the anticipated “showdown” between the Army and the PKI began to unfold, Army leaders unwittingly illuminated a serious obstacle to our construction of a narrative of U.S.-Indonesian relations. They complained of the difficulties in dealing with three separate American governments—the State Department, the Department of Defense, and the CIA. Historians of American foreign relations face this same difficulty, while forced to rely almost exclusively on the documents of the Department of State. With most CIA files closed to researchers, and with the entire Defense Department country file on Indonesia classified, historians writing the history of Cold War Indonesia face daunting epistemological challenges, as restrictive classification procedures obscure pivotal aspects of American policy.

Finally, attention must be paid to the photograph on the cover of *Economists With Guns*-- a powerful image, as bizarre and disturbing as a Diane Arbus photo. Sporting polo shirts, General Suharto and his wife stand at a firing range, right arms extended as they aim their large-caliber Colt revolvers at some unseen target. Their small and apprehensive son stands between them, fingers in his ears. Was Suharto aware of the iconic 1940 photograph of Britain’s King George VI and Queen Mary taking target practice on the grounds of Windsor Castle--in the identical pose, revolvers extended, vigilant and ready to defend their country as it faced invasion after Dunkirk? Was he seeking to underscore the mortal threat to the Indonesian nation that he had insisted the PKI represented? Whom was he fixing in his sights?

The development pre-requisite of “stability” came out of the barrels of guns like those brandished by Suharto and his wife, at the cost of hundreds of thousands of lives. The

further tragedy, as Simpson reminds us in the book's closing pages, is that the development model set in place by the United States and enforced by Suharto for thirty-two years created an economy that left half its citizens destitute and a miniscule elite enjoying great wealth, along with environmental devastation and a compromised civil society. As the world struggles today to right its global economy, those working to create new models for economic growth would be wise to study and heed the Indonesian experience. Brad Simpson has given us the master narrative to do so.

For all intents and purposes, the Cold War in Indonesia ended in late 1965 and early 1966, as the Indonesian armed forces and its civilian allies annihilated the left, ousted its most towering political figure Sukarno, and inaugurated with U.S. and Western support more generally a decades-long turn towards authoritarian development that eclipsed the end of the Cold War itself by a decade. U.S. officials at the time and commentators ever since have acknowledged Indonesia's strategic, political and economic importance, its growing clout in Southeast Asia and status as the world's largest Muslim nation. Yet one can practically count on one's fingers the foreign relations historians – George Kahin, H.W. Brands, Robert McMahon, Matthew Jones, Odd Arne Westad, Ragna Boden, Frances Gouda and a handful of others – who have explored in any depth this crucial terrain of Cold War conflict. The contrast with the massive literature on the Vietnam War remains striking.

Economists with Guns was inspired in part by a desire to begin filling this lacunae in the historiography of the Cold War, diverted onto a productive path by the burgeoning literature on development history, and guided by the conviction that the ascension of General Suharto illuminated certain crucial features of the era, particularly the emergence of military modernizing regimes as preferred allies of the West in the so-called Third World. In writing this history I also faced a dilemma: how to place the shared Indonesian-U.S. (and Western) commitment to authoritarian development in the 1960s in its proper dispersion, historicizing military modernization in its multiple broader contexts and avoiding a pedantic 'theme-tracing' narrative? Hence David Ekbladh's complaint that at times this "thesis defuses ... into a dense set of traditional diplomatic issues," which is exactly the way policymakers at the time viewed things. But I'm getting ahead of myself.

I'd like to thank the reviewers Nils Gilman, Ragna Boden, David Ekbladh and Laura Lisbeth Iandola for their careful reading of the book and attention to both its strengths and its shortcomings. Given this book's methodological claims, most of the reviewers unsurprisingly focus their attention on how it fits into the existing literature on modernization, the voices and sources included and excluded, and causal claims insufficiently supported. It is a measure of the paucity of scholarship in this area that the reviewers (Iandola and to a lesser extent Boden excluded) largely steer away from criticism of the book relative to the existing historiography of US-Indonesian relations and Indonesian international relations, because there is so little and the only attempt at a synthetic account was written not by a historian but by a former diplomat and commissioned by the US-Indonesia society.

