

FOREIGN POLICY OF INDONESIA, 1967-1976

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TO
MY DEAR PARENTS

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PREFACE

PREFACE

Attempting a study of Indonesia's foreign policy has turned out to be an interesting task. As a newly emergent nation, striving to achieve economic development but at the same time highly sensitive about its right to independent decision-making, Indonesia vacillated between the policies of aggressive political confrontation and peaceful co-existence. Peace and stability were indispensable for her economic development. Yet, her status as the fifth largest and third potentially richest country in the world and her geo-strategic location at the cross-roads of international communication prompted her militant and egoistic national leadership under Soekarno to seek a leadership role among the Afro-Asian nations. To extend Indonesia's influence beyond the frontiers of South East Asia, Soekarno sought to arouse feelings of anti-colonialism and anti-imperialism among the Afro-Asian states, using his doctrine of conflict between the OLDEFOs (Old Established Forces) and NEPOs (New Emerging Forces). Simultaneously, a militant and aggressive policy was launched towards the colonial powers and their allies in South East Asia.

However, neither geography nor a common struggle against the OLDEFOs were sufficient to give Soekarno the leadership role that he sought, especially when bigger Asian-African powers like China and India aspired ^{to} a similar role. Consequently, Soekarno's claim proved to be exaggerated

and disastrous for Indonesia's national interest. It took a new regime under Soeharto's leadership to lead Indonesia into a more realistic regional role. Soeharto's government followed an open-door policy, which gave priority to peace and friendship. The aggressive foreign policy of Soekarno was replaced by a diplomacy of economic development. Indonesia now adopted a more friendly posture towards its neighbours and a regional organisation (ASEAN) was initiated to ensure peace, stability and security in the region. In the interest of Indonesia's development plans and to ensure her security vis-a-vis China, the Soeharto government tilted towards the United States and the Western powers.

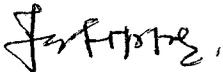
This study is primarily an exploratory and analytical account of the dramatic shifts in Indonesia's foreign policy and the factors that necessitated these shifts. Apart from Indonesia's role in South East Asia, her interaction with the super powers and the international system, it also deals with Indonesia's relations with major Asian powers such as China, Japan and India. The period analysed in detail is from 1966-76. This is so because, it was in 1966 that Soeharto became the de facto leader of Indonesia, and geared his foreign policy to meet the demands of economic development. Yet, a decade later, in 1975, Indonesia faced one of the gravest economic crises - the Pertamina crisis. Added to that, in 1975 Vietnam emerged victor after a long drawn war and got unified the following year, creating a different political situation in the region.

The materials consulted in preparing this dissertation have been primarily secondary in nature, mainly in the form of published books, articles, etc.

I am deeply indebted to Dr B.D. Arora, under whose guidance this study was begun and completed. His generosity in time and effort, his critical evaluation and helpful suggestions, and his highly motivating encouragements, whenever my spirits ran low, have contributed in no small measure to the relevance of the material in every chapter that follows. My thanks are also due to Professor Vishal Singh and Dr P.K. Das for their constant encouragement and guidance. I also acknowledge my gratitude to my friends, Ajay Kumar, Chani, Dinesh Dubey, N.A. Lloyd, Ranjan, Rezi, Shahid, Tulsi Ram and Vinod with whom I have had many inspiring discussions regarding various aspects of this study.

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CHAPTER I

INTRODUCTION

INTRODUCTION

With 13000 islands scattered over an area of around 7,35,000 sq.k.m., Indonesia is the largest archipelago in the world. Approximately 3,000 of its islands are inhabited by about 135 million people. A country with tropical climate, Indonesia experiences heavy annual rainfall and is full of tropical forests. Owing to volcanic eruptions the land is considerably fertile in some islands, like, Java, and the population is also mainly concentrated in these islands. The country is endowed with rich mineral resources, especially oil, rubber and tin.

Indonesia is located on the famous Asian sea trade route, the Malacca Straits, which it shares with Malaysia and Singapore. It provides a link between East and West Asia. By virtue of its location, it has long been a centre of commercial and cultural interaction. Hindu, Buddhist and Muslim religions have exercised tremendous influence on the Indonesian people, distinct signs of which are still visible. Besides, it occupies an important geo-strategic position in as much as it is located between the Indian and Pacific oceans and the two continents - Asia and Australia.

For over three centuries Indonesia had been under the yoke of Dutch colonialism. Initially, spices were the main attraction for the Dutch, which fetched enormous amounts of profit in the European markets. Hence the

Dutch started large-scale organised trade with the archipelago. Obviously the Dutch East India Company formed in 1602, commanded assets more than ten times of its British counterpart.¹ The company functioned pretty well till the end of the 18th century. Because of grave financial crisis, however, the Dutch government took over its affairs in 1798.² The Dutch were secular people, with low missionary zeal. They were primarily interested in trade and commerce,³ and for this they used various means.

With the development of liberal ideas, the Dutch government also initiated some welfare measures in order to alleviate the sufferings of the Indonesians. Related to this was the Ethical Policy, which was launched in 1901 to give relief to the educated Indonesians, workers and peasants.⁴ Notwithstanding all these, the Dutch government continued to exploit the riches of the country by giving various concessions to Dutch bourgeoisie to operate in Indonesia.

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- 1 D.G.C. Hall, A History of South East Asia (New York, 1968), p.232.
 - 2 A. Vandenbosch and R. Butwell, The Changing Face of Southeast Asia (Lexington, 1966), p.24.
 - 3 John F. Cady, South-east Asia - Its Historical Development (New Delhi, 1979), p.224.
 - 4 *Ibid.*, p.371.

By the beginning of the 20th century, nationalism began to manifest itself in the Indonesian society. It grew as a reaction to the burgeoning Chinese Batik trade.⁵ Formation of Sarekat Islam in 1903 was the first organised manifestation of it. The Sarekat Islam emphasized economic aspects. In course of time Indonesian nationalism also acquired political dimensions. In 1920 Indonesia witnessed the emergence of another party, the PKI (Partai Komunis Indonesia - Communist Party of Indonesia). But the most important year in the history of Indonesian freedom struggle was 1929, when the would-be President Soekarno formed PNI (Partai Nasional Indonesia - Indonesian Nationalist Party). Joined with Mohd Hatta, another important nationalist leader, Soekarno spearheaded the nationalist movement through thick and thin, and on 17 August 1945 proclaimed Indonesia's independence. Unreconciled to the grim prospect of losing their colonial empire, the Dutch persistently tried to recapture the Republic. All their attempts were, however, foiled by the militant nationalists. Ultimately the Dutch had to concede the nationalists'

5 Batik was an art of drying clothes in a colourful way by using certain chemicals. The Javanese were expert in doing this. But very soon the immigrant Chinese acquired expertise and subsequently monopolized the export of Batik clothes to the European markets.

demand for independence and on 27 December 1949, they formally transferred sovereignty and extended recognition to the Indonesian Republic.

Now Indonesia emerged as an independent nation in the international system. As a free country it had to choose its own course of action for the fulfilment of its national aims, which could be well served only through a pragmatic foreign policy. Foreign policy does not come out of blue, but is evolved over a period of time through a constant interplay of various objective and subjective factors. In the process of its evolution, Indonesian foreign policy was influenced by a number of factors. These are: its past colonial experience, level of socio-economic development, resource potential, demography, geo-political situation, nature of the leadership and national psychology.

Basic Determinants and Elements of the Indonesian Foreign Policy

Hints regarding the Indonesian foreign policy were given by Soetan Sjahrir, then adviser to the President of Indonesia, at the Asian Relations Conference held in New Delhi in March-April 1947. The Indonesian leader emphasized cooperation and friendship among nations to realize the vision of one world. In more explicit terms, "peaceful co-existence and concerted effort for the preservation of peace",⁶

6 Ide Anak Agung Gde Agung, *Twenty Years of Indonesian Foreign Policy 1945-1965* (The Hague, 1973), p.25.

constituted the main points of his speech. Later on, this point was more positively formulated and eventually became one of the cardinal principles of the policy of non-alignment.

Nationalism has been one of the most important factors in the Indonesian foreign policy. By the time Indonesia got independence, the world had already been divided into two blocs, led by the United States (US) and the Union of Soviet Socialist Republic (USSR). Strong as their nationalism was, the Indonesians refused to join any bloc, because they felt it would compromise with their independence. As a consequence, they decided to adopt their own course of action as an independent state. As early as 1948 Vice-President Hatta had said before the KMIP (Working Committee of the Provisional Parliament) "The lines of Indonesia's policy cannot be determined by the bent of policy of some country which has its own interest to service".⁷

A number of factors were at the root of this policy. Indonesia, at its infancy, could not afford to take the wrath of either of the two super powers, that too when the cold war was getting intensified. The process of nation

7 Mohd. Hatta, "Indonesia's Foreign Policy", Indonesian Review (Djakarta), vol.1, no.6, 1953, p.26.

building had just started. It required the financial and technical assistance from outside. Moreover, Indonesia also could not afford to alienate any of the bloc leaders, because the recently proclaimed Republic needed their sympathy and support inside the United Nations (UN), and outside in the struggle for independence.⁸ Geographically speaking, since it does not share a common boundary with either of the super powers, it could well afford to avoid aligning with them. Independent foreign policy was a course which Indonesia could safely take to suit the national interest at that particular juncture.

As mentioned earlier, one of the objectives of the Indonesian foreign policy was also to, "endeavour to promote international peace" through cooperation. Hence, besides being "independent", the Indonesian foreign policy also became "active" in the promotion of world peace. The concept of "active and independent" foreign policy has been well explained by Mohd Hatta. "Indonesia ... follows its own path through the various international problems" and is 'active' in the sense that it is ready to "work energetically for the preservation of peace and relaxation of tension" also through the "United Nations".⁹

8 L.P. Singh, "Indonesian Foreign Policy : The Linkage Between Domestic Power Balance and Foreign Policy Behaviour", South East Asia, vol.1, no.4, Fall 1971 (Illinois University), p.382.

9 Mohammed Hatta, "Indonesian Foreign Policy", Foreign Affairs (New York), vol.31, no.3, April 1954, p.444.

Indonesia emerged as an independent nation after three centuries of Dutch colonialism. This left a deep imprint on the Indonesian mind, which later was reflected in their foreign policy. Anti-colonialism and anti-imperialism thus constituted the major plank of Indonesia's foreign policy.

It becomes imperative here to say a few words on Pantjasila (newly spelt as Panca sila), the philosophy of the Indonesian state. Some of the tenets of the foreign policy have been derived from it. Following are the five principles of Panca Sila:

1. Nationalism
2. Internationalism
3. Democracy
4. Political and Social Justice
5. Belief in God,¹⁰

Nationalism means that Indonesians are a distinct single entity. This distinct identity separates them from others and gives them a form of a nation. And to fight for the preservation of this identity is nationalism. The principle implies that other nations have also a right to live freely in order to retain their identity. Going beyond the

10 Claude A. Buss, Contemporary South East Asia (New York, 1970), Reading No.9, pp.169-70.

national boundaries, Indonesia also aspires to form a family out of all nations of the world. This is the principle of internationalism, and implicit in it is the concept of peaceful coexistence.

Democracy, according to it, means a state which is for everyone, and which does not only work for any particular group. Obviously it aspires to bring about real democracy both in economic and political sense.

Finally, belief in God means that Indonesia would be secular country, where all religious communities would be free to profess their respective religions.

If we analyse the five principles of Panca sila, we find all the basic principles of the Indonesian foreign policy implicit in it. Every nation has a right to live freely and to develop to its full capacity, a principle clearly against colonialism and imperialism. But a nation can only flourish in a peaceful international atmosphere, which can be guaranteed by peaceful coexistence, and by an effort to preserve and promote peace. Coexistence here does not mean to acquiesce to all kinds of policies practised by others, but to follow a policy without harming others.

Foreign Policy of Indonesia, 1950-1965

This period can be divided into two distinct phases. Till 1957, it was the period of liberal democracy. It was followed by the period of Guided Democracy, which actually

started in 1959 and which constitutes the second phase. Guided Democracy was proclaimed through a Presidential decree by President Soekarno. Foreign policy during the first phase largely remained non-aligned. But the latter phase witnessed a visible shift in Indonesia's foreign policy.

The pattern of domestic politics had a tremendous influence on the foreign policy. PNI (Nationalist Party of Indonesia), Masjumi (Madjelis Sjuro Musilimin Indonesia), PKI (Communist Party of Indonesia) and PSI (Partai Sosialis Indonesia - Indonesian Socialist Party) were the four major political parties, at that time. The PNI had pro-communist leanings whereas the PSI and Masjumi were pro-West. Their respective political strongholds were the islands of Java and Sumatra.¹¹ As a result both the groups used to act as a counter-balance to each other. In this situation the incumbent governments could hardly afford to deviate even slightly from the generally accepted active and independent path. The domestic political configuration always put a check on the government.

