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**Explaining Indonesia's Relations with Singapore
During the New Order Period:
The Case of Regime Maintenance and
Foreign Policy**

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ABSTRACT

This paper explores the nature of Indonesia's relations with Singapore during former President Suharto's New Order period (circa 1965-1998). This paper argues that Indonesia's foreign relations with Singapore during the New Order period not only improved but also took on a more conciliatory and co-operative countenance since Suharto assumed power in 1966 because there was a belief that relations with Singapore could be useful in serving the Suharto regime's interests. Specifically, Indonesia's bilateral relationship with Singapore and the co-operative activities between the two countries were means of external support for the Suharto government in the face of periodic domestic political challenges. Indonesia's diplomatic relations with Singapore were essentially motivated by former President Suharto's belief that the bilateral relationship could reinforce his hold on power, i.e., regime maintenance.

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EXPLAINING INDONESIA'S RELATIONS WITH SINGAPORE DURING THE NEW ORDER PERIOD : THE CASE OF REGIME MAINTENANCE AND FOREIGN POLICY

Introduction

Indonesia's relations with Singapore from the 1950's till the 1960's can be characterised as one of antipathy and distrust. Indonesia's discontent towards Singapore was driven primarily by resentment with the predominantly ethnic-Chinese state's control over trade flows in and out of Indonesia. The Indonesian government's perception was that unscrupulous Chinese business people in Singapore were taking advantage of the island-city's pre-eminent role as the region's entrepot hub to realise profits at the expense of Indonesia.¹ The funnelling of foreign economic and military aid through Singapore to the rebels involved in the PRRI/Permesta revolts in the late 1950's added to this negative perception of Singapore's entrepot role.² The high level of smuggling between the two countries and Singapore's seeming inaction in discouraging such illegal activities was another factor that contributed to Indonesia's aversion towards Singapore.³

Although 1965 marked the dawn of radical political changes in both Indonesia and Singapore – which saw the beginning of the end for President Sukarno and the emergence of General Suharto; and the sudden birth of a newly independent Singapore – bilateral relations remained frosty. With the abortive coup attempt, allegedly instigated by the PRC-backed PKI (*Partai Komunis Indonesia* / Indonesian Communist Party) still fresh on the minds of many Indonesian ruling elite, Indonesia was suspicious of what it saw as a potential 'Third China' at their doorsteps. In addition, Singapore's highly competitive streak, borne out of the need to ensure its survivability, created a perception with the Indonesian government that Singapore had an abrasive and insecure leadership. Singapore's refusal to commute the death sentence of two

¹ Alex Josey, "Singapore Confronted," *Far Eastern Economic Review*, 26 December 1963; O.G. Roeder, "Indonesia: Clearing the Clouds," *Far Eastern Economic Review*, 5 August 1972; and Pang Cheng Lian, "Singapore: Difficulties Remain," *Far Eastern Economic Review*, 11 November 1972.

² The PRRI (Revolutionary Government of the Republic of Indonesia) / Permesta (Universal Struggle Charter) rebellions were two different regional uprisings, the former occurring in Sulawesi, the latter in Sumatra. Both rebellions originated with the regional military commanders' dissatisfaction over Jakarta's unequal distribution of political power and economic returns from regional exports of raw materials. *The Straits Times*, "Trade? Stop Rebels..." 17 December 1958; Audrey Kahin and George McT. Kahin, *Subversion as Foreign Policy : The Secret Eisenhower and Dulles Debacle in Indonesia* (Seattle, W.A: University of Washington Press, 1995).

³ O.G. Roeder, "Djakarta: The Smuggling Bogey," *Far Eastern Economic Review*, 7 August 1971.

Indonesian marines for their role in the bombing of MacDonald House in Singapore during Confrontation (*Konfrontasi*) despite a personal appeal from President Suharto in 1968 did nothing to dispel such an image and instead soured bilateral relations even further.

However, Indonesia-Singapore relations since the 1970's stood in stark contrast to the turbulent early years. Since then, the themes of friendship and close co-operation have dominated descriptions of the bilateral relationship. Indonesia's earlier discontent with Singapore seems to have dissipated. For example, the bilateral relationship following Lee Kuan Yew's first visit to Indonesia in May 1973 was reported to have assumed "almost rosy proportions" where the "growing identity of interests" brought the two leaders of the two countries closer together.⁴ In April 1985, the Indonesian daily *Kompas* reporting on Lee Kuan Yew's visit to Ujung Pandang, described Indonesia-Singapore relations as one where "manifestations of warmth and friendliness" were "richer and deeper than purely economic and social relations between the two countries".⁵ And speaking to the press in 1997 at the opening of the Karimun Maritime and Industrial Complex and the PT Karimun Sembawang Shipyard – both joint ventures between the private sectors of the two nations – former Indonesian President Suharto referred to Singapore as Indonesia's "closest neighbour" and noted that Indonesia was "reaping" benefits from co-operation with Singapore.⁶

What led to the turnaround in Indonesia's relations with Singapore? What accounted for the change in Indonesia's perceptions towards a seemingly parasitic and unscrupulous Singapore? These are the two central questions in this article, which is an attempt to explain the nature of Indonesia's relations with Singapore during President Suharto's New Order period (circa 1965-1998).

Much of the scholarship on Indonesia-Singapore relations has focused on the effect the personal friendship and rapport between then Prime Minister Lee Kuan Yew and former President Suharto had on bilateral relations. For example, it has been noted that as formal visits and contacts between the two leaders grew, over time their personal relationship eventually matured into a special "Pak Harto-Lee Kuan Yew rapport" and these "excellent bilateral

⁴ Patrick Low, "Singapore: Change of Style," *Far Eastern Economic Review*, 15 November 1974.

⁵ "They are the Talk of the Town: Lee and Suharto's Closeness Surprises Many," *The Straits Times*, 5 April 1985.

personal ties between the two leaders” have “also led to a spill-over in other areas and as a consequence, Singapore-Indonesia relations have seen the flowerings in the area of politics, economics, military and even socio-culture.”⁷

While not discounting the importance the two leaders’ personal friendship and rapport had on strengthening the bilateral relationship, it is suggested in this paper that such an explanation is nonetheless incomplete. This article argues that the turnaround in Indonesia-Singapore relations can be better explicated by examining the functions of diplomatic ties in Indonesia. Indonesia’s foreign relations with Singapore during the New Order period not only improved but also took on a more conciliatory and co-operative countenance because there was a belief that relations with Singapore could be useful in serving Suharto’s regime’s interests. More specifically, Indonesia’s bilateral relationship with Singapore and the co-operative activities between the two countries were means of external support for the Suharto and his regime in the face of periodic domestic political challenges. In other words, Indonesia’s relations with Singapore were essentially motivated by former President Suharto’s belief that the bilateral relationship could reinforce his hold on power, i.e., regime maintenance.

The domestic political setting in Indonesia or more specifically Suharto’s political motivations and how those were served through Indonesia’s foreign relations with Singapore are the focal point of this study for two reasons. Firstly, Suharto has to be the basis of any analysis into Indonesia’s foreign policy because of his centrality in the foreign policy decision-making process and all forms of political activity. In the words of Gordon Hein and William Liddle:

Contemporary Indonesia’s foreign policy is Suharto’s foreign policy, not only in the sense that he is primarily responsible for making it, but also in the sense that, to a great extent, it is a direct reflection of his own world view, his own leadership style, his own background, personality and vision”.⁸

The mind behind this elaborate political structure, the single intelligence that built it, maintained it, and kept it stable and in overall control of Indonesian society for more than thirty years, was President Suharto’s ... there is no doubt

⁶ Paul Jacob, “A New Milestone in Singapore-Indonesia Ties,” *The Straits Times*, 18 March 1997.

⁷ Lau Teik Soon and Bilveer Singh, “Introduction: Singapore-Indonesia Relations in Perspective,” in *Indonesia-Singapore Relations: Problems and Prospects*, Lau Teik Soon and Bilveer Singh eds. (Singapore: Singapore Institute of International Affairs, 1991), p. 1.