As is often the case, the reviewers, particularly Boden and Ekbladh, suggests that the book's narrative and analytical depth would have been enhanced by more extensive discussion of U.S. engagement with Islam and discussion of material from Russian archives, the Indonesian Foreign Ministry, the US Agency for International Development (USAID), Department of Defense, Commerce Department, Chambers of Commerce (presumably the American-Indonesian Chamber of Commerce, AICOC), and business archives, among others. To some of these criticisms I can only plead: guilty as charged, especially as regards interviews, COC and USAID sources, though I make extensive use of the USAID's files on the Public Safety Program for Indonesia, which was

responsible for police training. I would expand the list to include records of the US Information Agency (of which Mark Frey has made productive use), IMF, United Nations, Japan, Australia and New Zealand, and doubtless others, time, resources and editors permitting. The book's neglect, but for the conclusion, of extensive discussion of the US encounter with Indonesian Islam is particularly regrettable (something Boden and Iandola both note) – a mistake I hope to remedy in upcoming writings, especially because the Muslim response to Suharto's (and the Johnson Administration's) modernizing vision carried such profound implications for Indonesian politics.

Some of these archival omissions, however, as Laura Iandola points out, reflect not on the laziness of the author (or the 'implicit renunciation' of certain sources, as Boden suggests) but on the epistemological challenges of writing about Indonesia. The National Archives has in recent years reclassified many documents from the period concerning Islamic politics in Indonesia, as part of the Bush administration's ongoing Global War on Terror. The Pentagon's country files for Indonesia remain classified, as do the operational files of the CIA and the Indonesian Foreign Ministry Archives (and most Indonesian government agencies generally). My account of the CIA's covert activities in Indonesia during this period, among the only in print, barely scratches the surface of what appear to have been extensive and wide-ranging operations that are still shrouded in secrecy. On the Indonesian side things are even worse. There are reasons why, for example, we still lack accounts of the 1955 Bandung Conference of Nonaligned Countries using Indonesian records (they have never been made available). The only new account in thirty years of the events of September 30, 1965, John Roosa's *Pretext for Mass Murder*, relies almost entirely on published records, interviews and detective work to make its case.

Business records represent another challenge. *Economists with Guns* attempts to root modernization theory and practice in its larger socio-economic context and among political actors within and without the state, among the most important of which are multinational firms almost wholly ignored in previous studies. The records of many of the firms moving in and out of my analysis, however, are closed to researchers (or at least to this one) if they exist at all, or trail off into dead ends as a result of mergers. The American Indonesian Chamber of Commerce, among others, declined the author access to its records. But AICOC and other business and trade associations published periodic newsletters and reports (especially for the extractive sectors), while personal papers and in particular the US Embassy's commodities and economic files partially compensated for a lack of access elsewhere.

Boden also rightly criticizes my interchange of "development" and "modernization" - a narrative and stylistic choice on my part that nevertheless obscures a more important insight. Prior to 1971, when the Suharto regime declared its official commitment to 'accelerated modernization' (*Akselerasi Modernisasi*), most Indonesians described the project of development as *Pembangunan*, a multivalent term that emphasized nation-building in a postcolonial context, a period when technocratic advocates of American-style modernization represented a distinct minority. The larger point, as Nils Gilman notes, is that modernization was not a fixed set of ideas but rather a zone of contestation and the resultant of political conflict – among social scientists, within bureaucracies, military services and the halls of Congress in the US, in international firms and institutions outside of it, and among contending social and political forces in Indonesia. His characterization of military modernization as a bureaucratic compromise that pursued liberal goals by coercive means is right on the money. And far from modernization being a "closed system

of secret discourse” between the two superpowers, which my account may misleadingly suggest was the case, Indonesians of many stripes looked to other nations for “non-US theories of development,” including China, India, Japan and South Korea, a dynamic that the book ought to have explored at much greater length, as Nils Gilman correctly urges.