First Phase (Liberal Democracy Period), 1950-57

Natsir cabinet (September 1950-March 1951) was quite strongly pro-West, as is obvious from its pro-West policy in the cold war manifested in its support to the US in the

11 L.P. Singh, n.8, p.383.

Korean war (1950). But it was bound by the terms of an already established consensus on the independent foreign policy to refrain from any action¹² which would appear to range Indonesia on the side of either of the two super powers.

The Sukiman cabinet which came to power in April 1951 was, however, quite blunt in showing its pro-western leanings, and it eventually proved fatal for it. Foreign Minister Subardjo had signed an aid agreement with the USA, under the Mutual Security Act, according to which Indonesia had to fulfil certain military obligations. This act generated tremendous public criticism, because it appeared to have violated the general foreign policy consensus. Eventually this became a major reason for the downfall of the Sukiman cabinet in February 1952.

Taking lessons from its predecessors, the Wilopo cabinet (April 1952-June 1953) followed a policy which sought to project a non-aligned image. It refused to accept any military assistance from the US, and on the contrary, decided to establish diplomatic relations with the USSR. It also decided to resume negotiations with

12 Herbert Feith, The Decline of Constitutional Democracy in Indonesia (Cornell University Press, Ithaca, 1973), p.175.

the Dutch to seek abrogation of the Indonesian-Dutch Union.

The first Ali Sastramidjojo cabinet came to power in July 1953 and continued to be in power till July 1955. The aspiration to become the leader of the anti-colonialist movement and the Afro-Asian world added dynamism to its foreign policy. Diplomatic relations with the USSR were established in 1954. The famous Asian-African conference in Bandung (Indonesia) was held on Prime Minister Ali Sastramidjojo's initiative, in April 1955. He declared that the conference not only would contribute to the relaxation of cold war tensions in the world, but would also serve as a rallying point for the continuing struggle of Asians and Africans against colonialism.¹³ The Ali cabinet also improved its relations with China, with a view to drawing it closer to the Asian countries in order to restrict its tilt towards the USSR. The Ali cabinet's foreign policy was vigorous and dynamic. In a very effective way he combined diplomatic professionalism with the symbols of anti-colonialism, making it a powerful factor, "to be reckoned with in the Foreign Ministries of the world".¹⁴

13 Ibid., p.387.

14 Ibid., p.394.

The Burhanuddin Harahap cabinet, which followed the first Ali cabinet in the latter half of 1955, also pursued an active foreign policy, but its area of activities remained in the western world only. Diplomatic visits were made to and received from Australia, England, Singapore, etc. The Pakistani and US naval ships paid visits to the Indonesian ports and finally it was also visited by the then US Secretary of States, John Foster Dulles. The most bold step which it took in foreign policy matter was the unilateral abrogation of the Dutch-Indonesian Union in 1956.

After the September 1955 elections, first since independence in August 1945, Ali Sastromidjojo again came to power. The second Ali cabinet could not make any tangible contribution in the field of foreign policy. In March 1957, the cabinet resigned as a result of the growing tensions between the centre and the regions. The centre-regional tensions eventually led to the formation of the PRRI (Pemerintah Revolutioner Republik Indonesia - Revolutionary Government of the Republic of Indonesia) by the rebel army officers in February 1958. In order to cope with the rebellion, President Soekarno proclaimed a "state of seige and war" all over the country. ¹⁵

15 Ibid., p.548.

In the wake of this declaration, President Soekarno formed a new cabinet in 1957, namely, the Karja cabinet. During two years of its existence, it launched a vigorous campaign for the restoration of West Irian, an Indonesian territory still under Dutch control. A perceptible change was noticed in the foreign policy pronouncements inasmuch as the emphasis was given to anti-colonialism and anti-imperialism. As a result relations with the West began to deteriorate. On the contrary relations with the USSR began to improve. Soviet agreement to supply arms facilitated this process. The major achievement of the Karja cabinet in the field of foreign policy was the formal conclusion of the long awaited war reparation treaty with Japan.

The Second Phase

Karja cabinet had to face the challenge posed by the rebellious army officers in various regions. To cope with the situation Soekarno put the national administration under a "National Advisory Council", with himself as the Chairman. Thus he added more and more powers to his office. Soekarno visited the US, the USSR and China during this period. The Chinese system apparently impressed him the most. Subsequently, Soekarno began to play an active role in fashioning the country's foreign policy. The new

policy distinctly contained the elements of "antagonism to western bloc and rapprochement with communist countries".¹⁶ The functioning of liberal democracy had proved to be a failure in the face of growing tensions. A distinct opportunity was thus provided to Soekarno to extend and muster support for his kind of democracy, the "Guided Democracy". His promise of a better and more democratic Indonesia drew much appreciation from the people. Instead of applying Western type of democracy, he emphasized on the application of the Indonesian principle of "Gotong Royong" (mutual help is consensus). The principle envisaged decision by consensus.

Declaration of martial law was followed again by a Presidential decree in July 1959, heralding the period of Guided Democracy. By then Soekarno had realized that the army and the PKI were the two potent organisations, which could challenge his authority. Hence he endeavoured to maintain a balance between them, which at times became very delicate. The opposition political parties, such as the Masjumi and the PSI, were done away with in August 1960 through yet another decree. Guided Democracy period marked a distinct change in the Indonesian foreign policy with a

16 Anak Agung Gde Agung, n.6, p.250.

strong dose of anti-colonialism and anti-imperialism,¹⁷

President Soekarno launched a tirade against colonialism and imperialism. In the process Soekarno propounded a new doctrine to give a theoretical look to his foreign policy, such as the doctrine of struggle between the OLDEFOS (Old Established Order Forces) and NEFOS (New Emerging Forces). His main contention was that there could be no coexistence between these two forces. Implicitly, it meant to be a conflict theory. The NEFOS, according to him, "were the notions of Afro-Asia and Socialist countries and more recently Latin America and the progressive elements of the capitalist countries".¹⁸ The major stumbling bloc in the path of the NEFOS development was neo-colonialism and imperialism, represented by the OLDEFOS. In Soekarno's view, imperialism-colonialism in all its manifestations was at the root of all international tensions, and a conflict between the OLDEFOS and NEFOS must end in the victory of the latter. In course of time Soekarno tilted

17 Pluvier Jan M., A Study in Indonesian Politics and Confrontation (London, 1965), pp.54-56.

18 George Modelski, The New Emerging Forces - Documents on the Ideology of Indonesian Foreign Policy (Cornell, 1963), p.3.

19 Ibid.

more towards the communist bloc. Ideological similarity and domestic political compulsions drew Soekarno nearer to China. By 1961 a close relationship was developing between the two, which ultimately climaxed in 1965.

As mentioned earlier, Soekarno's strong contention, that there could be no peaceful coexistence between two diametrically opposite forces, namely the OLDEFOS and NEFOS, made implicitly clear the Indonesian intention to launch a militant policy. Lending credence to the change in Indonesian foreign policy was the fact that in January 1961, a loan agreement for purchase of arms was successfully concluded by General Nasution, Minister for National Security, in Moscow.²⁰

The West Irian Crisis

The status of West Irian had been left unresolved by the Round Table Conference (RTC) at the Hague in 1949. The status of the island was to be negotiated after one year of the RTC, but nothing was done. All the successive cabinets after 1950 tried to resolve the issue, but in vain. They even successfully got this issue incorporated in the final communique of the Bandung Conference in April 1955.

20 Leslie H. Palmier, Communists in Indonesia (London, 1973), p.205.

This meant the support of all participant nations to Indonesian position on the West Irian question vis-a-vis the Dutch. Even in the United Nations their attempt to resolve this issue bore no fruit. Feeling frustrated at the UN failure to pass a moderate resolution seeking Indonesian-Dutch negotiations in November 1957, the Indonesian government decided to seize all Dutch property in Indonesia. Subsequently in 1960, diplomatic relations were also severed. In the non-aligned conference held in Belgrade (Yugoslavia) in September 1961, Soekarno made one point clear that peace could only be brought by eliminating the last vestiges of colonialism.²¹

To sidetrack the main issues and to divert the attention of the common people from the more pressing domestic problems, generally the bogey of nationalism is raised. The same was true with Soekarno. Having assured himself of the army's and PKI's support for his policies, he launched a military campaign against the Dutch on the West Irian issue by the end of 1961. In his Independence Day address he said, "Irian Barat" (West Irian) would be liberated from the Dutch colonial rule before the cock's crow on 1st January 1963".²²

21 The Statesman (New Delhi), 2 September 1961.

22 "Address on the Independence Day of the Republic of Indonesia, 17th August 1962" (Department of Information, Djakarta, 1972) cited in G.P. Bhattacharjee, South East Asian Politics : Malaysia-Indonesia (Calcutta, 1976), p.142.

By the beginning of 1962 armed forces were put on alert to move any time. The Dutch had already made significant military arrangements. Fortunately, it was the timely mediation by the US which saved the situation. On the advice of the US Attorney-General Robert Kennedy, both the parties agreed to come to the negotiating table. The talks ultimately led to the signing of an agreement on 15 August 1962 in New York.²³ In their campaign against the Dutch on West Irian, the Indonesians received full support from the USSR and China. The victory enhanced the credibility and prestige of Soekarno at home.

Konfrontasi With Malaysia

As Indonesia was preoccupied with the West Irian problem till August 1962, its reaction to the Malayan Prime Minister Tengku Abdul Rahman's proposal for the federation of Malaysia was not negative. Soebandrio, the then Foreign Minister stated in the General Assembly of the United Nations on 20 November 1962 "that we had no objection to such a merger based upon the will for freedom of the peoples concerned".²⁴ It was the latter part of

23 According to the agreement, West Irian was transferred under the UN administration. The UN administration conducted a plebiscite (Mushawahah-consultative) in August 1969 and majority of the people voted for merger with Indonesia .

24 Cited in B.D. Arora, Indian-Indonesian Relations, 1961-1980 (New Delhi, 1981), pp.113-114.

the statement, which Indonesia took as a pretext to launch the konfrontasi. In early December 1962 rebellion broke out in Brunei, led by A.M. Azhari. Indonesia accused the British of imposing the federation without considering the will of the people.

The solution of the West Irian crisis did not prevent Indonesia from further pursuing the militant policy. The army and the PKI had other reasons to support. The PKI saw the formation of Malaysia as a bulwark against the communist expansion, whereas the army was apprehensive of the Malayan Chinese designs, once they were united and numerically strong. Besides, Indonesia also took it as a threat to its security. Moreover, being a British proposal, it was perceived as a neo-colonial move by a colonial power to which Indonesia was ideologically opposed. The Indonesian government fully supported the Brunei revolt. On 19 December 1962, President Soekarno offered his country's full sympathy for the Brunei revolt and declared: "Let us march forward supporting those who oppose colonialism, imperialism and oppression".²⁵ On 20 January 1963, the Indonesian Foreign Minister Soebandrio declared:

25 Justus M. van der Kroef, The Communist Party of Indonesia, Its History, Programme and Tactics (Vancouver, University of British Columbia, 1965), p.160.

Now the President (Soekarno) has decided that henceforth we shall pursue a policy of confrontation against Malaya... We have always been pursuing a confrontation policy against colonialism and imperialism in all its manifestations. It is unfortunate that Malaya too has lent itself to become tools of colonialism and imperialism. That is why we are compelled to adopt a policy of confrontation. 26

In an endeavour to reduce tension the Philippine President Diosdado Macapagal initiated a move for a dialogue between President Soekarno and Prime Minister Tengku Abdul Rahman of Malaya. The negotiations were held in Manila and resulted in the adoption of "Manila Accord" in the form of recommendations to the heads of governments of the three participating nations, Indonesia, Malaya and the Philippines. Macapagal's proposal for a loose confederation of these three countries, namely MAPHILINDO also got acceptance. But when the Manila summit was in progress in July-August 1963, the London conference under the auspices of the British government²⁷ took a decision to inaugurate the federation on 31 August 1963. Soekarno took it as a breach of Manila Accord, which had stipulated a plebiscite in Sabah and Sarawak to be conducted by a UN team. On Macapagal's persuasion the

26 Cited in G.P. Bhattacharjee, South East Asian Politics: Malaysia-Indonesia (Calcutta, 1976), p.157.

27 The British government wanted the issue to be resolved without Indonesian and Filipino interference. Hence it convened the London conference in July 1963 with Malaya to finally clinch the issue.

parties agreed to have a plebiscite to be conducted by a UN team. But before the UN team submitted its report, Prime Minister Tengku Abdul Rahman declared that the federation would be inaugurated on 16 September 1963, whereas the UN report was made public on 14 September. As expected, Soekarno got furious, because it had prejudged the UN report. The then UN Secretary General U. Thant also expressed his reservations over this announcement.²⁸

Notwithstanding all these criticisms, Malaysia was inaugurated on 16 September 1963. Prior to the inauguration, Indonesia declared that it would not recognize Malaysia. On 17 September 1963, Tengku Abdul Rahman snapped diplomatic ties with Indonesia. Negotiations held at the initiative of the US President Lyndon B. Johnson and Filipino President Macepagal in March and July 1964 were of no avail. In January 1965, Indonesia withdrew its membership from the UN as a protest against the seating of Malaysia in the Security Council of the United Nations.²⁹

28 G.P. Bhattacharjee, n.26, p.171.

29 Ibid., p.185.



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The Coup and the Aftermath

Indonesian domestic and foreign policy got a dramatic shift in the wake of an abortive coup - the Untung coup - allegedly hatched and led by the PKI towards the end of September 1965. Immediately the army took command of the situation and in course of time the communists were decimated in the country. The anti-communist campaign was led by General Soeharto, who subsequently became the President of Indonesia. By the time the communists were eliminated, the army had already established its dominance in the country. Once at the helm of the country's affairs, they curtailed President Soekarno's power very systematically and successfully. By a Presidential decree issued on 11 March 1966, Soekarno agreed to relinquish his executive powers, thus paving way for General Soeharto to become the de facto ruler of the country. Three months later the MPRS (Madjelis Permusjawa-ratan Rakjat Sementara - Provisional Peoples' Consultative Assembly) took a decision, taking away the legal competence of Soekarno's "title of Great leader of the Revolution", revoked "his title of President for life" and declared that from then on "the issue of new Presidential regulation is not to be justified".³⁰ Still further the

30 Government of the Republic of Indonesia, Decisions of the Fourth Plenary Session of the MPRS, 20 June-5 July 1966, Special Issue No.005/1966 (Djakarta, Department of Information, 1966), pp.33, 35; 37-39 as cited in B.D. Arora, n.24, p.276.

