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Lee Kuan Yew and Suharto: How Mutual Trust Fostered Bilateral Ties

By Barry Desker

Synopsis

The excellent relations between Indonesia and Singapore from the 1970s were fostered by the mutual trust that developed between President Suharto and Prime Minister Lee Kuan Yew.

Commentary

OVER A period of almost thirty years from the 1970s, an excellent bilateral relationship existed between Indonesia and Singapore. While it is unfashionable among historians to credit 'great men' for the outcome of events and to look instead into factors underpinning broad historical trends, the smooth bilateral relationship owed much to the mutual confidence which developed between President Suharto of Indonesia and Prime Minister Lee Kuan Yew.

Before that relations between the two countries had been rocky under Indonesia's first president Sukarno.

Period of confrontation and turmoil

Prime Minister Lee Kuan Yew's first exposure to Indonesia occurred in August 1960 when he made an official visit to Indonesia and was a guest of President Sukarno. It was a disappointing exchange as Sukarno did most of the talking and there was little substantive discussion, with Sukarno expounding his concept of 'guided democracy', repeating points he had made in many public speeches. The visit highlighted the decline in the Indonesian economy following the expulsion of the Dutch community in 1957, the nationalisation of foreign enterprises and the proclamation of a policy of economic nationalism.

Indonesia's policy of *Konfrontasi* - Confrontation - after the formation of Malaysia in 1963 resulted in a sharp decline in Singapore/Indonesia trade, arising from Indonesia's ban on trade with Malaysia. Singapore's dependence on its entreport role resulted in a sharp economic downturn, even though the impact was limited by continuing barter trade with the Riau islands. There were also more than fifty bomb attacks in Singapore by Indonesian infiltrators.

Turmoil in Indonesia followed the failed coup attempt on 1 October 1965 by the Indonesian

Communist Party and its allies within the Indonesia military. This resulted in a counter-coup led by General Suharto. However, General Suharto did not immediately takeover and only formally became President in March 1968.

These negative experiences shaped Mr Lee Kuan Yew's initial perceptions of Indonesia, which loomed large as a threat to post-1965 independent Singapore's existence. Such perceptions were reinforced when sections of the Indonesian military urged a seaborne invasion of Singapore in October 1968 if Singapore went ahead with the execution of two captured Indonesian marines Osman Mohamed Ali and Harun Said responsible for the MacDonald House bombings and whose court appeals against the death penalty had failed.

Cooler heads prevailed in Indonesia. Strong diplomatic and personal appeals were made but Singapore proceeded with the executions, which led to mass demonstrations in Jakarta and the sacking of the Singapore embassy.

Improved bilateral ties

Bilateral relations improved significantly when Prime Minister Lee Kuan Yew made his first official visit to Indonesia in May 1973. His 'four eyes' private meeting convinced Mr Lee that Mr Suharto was determined to focus on Indonesian economic recovery. While Mr Suharto demonstrated a willingness to treat Singapore cordially, Mr Lee highlighted the need for mutual trust.

Mr Suharto observed that Indonesia had no territorial claims on Singapore and Mr Lee won his confidence by pointing out that Singapore did not see itself as a Third China (after the People's Republic of China and Taiwan) and emphasised Singapore's rightful role as a Southeast Asian state.

Mr Lee Kuan Yew grew more positive of Mr Suharto over the years. In his dealings with Singapore, Mr Suharto enjoyed credibility because he upheld agreements that he made. The first experience of this was when Mr Suharto sent a message in his early years of office seeking 10,000 tonnes of rice to meet emergency needs because of the failure of the rice crop. He promised to repay in kind in due course.

Although the price of rice rose on international markets, Indonesia repaid the rice on schedule and provided rice of better quality than that which was given. Singapore's leaders concluded that Mr Suharto was a man who could be trusted. It was an experience repeated at various times during his tenure of office.

In 1978, when there was an attempt to bypass Singapore on the kangaroo route between the United Kingdom and Australia under Australia's newly proclaimed integrated civil aviation policy, which cut access to Singapore while providing inducements to Indonesia and other countries in the region, Mr Suharto took the firm view that ASEAN should not succumb to such tactics.