⁸ Gordon Hein, *Suharto’s Foreign Policy: Second-Generation Nationalism in Indonesia* (Ph.D. dissertation, University of California-Berkeley, 1986), p. 36.

that every critical decision in the history of the regime was made by Suharto himself.⁹

Secondly, regime maintenance was surmised to be the main function of Indonesia's relations with Singapore upon examination of Suharto's key political priorities during his time in office. It should be noted that foreign policy never ranked very highly on Suharto's list of political imperatives and was often viewed as a means by which to serve domestic political goals.¹⁰ Suharto's key political concerns were in reality principally domestically oriented. As the subsequent sections would show, the main political imperative of Suharto's New Order government was actually finding ways to deal with the various challenges mounted against the regime throughout his thirty-two year reign. Although it has been widely documented that the goals of maintaining political stability and pursuing economic development was the publicly professed national agenda of Suharto from 1966 to 1998,¹¹ these supposed altruistic and nationalistic intentions were actually self-serving. The ensuing discussion would reveal that Suharto's "obsession" with these twin imperatives of stability and development were far from munificent and were actually decided upon with the aim of bolstering his regime's political position.

The article begins first with an examination of Suharto's domestic political agenda – the goal of regime maintenance – how and why this objective came to be the prime imperative of his government. The second part of the paper then proceeds to explain how Suharto hoped to buttress his regime's hold on power through the country's relations with Singapore.

Suharto's New Order and Its Domestic Political Agenda

Suharto came into power in the aftermath of the confused and still not fully explained abortive coup attempt of 30th September/1st October 1965.¹² The abortive coup attempt had far-

⁹ William Liddle, "Regime: The New Order," in *Indonesia Beyond Suharto: Polity, Economy, Society, Transition*, Donald K. Emmerson, ed. (New York: M.E. Sharpe, 1999), p. 47.

¹⁰ Gordon Hein, *Suharto's Foreign Policy*, pp. 38 and 48.

¹¹ O.G Roeder, *The Smiling General* (Jakarta: Gunung Agung, 1969), p. 174. See also General Suharto's speeches on March 27th, May 5th, May 24th and June 6th 1966 in S. H. Sutjipto, *ABRI Pengemba Suara Hati Nurani Rakjat Volume I* (Jakarta: Usaha Penerbit Nasional, 1966), Appendix VII, pp. 52-54.

¹² Several differing explanations of the coup attempt have been published. See Benedict Anderson and Ruth McVey with Frederick Bunnell, *A Preliminary Analysis of the October 1, 1965 Coup in Indonesia* (Ithaca, NY: Cornell University Modern Indonesia Project, 1971 [Written in 1965-66]); and W.F. Wertheim, "Suharto and

reaching consequences on the political and social character of Indonesia. It not only irreparably destroyed the delicate Sukarno-Army-PKI balance of the Guided Democracy period (circa 1957-1965), but also saw the eradication of the PKI as well as the rapid erosion of President Sukarno's political position. Power was first effectively conceded to General Suharto, then commander of the Strategic Reserves (KOSTRAD), with the Presidential *Surat Perintah 11 Maret 1966* (Letter of Instruction of March 11th 1966), which was given the acronym *Super Semar*. In it, Sukarno assigned Suharto to "take all measures considered necessary to guarantee security, calm and stability of the government and the revolution and to guarantee the personal safety and authority [of Sukarno]." Armed with the mandate of the *Super Semar*, Suharto moved quickly to consolidate his political position by disbanding the PKI and removing pro-Sukarno loyalists in the cabinet and armed forces.¹³

Despite Suharto's early political successes and the seemingly legality of his actions through the *Super Semar*, Suharto was evidently uncertain about his claim to power. Although he emerged as the most senior general in a major military command position left unharmed after the abortive coup attempt, Suharto's political position was by no means secure. Suharto held office by virtue of ABRI's (*Angkatan Bersenjata Republik Indonesia/Indonesian Armed Forces*) decision to immediately rally round his leadership. However, several potential bases to Suharto's position could reassert themselves if the opportunity arose. Pockets of support for Sukarno were still deeply entrenched in many parts of Central and East Java and even within the army itself.¹⁴ To legitimise and strengthen his rule, Suharto turned to the meetings of the MPRS (*Majelis Permusyawaratan Rakyat Sementara/Provisional People's Consultative Assembly*)¹⁵ between June to July 1966 and the special session of March 1967 to endorse his authority and domestic political agenda, which focused on the twin goals of political stability and economic development. The term New Order (ORBA/*Orde Baru*) was also coined and endorsed at these MPRS sessions to symbolise the adoption of these two new national goals and also to signify the

the Untung Coup: The Missing Link," *Journal of Contemporary Asia*, Vol. 1, No. 2 (1970), pp. 50-57. Nugroho Notosusanto, *The Coup Attempt of the "30 September Movement" in Indonesia* (Jakarta: Pembimbing Masa, 1968).

¹³ Harold Crouch, *The Army and Politics in Indonesia* (Ithaca, NY: Cornell University Press, 1988), pp. 189-196.

¹⁴ Harold Crouch, *The Army and Politics in Indonesia*, pp. 221-222; Peter Polomka, *Indonesia since Sukarno* (Harmondsworth, UK: Penguin Books, 1971), pp. 90-93; Nawz Mody, *Indonesia under Suharto* (New York: Apt Books, 1987), pp. 75-81; 86-96.

end of the Old Order (*ORLA/Orde Lama*) of Sukarno's Guided Democracy period. Sukarno's strident slogans during the Guided Democracy period were replaced by the new mantras of "rehabilitation" and "stabilisation".¹⁶ The term "New Order" also symbolised the birth of a new regime that based its values on the 1945 Constitution and the state philosophy of *Pancasila*.¹⁷ Suharto resisted calls for swifter and more radical measures to oust Sukarno and his supporters choosing instead to continue relying on the manipulation of support from the MPRS for two reasons. Firstly, Suharto wanted the de-Soekarnization process to proceed in an orderly manner and not through the "parliament of the streets".¹⁸ And secondly, Suharto wanted to highlight the difference between Sukarno's 'deviations' from the constitution and his regime's adherence to proper constitutional procedures.¹⁹ By March 1967, Suharto was proclaimed acting President by the MPRS, and a year later President. Sukarno was thereafter kept under house arrest until his death in 1970.

Although Suharto's eventual assumption to the nation's highest office in 1967 was undertaken through proper constitutional means, his subsequent tenure was still by no means secure. Throughout Suharto's thirty-two year rule periodic challenges to his government's authority to rule did surface. For example, in the 1970's, opposition to the New Order government was seen in two noteworthy incidents. The first was the 'Malari Affair' of January 1974 where student demonstrations against a wide range of economic and political issues and egged on by certain segments of the military, threatened to topple Suharto's government.²⁰ The second occurred prior to the 1978 presidential election. Students were once again involved, this time united in opposition to the nomination of Suharto as President. Adding more pressure to

¹⁵ The MPRS was the supreme policy-making body in Indonesia. Its most important function was to elect the President. It also set down general policy guidelines which the parliament and the government were obliged to follow.

¹⁶ Hamish McDonald, *Suharto's Indonesia* (Blackburn, Victoria, Australia: Fontana Books, 1980), p. 68.

¹⁷ *Pancasila* describes the five principles that comprise Indonesia's state philosophy. The principles are a belief in one supreme God, humanism, nationalism, popular sovereignty and social justice.

¹⁸ Herbert Feith, "Suharto's Search for a Political Format," *Indonesia*, No. 6 (October 1968), pp. 89-92.

¹⁹ For more on the MPRS sessions and the politics of 1966 generally see R.K. Paget, "The Military in Indonesian Politics: The Burden of Power," *Pacific Affairs* (Fall-Winter 1967-68), pp. 294-314; and Guy Pauker, "Indonesia: The Age of Reason," *Asian Survey*, Vol. VIII, No. 2 (February 1968), pp. 133-147.