Special Session of the MPRS in March 1967 appointed General Soeharto as the acting President.

When the new government under Soeharto came to power, the country was undergoing a deep economic crisis and the whole economy was in shambles. The immediate concern, therefore, of the Soeharto government was economic reconstruction. The aggressiveness of Soekarno's foreign policy had done tremendous damage to the economy, by way of devouring major share of the national income for military purposes. If President Soeharto had any intention of remaining in power for long, he had to give considerable attention to the domestic economic problems; which could later justify his stay in power and enhance the credibility of his government. Soeharto acted accordingly. A change in the domestic policy was brought about to "put economics in command".³¹

Domestic political and social stability is a prerequisite for economic development. All the necessary steps, therefore, were taken for the restoration of stability. This also meant establishing friendly relations with the neighbouring as well as economically advanced countries in order to get adequate financial and technical assistance for development.

31 Justus M. van der Kroef, "National Security, Defense Strategy and Foreign Policy Perceptions in Indonesia", Orbis (Philadelphia), vol.20, no.5, Summer 1976, p.475.

All these factors prompted Soeharto to abandon the aggressiveness of Soekarno's foreign policy. In May 1966 Indonesia agreed to give up its confrontation with Malaysia and agreed to restore friendly relations with it. Indonesia rejoined the United Nations and resumed its membership of the international organisations such as, the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD). Indonesia froze diplomatic relations with China in October 1967, giving a final blow to the Djakarta-Peking axis.

A visible change in Indonesia's foreign policy was now taking place. Unlike its predecessor, Soeharto's administration seemed to be tilting towards the West. To a large extent, the domestic economic conditions had prompted this change. This is clear from the statement of the new Foreign Minister Adam Malik, "In the conduct of its foreign policy", he said, "this government will seek the broadest possible international cooperation politically, economically, socially as well as culturally. The new government would endeavour to strengthen its relations with any country, when such relations are beneficial and fruitful to our national interest, and to the welfare of the people. Indonesia's foreign policy will be aimed at the extension of economic and financial cooperation between Indonesia and the outside

world, both east and west as long as such cooperation does not harm Indonesia's national interest".³²

In order to avoid unnecessary misgivings about the nature of the government, Soeharto always tried to project the image of Indonesia as a non-aligned country. More particularly because it had to carry along the Indonesian elites, who "had been fed by Soekarno on anti-western slogans".³³ The US also appreciated this stance and in turn urged Japan to form a group to assist Indonesia. Inter-Governmental Group on Indonesia (IGGI) was formed in 1967 with a number of countries³⁴ to assist Indonesia financially and technologically. To project its non-aligned image, Soeharto's policy, in course of time, made the country ostensibly accessible to all big power interests and sought to accommodate itself to shifting international alignments without creating a threat to anyone.³⁵

32 Cited in B.D. Arora, n.24, p.287.

33 L.P. Singh, n.8, p.387.

34 The countries constituting the IGGI were: Japan, the US, Britain, France, Australia, Canada, Italy, Indonesia, Germany, Holland, Belgium, New Zealand, Austria, Norway and Switzerland were observers, and the OECD, IMF, IBRD and UNDP participants.

35 Justus M. van der Kroef, n.25, p.486.

By following a friendly policy towards its neighbours, Soeharto at least ensured domestic stability. And increasing friendly relations with the West ensured a perennial flow of aid and loans to the country. Alleviation of the peoples' sufferings ensured general approval to his policies and also justified and strengthened Soeharto's position. Even if we go by the argument that foreign policy is an instrument to fulfil domestic needs, Soeharto's step was correct, because the policies were geared to ensure maximum benefit for the country. In terms of real politik it was a pragmatic step. But if we take their foreign policy ideology, that is non-alignment, into consideration, we notice a clear-cut deviation, because the policies show a clear tilt towards a particular bloc of nations.

CHAPTER II

INDONESIA AND THE INTERNATIONAL SYSTEM

CHAPTER II

INDONESIA AND THE INTERNATIONAL SYSTEM

The year 1963 was a dividing line between two different approaches to the Indonesian foreign policy. It witnessed the decline of Soekarno and the emergence of General Soeharto to power. The latter event heralded in Indonesia a totally new approach towards international politics. Post-independence Indonesia had adopted an "active and independent" foreign policy, perceiving it as a right course to preserve its independence and promote domestic economic growth. Overwhelmed with the sense of nationalism, the Indonesians could never think of changing this line.

During the parliamentary period (1950-57) men of different inclinations came to power. Barring a few, however, they tried to act in accordance with the cherished ideals of "active and independent" foreign policy. But all the cabinets were aware of the developmental needs of the country, hence they generally tended to incline towards the West for aid. However, they could never go very far, because they found strong resistance to any attempt to limit the independence of the country. Incidentally, this period witnessed a compelling need to follow "a genuine development-oriented foreign policy".¹

1 Franklin B. Wienstein, "Indonesia" in Wilcox, Rose and Boyd, ed., Asia and the International System (Cambridge, Massachusetts, 1972), p.127.

Indonesia had fought a fierce battle against Dutch colonialism; hence anti-colonialism became one of the main planks of Indonesian foreign policy. During the Premiership of Ali Sastromidjojo (July 1953-July 1955), attempts were made to rally all the newly independent Afro-Asian countries, understandably in order to promote Indonesia's leadership role in Asia and Africa. As regards the South-East Asian region, by virtue of its size, population and natural riches, Indonesia had the capability to play a regional role, which was later tacitly acknowledged by other regional countries. Moreover, drawing inspiration from the historical Majapahit and Sri Vijaya empires, the Indonesians had always been nourishing the ambition of a larger and superior Indonesia. Driven by the same spirit, they tried to project themselves as a leader in a wider setting. The successful convening of the Bandung Conference (April 1955) was considered the biggest achievement in this direction.

✓ At a time when the world was torn apart in two conflicting blocs in the wake of cold war, Indonesia decided not to side with either of the two Super Powers, the United States and the Soviet Union. This way it avoided contributing anything to the growing world tension. Instead, it tried to unite the newly independent nations in order to promote peace through cooperation. Prime Minister Soetan Sjahrir had made it amply clear in 1947 that international cooperation was

needed to preserve world peace.² Commenting on Indonesia's approach in this regard, Vice-President Mohd. Hatta wrote that, Indonesia would work "energetically", with a vision of one peaceful world, "for the relaxation of tensions generated by the two blocs through endeavours supported, if possible, by the majority of the members of the UN".³ This also amounted to putting full faith in the International Organization.

As a result of long experience of exploitation and a long drawn freedom struggle, the Indonesians had become very suspicious of the outside world and extremely hostile to the West especially. This feeling was so strong that there was even a "general hostility towards foreign capital"⁴ in the country. Later, the Dutch intransigence on the question of West Irian went only to reinforce this hostility.

So far the Super Powers' attitude toward Indonesia was concerned, right from the beginning they wanted to drag Indonesia in their respective orbits. The US did not hesitate in granting recognition to independent Indonesia in 1949. But on

2 Ide Anak Agung Gde Agung, Twenty Years of Indonesian Foreign Policy, 1945-65 (The Hague, 1973), p.25.

3 Mohd. Hatta, "Indonesian Foreign Policy", Foreign Affairs (New York), vol.31, no.3, April 1953, p.444.

4 Wienstein, n.1, p.132.

the Soviet side there was hesitation due to the massacre of the Indonesian communists during the Madiun revolt in 1948. The Soviet Union eventually extended recognition in 1950. Indonesia on its part had adopted an independent and active foreign policy. Nevertheless, most of its interaction was with the West. In order to neutralize the tilt, if any, towards the West, it developed relations with the communist countries as well. But in this effort the Madiun affair always posed an impediment.

The beginning of Guided Democracy in 1959 ushered in a completely different approach. Soekarno then became both executive and political head of the nation by reverting to the 1945 constitution. Soekarno, thereafter, launched upon a totally militant posture by giving emphasis on anti-colonialism and anti-imperialism. With this the Indonesian approach to the outside world became extremely hostile. He propounded the concept of OLDEFOS (Old Established Order Forces) and NEFOS (New Emerging Forces), as well as the theory of conflict between them. His emphatic argument was that there could be no coexistence between the two. Right from the inception of the Guided Democracy a more vocal and militant posture was assumed for the liberation of West Irian, still under Dutch control. The Indonesian policy of all-out confrontation with the Dutch on this question finally impelled the United States to intervene and pressurize the Dutch to

resile from their intransigent position. West Irian was then put under the administration of the UN and finally in 1969 it was restored to Indonesia after a plebiscite in its favour.

At this stage the domestic political configuration had a tremendous impact on the country's foreign policy. The PKI and the army had grown equally strong and influential posing threat to Soekarno's authority. Soekarno, it appears, was, therefore, just keeping the two powerful contenders for power at a distance by making certain concessions to them. The growing Sino-Indonesian cordiality during this period could also be attributed to the influence of the PKI. And since there was a similarity of approach between Indonesia and China vis-a-vis the Western world, the relationship got further strengthened.

The 'konfrontasi' launched against Malaysia was at least partly, a result of the concern expressed by the PKI and the army because of their own reasons. Soekarno could now also give an ideological colour to this by dubbing it as a neo-colonial project.

This period also witnessed a change in Indonesian perception of world peace. Soekarno refused to consider the cold war and the resultant growth in nuclear arsenals as a threat to world peace. In the first Non-aligned Conference held at Belgrade (Yugoslavia) in September 1961, he asserted

that "the real source of international tension and strife is" not "ideological conflict between the two powers".⁵ It was colonialism and imperialism which, according to him, posed the greatest danger to world peace. The attempt of the OLDEFOS to "undermine the independence of the newly independent countries"⁶ has been the root of all tensions. Hence all the remnants of colonialism and imperialism in any form should be fought and destroyed. All the NEFOS, therefore, should unite to fight against it.

The change in foreign policy also affected the economic development of Indonesia, because it changed the attitude towards aid from the Western nations. Western aid, for Soekarno, was used as an instrument of neo-colonialism. The Indonesian President thus put emphasis on self-reliance for economic development. True to his anti-neo-colonialist stance he told the US representative, "to go to hell with your aid".⁷

5 The Conference of Heads of State or Government of Non-aligned countries, Belgrade, 1-6 September 1961, (Beograd, 1961), p.27 as cited in B.D. Arora, Indian-Indonesian Relations, 1961-1980 (New Delhi, 1981), p.73.

6 Ibid., p.174.

7 Howard P. Jones, The Possible Dream (New York, 1971), p.321.

In fact all the show of militancy was just a projection of "revolutionary progress without risking"⁸ the position of the ruling elite. Besides, it appeared that Soekarno was obsessed with the idea of projecting his country's image as the leader of the Afro-Asian countries. This made the Indonesian foreign policy more prestige-oriented rather than anything else.