Similarly, in 1990, when Singapore offered the use of facilities in Singapore to American military aircraft and naval vessels as a contribution to the continued US presence in Southeast Asia following the return of Clark airfield and Subic naval base to the Philippines, Mr Suharto's public acceptance of this move quelled criticism from the region.

Lee's respect for Suharto

While Mr Suharto did not throw his weight around he was the most influential leader within ASEAN. Mr. Lee respected Suharto because he was consistent and provided space for each ASEAN state to develop in its own way. In this, Mr Suharto practised the Javanese dictum, *mikul dhuwur, mendhem jero* (to look for the best in others and to forgive the trespasses of those whom we respect).

On several occasions, Mr Lee mentioned that Mr Suharto had never reneged on a commitment, even if it was politically difficult. It meant that Mr. Lee was aware of the limits of Indonesia's willingness to agree to proposals from Singapore. President Suharto's objections led to the derailing of proposals for an ASEAN free trade area at the first ASEAN Summit in 1976 but his support facilitated the declaration at the fourth ASEAN Summit held in Singapore in 1992 that an ASEAN Free Trade Area (AFTA) would be established within fifteen years.

On Mr Suharto's part, he regarded Mr Lee as a friend, who spoke clearly, could be relied upon and whose judgement was valued. Because of Mr Suharto's support and direction to his officials, negotiations for joint projects such as the Batam Industrial Park, Bintan Beach International Resort, the Riau Water Agreement and the Air Combat Manoeuvring Range in Pekanbaru proceeded smoothly.

When Mr Suharto visited Batam and Bintan Beach, he observed that the swift implementation of factory and hotel development proposals by foreign investors demonstrated Singapore's honesty and reliability. Mr Suharto saw Mr Lee as a man of his word, who could be trusted to uphold his commitments.

Differences in trying times

But differences did occur. Following the Indonesian invasion and occupation of East Timor in December 1975, Singapore was the only ASEAN country to abstain while the remainder joined Indonesia in opposing a UN General Assembly resolution deploring Indonesian military intervention in East Timor. This created some strains in the bilateral relationship.

In the aftermath of the Vietnamese invasion and occupation of Cambodia in December 1978, Indonesia consistently took a softer position than the other ASEAN countries partly because Indonesia saw Vietnam as having a shared revolutionary heritage gaining independence through the force of arms rather than through consultations with the colonial regime and partly because President Suharto was suspicious of Chinese support for the Khmer Rouge and regarded Vietnam as a bulwark against China. However, Mr Suharto's strong support for ASEAN resulted in Indonesia consistently backing ASEAN positions, surprising critics of ASEAN who felt that a common ASEAN position was not sustainable.

The most trying period in the relationship between Mr Lee and Mr Suharto occurred during the Asian Financial Crisis in 1997-98. When the Thai meltdown occurred in July 1997, the financial panic spread across the region. Although he had stepped down as prime minister, Mr Lee tried to counsel Mr Suharto's children, who took gross advantage of their father's position for economic benefits and were the subject of criticism by the International Monetary Fund (IMF), the American government and international fund managers.

Mr Lee noted that Mr Suharto did not see his children's actions as a problem because he saw himself as the sultan whose children were entitled to these privileges. Nor did Mr Suharto heed the advice of Mr Lee and other leaders not to appoint B.J. Habibie as Vice-President in 1998 as Habibie's penchant for costly high tech projects worried the financial community.

Lee seen as true friend

Following the riots in Jakarta in May 1998, President Suharto stepped down. Significantly, a few days before his decision, Mr Suharto described himself as being prepared to step down using the Javanese term *lengser keprabon* (to abdicate, usually following dynastic struggles in Javanese courts), highlighting the Javanese mind-set which under-pinned the way President Suharto framed his dealings with the world - an aspect that Mr Lee made an effort to understand.

Mr Lee kept up his relationship with Mr Suharto until Mr Suharto's death in 2008. He credited the strong economic growth in Southeast Asia from the 1970s to 1990s to Mr Suharto's policies and his focus on stability and the economy as well as building excellent relations with his neighbours. In retirement, Mr Suharto regarded Mr Lee as a true friend, one held in high respect by him and his family.

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