²⁰ For background on the events leading to and about the 'Malari Affair' see Hamish McDonald, *Suharto's Indonesia*, pp. 123-124, 136; John Bresnan, *Managing Indonesia: The Modern Political Economy* (New York: Columbia University Press, 1993), chapters 6 and 7; and Gary Hansen, "Indonesia 1974: A Momentous Year," *Asian Survey*, Vol. XV, No. 2 (February 1975), pp. 148-156.

the government was a matching attitude of dissatisfaction taken by some prominent retired military officers.²¹

The 1980's similarly saw two serious incidents of opposition to Suharto's government. The first challenge in this decade was mounted by a group of widely respected retired generals, better known as the *Petisi 50* (Petition of Fifty) group, who took issue with Suharto's manipulation of the national philosophy *Pancasila*.²² The other was the Tanjung Priok riot of September 1984 where the Muslim community's resistance to the government's attempt to require all socio-political organisations to adopt *Pancasila* as their sole ideological foundation (*asas tunggal*) resulted in a violent confrontation between Islamic protesters and security forces.²³

The 1990's brought about a new host of challenges in the form of calls for greater democratisation and the protection of human rights. The transformation of the Indonesian economy was probably the most important factor behind this call for change. Robust economic growth for more than two decades enlarged the middle class and exposed Indonesians to the wider world and its values of democratisation and freedom.²⁴ One of the most visible manifestations of this desire for change was seen in July 1996 when a government operation to oust Megawati Sukarnoputri from the helm of the Indonesian Democracy Party (PDI) resulted in the worst violence Jakarta had seen in decades as Megawati's supporters' discontent over this injustice was brought into the streets. Although the rioting was swiftly put down and did not trigger mass protests comparable to the "Peoples' Power" movement which brought down Filipino President Marcos, the July 1996 unrest nonetheless sowed the seeds of public resentment towards Suharto that eventually brought his regime down in May 1998. As such, with the myriad of challenges facing Suharto's regime throughout his thirty-two year stay in office, it is therefore not difficult to surmise that Suharto's pursuance of means to preserve his regime's grip on power was in all likelihood continuous and possibly even the *sine qua non* imperative of his regime.

²¹ "White Book of the 1978 Student's Struggle," *Indonesia* 25 April 1978, pp. 151-152; Benedict Anderson, "Last Days of Indonesia's Suharto?" *Southeast Asia Chronicle*, Issue No. 63, (July-August 1973), pp. 2-17; and M. Morfitt, "Pancasila; The Indonesian State Ideology According to the New Order Government," *Asian Survey*, Vol. XXI, No. 8 (August 1981), pp. 838-851.

²² John Bresnan, *Managing Indonesia*, pp. 202-211.

²³ *Ibid.*, pp. 218-228.

²⁴ Donald K. Emmerson, "A Tale of Three Countries," *Journal of Democracy*, Vol. 10, No. 4 (1999), pp. 38-42.

Achieving Suharto's Domestic Imperative

Having ascertained that Suharto's prime political imperative throughout his time in office was geared towards consolidating his regime's grip on power, how then did the New Order government go about fulfilling this necessity? Regime maintenance during the New Order period was implemented through three basic means – repression, legitimation through economic performance and patronage.²⁵

Suharto's use of coercive measures during the New Order period was intended to create what William Liddle calls “a political desert, an absence of organised opposition” within the polity.²⁶ In the early years of the New Order period the main target was communism and about half a million members of the PKI and its affiliated movements were killed in the immediate aftermath of the abortive coup attempt of 1965. From the 1970's until the mid-1980's militant Islamists became the next targets of repression. Former leaders of the Masyumi were not allowed to enter politics and Islamic leaders that were deemed too ‘independent’ were purged. And although the late 1980's to the 1990's were marked by greater political openness, Suharto continued to use coercion against perceived challengers and dissidents who crossed the line. One notable victim who bore the brunt of Suharto's fury in the 1990's was the popular weekly newsmagazine *Tempo*, which was shut down forcibly after the magazine accurately reported the disagreements between then Research and Technology Minister B.J Habibie and the military over the purchase of navy vessels from the former East Germany.²⁷

While repression successfully dealt with instances of opposition through the years, the use of coercive measures alone was unlikely to win over the minds of the Indonesian people and guarantee his moral authority to rule. To promote a favourable view, or at least an acceptance, of the New Order regime, Suharto set out to achieve two goals that he had the MPRS endorse in 1966 – political stability and economic development. It should be noted that the adoption of these twin domestic imperatives, labelled *Dwi-Dharma* (dual-duties) in Indonesian, were by no

²⁵ Adapted from William Liddle, “Suharto's Indonesia: Personal Rule and Political Institution,” in *Leadership and Culture in Indonesian Politics* (Sydney, Australia: Allen & Unwin, 1996), pp. 20-30, and William Liddle, “Regime: The New Order,” in *Indonesia Beyond Suharto*, p. 48.

²⁶ William Liddle, “Suharto's Indonesia,” p. 21.

²⁷ William Liddle, “Regime: The New Order,” pp. 48-49.

means fortuitous or the result of Suharto's altruistic intentions. The need to maintain political order and stability was emphasised by Suharto essentially to legitimise the regime's use of oppression. Suharto justified his regime's use of force by arguing that political stability was an indispensable pre-requisite of the developmental process and was needed to implement the government's plans for economic rehabilitation as well as to attract foreign investment.²⁸

Suharto's decision to focus on economics was likewise intentional. The Indonesian economy was by 1966, in a state of utter disrepair with inflation raging at about 600 percent. With no foreign reserves to speak of and foreign debts of over US\$2 billion, Suharto chose to address the economic malaise in conjunction with the restoration of political order as he realised that providing for the material well-being of the populace could become a successful political formula to bolster his regime's grip on power. It was evident by late 1965 and early 1966 among all circles, except PKI sympathisers and the faithful supporters of Sukarno, that the time had come to make economics and not politics the first priority of government. While acknowledging that Sukarno had accomplished much by unifying an ethnically and religiously diverse nation, Indonesians agreed that he had emphasised politics at the expense of the economy.²⁹ It was therefore not surprising that Suharto, at a time of economic crisis and national lamenting, saw the political possibilities in making economic development one of the two themes of his new government.³⁰

Sarbini Sumawinata, an economist who worked closely with Suharto following the 1965 putsch noted that:

Everything Suharto does is calculated to help him maintain his power...He realises that he must be development oriented. If he learned nothing else from the failure of Sukarno, it was that his downfall was rooted in a neglect of economics. Obviously it's easier to stay in power if there is growth.³¹

²⁸ Suharto, *Government Report to the People in Connection with the Ending of the Year 1966 and the Phase of Safeguarding* (Jakarta: Department of Information, Republic Indonesia, December 1966), pp. 9-10.

²⁹ See for example the proceedings of a conference on the state of the Indonesian economy organised by the Faculty of Economics, University of Indonesia in 1966 found in Mohammad Sadli, "Masalah Ekonomi-Moneter Kita Jang Struktural," in *The Leader, the Man and the Gun*, Kesatuan Aksi Mahasiswa, Fakultas Ekonomi Indonesia ed. (Jakarta: Jajasan Badan Penerbit Fakultas Ekonomi Indonesia, 1966); and Mochtar Lubis, "Indonesia's Goals and New Realities," *Pacific Community II* (April 1971).

³⁰ William Liddle, "The Relative Autonomy of the Third World Politician: Suharto and Indonesian Economic Development in Comparative Perspective," in *Leadership and Culture in Indonesian Politics*, p. 120.

³¹ Jeffrey Winters' interview with Sarbini Sumawinata. Jeffrey Winters, *Power in Motion: Capital Mobility and the Indonesian State* (Ithaca, NY: Cornell University Press, 1996), p.48.

Following in this vein, one of Suharto's early astute political moves to appeal to the needs of the masses was to name the cabinet formed in July 1968 the AMPERA cabinet (acronym for *Amanat Penderitaan Rakyat*/Message of the People's Suffering), and had its main task of fulfilling the *Dwi-Dharma* of political stability and economic development.³²

The emphasis on economic development to support regime maintenance is not novel. Several scholars have noted that proper and effective use of power to improve the collective economic well-being of the general population (commonly termed as performance legitimacy in the literature) can generate moral authority for a government or a leader to rule.³³ In fact, such methods have been used widely by governments to justify their grip on power, and sometimes even the use of repressive measures. Realisation of the potential of performance legitimacy has led many governments to claim the right to rule based on their promise of economic well-being, their competence and achievements of economic success. This phenomenon of "legitimation by performance" prevailed, albeit to varying degrees, in Indonesia from the start of Suharto's New Order in the mid-1960s until its unravelling in May 1998. "Development" (*pembangunan*) together with "stability" (*stabilitas*) became two of the most important key words in the Indonesian language and developed into the focus of authority for the regime.³⁴

Legitimation through economic performance began with Suharto's conscious decision since his ascension to power to follow the advice of a group of economists based at the University of Indonesia and led by Professor Widjojo Nitisastro. Many of these economists were trained at the University of California-Berkeley and other western universities, and they believed in the developmental power of market-based economics. Economic policies emphasising openness to private foreign and domestic (ethnic-Chinese in particular) businesses, Western and Japanese economic aid, and a commitment to the development of state, para-state

³² Mochtar Lubis, "Indonesia's Goals and New Realities," *Pacific Community*, Volume II, April 1971, p. 581.