After the 1965 coup Soekarno's powers were gradually transferred, thus rendering him ineffective. The man who emerged supreme in the process was General Soeharto. When Soeharto assumed the responsibility, the country presented "a picture of economic breakdown".⁹ It was, therefore, imperative on Soeharto's part to pursue a policy which would facilitate domestic economic stabilization and rehabilitation. This required discarding the foreign policy approach of Soekarno. Hence Soeharto immediately set the country on a new course. Rapprochement with Malaysia was the first clear proof of a change perceptible in the foreign policy approach. Soeharto either established or resumed relations with the countries which could help achieve the new goals. This also

8 Franklin B. Wienstein, Indonesian Foreign Policy: Dilemma of Dependence From Sukarno to Suharto (Cornell, 1976), p.34.

9 Justus M. van der Kroef, "National Security, Defense Strategy and Foreign Policy Perspective in Indonesia", Orbis (Philadelphia), vol.20, no.5, Summer 1976, p.469.

included resumption of Indonesia's membership of the United Nations. The new foreign policy was formulated with utmost concern for Indonesia's economic development. Briefly put, Soeharto's foreign policy centred around three basic considerations: 1. maintaining adequate defense capabilities, 2. inducing a large and continuous flow of aid, and 3. preserving an active but independent set of relations.¹⁰ And if one word could be used to describe Soeharto's foreign policy, it is pragmatism. Having normalised its relations with Malaysia and resumed its membership in the UN, Indonesia took keen interest in the formation of the ASEAN (Association of South-East Asian Nations) in 1967 to show its sincerity for normalization and economic development to the creditor nations, especially of the West. Unless Indonesia gained "respectability in the eyes of the Western powers",¹¹ aid was very difficult to come. Though the developments in Indonesia were, according to Time (US magazine), "the West's best news for years in Asia",¹² they wanted to be assured of

10 David B.H. Devoon, "Indonesia - Transition to Stability", Current History (Philadelphia), vol.61, no.364, December 1974, p.334.

11 Weinstein, n.1, p.141.

12 W.F. Wertheim, "Indonesia Before and After the Untung Coup", Pacific Affairs, vol.39, no.1, Spring 1966, p.115.

Indonesia's sincerity for economic development. When Indonesians asked the IMF (International Monetary Fund) for aid and for rescheduling its international debt, the answer was, "first tell us your plans for improving the economic situation".¹³ One thing was clear that all those creditor nations and organisations which were willing to contribute wanted it to be properly utilized and also to get some returns from it. To further establish its credibility, Indonesia promulgated a new foreign investment law in January 1967 encouraging foreign nations to invest in Indonesia's economic development. The law was enacted with the understanding that, "foreign capital, technology and skills could be correctly utilized in the national interest without creating undue dependence on foreign countries".¹⁴

Economic goals took Indonesia closer to the West. Simultaneously, it initiated a process of curtailment of relations with the communist bloc and finally suspension of all ties with China in October 1967.

13 Weinstein, n.1, p.141.

14 Kwik Kian Gie, "Foreign Capital and Economic Domination", The Indonesian Quarterly (Jakarta), vol.3, no.3, April 1975, p.55.

Having been assured of Indonesian government's sincerity, the Western creditor nations decided to help Indonesia out of the economic mess. The Paris Club was thus established in 1966 to work out a potential debt settlement and subsequently the IGGI (Inter-Governmental Group on Indonesia) was formed in February 1967 to arrange and supervise new aid commitments. Apart from the Western creditor nations and Japan, there were other international monetary bodies like IMF and ADB (Asian Development Bank) included in the IGGI.

The IGGI conducted a series of meetings in which representatives of the governments concerned including the Indonesian government, "discussed Indonesia's economic plans as far as necessary for estimating aid requirements and donor governments' assistance policies with respect to Indonesia"¹⁵ on the basis of annual report prepared by the IMF.

The IGGI also cooperated by agreeing to the long-term rescheduling of the Indonesian debts. From 1967 to 1976 the IGGI injected a huge amount of aid into Indonesia.

15 G.A. Posthumus, "The Inter-Governmental Group on Indonesia", Bulletin of Indonesian Economic Studies (Australian National University, Canberra), vol.8, no.2, July 1972, p.55.

The figures are as follows:

<u>Year</u>	<u>Total amount granted</u>
1967	\$ 167.3 million
1968	\$ 361.2 million
1969-70	\$ 507.7 million
1970/71	\$ 609.7 million
1971/72	\$ 633.7 million
1972/73	\$ 670.0 million ¹⁶
1975/76	\$ 900.0 million. ¹⁷

Most of the aid was given as project aid, specifying the projects. Obviously, no aid is given without any strings attached to it. Along with the IGGI, American and Japanese private capital also started flowing into Indonesia ostensibly for developmental purposes. In course of time the Japanese capital surpassed American capital and reached a stage of near economic domination. By 1975 Japan had the highest amount invested in Indonesia, worth \$1084.6 million.¹⁶ Thus the entire economy of Indonesia came under the influence of foreign capital. If on the one hand it provided necessary

16 Ibid.

17 Ibid., vol.11, no.2, July 1975, p.8.

18 Indonesia's Current Affairs Translation Service(Jakarta), May 1975 Bulletin, ISSN 0046-9165, p.370.

capital, on the other it also made Indonesia extremely dependent on foreign capital. This caused bitter criticism from the people. The general allegation was that Indonesia was putting all its eggs in one basket. The unidirectional cordiality in its international relations was a subject of concern to many. They accused Soeharto government of assuming a begging posture and compromising national independence. Though the Indonesian leaders had strong belief about the hostility and exploitativeness of the outside world, the domestic needs for development were so strong that breaking off with this policy would again put the economy in jeopardy.

The cumulative national resentment came out in the open when the Dutch Minister Pronk, the Chairman of the IGGI, arrived in Indonesia in November 1973. He was greeted with "mass demonstrations protesting against the domination of foreign capital".¹⁹ Similarly, at the arrival of Japanese Prime Minister Tanaka in Jakarta in January-1974, violent riots broke out as a protest against Japanese economic imperialism. The Indonesians strongly asserted that they would "not allow Indonesia's development in the

19 G.P. Bhattacharjee, South-east Asian Politics: Malaysia/Indonesia (Calcutta, 1976), p.226.

coming decades to depend on foreign aid",²⁰ because there was a strong feeling that "aid is at the present time an instrument used by modern imperialism to achieve its old ends by new means".²¹ The government was bitterly criticised for following a pro-Western policy and also for damaging the prospects of indigenous bourgeoisie. Whatever be the criticisms against the IGGI, it was IGGI which came to the rescue of Indonesia at a time of severe financial breakdown in the wake of Pertamina crisis in 1975.

When Indonesia launched a new development-oriented foreign policy, there was a visible preference for the West and especially the United States. The US was too happy to note the developments in Indonesia and anticipated a favourable change in Indonesia's foreign policy. Expectedly Indonesia developed very cordial relations with the US. In fact it was so because the US "had the ability as well as the desire to assist the economic development of Indonesia most effectively".²² By 1974 the

20 Hindustan Standard (Calcutta), 23 February 1974, as quoted from Indonesia Raya (a Bahasa Indonesia daily, Jakarta).

21 Ibid., 17 January 1974, as quoted from Merdeka (a Bahasa Indonesia daily, Jakarta).

22 G.P. Bhattacharjee, n.19, p.225.

US had the maximum investment in Indonesia to the tune of approximately \$700 million.²³ Top Indonesian business missions frequently visited the US to explore the possibilities of further investment in joint ventures. In 1969 President Nixon visited Indonesia and the next year as a follow-up action, Soeharto also visited the US. Again in 1973 the US Vice-President Agnew visited Jakarta. All these visits had a tremendous effect in further consolidating the existing relations. To keep up the cordiality, the US aid kept on flowing into Indonesia.

Forging strong relations with the US in particular, and the West in general, did not necessarily mean that Indonesia had completely given up its independent and active foreign policy objectives. Keeping in line with the accepted principles, Soeharto tried to improve its relations with the USSR as well. Though there was a general anti-communist climate in Indonesia, relations with the USSR had not been snapped, as was the case with China. USSR had also kept its door open for Indonesia. Despite the fact that communists were massacred in the wake of the 1965 coup, the Soviet Union did not block the

23 Derek Davies, "Indonesia: Looking to its Own", Far Eastern Economic Review, vol. 83, no. 9, 4 March 1974, p. 50.

reentry of Indonesia into the United Nations. Neither the Soeharto government was branded as a "fascist military regime",²⁴ But the relations gradually started further deteriorating, when the arrested communist members of the Indonesian Politburo were shot dead in 1968 despite many appeals by the Soviet government.²⁵

In Mid-May 1969, Foreign Minister Adam Malik said, "We always look forward to having a strong economic co-operation with the Soviet Union and other socialist countries on the basis of mutual benefit and respect",²⁶ This showed Indonesia's willingness to seek normal relations with the Soviet Union and also their desire to lessen the onesided dependence on the West. In August 1969 Soviet Deputy Minister for Economic Assistance, V.A. Sergeyev, visited Indonesia in order to promote bilateral relations. In 1970, the two countries reached an agreement on re-scheduling of the debts incurred for military purposes by Soekarno.²⁷ Moving further in this direction, Soeharto

24 Arnold C. Breckman, "Indonesia-Another Communist Disaster", Current History (Philadelphia), vol.56, no.33, March 1969, p.159.

25 Ibid., p.161.

26 News from Indonesia, 10 June 1971, p.1, as cited in G.P. Bhattacharjee, n.19, p.228.

27 K.K. Nair and Chandran Jeshurun, South-East Asia and the Great Powers (Kuala Lumpur, 1980), p.7.

initiated negotiations through the Soviet ambassador, Mikhail M. Volkov, for the resumption of Soviet aid for the construction of various projects abandoned since the 1965 coup. But the development in government-to-government relations notwithstanding, the Soviet Union had always been trying to exploit the disgruntled elements of the Soeharto regime and particularly those who were, "chauvinists and leftists or groups harbouring strong suspicions towards the West".²⁸ This rendered difficult the Indonesian efforts at normalizing relations with the Soviet Union.

Simultaneously, hopes were also expressed in Indonesia regarding improving relations with China. But much depended on the willingness of China itself.²⁹

Throughout the second Indochina war both the Super Powers had been involved in Vietnam either directly or indirectly. The US wanted to contain communism in the region and the fear of non-communist states falling like dominoes further strengthened their commitment. On the other hand, the Soviet Union was covertly helping the communists in their struggle for national liberation.³⁰

28 Jusuf Wanandi, "Politico Security Dimensions of South East Asia", Asian Survey (California), vol.17, no.8, August 1977, p.773.

29 Thomas P. Thornton, "The USSR and Asia" in Wilcox Rose, Boyd, ed., n.1, p.296.

30 Weinstein, n.1, p.143.

China too was an active supporter of the communists' cause. But right from the beginning, Soeharto's government had been at least publicly denouncing the presence of foreign troops in the region. When the Guam Doctrine was announced by the American President Richard Nixon in 1969, Indonesia showed a mixed reaction. Withdrawal of American forces as entailed in the Guam Doctrine was a vindication of Indonesia's stand. But at the same time Indonesia also entertained apprehensions that American withdrawal might also reduce American aid commitments to the region. Moreover, Indonesia also needed the American presence at least to a limited extent, particularly in view of its difficulties with China. Similarly, when Britain also declared its decision to withdraw from the area east of Suez by 1971, Indonesia was quite worried about its security.

At the same time the Soviet President Leonid Brezhnev proposed the scheme of collective security for Asia. This was in the wake of the final Sino-Soviet split after the Ussuri river armed border clashes between the two communist giants. The main aim of this Soviet scheme was to contain Chinese influence in South-East Asia and increase its own influence in the region. But Indonesia did not take it seriously because it was sceptical of the Soviet scheme.

Presence and involvement of outside powers in the region had been always affecting Indonesia's position in

the region. Indonesia, therefore, took a stand for lessened foreign role in the region. Apart from that, Indonesia also believed that removal of foreign troops from the region was a precondition for restoring peace in the region. Hence, working further in this direction Indonesia took initiative to convene a conference of the Asian-Pacific nations in Jakarta in May 1970, when the Indochina war was extended to Cambodia, following General Lon Nol-led coup and deposition of Prince Norodom Sihanouk in April 1970. Though a number of non-aligned countries, including India, Burma and Ceylon, were also invited to the conference, eventually it came out to be just a pro-Western states affair. But even in the absence of major non-aligned nations, such as India, Burma and Ceylon, the eleven-nation conference projected a non-aligned image by resolving for a total withdrawal of foreign troops from Cambodia. Paradoxically, of course, Thailand and South Vietnam, the two participating countries were maintaining their forces in the Cambodian territory.³¹ From its proceedings and resolutions, it appeared that the participants in the conference were, "more concerned with allaying the suspicions of the non-aligned nations"³² than appeasing the US government.