A word or two about causality. David Ekbladh contents that I inadequately trace the lines of influence between Indonesian military officers and technocrats and their American interlocutors, and offer thin discussion of specific development programs and key institutions such as the Indonesian armed forces. The latter criticism is fair enough in a book that purports to range very widely across a complicated political and institutional landscape – more biographical, programmatic and institutional sketches would have been useful (and I intend to explore a number of specific post 1965 initiatives at much greater length in future articles and my next book).

But questions of imparting values or even causality are quite beside the point. US officials were not providing training, assistance, and equipment to the army and police primarily to inculcate American values and respect for civilian control of the armed forces (a concern I rarely saw raised in hundreds of relevant documents), but to impart counterinsurgency doctrines and prepare them to assume administrative control of the state. Army officers attending business administration and management classes in the US did not absorb the tenets of social science theories of modernization but did gain some of the expertise needed to run state-owned enterprises and complex bureaucracies, tasks for which US officials and military modernization theorists thought them particularly well suited.

I feel the book demonstrates quite clearly that direct military training and assistance also legitimized and reinforced the indigenous civic mission and territorial warfare doctrines that the Army was simultaneously developing in response to local conditions, and in the case of the Mobile Police Brigades (MOBRIG) quite directly shaped its practices and facilitated its transformation into a counterinsurgent and paramilitary force charged with detecting and quashing political unrest. Arguably, the most important legacy of the period was the US-supported doctrinal and material reorientation of elements of the Indonesian Army and MOBRIG - under the rubric of military modernization - towards counterinsurgency and as “a key instrument of political violence in the apparatus of the Cold War state.”¹ The focus of much of the modernization literature on economic development programs or benign cultural narratives obscures this profound, coercive and ideologically inspired transformation of state functions and capacities in the Third World toward waging war on their own populations.

Moreover, while power inequities bounded the dynamics, influence flowed both ways: Indonesian practices, especially in the area of civic action and police tactics, served as a model for counterinsurgency efforts in South Vietnam (81-82). That such training and aid created professional friendships and ties of reciprocity is less important than the ways in which it structured options – for example, through the Johnson Administration’s withholding of complex military equipment after 1965 in favor of civic action-related assistance that would reduce the army’s drain on the budget and involve it in ostensibly civilian development initiatives.

¹ Mark Mazower, [‘Violence and the State in the Twentieth Century’](#), *American Historical Review* [Dec 2002], 1158.

My hope in writing *Economists with Guns* was to internationalize the story of Suharto's emergence to explain why Americans and Indonesians came to support a military-led regime as the appropriate vehicle for development, and to do so in way that deepened historians' appreciation of modernization discourses not just as ideology but as political economy and military strategy – traditions of foreign relations history that suffer from benign neglect. I am not sure whether to be surprised or pleased that the claims which will elicit the most controversy in Indonesia and elsewhere - regarding US and British covert operations in Indonesia and the revival of plans for the dismembering of the archipelago; the Johnson Administration's role in the post September 30th, 1965 massacres and the U.S. and international community's decisive role in shaping the contours of the emerging New Order regime of General Suharto – provoked so little comment or disagreement. In my next book I hope to address in greater detail the useful and mostly justified criticisms of these insightful reviewers, examining the New Order as a transnational project - embedded in and partially constituted by a complex web of state and non-state ties with the U.S., the international community and the world economy that shaped the role of Islam, development, tourism and human rights, among much else. Certainly many topics were left out or under-analyzed, but I remain convinced that I have provided the best explanation we have for the evolving dynamics of this crucial Cold War relationship, and hope it helps to spur additional research and return Indonesia to a more central place in Cold War historiography.

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