³³ See Muthiah Alagappa, "The Anatomy of Legitimacy," and "The Bases of Legitimacy," in *Political Legitimacy in Southeast Asia*, pp. 22-23; 41-43; David Beetham, *Legitimation of Power*, (Atlantic Highlands, NJ: Humanities Press International, 1991), pp. 136-142; Arthur Vidich, "Legitimation of Regimes in World Perspective," in *Conflict and Control*, Arthur Vidich and Ronald Glassman eds. (Beverly Hills: Sage, 1979), p.301; C.J. Friedrich, *Man and His Government: An Empirical Theory of Politics* (New York: McGraw-Hill, 1963), p. 244.

³⁴ Hans Antlov, "Tracing the Roots of the Contemporary Indonesian State," in *Southeast Asia: Contemporary Perspectives*, ML Heikkila and J Seppanen eds. (Helsinki: Finnish Association of East Asian Studies, 1990), pp. 66-67; and Ariel Heryanto, "The Development of Development," *Indonesia*, No. 46, October 1988.

and quasi-state enterprises, were implemented. Wealth generated from these sources was then converted to political support through two primary means. The first was through allocations from the expenditure side of the state budget. Government spending was used to raise the salaries and the overall standard of living of civil servants to a level never before enjoyed in Indonesia. Budgetary allotments were also used to benefit the general public through rice, kerosene and other subsidies, which eased the financial burden of average Indonesians. Subsidised agricultural programmes like subsidised fertiliser and irrigation system rehabilitation have also helped landowners. And for rural Indonesians, the government inundated villages with new amenities and infrastructure like hospitals, roads, village halls and schools. Although the land-owning class disproportionately enjoyed the fruits of these programmes, the overall benefits have nevertheless penetrated Indonesian society more deeply than the efforts of previous governments.³⁵

The final way by which Suharto maintained loyalty and support was through the regime's vast patronage network, which flourished as the country achieved economic success through the years. Considerable political support was obtained from local officials, leaders of local communities as well as elites from the bureaucracy and the armed forces through the New Order government's dispensation of financial rewards. The allotment of lucrative business contracts and licenses was also another way by which faithful followers of the regime were rewarded. To ensure the continued political support of military leaders and close business associates, loyalists were granted various economic concessions and monopolies in sectors such as the petrochemical, mineral and timber industries.³⁶

Indonesia's Relations with Singapore and Regime Maintenance

If Suharto's prime political imperative was one of regime maintenance, how did Indonesia's relations with Singapore during the New Order period support his regime's authority to rule? Indonesia's relations with Singapore bolstered the New Order regime in three ways.

³⁵ *The Indonesian Economy During the Suharto Era*, Anne Booth and Peter McCawley eds. (Kuala Lumpur: Oxford University Press, 1981); and John Bresnan, *Managing Indonesia*, pp. 122-125, 191-192 and 211.

³⁶ Richard Robison, "Indonesia: Tensions in the State and Regime," in *Southeast Asia in the 1990s: Authoritarianism, Democracy and Capitalism*, Kevin Hewison, Richard Robison and Garry Rodan, eds. (St. Leonards, Australia: Allen & Unwin, 1993), p. 48; Yoon H.S., *Demystifying the Capitalist State: Political Patronage, Bureaucratic Interests and Capitalists-in-Formation In Suharto's Indonesia* (Ph.D. dissertation. Yale University, 1989), pp. 247-248; and "It's All In The Family: A TIME Investigation into Indonesia's Suharto and his Children Uncovers a \$15 billion Fortune," *Time*, 31 May 1999.

Firstly, relations with Singapore provided a form of external validation for the New Order regime's domestic policies, including the use of repression and patronage to implement the twin stated goals of stability and economic development. Singapore also defended Indonesia's use of such measures in the face of international criticism. The lauding of Indonesia's policies by Singaporean leaders lent credence to the New Order regime's claim to authorship of the country's remarkable economic rise and the measures it undertook to achieve such successes. The clearest indication of how such external support buttressed the New Order regime's political position occurred in April 1986. Then Singaporean Prime Minister Lee Kuan Yew defended the Suharto government's alleged practice of widespread corruption and nepotism, which was revealed in the *Sydney Morning Herald*. Lee's support was well-received by members of Indonesia's parliament.³⁷ Lee said:

In retrospect, no event has had a more profound influence on the development of the region than the character and outlook of President Suharto of Indonesia. Indonesia's concentration, during the past twenty years, on economic development and social upliftment, would not have been, had he not succeeded Sukarno. His policies made it possible for ASEAN (Association of Southeast Asian Nations) to become an organisation for constructive and co-operative relationships between members, and for the solidarity of its members in meeting external problems. If in the 1990's, a man of a similar cut, equally devoted to the development and social advancement of Indonesia, succeeds President Suharto, ASEAN's progress will be assured for the years beyond the year 2000. The more he institutionalises Indonesia's state ideology of "Pancasila", the more likely is his successor to be a man with his bent for the politics of stability, resilience and growth for Indonesia and the region.³⁸

Singapore's approbation of the New Order regime's domestic policies was reiterated again in August 1990, at the signing of the Singapore-Riau economic co-operation agreement. Lee Kuan Yew then emphasised that "it had been Singapore's singular good fortune that Suharto took over from Sukarno".³⁹

³⁷ See comments made by Rusli Desa of the Golkar party in "MP Praises Lee for Defending RI's President," *The Jakarta Post*, 19 April 1986.

³⁸ *Speech by Prime Minister Lee Kuan Yew to the National Press Club in Canberra, 16 April 1986*. Available at Ministry of Information and the Arts, Singapore, Ministerial Speeches Website: <http://www.intranet.gov.sg/>. See also "Overstepping the Mark: ASEAN Neighbours are Against Foreign-Press Meddling," *Far Eastern Economic Review*, 8 May 1986.

³⁹ Michael Vatikiotis, "Bet on Batam," *Far Eastern Economic Review*, 6 September 1990.

Continued strong ties and close co-operation between the armed forces of the two countries despite international condemnation of the Indonesian military's harsh practices, which occasionally resulted in international embargoes, was also another avenue by which Indonesia's relations with Singapore supported Suharto's regime.⁴⁰ In many ways, Indonesia's defence relations with Singapore have undoubtedly been the closest amongst all its neighbours in Southeast Asia. Since the inauguration of military exchanges in September 1974, Singapore has backed the apparatus implementing the regime's repressive measures through a wide range of co-operative activities, most of which directly benefited the Indonesian armed forces both materially and professionally. Some of these include training schemes for Indonesian military officers at Singapore's Officer Cadet School and Command and Staff College, the construction of two air combat ranges and related facilities in Sumatra at Singapore's expense, and the sharing of the Singapore armed forces' military technology expertise with Indonesia.⁴¹

The second way by which Indonesia's relations with Singapore bolstered Suharto's capacity to rule was through economics. Specifically, relations with Singapore facilitated Indonesia's economic rehabilitation efforts, which in turn provided the impetus for sustained economic growth. With continued economic growth, Suharto's performance legitimacy was likewise strengthened. What economic benefit was accrued from Indonesia's relations with Singapore? Considerable immediate benefits were realised at the outset of the New Order period when trade between the two countries that was suspended during *Konfrontasi* recommenced. With its position as the region's premiere economic and entrepot centre, Singapore was Indonesia's fourth largest export destination, with almost a quarter of all Indonesian exports going through the island-city, and the fifth largest source of imports to Indonesia, prior to the outbreak of *Konfrontasi* in 1963.⁴² Singapore also played important role in the upgrading and marketing of traditional Indonesian exports – rubber, pepper and other spices, and tin. In addition, with the re-establishment of trade between the two countries, shipping was speeded up and Singaporean importers opened new credit facilities for Indonesian traders on shipments.

⁴⁰ For example, the United States stopped providing IMET (International Military Education and Training) funds for the Indonesian armed forces following the 1991 Dili massacre in East Timor. See David Jenkins, "A Small Package with Big Potential for Trouble," *Sydney Morning Herald*, 29 June 1992.

⁴¹ Bilveer Singh, *Singapore-Indonesia Defence Co-operation: A Case Study of Defence Bilateralism with ASEAN* (Malaysia: Institute of Strategic and International Studies, 1993), pp. 9-13; Tim Huxley, *Defending the Lion City: The Armed Forces of Singapore* (Australia: Allen & Unwin, 2000), pp. 213-216.

