The unexamined gift: Australia's aid relationship with Indonesia

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The timing was diabolical. The Indonesian government was to execute two Australian drug traffickers just weeks before Australia's 2015 aid budget was to be announced. The Australian government had already foreshadowed dramatic across-the-board aid cuts, without saying where they would fall. Any major cut in aid to Indonesia risked being perceived as retaliatory, not least because Australia's then Prime Minister, Tony Abbott, had earlier appeared to foreshadow such a penalty. In the event, Indonesia's allocation was cut by a huge 40% but this was no greater than the cuts suffered by most non-Pacific recipients of Australian aid. In any case, both before and after the executions, the Indonesian government stated explicitly that Indonesia no longer needed Australian aid. Indonesia, it was said, accepts Australian aid because Australia wishes to give it. So, the country that was then the largest recipient of Australian aid was apparently also the country least interested in receiving it. This presentation will provide both a historical and a contemporary perspective on this fascinating state of affairs. It will examine the magnitude and preoccupations of Australian aid to Indonesia, trace the origins of Indonesia's 'aid us if you want to' sentiment back to the events surrounding the Indian Ocean tsunami of 2004, and examine the ongoing relevance of aid to a large, middle-income country like Indonesia. It will conclude by suggesting that Australia's aid to Indonesia has been wrongly conceived by both sides. Australia has been too obsessed with quantity and cross-border threats. Indonesia has been too dismissive about what Australian support might achieve in key areas.