31 B.D. Arora, Indian-Indonesian Relations, 1961-1980 (New Delhi, 1981), p.313.

32 Frances Starnier, "Whispers from the Sideline", Far Eastern Economic Review, vol.58, no.23, 4 June 1970, p.16.

This, in fact, is believed to be the result of efforts of Indonesia, Japan and the Philippines.³³ The conference thus presented a "bitter pill for Washington since it called for the removal of all foreign troops from Cambodia".³⁴ When Soeharto later visited the United States in June 1970, he appealed to President Nixon to withdraw American troops from Cambodia.³⁵

By mid-1971, it was becoming clear that China and America were moving closer. Indonesia welcomed the development, for it would help in establishing peace and stability in the region. But Indonesia expressed its unhappiness over Washington's failure to hold consultative meetings with it on the crucial question of normalization between Washington and Peking.³⁶ Expecting that it would be done with its knowledge, Indonesia felt ignored. Not taking any chance for any unwarranted result arising from this development, Indonesia started improving its relations with the Soviet Union,

33 Ibid.

34 Bernard K. Gordon, "US Policies in South-East Asia", Current History (Philadelphia), vol. 59, no. 352, December 1970, p. 323.

35 L. Edward Shuck Jr., "The Outward Reach of Indonesia", Current History, vol. 63, no. 376, December 1972, p. 256.

36 K.K. Nair and Chandran Jeshurun, n. 27, p. 14.

by sending an Indonesian Parliamentary delegation to Moscow in Summer 1973.³⁷

When the five ASEAN countries (Indonesia, Malaysia, the Philippines, Thailand and Singapore) resolved in Kuala Lumpur in November 1971 to declare South-East Asia as a zone of "peace, freedom and neutrality",³⁸ Indonesia accepted it as a welcome development but with certain reservations. It was because South-East Asia was still an active area of conflict. Though Indonesia welcomed the idea of China joining big powers in guaranteeing neutrality and peace,³⁹ because for Indonesia, it would be a diplomatic victory since China posed considerable threat to Indonesia's role in the region by virtue of its physical proximity. Indonesia also wanted other ASEAN nations to consult each other before any step was taken towards China. But Indonesia, on the whole, never liked the idea of super powers being the

37 Marie Luise Nath, "Sino-Soviet Regional Policies in the 70s", South-East Asian Spectrum, vol.3, no.1, October 1974, p.14.

38 See, Text of the Kuala Lumpur Declaration in ASEAN Information Booklet (New Delhi, 1977), p.31.

39 Malaysian Digest, 14 November 1970. Cited Usha Mahajani, "US-Chinese Detente and Prospects for China's Rehabilitation in South-East Asia", South-East Asia (Southern Illinois University at Carbondale), vol.3, no.1, Winter 1974, p.718.

guarantors of peace in the region. Peace, according to Indonesia, could only be maintained and promoted through the concerted efforts of the nations of the region.

So far the attitude of the super powers was concerned, Indonesia saw some signs of support in the US-China communique issued in Shanghai in February 1972, for the peace zone proposal.⁴⁰ But, as regards the Soviet Union, it was the only nuclear power, which chose not to express its views on the Kuala Lumpur declaration.

So far as the Sri Lankan proposal for making Indian Ocean a zone of peace was concerned, Indonesia promptly supported the resolution in the UN General Assembly in December 1971 and again in December 1972.⁴¹ It was mainly because, Indonesia was quite concerned about the growing super power rivalry in the Indian Ocean. Linked with it was also the proposal of internationalization of the Malacca Straits. Indonesia promptly reacted to this proposal. For Indonesia, the Malacca Strait has commercial, strategic and environmental importance. Following the principles of twelve-mile boundary of the territorial waters, Indonesia

40 Indonesian News and Views, No.3/72, 15 February 1972, cited, Ibid., p.726.

41 Vishal Singh, "Indonesia and the Indian Ocean" in T.T. Poulse, ed., Indian Ocean Power Rivalry (New Delhi, 1974), p.166.

claimed the straits to be falling in its as well as Malaysia's jurisdiction. The American and Japanese contention was that the Malacca straits was an international passage, hence it should not be under any particular country's full control. Both these countries have significant strategic and commercial interest in the straits respectively. Though the Soviet Union endorsed the twelve-mile territorial sea principle, it also asserted that the Malacca straits was an international passage. It was only China which supported the Indonesian claim, because, in their calculation it would, "restrict the use of the passage by the naval vessels of the Super Powers".⁴²

Indonesia also participated in the Conference on Indo-China at Paris in 1973 and was satisfied to note that the war was finally drawn to an end. But with the fall of pro-American South-Vietnamese government led by Nguyen Van Thieu in April 1975, it became worried. The fall of Saigon meant complete withdrawal of the US from the region. Indonesia wanted the US to remain in the area till the ASEAN became strong enough to defend itself.⁴³ Reacting to the communist

42 R.G. Boyd, "The Strategic Importance of the Malacca Strait", Strategic Digest (Institute for Defense Studies and Analysis, New Delhi), vol.7, no.9, September 1977, p.2.

43 Robert E. Bedeski, "ASEAN in the Wake of Vietnam : The Road to Bali and Beyond", Ibid., vol.7, no.3, March 1977, p.57.

victory in Indochina in April 1975, Defense Minister General Panggabean stressed the determination of his government to eliminate the remnants of the PKI. He added, however, that it would maintain friendship with any government on the basis of non-interference and equality.⁴⁴ The reunification of Vietnam in July 1976 impelled Indonesia to think over the developments seriously. It anticipated threat of subversive activities in the region with the Vietnamese connivance. Vietnam now possessed a huge stockpile of arms and ammunition left by the US army. Indonesia, therefore, moved quickly to consolidate the ASEAN in order to prepare for the anticipated threat. As a result, all the ASEAN countries met in Bali (Indonesia) in February 1976 to chalk out further course of action. It was resolved "to eliminate threats posed by subversion to its stability thus strengthening national and ASEAN resilience" and "to take active steps for the early establishment of the zone of peace, freedom and neutrality". Indonesia also believed that it was only through sound economic development that a country could check communist insurrection. Hence, it further resolved to, "intensify cooperation in economic and social

44 Foreign Broadcast Information Service (Indonesia), 7 November 1975, cited in Shee Poon Kim, "A Decade of ASEAN 1967-77", Asian Survey, vol.17, no.8, August 1977, p.759.

development, with particular emphasis on the promotion of social justice and on the improvement of the living standards of their people".⁴⁵

Indonesia apprehended that the vacuum created by the withdrawal of the US in the wake of the Indochina debacle might tempt China and the USSR to attempt to get a foothold in the region. Prompted by this apprehension Soeharto visited the United States in July 1975 to make sure the continuance of the American commitment in the region. Indonesia also believed that Vietnam and other ASEAN countries could coexist peacefully. To them the Domino theory had lost its relevance by then. With the emergence of a unified Vietnam, Indonesia wanted it to be strong and independent so that it could act as a bulwark against the Chinese advance.

In December 1975 Indonesia took a step that at once drew sharp criticism from other countries. What appeared then was a kind of revival of Soekarno's militancy of the Guided democracy period. In December 1949, along with the Republic, Indonesia also got West Timor island from the Dutch. But the East Timor still remained under the Portuguese. In 1974, General Spínola came to power after a coup and immediately declared three alternatives to the

45 Declaration of ASEAN Concord, n.38, p.32.

Timorese people for their future status. The alternatives offered were: (1) full independence, 2. continuing association with Portugal, and 3. merger with Indonesia.⁴⁶

In the wake of this declaration, two political parties came up in East Timor in anticipation of the Portuguese freeing the colony. The parties were Fretilin (Revolutionary Front for an Independent East Timor), a Marxist Party, and the UDT (Democratic Union of Timor), a moderate bourgeois party. In course of time a civil war broke out between the two and eventually Fretilin declared independence in November 1975.

In the same month (November 1975), Foreign Ministers Adam Malik and Ernesto Mello Antunes of Indonesia and Portugal respectively had met in Rome to resolve the crisis in East Timor, but nothing tangible could be done. In these circumstances President Soeharto "asked Portugal for assurances that Lisbon would not oppose Indonesian takeover of Timor".⁴⁷ For, Indonesia feared that an independent East Timor might become a conduit for communists,

46 Gary E. Hansen, "Indonesia - 1975 National Resilience and Continuity of the New Order Struggle", Asian Survey, vol.16, no.2, February 1976, p.156.

47 Melbourne Age, 26 August 1975, cited in Robert Lawless, "The Indonesian Takeover of East Timor", Asian Survey, vol.16, no.10, October 1976, p.949.

thus creating problems for its internal security. Hence, when Fretilin declared its independence, Indonesia immediately swung into action. Several thousand marines were landed in the island who finally captured the island. To justify the intervention, the Indonesians argued that it was. "an act of generosity, one which would save the Timorese from Portuguese colonialism, domination by outside powers, infiltration by communists, subversion by Chinese, deception by Fretilin, political instability and general backwardness".⁴⁸

48 J. Stephen Hoadley, The Future of Portuguese Timor (Institute of Southeast Asian Studies, Singapore, 1975), p.19.

CHAPTER III
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CHAPTER III

INDONESIA AND ASEAN

Regionalism in South East Asia has its genesis in the post-Second World War international situation when various Asian nations initiated conferences for mutual cooperation. The India-sponsored Asian Relations Conference (1947), the Philippines-sponsored Baguio Conference (1950) and the Indonesia-sponsored Bandung Conference (1955) were important occasions, where the South East Asian states exchanged foreign policy views among themselves and the other Asian states. But these conferences focussed attention mainly on the wider Asian-African problems. It was only in September 1954 with the formation of South East Asian Treaty Organisation (SEATO) that this regionalism began to take a more concrete shape. It was primarily and basically a defence organisation sponsored by the US to contain communism in the region. Curiously enough, however, Thailand and the Philippines were the only two South East Asian countries as its members.¹ Indonesia then was in its initial phase of independence and could hardly think in terms of getting involved in any kind of defence pact with any of the two Super Powers thus compromising its hard-won political freedom. Moreover, it would

1 It was formed in September 1954 by Pakistan, Thailand, the Philippines, Australia, New Zealand, France, Britain and the USA.

have been a deviation from the accepted principle of "active and independent" foreign policy.

By the beginning of the 1960s it had generally been realised and accepted that defence pacts could contain communism to an extent only. Unless the domestic economic conditions were improved, internal turmoils could not be checked. Bad economic conditions always tended to bear the germs of communism. This realisation made some South East Asian leaders think in terms of regional cooperation for development in economic and other fields. The initiative for this came from the Malayan Prime Minister, Tengku Abdul Rahman. In October 1959 he submitted a proposal to various South East Asian countries for consideration. The proposal envisaged the creation of a South East Asian organisation to promote regional cooperation in economic, social and cultural fields.

It was a time when Indonesia was passing through the initial period of Guided Democracy, initiated through a Presidential decree by President Soekarno in July 1959. It was during this period that Soekarno propounded the concept of conflict between OLDEFOS (Old Established Order Forces) and NEFOS (New Emerging Forces). A clear-cut tilt could be discerned in Indonesia's foreign policy in favour of communist countries.

Apart from the Indonesian Communist Party (PKI), the army was the only strong contender for power. In order to maintain a balance and to counter the army, Soekarno endeavoured to give the PKI equal importance in the government. Having got the government's support, the PKI strengthened quite a bit and started effectively to influence the decision-making process. Soekarno had maintained a very delicate balance of power, which required tremendous amount of tact and diplomacy, because both the strong contenders of power had to be kept at a distance.

It took two years before Tengku Abdul Rahman's proposal could materialise. After protracted negotiations for two years finally an Association of South East Asia (ASA) was founded in July 1961, by Malaya, Thailand and the Philippines, through the Bangkok declaration. Its aim was to promote, "friendly consultations and collaboration and mutual assistance in the economic, social, cultural, scientific and administrative fields".²

The formation of ASA did not provoke much reaction in Indonesia. Partly because Indonesia was involved in a greater struggle for restoration of West Irian, and partly because it was an organisation formed by totally pro-Western

2 Peter Boyce, Malaysia and Singapore in International Diplomacy (Sydney: Sydney University Press, 1968), Chapter XV, Document 1, pp.234-5.

states. Thailand and the Philippines were members of SEATO, whereas Malaya had a separate defence alignment with Britain. Indonesia, therefore, "suspected ASA of being a kin to the SEATO".³ Joining the association would have been contravention of their basic policy. Above all, at a time when Indonesia had embarked upon a policy of anti-imperialism and anti-colonialism, joining a pro-Western group at this juncture would have completely negated the basis of their policy.