This arrangement not only resulted in the faster turnaround of exports but also eased foreign exchange problems and provided funds which entrepreneurs in Indonesia re-invested in new business ventures.⁴³ The importance of Indonesia's trade links with Singapore was highlighted by Indonesian Foreign Minister Adam Malik in October 1968 when he warned hard-liners seeking to punish Singapore even more severely after the hanging of the two Indonesian marines by cutting off trade with the island-republic that doing so could only harm Indonesia. Malik highlighted the poor state of Indonesia's port facilities and said that: "we should think of our minimal ability".⁴⁴

Apart from trade, Singapore was also an important source of foreign direct investment. The restoration of investment and production was an important step towards enhancing Suharto's performance legitimacy and alleviating some of the dislocation that existed in Indonesian society, particularly in the urban areas. Foreign investments made a significant contribution to the economic recovery efforts of the late 1960's and played a key role in the export-led growth of the 1980's. Although the impact of Singaporean investments has never been systematically studied, it is nonetheless fair to conclude from general works on the effect of foreign direct investment in Indonesia that the benefits accrued from such undertakings include enhanced foreign exchange earnings, improvements in balance of payments, increased employment opportunities, and the transfer of process and technological know-how.⁴⁵

The Indonesian government in the early days of the New Order period aggressively sought after ethnic-Chinese capital and investment, particularly those from Hong Kong and

⁴² Bank Indonesia, *Report for the Year 1954-55*, pp. 100-101, cited in Anne Booth, *The Indonesian Economy in the 19th and 20th Centuries: A History of Missed Opportunities* (London: MacMillan Press, 1998), p. 211; H.E. Robison, *Indonesia* (Stanford, CA: Stanford Research Institute, 1967).

⁴³ Derek Davies, "Indonesia: Sprouting Olives," *Far Eastern Economic Review*, 2 June 1966; Derek Davies, "The Sultan's Problems," *Far Eastern Economic Review*, 16 June 1966; and Harvey Stockwin, "Singapore: The Djakarta Deal," *Far Eastern Economic Review*, 22 September 1966. Following the re-establishment of trading ties between Indonesia and Singapore, fresh private commercial credit worth \$150 million Malaysian Ringgit was extended to Indonesian traders.

⁴⁴ "Mr. Malik say it Again: We Need S'pore," *The Straits Times*, 27 October 1968; Lee Kuan Yew, *From Third World to First – The Singapore Story: 1965-2000* [Memoirs of Lee Kuan Yew] (Singapore: Singapore Press Holdings, Times Editions, 2000), p. 298.

⁴⁵ See for example Franklin Weinstein, "Multinational Corporations and the Third World," *International Organisation*, Vol. 30, No. 3 (Summer 1976), pp. 396-404; Thee Kian Wee, "The Surge of Asian NIC Investment into Indonesia," *Bulletin of Indonesian Economic Studies*, Vol. 27, No. 3 (December 1991), p. 58; and Hal Hill, *Foreign Investment and Industrialisation in Indonesia* (Singapore: Oxford University Press, 1988), pp. 122-133.

Singapore that had fled the country when conditions under Sukarno became too precarious.⁴⁶ Singapore did respond to Indonesia's calls for greater investment. In March 1969, Singapore made its first substantial investment pledge for joint ventures in the production of rubber, flour and electrical appliances, in a package totaling US\$20.7 million.⁴⁷ By the end 1990's, Singapore had become Indonesia's fifth largest foreign investor, with cumulative foreign investments since 1967 totaling US\$3.7 billion, with the bulk of investments seen in real estate, manufacturing and mining.⁴⁸

The final way by which Indonesia's relations with Singapore backed the New Order regime was through the island-republic's involvement in business ventures with conglomerates that were part of Suharto's vast patronage network. Although Indonesia's economic relations with Singapore did benefit the Indonesian economy as a whole, the parties that profited the most from the bilateral relationship were actually Suharto's cronies. This contention can be illustrated by using two prominent Indonesia-Singapore business joint ventures – the development of Batam and Bintan islands of the Riau archipelago – as examples.⁴⁹

The idea of turning Batam Island into an industrial zone with Singapore's assistance was first mooted in 1970 with the formal agreement for joint collaboration between the two countries signed in October 1980.⁵⁰ Ever since the initiative for joint collaboration between the two countries was first proposed, individuals assigned by the Indonesian President to oversee the development of the project have been familiar cronies of Suharto. For instance, the man tasked with getting the project off the ground in the 1970's was Pertamina's (the Indonesian state oil company) then President-Director, Ibnu Sutowo, who was also made the first chairman of the Batam Industrial Development Authority (BIDA). Until he was fired from his position in

⁴⁶ Jeffrey Winters, *Power in Motion*, p.78.

⁴⁷ "A Novel Concept," *The Straits Times*, 28 March 1969.

⁴⁸ BKPM (*Badan Koordinasi Penanaman Modal*/Indonesia Investment Co-ordinating Board) figures as cited in *Business News*, 23 July 1999; and Thee Kian Wee, "The Surge of Asian NIC Investment into Indonesia," pp. 55-88. It should be noted that these figures might be underreported as a substantial amount of unreported Singaporean investment did come through Hong Kong or appeared as domestic investment in Indonesia for taxation reasons.

⁴⁹ Jeffrey Winters, *Power in Motion*, pp. 101-107

⁵⁰ Suharto spoke of soliciting Singapore's expertise in the development of Batam at the presentations of credentials for the new Singaporean ambassador in July 1970. See Lee Khoon Choy, *Diplomacy of a Tiny State* (Singapore: World Scientific, 1993), p. 237. Philip Lee and Ahmad Osman, "Speeding Up Isle's Industrial Growth: Batam Pact Signing Today," *The Straits Times*, 31 October 1980.

Pertamina for allegedly bankrupting the company in the mid-1970's, Sutowo had operated as Suharto's main supplier of "untied" sources of funds, which was indispensable in maintaining the regime's patron-client relationships within the government and military.⁵¹

When Sutowo fell from grace in 1976 in the wake of Pertamina's bankruptcy, J.B Sumarlin, one of the western-trained economists who helped stabilised the Indonesian economy in the early years of the New Order, took over as BIDA chairman. But the technocrats' control over Batam Island was short-lived. In 1978, B.J Habibie, who was recalled back to Indonesia by Suharto after almost a decade and a half in Germany to be groomed as his protégé, was appointed BIDA chairman. Habibie, who began his civil-service career as Sutowo's advisor at Pertamina and later appointed as Research and Technology Minister, was soon to reap benefits from his Batam appointment together with another long-time Suharto crony Liem Sioe Liong, head of the Salim Group.⁵² Liem and Suharto's relationship goes back to the 1950's when Liem met the quartermastering needs of the Indonesian army's Diponegoro division, commanded then by Colonel Suharto. By the 1990's, Liem's Salim Group had become Indonesia's and the world's largest Chinese-owned conglomerate, a feat achieved largely through Suharto's patronage.⁵³

Armed with a vision of Batam as a port, with high value added factories and tourism to generate growth, Habibie persuaded Suharto to invest nearly US\$2 billion in infrastructure for the island. In January 1990, two joint ventures were signed between several government-owned Singapore companies (including Jurong Environmental Engineering and Singapore Technologies Industrial Corporation) and PT Herwindo Rintis to develop and manage the main industrial park on Batam (Batamindo Industrial Park/BIP). The shareholders of PT Herwindo Rintis, which owns 60% of the US\$215 million Batamindo Industrial Park, are Timmy Habibie (Habibie's younger brother), Bambang Trihadmodjo (Suharto's middle son) and Liem's Salim Group.⁵⁴ As of June 1998, investment commitments at the Batamindo Industrial Park totalled US\$310

⁵¹ J.A.C Mackie, "The Report of the Commission of Four on Corruption," *Bulletin of Indonesian Economic Studies*, Vol. 6, No. 2 (November 1970), pp. 90-91; Jeffrey Winters, *Power in Motion*, pp. 84-85.

⁵² Adam Schwarz, *A Nation in Waiting: Indonesia's Search for Stability* (St. Leonards, Australia: Allen and Unwin, 1999), p.44.

⁵³ Adam Schwarz, "Liem/Salim Group: The Show Goes On," *Far Eastern Economic Review*, 14 March 1991; Richard Robison, *Indonesia: The Rise of Capital* (Sydney, Australia: Allen & Unwin, 1986), pp.296-315.

⁵⁴ Adam Schwarz, "Liem/Salim Group: The Show Goes On," *Far Eastern Economic Review*, 14 March 1991; Marcus W. Brauchli *et al.*, "Family Ties: Like the Suharto Clan, Kin of Habibie Reap Benefits," *The Asian Wall Street Journal*, 26 May 1998.

million, with 85 foreign firms basing its operations there. The industrial park has also generated employment for 65,000 Indonesians.⁵⁵

Bintan Island's transformation into an industrial and recreation hub began after an agreement to develop the Riau province was signed between Indonesia and Singapore in 1990.⁵⁶ Developments on Bintan were focused on two main projects. The first was the Bintan Industrial Estate, which was jointly constructed by Indonesia's Salim Group and government-linked Singaporean companies Singapore Technologies Industrial Corporation and the Jurong Town Corporation. The second was the conversion of 23,000 hectares of Bintan Island's northern coast into a massive integrated lifestyle resort. The Bintan Beach International Resort as it is known, was developed jointly by a consortium consisting of the Salim Group, the Indonesian navy and several Singapore government-owned corporations including again Singapore Technologies Industrial Corporation.⁵⁷ Since 1998, more than US\$1.5 billion has been invested in Bintan Island with the bulk of the financial commitment seen in the Bintan Beach International Resort in projects like the Banyan Tree Resorts and Club Med.⁵⁸

Proving the Argument

How do we ascertain that Indonesia's relations with Singapore were indeed meant to serve the political imperative of Suharto's regime? To support this argument, it is contended that the instances of challenges to Suharto's government were always met by a betterment of bilateral relations or an upsurge in co-operative activity between the two countries. Specifically, the strengthening of bilateral relations was seen in areas that supported Indonesia's economic recovery and provided external backing to Suharto's domestic policies. For example, following the birth of the New Order period in 1966 at a time when Suharto's grip on power was still tenuous, several positive developments were seen in Indonesia-Singapore relations. Indonesia recognised an independent Singapore diplomatically in June 1966, a year before it did so with

⁵⁵ *Singapore Economic Development Board Annual Report 1998: Regionalisation*. Available at: http://www.sedb.comsg/an_1998_19.html.

⁵⁶ "PM and Suharto to Witness Signing of Pacts Today," *The Straits Times*, 28 August 1990.

⁵⁷ Soh Tiang Keng, "More Room for Manufacturing," *The Straits Times*, 14 June 1996; "The Statistics Behind the Resort's Success," *The Jakarta Post*, 2 June 1998.

⁵⁸ *Singapore Economic Development Board Annual Report 1998: Regionalisation*. Available at: http://www.sedb.comsg/an_1998_19.html.

Malaysia. The prompt recognition of an independent Singapore allowed for the resumption of trade links between the two countries in September 1966.⁵⁹ The other significant occurrence was Indonesia's response to the hanging of the two Indonesian marines in October 1968. The executions sparked off a massive public furore in Indonesia and the ghosts of *Konfrontasi* and a belligerent Indonesia were resurrected. But despite considerable domestic pressure to punish Singapore for its actions, the New Order's leaders remained level-headed and spoke of the need to exercise restraint. Foreign Minister Adam Malik in particular highlighted that a "second *Konfrontasi*?" would hurt the Indonesian people more than it would Singapore, and that Indonesia's ability to attract foreign investments would suffer as well.⁶⁰

The aftermath of the Malari incident in 1974 likewise saw a strengthening of Indonesia's relations with Singapore. At Suharto's first state visit to Singapore in August 1974, a basic agreement for economic and technical co-operation was signed. At the official state banquet for Suharto, Indonesia's domestic policies were externally validated and his political position enhanced when he received praise from former Singaporean President Benjamin Sheares for "being a source of stability and strength for ASEAN" and for his "efforts to bring economic progress and political cohesion" to Indonesia.⁶¹

This trend of close Indonesia-Singapore co-operation subsequent to challenges to the Suharto regime continued in the late 1970's and 1980's. The accord to have Singapore assist in the industrialisation of Indonesia's Batam island although first mooted in 1970 was eventually agreed to in principle by Lee Kuan Yew and Suharto in July 1978, just months after attempts were made to prevent the Indonesian President's re-election.⁶² This basic agreement to develop Batam Island was seen as a good way to attract foreign investments to Indonesia as foreign firms could tap the country's massive labour pool to work in labour intensive industries such as textiles, electronics and food processing. The in principle Batam agreement of 1978 was made more concrete in October 1980 when an accord to slash red tape and facilitate the movement of

⁵⁹ Harvey Stockwin, "Singapore: The Djakarta Deal," *Far Eastern Economic Review*, 22 September 1966.

⁶⁰ Adam Malik quoted in Radio Republik Indonesia (RRI) transcripts, 23 October 1968.

⁶¹ "Harmony in ASEAN: Sheares' Tribute to Suharto," *The Straits Times*, 30 August 1974.

⁶² "Lee: Singapore Will Help to Develop Batam," *The Straits Times*, 28 June 1978; "Batam: Lee See Role for our Entrepreneur," *The Straits Times*, 29 June 1978; "Batam Relations," *The Straits Times*, 19 September 1979.

capital, labour and machinery into Batam island was inked by the two governments.⁶³ This concord was incidentally concluded barely six months after the *Petisi 50* episode surfaced.

The Tanjung Priok incident of 1984 was also followed by two notable events with Singapore, which supported Suharto's authority to rule. The first occurred in April 1985 at Lee Kuan Yew's visit to Ujung Pandang. Responding to media queries about Indonesia's political stability and development prospects after the violent clashes at Tanjung Priok, Lee was buoyant about Indonesia's future and said:

Indonesia is immensely more stable than it was 10 years ago, 20 years ago. It's got much more diversified and developed economy, it's got infrastructure in position and the prospects for long-term development, I would say, are excellent ... so I would be bullish on Indonesia.⁶⁴

The second took place when Lee Kuan Yew defended Suharto in 1986 after the *Sydney Morning Herald* accused the New Order regime of widespread corruption and nepotism.

Challenges to the New Order regime in the 1990's were similarly followed by the betterment of relations with Singapore. The period after the July 1996 riots saw the signing of two major commercial agreements in 1997. The first was agreed to in February by a Singapore-led consortium comprising Port of Singapore Authority and Sembawang Maritime Limited, and Indonesian state-owned PT Krakatau Bandar Samudra, to develop West Java's Cigading port into a container terminal.⁶⁵ The second agreement was concluded in May to purchase about US\$300 million worth of piped natural gas from the Natuna Islands.⁶⁶

Having shown that the imperative of regime maintenance has been the prime factor guiding Indonesia's relations with Singapore, one cannot help but question why Singapore has allowed itself to be party to such a relationship with Indonesia. Singapore consummated this arrangement largely because such a linkage benefited Singapore as it did for Suharto's

⁶³ "Immigration Rules for Batam to be Eased," *The Straits Times*, 31 October 1980.

⁶⁴ "The Old Guard and Our Tennis Partners," *The Straits Times*, 9 April 1985.

⁶⁵ Sim Wai Chew, "S'pore Group to Help Develop Port in West Java," *The Straits Times*, 3 February 1997; "Singaporean Consortium to Help Develop West Java Port," *The Business Times*, 14 May 1997.

⁶⁶ Sim Wai Chew, "Singapore to get piped gas from Indonesia," *The Straits Times*, 1 May 1997; Conrad Raj, "Sembawang to Buy Piped Gas from Pertamina," *The Business Times*, 1 May 1997.

government. In the words of Lee Khoon Choy, Singapore's former ambassador to Indonesia, Indonesia-Singapore relations were based on "*mutualis symbiosis*" – mutual co-operation for mutual benefit or essentially a *quid pro quo*.⁶⁷ Indonesia's key benefit in this bilateral relationship, which were documented in the prior sections, came in the form of external backing for the Suharto regime. For Singapore, advantages were realised in two aspects – economic proceeds and security. Singapore's economic relations with Indonesia during the New Order period were lucrative, especially since the late 1980's following the formalisation of the Singapore-Johor-Riau growth triangle. Although official figures of the volume of Singapore's trade with Indonesia since the late 1960's are unavailable due to the sensitive nature of such data,⁶⁸ economists nevertheless believe that Indonesia was as important a trading partner as Malaysia. Economists estimate that approximately 10-13 percent of Singapore's total trade was with Indonesia and could be worth about US\$20 billion annually.⁶⁹ In addition, as was alluded to in the previous section, Singaporean investments in Indonesia are substantial and financial returns from such joint ventures like the Batamindo Industrial Park were realised rather quickly after the initial outlay. Singapore Technologies Industrial Corporation, one of the main shareholders of the Batamindo Industrial Park (BIP), earned US\$3.2 million from managing the industrial park in 1995, which was half of the group's income from associated companies and accrued barely five years after the BIP began operations in 1990.⁷⁰

Singapore's economic relations with Indonesia and political support for the Suharto regime have also been used to mitigate the island-republic's sense of insecurity since its independence in 1965. Despite the cessation of *Konfrontasi* in 1966, there has been a constant anxiety among Singaporean policy makers that Indonesia could turn belligerent if the country is once again beset by civil unrest or if the government is unstable as was demonstrated in the 1960's when Sukarno faced such domestic problems. Hence, there was a belief that a benign

⁶⁷ Lee Khoon Choy, "Foreign Policy," in *Socialism that Works*, C.V. Devan Nair, ed. (Singapore: Federal Publications, 1976), p.104.