There were other forces at work too, prompting Soekarno to take such a decision. Soekarno, by then, had launched a tirade against colonialism and imperialism and was trying to mobilize support from the Afro-Asian countries. In fact, he wanted to become the leader of the Afro-Asian group. Indonesia wanted an alliance to embrace all members of the Afro-Asian bloc. ASA was a small and not so effective a group, comprising of just three countries of the region. The Indonesian view, therefore, was to form a bigger alliance based on the "agreements reached at the first Afro-Asian Conference at Bandung".⁴

3 Man Mohini Kaul, The Philippines and South East Asia (New Delhi, 1978), p.118.

4 Martin Dale, "ESA Gets into its Stride", Far Eastern Economic Review, vol.36, no.4, 26 April 1962, p.191.

ASA provided a role which was not acceptable to Indonesia because of its ambitions for a bigger role. Moreover, ASA was formed on Malaya's initiative, which implicitly did not give due recognition to Indonesia's position. Finally, there was a kind of suspicion against Malaya and the Philippines because of their attitudes towards the regional rebellion in Indonesia in 1958. This did not essentially mean that Indonesia did not want to cooperate with its neighbours. On the contrary, Dato Pamentjak, Indonesian Ambassador to the Philippines, once said that, "Indonesia had plans for cooperating with neighbouring nations".⁵

ASA registered a good start but very soon it came to a halt because of conflicting claims of Malaya and the Philippines over the Sabah (North Borneo) island. The issue arose with the announcement of the proposal for Malaysian federation. The proposed federation also included Sabah as a federating unit. The conflict grew so intense that eventually they had to break off their relations in September 1963.

In the meantime Indonesia had got successfully settled the West Irian issue in its favour. By the end of 1962 it was free to devote its attention to the proposed Malaysian federation. Though Indonesia in the beginning had

5 Ibid.

supported the move but later it changed its stance. Soekarno took this development as a British neo-colonialist's design to encircle Indonesia and to retain its hold in the region. In his tirade against the proposal Soekarno was also aided by the PKI and the army. And by the end of January 1963, a full-fledged confrontation was declared against Malaya.

This declaration created a very tense environment in the area. At this juncture the Filipino President Macapagal took the initiative to diffuse the crisis. His persuasion and negotiations were quite effective in making Soekarno and Tengku Abdul Rahman agree to come to the negotiating table. As a result Soekarno and Tengku Abdul Rahman agreed to meet in Tokyo on 31 May, 1963. After the meeting as a follow-up action, a conference of the Foreign Ministers was arranged in Manila in June 1961. The conference lasted for five days (7-11 June) and adopted an important document known as the Manila Accord. It accepted President Macapagal's proposal for a loose confederation of Indonesia, Malaya and the Philippines. The name adopted for confederation was 'MAPHILINDO' (Malaya, the Philippines and Indonesia), coined by Indonesian Foreign Minister Soebandrio.⁶ Later, in a summit meeting of the heads of states it was approved by Soekarno, Tengku Abdul Rahman and Macapagal.

⁶ Peter Lyon, War and Peace in South East Asia (Oxford University Press, New York, 1969), p.156.

Maphilindo was formed with an aim to strengthen cooperation in socio-economic and cultural fields and to maintain and promote fraternal relations among the Malay people. More importantly, it was to become a forum for frequent and regular consultations at all levels to be known as Musjawarah Maphilindo (consultations on Maphilindo affairs).

In fact it was a diplomatic victory for Soekarno. It showed Indonesia's indispensability in resolving regional problems. Besides, the parties also agreed not to allow the use of their respective territories against any of the parties. In a way, Maphilindo ensured Indonesia's leading position in the region and also provided a scope to influence Malaya in the organisation with the help of the Philippines. Soekarno's boasting seems to be genuine when he said that, "Indonesia is no longer treated like the dummy Togog.... Indonesia had proved to be no insignificant nation easy for people to make little of it".⁷

The PKI had strong objections to the formation of Maphilindo on the ground that it considered it to be an extension of SEATO and ASA. But Soekarno, brushing aside all domestic considerations, signed the Manila statement in August 1963. What Soekarno wanted was a due recognition

7 Indonesian Observer (Djakarta), 20 August 1963.

to his country in the regional affairs. And Maphilindo seemed to ensure the same. One could safely say that Soekarno signed the Manila statement and the Maphilindo Accord, notwithstanding the fact that the Maphilindo was conceived to be both "anti-Chinese and anti-communist".⁸

But the days of Maphilindo were numbered, and within two months of its existence it came to an end. It so happened that Tengku Abdul Rahman declared the date for the inauguration of the federation much before the UN team had submitted its report. Soekarno took it as prejudging the UN report and subsequently ordered the severing of all relations with Malaya (new Malaysia) in September 1963.

Confrontation against Malaysia was once again resumed. A series of strident criticisms were made against Malaysia. And in January 1965, Indonesia withdrew its membership from the UN as a protest against the seating of Malaysia in the UN Security Council. The Soekarno administration vigorously continued its militant anti-Malaysia policy. Before it could do much damage to Malaysia, an event of momentous importance took place in the Indonesian political history, which completely

⁸ B.D. Arora, Indian-Indonesia Relation, 1961-1980 (New Delhi, 1981), p.127.

changed the domestic power balance. A coup was hatched allegedly by the PKI in September-October 1965. The army immediately swung into action to suppress it and in the process the man who emerged supreme was General Soeharto. With Soeharto in the seat of power the entire perspective of Indonesian foreign policy was overhauled. A new perspective was developed and foreign policy became development-oriented. Soekarno's militant policy had done a heavy damage to the country's economy. A substantial amount of technical and financial aid was needed to reconstruct the economy. This could only be achieved through friendly relations with other countries. Hence Soeharto immediately set on to restore normalcy in Indonesian foreign relations.

The first step towards normalisation was termination of konfrontasi with Malaysia in August 1966. Indonesia's friendly gestures were equally cordially responded to by other regional countries. This paved the way for better relations among them.

In this changed situation, the three ASA partners found a highly favourable political climate for a regional grouping. Moreover, Jakarta's estrangement with Peking induced them to draw Indonesia closer in an anti-communist and anti-Chinese grouping.⁹ For this purpose ASA, which

9 L.P. Singh, Power Politics and South East Asia (New Delhi, 1979), p.150.

so far had been defunct, was revived in 1966. At a meeting held at Bangkok, the same year, the three member countries decided to galvanise it and expressed the hope to extend its membership. The pro-West leanings of the members had unnecessarily created misgivings among other regional countries. To alleviate this the members decided to open its doors for others as well. Tun Ismail bin Dato Abdul Rahman, Malaysian Home and acting Foreign Minister, issued a statement on 23 June 1966, appealing to the South East Asian nations to form an association for their mutual benefit. He also expected that "Indonesia, the largest nation of our region would play her role in wider grouping of the South East Asian States".¹⁰ It was tantamount to recognising Indonesia's role as a regional power, something for which the Indonesian foreign policy had always been geared. Soeharto did not depart from the basic aim of Soekarno's foreign policy. Besides, other countries in the region had also realised that without the active cooperation of Indonesia, no regional association could succeed effectively.¹¹

10 G.P. Bhattacharjee, South East Asian Politics : Malaysia and Indonesia (Calcutta, 1976), p.202.

11 Shee Poon Kim, "A Decade of ASEAN, 1967-77", Asian Survey, vol.17, no.8, August 1977, p.754.

The failure of ASA and Maphilindo were clear pointers in this direction. Moreover, the Indonesians also believed that "no regional organisation could hope to be successful without Indonesia as its head and soul".¹² And in August 1967 Association of South East Asian Nations (ASEAN) was formally formed through the Bangkok Declaration. Its members were Indonesia, Malaysia, the Philippines, Thailand and Singapore. But being very conscious of its active and independent foreign policy line, Indonesia got another clause added in the declaration, which said, "All foreign bases are not intended to be used directly or indirectly to subvert the national independence and freedom of states in the area".¹³ Save this clause ASEAN was virtually a carbon copy of ASA.¹⁴ The strong nationalist feeling which the Indonesians had had - a contribution of Soekarno - made it necessary to take such a cautious foreign policy line. This also implied a change in the name of ASA. It is generally believed that the name Association of South East Asian Nations (ASEAN) was suggested by the new Indonesian Foreign Minister Adam Malik.

12 Claude A. Buss, Contemporary South East Asia (New York, 1970), p.56.

13 L.P. Singh, n.9, Appendix 4, p.187.

14 Ibid., p.150.

Why Did Indonesia Join ASEAN?

As said earlier, the primary objective of the Soeharto government was to facilitate economic development of the country in order to alleviate the hardships of the common people. Creation of a suitable political climate was essential for this end and the formation of ASEAN was an attempt in this direction, with foreign policy serving as an instrument to achieve it. Accordingly, promotion of regional stability and cooperation among South East Asian states became Indonesia's new foreign policy priorities. Further, it meant to ensure that relations with other countries yielded "real and material benefit for both the parties, particularly for Indonesia".¹⁵ To quote Foreign Minister Adam Malik, "the Indonesian interest in setting up ASEAN was to realise hopes for a regional cooperation that might accelerate progress, political stability and peace in South East Asia",¹⁶

The problems of development in all these countries were almost identical, hence they could be solved in a better way with one another's help. Taking into consideration the fact that barring Singapore all other

15 Peter Polomka, "Indonesia's Future and South East Asia", Adelphi Papers, The International Institute for Strategic Studies, Spring 1974, p.6.

16 News From Indonesia (New Delhi: Information Service, Embassy of the Republic of Indonesia in India), 19 June 1969, p.6. Cited in G.P. Bhattacharjee, n.10, p.204.

countries (Indonesia, Malaysia, the Philippines and Thailand) are producers of raw materials, establishment of industries was essential for their development. One of the most important facets of ASEAN's economic role concerned industrial cooperation among its members, joint development of natural resources, creation of joint processing industrial enterprises and joint efforts to develop transport and communications. Mutual assistance on matters of common interest in the economic, social, cultural, scientific and other fields would thus pave the way for better and sustained growth of their economy.

Foreign policies are always determined by a number of factors, e.g. economic, political, social, security, etc. Besides economic reasons, there were political and security reasons as well, which prompted Indonesia to join the ASEAN. The new regime had come to power after liquidating the communists, who were a force to be reckoned with. Practically all the ASEAN countries had been facing serious challenges from increasingly growing communist movements. Hence by coordinating actions and policies of its partners, ASEAN resolved to promote peace and stability. A developing economy always generates dissatisfaction among the people, which is prone to be exploited by the communists. Indonesia believed that by following the policy of national resilience (Ketahanan Nasional) a

country could successfully face the communist menace. National Resilience means ideological, socio-economic, political and military strength, which together constitutes a nation's real capacity to resist subversion and exploitation.¹⁷ If all the ASEAN countries adopted this policy, a kind of regional resilience could be acquired enabling them to face internal subversion and resist external interference.

Moreover, Indonesia has aspiration of playing the role of a regional power. It emanates from the pride of being the supreme power of the region during the Srévijaya and Majapahit empires of the pre-colonial era. ASEAN, in a way, provided an opportunity to Indonesia to work in this direction.

Indonesia's Role in the ASEAN

In the initial phase nothing tangible in terms of material gains could be achieved, because much time and energy had to be directed towards eliminating the "psychological barriers" i.e. the distrust among the member states.¹⁸ The ASEAN was then beset with a host of other

17 Franklin B. Weinstein, Indonesian Foreign Policy and the Dilemma of Dependence : From Soekarno to Soeharto, (Cornell University Press, Ithaca, 1976), p.177.

18 Shee Poon Kim, n.11, p.758.

problems, which could have jeopardised its precarious existence. It, however, survived. Resumption of the Filipino claim over the Sabah island gave a serious jolt to the regional organisation in its infancy. Secondly, there was the dispute over the fate of two Indonesian marines. Caught during the period of confrontation they were tried and executed by Singapore despite President Soeharto's appeals for mercy. Infuriated by this, the Indonesians urged the President to take retaliatory action. Soeharto, however, turned down these pleas and eventually his "policy of moderation brought the crisis soon to an end"¹⁹ John Wong has rightly remarked that, "it was a period of nurturing consensus through consultation, planning and adaptation".²⁰ Indonesia had been generally more concerned with shaping the organisation's overall philosophy and developing a common understanding of its aims and purposes, as well as of its strengths and weaknesses. The failure of earlier organisations had taught a lesson to be more cautious. By 1972, Indonesia could claim that a "sense of belonging" had been established and that the ASEAN spirit had grown into a consciousness

19 G.P. Bhattacharjee, n.10, p.206.

20 John Wong, ASEAN Economies in Perspective (Macmillan, London, 1979), p.4.

that the national interest of each member state could not be separated from the regional interests.²¹

Having successfully played its role in stabilizing the association in its infancy, Indonesia got down to realise its other objectives. The first objective was to project itself as the leader of the group. When the question about establishing a permanent Secretariat arose, the choice eventually was Jakarta. Indonesia thus became the centre of all ASEAN activities indicating a tacit approval by other ASEAN states to Indonesia's position in the region.

In many other areas also Indonesia got the leading role, thus becoming the accepted spokesman of the association. In 1972, when a Special Coordinating Committee (SCCAN) was set up as an official channel for trade with European Economic Community (EEC), the leadership fell on the Indonesian Trade Minister. Indonesia utilised its old connection with Holland in all negotiations with the EEC.

Further when the international market for natural rubber was shrinking because of "indiscriminate production of synthetic rubber"²² by Japan, it was Adam Malik, the Indonesian Foreign Minister, who led the ASEAN delegation in 1973 to Tokyo to discuss and resolve the issue.

21 Kompas (Jakarta), 10 April 1972 as cited in Adelphi Papers, n.15, p.10.

22 Asia Research Bulletin (Singapore), vol.3, no.7, December 1973, p.2316.

Besides, Indonesia had joined the ASEAN with the intention of promoting economic cooperation among the member states in order to facilitate its own domestic economic progress. But the achievement made in this field has not been very encouraging. Even Adam Malik admitted in March 1971, that out of 98 projects approved by the ASEAN ministerial meeting of December 1969, only 40 had begun to be implemented.²³ In the area of trade cooperation, intra-regional trade declined from 18.3 per cent in 1966 to 12.8 per cent in 1974, while extra-regional trade grew from 81.7 per cent in 1966 to 97.2 per cent in 1974.²⁴ If any progress was made, it was chiefly in the non-economic sectors where joint co-operation did not carry much weight; for instance, holding an ASEAN film festival and trade fair in Manila and Jakarta respectively in 1971.²⁵

It has significant trade only with Singapore. This is because Singapore acts as a centre for importing from and exporting goods to third countries. In statistical terms, however, Singapore ranked as the third buyer and the fourth largest seller in 1972, its share being 8.5 per cent

23 Peter Polomka, n.15, p.8.

24 Shee Poon Kim, n.11, p.762.

25 Peter Polomka, n.15, p.8.

and 6.5 per cent respectively, of the total import and export of Indonesia.²⁶ Out of Indonesia's total export, Malaysia took just a meagre 2.5 per cent and the Philippines 0.3 per cent, whereas Indonesia's import from them was negligible.²⁷

The main reason for lack of cooperation was preoccupation of the member states to keep the association alive at any cost. Once this objective was achieved, the member countries got busy adjusting their foreign policies in a changed international environment created by the British decision to withdraw from the area east of Suez by 1971, and the growing Sino-US detente in that year. But apparently the priority accorded to their respective national interests hindered the growth of an appreciable economic cooperation. Among the ASEAN partners Indonesia had been lagging behind in the growth of Gross Domestic Products (GDP) and Gross National Product (GNP) from the others. Following tables would substantiate the fact. In Table 1 only the share of industries in the GDP of ASEAN countries would be given.²⁸

26 Dilip Mukherjee, Indonesia Today (New Delhi, Economic and Scientific Research Foundation, 1974), p.25.

27 Ibid.

28 Cited in, V. Kanapathy, "Economic Problems of Regional Integration within ASEAN" - A comment by Gerald Tan, Economic and Political Trends in South East Asia, Current Issues Seminar Series (Institute of South East Asian Studies, Singapore), no.2, June 1973, p.27.

Table 1

Countries	GDP in Percent- age		US \$ per head	Growth percentage per annum
	1960	1968	1968	1960-1968
Indonesia	8.1	6.7	4\$	- 2.9
Malaysia	8.6	11.6	33\$	7.1
Philippines	16.2	17.3	25\$	2.0
Singapore	7.9	16.3	104\$	17.1
Thailand	11.7	15.5	23\$	13.1

Table 2

The level of rates of growth of per capita GNP in ASEAN countries

Countries	Per capita GNP in US\$	Growth rate per annum in percentage 1965-70
Indonesia	96	3.0
Malaysia	333	3.2
Philippines	301	7.3
Singapore	723	10.7
Thailand	166	8.2

This substantiates the fact that Indonesia would vigorously work to promote its national interest first; sometimes even at the cost of regional cooperation.

On certain occasions Indonesia showed that it would not be sacrificing its national interest, just for the sake of the entire region. Just before the signing of an agreement on Asian Pepper Community in Manila in 1971, the Indonesian Minister for Foreign Trade declared that his country was not interested in taking part in that community. He explained it by saying that the level of pepper production in his country was lower than in Malaysia and India. But in reality Indonesian position was influenced by the fact that it hoped to get special concessions for its products in Western Europe through Holland.³⁰ Later, after hard negotiations and persuasion, it agreed to join. Yet, ^{another} instance of total ignorance of the principles of regionalism and cooperation among the Association of Natural Rubber Producers (ANRP) countries was the order issued by the Indonesian Minister for Foreign Trade in 1968 prohibiting export of inferior quality of natural rubber.³¹ This order made evident Indonesia's protectionist policy. But it had an adverse

30 G. Chufirin, Economic Cooperation and Collective Security in Asia (New Delhi, 1976), p.100.

31 Ibid.

effect on Singapore's rubber trade, because it used to import inferior quality rubber to export it after processing. If Indonesia persisted with its protectionist policy, rubber industries of other countries would suffer. Though the area produces 80 per cent of the total world production of natural rubber, no common trade policy could be evolved because of mutual differences.

Another incident of non-cooperation occurred in 1971 at the second session of the ANRP held in September, in Jogjakarta. The representatives of Malaysia accused Indonesia of having ignored the principles of this organisation by devaluing its rupiah in August 1971.³² As a consequence, Indonesian exporters of natural rubber found themselves in an advantageous position compared to their counterparts in the association.

Indonesia's role in the ASEAN has been very limited. This is because it gives top priority to its domestic economic development, which is considered more important. It could not have always gone all out for regional co-operation at the cost of its balanced economic growth. In 1975 ASEAN's per capita income had reached US\$ 842 at prevailing market price, ranging from \$260 for Indonesia

32 Ibid.

(incidentally the lowest) to \$2500 for Singapore.³³ Looking at the figures, it becomes evident as to why Indonesia took different course of action. But it never meant that Indonesia never did anything to foster economic cooperation in the region. At a time when the oil crisis was looming world over in 1973-1974, Indonesia exhibited its sincerity for economic cooperation by undertaking to meet the requirements of other ASEAN members. This was despite its commitments to Japan and other countries.

Indonesia's Security Perception and ASEAN

Indonesia's perception and interpretation of regional security differs from those of other ASEAN countries. Though their perception differs, it is generally acknowledged that mutual concern for the future defence and security of the region was the "unwritten motivation" for the creation of ASEAN.³⁴ Prior to independence and even after that for some time, the colonial powers were responsible for the security of the region. After their withdrawal a sort of vacuum was created which, the countries concerned felt, had to be filled by collective endeavours. Though in the beginning it was proposed to make it a defence organisation, but later this idea fizzled out.

33 John Wong, n.20, p.8.

34 Peter Polomka, n.15, p.8.

President Soeharto's aversion to communists has been well known. In the region, thus Indonesia perceived threats to its security from the communists supported by China. With Indonesia other ASEAN members agreed to consult each other for removing this threat. Defence Minister General Panggabean had even said in December 1970 during his visit to Malaysia and Singapore that Indonesia would come to the assistance of any neighbour menaced by the communists.³⁵ But wisely enough this view was immediately refuted by Foreign Minister Adam Malik, who preferred to seek "Asian solutions to Asian problems".³⁶

Indonesia believes in regional resilience based on national resilience. National resilience means friendly relations with big powers. It, however, precludes military dependence. In Indonesian view, "dependence creates long-term problems and it also undermines the national moral building process in which people must develop 'resilience and self-reliance' and through which they must realise that they and they alone are responsible for their defense".³⁷

Indonesia's interest in the promotion of ASEAN's resilience

35 Fryer and Jackson, Nations of the Modern World - Indonesia (London, 1977), p.374.

36 Ibid.

37 Justus M. van der Kroef, "National Defense Strategy and Foreign Policy", Orbis, vol.20, no.5, Summer 1976, p.478.

is understandable in view of its being one of the potential middle-range powers of the world (in terms of size, population, military strength and natural resources). This way Indonesia may one day see itself as a "guarantor than as a neutralised state".³⁸

The Indonesian leaders have always nourished the hope of making ASEAN a regional organisation under their leadership, for collective management of South East Asia's security problems. The lack of cohesion within ASEAN, however, prompted Indonesia to emphasise self-reliance in the handling of relations with powers outside the region. This also meant, "adjusting diplomacy to compensate the inferior bargaining positions, which has to be accepted in dealing with the US and Japan".³⁹

The British declaration to withdraw from east of Suez by 1971 and President Nixon's Guam Doctrine of 1969 envisaging withdrawal from active involvement in the area, made the Indonesians apprehensive of Chinese designs. In the absence of big powers, the Chinese would find a suitable opportunity to move into the area. To prepare the region for any future exigency, Indonesia in a diplomatic move

38 Shee Poon Kim, n.11, p.756.

39 R.G. Boyd, "The Strategic Importance of Malacca Strait", Strategic Digest (IDSA, New Delhi), vol.7, no.9, September 1977, p.6.

invited Saigon, Hanoi and Vietcong as observers to the ASEAN's ministerial meeting to be held in Malaysia at the end of 1971. Hanoi, however, turned down the invitation. The Indonesians believed that it would be conducive for creating a barrier against the anticipated Chinese advance.

So long as the United States was involved in Indochina, Indonesia had little to worry about its security. Indonesia had always been perceiving China as the main source of threat to its security. Other ASEAN countries were also concerned about China's emergence as a power in the region. Hence soon after the admission of the Peoples' Republic of China (PRC) into the UN, all the five ASEAN countries signed the famous "Kuala Lumpur Declaration" on 27 November 1971, in order to "secure the recognition of and respect for the region as a zone of peace, freedom and neutrality, free from any form or manner of interference by outside powers",⁴⁰ The ASEAN countries wanted a guarantee from China that it would not interfere in the affairs of the region.

But Indonesia's approach to this issue was quite different, and though it signed the declaration, it did so very cautiously. In their view the neutralisation proposal enveloped the entire region, which at that stage was not feasible. In this context Foreign Minister Adam Malik

said, "Neutralisation cannot be applied to a country (Vietnam) still engaged in war".⁴¹ Moreover, Indonesia would never like the Super Powers (China, US and USSR) to be the guarantor of regional peace, because it would curb Indonesia's role in the region. It, therefore, opposes a form of neutralisation that is 'dependent on the big power' and instead seeks to establish a neutralisation that would be maintained primarily by the combined strengths of the countries of the region.⁴² Later, at the ASEAN Foreign Ministers' meeting held in Manila in July 1972, it was agreed that, "peace in the region must be restored first before the neutralisation of South East Asia can be achieved".⁴³

Promotion of peace in the region has been the first priority of Indonesia. As a regional power, it convened a Conference on Cambodia in 1970 in Jakarta, inviting a number of other nations. It was agreed here that peace could only be restored after the withdrawal of foreign troops from Cambodia. Related with this was the neutralisation proposal. Regional peace should precede the neutralisation programme, and peace could only be restored through cessation of all hostilities in the region, in which outside powers as well were involved.

41 J. Soedjati Djwandono, "Neutralisation - A New Hope of South East Asia?", Indonesian Quarterly(Jakarta), vol.1, no.2, January 1973, p.68.

42 Peter Polomka, n.15, p.26.

43 J. Soedjati Djiwandono, n.41.

The fall of pro-US governments in Saigon and Phnom Penh in April 1975 compelled Indonesia to formulate a new policy vis-a-vis the emerging communist governments in Indochina. Prompted by the impending victory of the communists, Indonesia started "reassessing its role in South East Asia".⁴⁴ And the reunification of Vietnam finally in July 1976 posed a real security problem to it. The Indonesians feared that with huge stocks of arms and ammunition left behind by the US army, the Vietnamese communists might indulge in subversive activities in the neighbouring countries. While Malaysia, Thailand and the Philippines were in favour of some kind of economic and political relationship with Vietnam, Indonesia clearly stated that it would establish friendship with it only "on the basis of non-interference and equality".⁴⁵ Reunification of Vietnam also changed the Indonesian perception of Vietnam. The Domino theory had proved itself irrelevant to the South East Asian situation. It meant, and Indonesia also believed, that it could co-exist peacefully even with its communist neighbours. Adam Malik once said that the Vietnamese were not imperialist and that Vietnam could coexist peacefully with the ASEAN

44 B.D. Arora, n.8, p.320.

45 Foreign Broadcasting Information Service (FBIS), 7 November 1975, as cited in Shee Poon Kim, n.11.

countries, and such peaceful coexistence would check big power influence in the South East Asian region.⁴⁶ Indonesia considered Vietnam to be a bulwark against China. In its absence China would get an advantageous physical proximity vis-a-vis insular South East Asia.

46 Van der Kroef, n.37, p.486.

CHAPTER IV

INDONESIA AND THE ASIAN INTERNATIONAL SYSTEM

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In the present chapter a brief study will be made on Indonesia's relations with China, Japan and India. Relations with these countries assume importance because of their role as major powers in the Asian international system.