⁶⁸ Singapore-Indonesia trade figures have not been publicised officially by the Singapore government since the end of *Konfrontasi* in 1966 due to concerns that different statistical procedures used in Singapore and Jakarta in the accounting of trade could lead to the wrong impression of substantial discrepancies (smuggling). See comments by Lee Khoon Choy in O.G. Roeder, Indonesia: Clearing the Clouds," *Far Eastern Economic Review*, 11 November 1972.

⁶⁹ "Singapore's Risk from Indonesia Underestimated," South China Morning Post, 18 May 1998; Linda Low, "Political Economy of Business Relations Between Indonesia and Singapore," (Paper for workshop on *Socioeconomic Situation During the Indonesian Crisis* organised by the Department of Economics, National University of Singapore, 30, 31 May and 1 June 2000), p. 3.

regional security environment and Singapore's economic viability could be secured only if Indonesia was prosperous and stable.⁷¹ Singapore's economic relations with Indonesia and the island republic's defence of the Suharto regime in the face of international criticism was therefore geared towards strengthening Suharto's political position and preventing domestic instability within the Indonesian polity. Singapore's strong support of Suharto's government was largely based on trust in the Indonesian President's determination to "concentrate on the development of Indonesia, not on foreign adventures,"⁷² a conviction which was articulated at Lee Kuan Yew and Suharto's first "*empat-mata* (four-eyed) meeting".⁷³ Lee's faith in Suharto was reiterated several times in his 1973 visit to Indonesia and in his memoirs:

But after systematic dampening of politicking and the refusal to be deflected from your [Suharto's] constructive line of action, we realised that a profound and fundamental change in direction had taken place.⁷⁴

I am much more relaxed about the kind of thinking and the kind of projects in terms of development, objectives which he [Suharto] has expounded to me and those which are uppermost in his mind, namely the emphasis on stability and what he has termed national and regional resilience ... This is a turning point in the sense that we are more confident or I am more confident that there can be a greater and wider range of projects on which we could co-operate, and with more confidence that we will not run into any difficulties in implementing these projects... there is a lot to be gained mutually. And, of course, knowing a person and coming to the conclusion that there is sincerity in what has been discussed is a very important factor. And I am quite convinced that President Suharto is sincere in wanting to have a peaceful, stable Southeast Asia in order to develop Indonesia and to enable all the countries in the region to develop.⁷⁵

I found him [Suharto] to be a man of his word. He made few promises, but delivered whatever he had promised. His forte was his consistency.⁷⁶

⁷⁰ "STIC Turns in \$40m Net Earnings," *The Straits Times*, 29 March 1995.

⁷¹ Alluded to in several speeches by Singaporean Ministers. See speech by Senior Minister Lee Kuan Yew at the Tanjong Pagar Lunar New Year Celebration, 10 February 2000; and remarks by Foreign Minister S. Jayakumar in Parliament, 9 March 2000. Available at Ministry of Information and the Arts, Singapore, Press Releases: <http://www.gov.sg/sprinter>.

⁷² Lee Kuan Yew, *From Third World to First* [Memoirs of Lee Kuan Yew], p. 301.

⁷³ These were one-on-one talks that took place in the absence of translators and aides.

⁷⁴ Transcript of speech at the banquet held in honour of Prime Lee Kuan Yew's visit to Indonesia, 25 May 1973 (Ministry of Information and the Arts, Singapore). The words in brackets were added for clarity.

⁷⁵ Transcript of press conference at the end of Prime Minister Lee Kuan Yew's visit to Indonesia, 27 May 1973 (Ministry of Information and the Arts, Singapore).

Trust and Indonesia's Relations with Singapore

At the outset of this paper it was mentioned that one of the most commonly cited explanations accounting for the improvement of Indonesia-Singapore relations was the effect the personal friendship and rapport between then Prime Minister Lee Kuan Yew and former President Suharto had on bilateral relations. Scholars argue that the special relationship Lee and Suharto shared was attributable not only to the frequent visits and contacts between with each other but also to their “*empat-mata* meetings”.⁷⁷ These talks enabled the two leaders to conduct frank and candid discussions, to probe each other other’s thinking and test each other’s limits without the fear of embarrassment. This empathy and rapport between Lee and Suharto was premised on their ability to see that differences need not degenerate into distrust or hostility. The key factor to this rapport was their ability to communicate in Bahasa Indonesia. Lee’s fluency in Malay, which is akin to Bahasa Indonesia, was instrumental in establishing the closeness with Suharto, who was not comfortable speaking in English. Also significant were their similar approaches to dealing with problems in their respective countries. Both leaders were firm pragmatists and were determined to better the lives of their people even if that meant making tough decisions. In essence, what Lee Kuan Yew and Suharto seemed to have shared during their time in office, was a friendship and rapport based on mutual trust.⁷⁸

However, while the leaders of the two countries’ close personal relationship may help explain the betterment and an upsurge in the level of co-operation between Indonesia and Singapore since the 1970’s, focusing on trust alone to elucidate the nature of Indonesia’s foreign relations with Singapore is incomplete for two reasons.

Firstly, trust was evidently lacking in bilateral relations in the early years of the New Order and was most likely absent until Lee Kuan Yew made his first official visit to Indonesia in 1973. Suharto was especially peeved with Singapore after his personal appeal to grant a reprieve for the two Indonesian marines sentenced to death in 1968 was rejected. This humiliation,

⁷⁶ Lee Kuan Yew, *From Third World to First* [Memoirs of Lee Kuan Yew], p. 305.

⁷⁷ Between 1965 to 1990, the two leaders altogether met fifteen times – an average of one meeting in every one and a half years.

⁷⁸ Culled from the interviews Lee Kuan Yew gave to the press during his visit to Ujung Pandang in April 1985. See “How to Cement S’pore-Indonesia Ties,” *The Straits Times*, 4 April 1985; “Will this Rapport Endure?” *The Straits Times*, 6 April 1985; and “In action ... the Bahasa Factor,” *The Straits Times*, 6 April 1985.

Suharto's close advisors noted, stuck with the Indonesian President until the 1970's.⁷⁹ But despite this chagrin, Suharto persevered in maintaining relations with Singapore. At the end of November 1968, barely a month after the hanging of the Indonesian marines, a three-man Indonesian parliamentary delegation visited the island-republic with the aim of starting bilateral ties afresh. And three months later, Indonesian foreign minister Adam Malik during his visit to Singapore pledged to "strengthen political and economic relations".⁸⁰ With these developments in mind, surely there must have been a greater imperative that overrode Suharto's wounded pride to persist in his relations with Singapore after the hanging of the Indonesian marines. With trust manifestly non-existent in the bilateral relationship, and with Suharto's political focus still on domestic matters, a likely possibility must have been Suharto's belief that maintaining diplomatic relations could serve the New Order regime's interests, which was at that time, to strengthen the regime's authority to rule.

Secondly, while trust may be a necessary condition that led to an upsurge in co-operative activities and the betterment of bilateral relations, trust need not be the reason why the two states chose to bury their differences and come together in the 1970's. The reasons for interstate co-operation can range from the self-interested to the altruistic and in Indonesia's case, the actual reason maybe the former. Again, the emphasis has to be on Suharto's political goals at that point in time, which were not foreign relations but strengthening the regime's ability to rule.

Conclusion

This paper has shown that since assuming power in 1966, former Indonesian President Suharto's key political imperative has been to sustain his capacity to rule, i.e., regime maintenance. Having to contend with a variety of domestic challenges, which at times even threatened the regime's grip on power, it is not difficult to see why the quest for means to preserve Suharto's grip on power was ceaseless and probably did not end until his *coup de grace* in May 1998. Although the New Order regime's publicly professed domestic agenda of maintaining political stability and pursuing economic development were widely cited as Suharto's main objectives, it was demonstrated that the decision to focus on these twin goals was

⁷⁹ Ramadhan K.H, *Soemitro: Former Commander of Indonesian Security Apparatus* (Jakarta: Pustaka Sinar Harapan, 1996), p. 255; Lee Khoo Choy, *Diplomacy of A Tiny State*, pp. 245 and 250.

⁸⁰ "We Will Strengthen Political and Economic Relations with your Republic," *The Straits Times*, 21 February 1969.

undertaken chiefly with the aim of consolidating Suharto's authority to rule. This was a deliberate strategy employed by the former Indonesian President, as the use of repression alone, although effective in silencing the opposition, could not guarantee Suharto's moral authority to govern. In this connection, although foreign policy supposedly served the 'national goals' of stability and development, it can be surmised that diplomatic relations were in essence conducted with the aim of sustaining Suharto's grip on power. Indonesia's relations with Singapore therefore served this same purpose as well.

It was argued that Indonesia's relations with Singapore consolidated Suharto's New Order regime in three main ways. First, the bilateral relationship provided a means of external validation for the Suharto government's policies. Singapore was a useful ally in providing support for the New Order regime, especially in the wake of international condemnation of the cronyistic and repressive practices adopted by Suharto's government. Second, Indonesia's relations with the island-republic augmented the Suharto government's performance legitimacy. Investment and trading links with Singapore played important roles in aiding the economic recovery efforts of the late 1960's and was especially crucial in facilitating the export-led economic boom of the late 1980's and into the 1990's. With these economic successes and the international community's accolades of Indonesia's economic achievements during the New Order period, Suharto's performance legitimacy was likewise strengthened and in no small measure as well.⁸¹ And finally, whether by implicit or fortuitous design, Singapore's economic relations with Indonesia also sustained the Suharto regime's patronage network. This benefit was clearly illustrated in joint business ventures between the two countries in the Riau islands of Batam and Bintan, where partners in the lucrative business contract were the former Indonesian President's close associate and family members.

Examining the patterns of improvement in the bilateral relationship and the level of co-operative activity corroborated the assertion that Indonesia's diplomatic relations with Singapore was guided by the imperative of regime maintenance. It was observed that Indonesia's relations with Singapore improved and the level of co-operation between the two countries increased

⁸¹ Indonesia under Suharto has been held up as a model of Third World development and poverty alleviation. Indonesia has been singled out for using groundbreaking programmes to curb population growth and to achieve food self-sufficiency. The crowning moment for the New Order government's policies was probably the presentation of the 'Ceres' Award from the Food and Agricultural Organisation of the United Nations to Suharto in 1985 for attaining self-sufficiency in rice. See Michael Vatikiotis, *Indonesian Politics Under Suharto: The Rise and Fall of the New Order* (London: Routledge, 1998,) pp. 35, 57-58.

following challenges to Suharto's regime. Singapore partook in such an arrangement with Indonesia because the city-state stood to benefit from the relationship as well. Advantages for Singapore were realised in two areas: economic proceeds and security.

In conclusion, recent developments in Indonesia-Singapore relations probably provides the clearest attestation of not only that regime maintenance was the key consideration in Indonesia's relations with Singapore, but also how the once proven formula for a stable and warm bilateral relationship could unravel with a sudden change of regime. Following Suharto's resignation in May 1998, his protégé B.J Habibie assumed his mentor's post. In the months that followed, strains appeared in Indonesia-Singapore relations as the previous *sine qua non* of the bilateral relationship – the *mutualis symbiosis* that Lee Khoo Choy talked about in the 1970's – appears to have collapsed with Suharto's sudden departure. While unflinching support from Singapore for Suharto and his government during the New Order period strengthened Indonesia-Singapore relations, such backing from the island-republic was ambiguous during the Habibie presidency and that led to the appearance of tensions between the two countries. The new Indonesian President evidently felt this lack of support and was quick to lambaste the Singapore government in the *Asian Wall Street Journal*:

You see a friend in need is a friend indeed. I don't have that feeling from Singapore... I have that feeling from the U.S., from Japan, Australia, mainland China, from Malaysia, from Europe, Germany. But I don't have that feeling (from Singapore).⁸²

The Singaporean government's delay in extending well wishes to the new Indonesian government in contrast with the responses of some other countries was also perceived as hesitance in welcoming Habibie's assumption of power.⁸³

Singapore's backing for Habibie's regime was not forthcoming largely because the new Indonesian President was not seen in the same light as the practical and trustworthy Suharto. Habibie was regarded by many, including Singaporean leaders, as a misfit who exploited his close relationship with Suharto to advance grandiose economic projects, like the promotion of aircraft manufacturing, many of which were damaging to the Indonesian economy.⁸⁴ Singapore's

⁸² Richard Borsuk and Reginald Chua, "Singapore Strains Relations with Indonesia's President," *Asian Wall Street Journal*, 4 August 1998.

⁸³ *Ibid.*

reluctance to support Habibie could be traced back to several months prior to the fall of Suharto. At that time, Habibie was a contender for the post of Vice-president but Singapore's Senior Minister Lee Kuan Yew said that markets would react negatively and the rupiah would crash if Habibie became Vice-president.⁸⁵

The strains in the bilateral relationship that was seen in November 2000 can likewise be attributable to President Abdurrahman Wahid's perception that support for his regime from Singapore was not forthcoming. In a stinging verbal attack, Gus Dur as Abdurrahman Wahid is popularly known, accused Singapore of pursuing foreign policy only for profit and for taking advantage and manipulating Indonesia. This was a surprise verbal barrage from the man who signalled early on in his presidency that the tensions in Indonesia-Singapore relations in the Habibie era were a thing of past by making Singapore his first stop on his inaugural overseas trip and by inviting Singapore's Senior Minister Lee Kuan Yew to be one of his government's international advisors. "They just look after themselves ... all they look for are profits," Wahid ranted in a speech to a gathering of fellow countrymen at the Indonesian Embassy in Singapore. Among his other gripes was Singapore's exclusion of Indonesia from plans to hold trade fairs to promote ASEAN and Singapore's hindering of Wahid's proposal to extend membership in the grouping to Papua New Guinea and soon to be independent East Timor.⁸⁶

Gus Dur's tirades notwithstanding, these umbrages were actually indicative of an underlying belief like that of the previous administration, that Singapore was not forthcoming in providing support for Wahid's regime. The Indonesian president was actually slighted by remarks made by Singapore's elder statesman Lee Kuan Yew to the Asia Society Australasia Centre while in Sydney, expressing his disappointment with Indonesia's ruling elite and noting that until the country's leaders "restore order in Indonesia, investor confidence will be weak".⁸⁷ According to Indonesia's Foreign Minister Alwi Shihab, who is also one of the Wahid's closest advisors, the President had taken Lee's comments as a personal affront because it had undermined all the hard work Gus Dur had put in to lobby foreign investors. It was essentially

⁸⁴ See Adam Schwarz, *A Nation in Waiting*, pp. 89-97.

⁸⁵ Pang Gek Choo, "Is Worst Over? SM says not till Indonesian elections," *The Straits Times*, 8 February 1998.

⁸⁶ Budiman Murdiyati, "President Abdurrahman Lashes out at Singapore," *The Jakarta Post*, 26 November 2000; Derwin Pereira, "S'pore Wants Only Profits," *The Straits Times*, 27 November 2000.

⁸⁷ Vaudine England, "The Ties that Bind Singapore, Indonesia and Malaysia Strain Under Weight of Regional Rivalries: Little Love Lost in Troubled Triangle," *South China Morning Post*, 3 December 2000.

frustration with not getting support from Mr Lee, someone whom Wahid had a high regard for. In addition, there was also disappointment with Singapore's half-hearted attempts at enhancing economic activity with Indonesia. Dr Alwi Shihab was quoted as saying: "We have been hoping that Singapore could be more concrete in helping us. Don't just make statements (of support) and as if investments in Indonesia could only grow in two years time. That impinges on Indonesia's national self-esteem".⁸⁸ With the governments of both Indonesia and Singapore not adhering to the tried and tested formula of *mutualis symbiosis* that led to an improvement and an increase in the depth and scope of co-operative activities between the two countries since the 1970's, it is therefore not surprising to see the once congenial and stable bilateral relationship during the New Order period degenerating in the post Suharto era.

⁸⁸ "Behind Gus Dur's Umbrage," *The Business Times*, 29 November 2000.