China, in Asia, plays the role of an Asian super power. And Indonesia perceives a major threat to its security from China. The threat perception has become even stronger because of its physical proximity to China. Added to this, as suggestive of its history China considers South East Asia a natural sphere of its influence. Being a communist country with a revolutionary ideology, China also poses potential danger to Indonesia's internal stability, which so far as been maintained on the basis of anti-communism. The relationship becomes even more important as there are millions of overseas Chinese in Indonesia.

✓ Relations with Japan assumed significance when, after his ascension to power Soeharto pledged to rehabilitate Indonesia's economy. Japan is considered to be an economic giant of Asia. In this situation, improved relations with it would ensure a perennial flow of economic aid and technical knowhow, which are so necessary for the country's economic stability and rehabilitation.

Finally, Indonesian-Indian relations acquire importance because of the long history of commercial and cultural relations which date back to the first and second century A.D. Moreover, both the countries have been actively involved in the genesis, evolution and growth of the nonaligned movement. India, being a major power in this part of Asia, has a larger role to play in the regional and sub-regional politics.

A general study, therefore, of Indonesia's relations vis-a-vis China, Japan and India becomes very important and pertinent in the context of Asian international system.

Indonesia and China

Indonesian relations with China date back to many centuries. The nature of Chinese approach to Indonesia like that of other states in South East Asia, was qualitatively different from that of India. The Chinese approach was primarily political whereas India's was basically commercial and cultural. The frequent Chinese political and sometimes military intervention in the archipelago automatically coloured Indonesian attitude towards China unfavourably. With the arrival of the Dutch and subsequent colonization of Indonesia by them, the Indonesian-Chinese interaction assumed a new dimension. Throughout the Dutch rule, Indonesia experienced a massive influx of immigrant Chinese, obviously encouraged by the colonizers. This

immigrant Chinese community grew rapidly and in the post-independence period became an important factor in the Indonesian-Chinese relations.

At a time when Indonesia was fighting against the Dutch, the Indonesian struggle was supported by the Nationalist Chinese, although it was "ridiculed by the Communists".¹ Coincidentally, both the countries got independence practically at the same time. Taking the initiative the Indonesian Vice-President Mohd. Hatta told the press that his country would reciprocate, "should the newly proclaimed Chinese Peoples' Republic extend recognition to Indonesia".² By June 1950 recognition had mutually been extended and diplomatic missions established subsequently. But Indonesia took two years to send a full-fledged diplomat to Peking. This delay was caused, mainly because of the involvement of the Chinese embassy in communist activities with the help of Indonesian communists in Jakarta.

When both the countries were seeking a new modus operandi for interaction, China got involved in the Korean war in June 1950. Indonesia as a token of support for

1 Leo E. Williams, "Sino-Indonesian Diplomacy : A Study of Revolutionary International Politics", The China Quarterly (London), no.11, July-September 1962, p.184.

2 New York Times, 2 January 1950.

the newly independent country, abstained from voting in the UN in early 1951 in the resolution condemning China as an aggressor. The Chinese at this stage, however, adopted a typical cold war posture towards Indonesia. It looked at the world as essentially divided into two blocs, the capitalist-imperialist and the anti-imperialist and firmly believed that there was 'no third' road. Indonesia having decided not to become a party to either of the two ideological-military blocs, led by the United States and the Soviet Union. It coloured China's view of the Indonesian nationalist leadership. The Chinese, therefore, criticised the Soekarno-Hatta leadership as a group of feudal aristocrats and "old bureaucrats", who have served under the former Japanese and Dutch regime, compadore bourgeoisie and ever fascist stooges of Japanese occupation period".³

Indonesia on its part, nourished a degree of bitterness against China because of its bitter experience of the communist-led revolt at Madiun in September-December 1948. It prevented Indonesia from going too close to China. In fact Indonesia's coolness towards China corresponded to the nature of Indonesian ruling elites. Since the first Ali Sastroamidjojo cabinet took over in July 1953, there was a definite shift in Indonesia's posture towards China.

3 Sha Ping, "Lessons from Indonesia", China Digest, vol.5, no.12, 5 April 1949, p.5.

But both the countries came face to face finally during the first Asian-African Conference at Bandung (Indonesia) in April 1955. Initially hesitant to include China in the list of invitees, Prime Minister Ali Sastrodjojo, the prime mover of the conference and its Chairman, had gone along with India in sending invitation to China. Premier Chou En-lai's "sweet reasonableness" seems to have won over many among the participating South East Asian leaders including the top Indonesian leaders. After the conference Chou En-lai stayed back and extended it as an official visit to Indonesia. Never in history, such a big Chinese political dignitary had paid a state visit to Indonesia. Overwhelmed by the sincerity shown by the Chinese leaders, Indonesia extended its full support to the Chinese claim over Taiwan. Both the countries agreed to honour the five principles of peaceful co-existence, proclaimed by India and China in June 1954. The most significant step that both the countries took was the signing of the Dual Nationality Agreement on 22 April 1955, pertaining to overseas Chinese. It was agreed that, "China would renounce the Chinese Nationalist doctrine of Jus Sanguis",⁴ and also that "all Chinese born in

4 Jus Sanguis means identification of man's nationality by his descent. According to it all Chinese, whether they were born in China or not, were regarded as Chinese citizens; and even if they held another nationality by right of birth or passport, they still could claim at will to be Chinese and be acknowledged by the Chinese government as such. See C.P. Fitzgerald, China and Southeast Asia Since 1945 (New Delhi, 1975).

Indonesia shall have the right to choose their nationality within a time limit of two years".⁵

But the ratification of the treaty was delayed because of domestic opposition by the Muslim parties, who were reacting against the burgeoning prosperity of the overseas Chinese in Indonesia. Yielding to domestic pressures, a number of measures were taken by the Indonesian government between 1957-60 which badly affected the economic interests of the overseas Chinese. The plight of the overseas Chinese could also be attributed to the "school boy" treatment meted out to Indonesian Foreign Minister Subandrio during his visit to China in October 1959.⁶ The situation deteriorated to such an extent that the Chinese embassy in Jakarta issued a statement saying that "Sino-Indonesian friendship seemed threatened".⁷ Retorting back Subandrio alleged that the "overseas Chinese are not only capitalistic but monopolistic too".⁸ The Indonesian Foreign Minister's retort was not enough to prevent the Chinese government from

5 Ibid., p.40.

6 Mahesh Chandra, "Soekarno Still Biggest Force in Indonesia : Alternative Leadership Hard to Find", The Statesman (New Delhi), 27 May 1960.

7 Leo E. Williams, n.i., p.193.

8 Ibid.

expressing its deep concern for the millions of overseas Chinese. The conflict became so intense that Indonesia openly branded China as, "just another imperialist power with expansionist inclinations".⁹ The verbal battle continued till 1960, when Indonesian Parliament ratified the treaty, and China also showed its eagerness to solve the problem.

Signing of the Dual Nationality Treaty had opened a new channel for developing bilateral relations. Chou En-lai's visit was reciprocated by a number of goodwill visits by Indonesians, and finally Soekarno also paid a visit in October 1955. Apparently, impressed by the Chinese leaders, Soekarno started addressing Chairman Mao as 'brother'. ~~And~~ Soekarno's emphasis on anti-colonialism was very much appreciated by the Chinese. Thus ideological similarity became a solid foundation for further cooperation. This also encouraged the Chinese to cultivate closeness with the Indonesians. China, therefore, supported Soekarno in the 1959 regional rebellions and his action against the supporters of Nationalist China.

In the meantime, promulgation of 'Guided Democracy' through a Presidential decree for a return to the 1945 constitution in July 1959, set on a new phase in Indonesian-

9 New York Times, 12 October 1959.

Chinese relations. The major development of this period was the emergence of the PKI as a strong force in Indonesian domestic politics. The Chinese were happy to note the PKI's emergence because of ideological affinities, showing a distinct possibility of growing Chinese influence in Indonesia. China, therefore, never missed an opportunity to praise Soekarno as the "champion of anti-colonialism and anti-imperialism in South East Asia as well as in Afro-Asia".¹⁰ And the problem of overseas Chinese was relegated to the background to facilitate better relations based on mutual understanding.

By 1961, it can be said that the basis of Sino-Indonesian brotherhood had been well established. In March-April 1961, Chinese Foreign Minister Chen Yi visited Indonesia. It was a very fruitful visit, for both the countries agreed to support each other on the issue of importance to them. Evidently, this entailed mutual support on the question of Taiwan and West Irian. Same year Soekarno also visited China. The bonds were further strengthened because Soekarno received ready support from the Chinese for his policy of NASAKOM (Indonesian acronym denoting Nasionalism, Agama (Religion) and Komunism) at

10 B.D. Arora, Indian-Indonesian Relations 1961-1980 (Delhi, 1981), p.193.

home and radical anti-colonialism and anti-imperialism abroad.¹¹ Chen Yi's visit paved way for further development of cordiality, in the form of Treaty of Friendship, which was successfully concluded during that time. It seems the Chinese were too eager to maintain good relations with Soekarno's government, which was moving into a position of outright hostility towards the Western powers. By mid-1962, Sino-Indonesian relations started growing rapidly. China extended full support to Indonesia on the West Irian issue and later on, on Indonesia's Konfrontasi with Malaysia. In the latter case, the PKI too had perceived Malaysia as a "neo-colonialist project" threatening Indonesia. And since the PKI started supporting China in the Sino-Soviet conflict, China willingly supported Indonesian position and condemned the Malaysian proposal as a neo-colonialist conspiracy. In return, China got favourable Indonesian support on the Sino-Indian border dispute at the Colombo Conference in December 1962.¹²

The year 1963 confirmed the growing strength of Indonesian-Chinese relations. Their role in the Afro-Asian Peoples' Solidarity Conference at Tanganika in February; the Chairman, Liu Shao Chi's visit to Indonesia in April and China's wholehearted support to and

11 Ibid., p.195.

12 Ibid., p.205.

participation in the GANEFOs (Games of New Emerging Forces) in November, were all pointers towards this.

Soekarno's visit to Shanghai in November 1964 further achieved a "synchronization of foreign policies against imperialist and colonialist countries".¹³ This, in other words, was a "pointer to Indonesia's agreement with China on the vital issue of considering the US as the major enemy of the people of South East Asia as well as of Asia and Africa".¹⁴ As a follow-up action, Chinese Foreign Minister Chen Yi visited Indonesia in November-December 1964 and had long discussions with Soekarno and Subandrio. At the end of the visit a joint statement, "revealed the harmony of the Sino-Indonesian political views with a candor that far excelled anything found in previous diplomatic statements of either country".¹⁵

Bilateral Relations Between 1966-76

In Indonesian-Chinese relations the year 1965 proved to be a major landmark. On the one hand it saw their relations at its zenith and on the other, development of a radical anti-Chinese stance in Jakarta. Under the government's patronage and with China's ideological and material

13 Ide Anak Agung Gde Agung, Twenty Years of Indonesian Foreign Policy, 1945-1965 (The Hague, 1973), p.438.

14 B.D. Arora, no.10, p.217.

15 Ide Anak Agung, n.13, p.438.

support, the PKI had made rapid progress. The PKI, therefore, had also started nourishing high political ambitions. So when the Untung coup occurred in September-October 1965, it was immediately implicated. The army subsequently took command of the situation and started a systematic campaign to eliminate the communists. The process eventually brought General Soeharto at the helm of Indonesian affairs. Thus, Soeharto consolidated his new order, "through a systematic killing of the communists and suspected communists".¹⁶ Soeharto's ascension to power ushered in a substantial change in the Indonesian foreign policy. The foreign policy now was geared towards economic development, which necessitated closer links with the developed countries of the West. This also implicitly meant moving away from the communist bloc, and especially China. Moreover, the Gestapuz affair¹⁷ had made the new Indonesian leaders averse to communism.

After the abortive coup, relations between Indonesia and China became cool. The alleged implication of China in the Untung coup resulted in rising Indonesian tempers

16 Baladas Ghoshal, "Indonesia's New Order Under Suharto", India Quarterly (New Delhi), vol. 35, no. 4, October-December 1979, p. 438.

17 Gestapuz (Gerakan September Tigapuluh) means 30th September movement.

against that country. Consequently, China's image in Indonesia suffered a serious decline. Even Foreign Minister Subandrio who was the main architect of Indonesian-Chinese axis and a major promoter of Indonesian-Chinese friendship during the Guided Democracy period, criticised China for its alleged role in the coup. Side by side with the anti-PKI pogroms, anti-Chinese and anti-overseas Chinese demonstrations and actions followed the coup, understandably with the army's tacit approval. These Indonesian activities were strongly criticized by China. But, it seems, the situation was going out of hand. In December 1965 Subandrio declared that, "Indonesia was reappraising her relations with Peking".¹⁸ This made amply clear that Indonesia was not going to continue with the same kind of relationship as before. Giving credence to the change, Indonesia recalled its ambassador from Peking in February 1966.¹⁹ Relations with China were finally and formally suspended by the Soeharto government in October 1967.

The 1965 coup made evident the duality of China's role. It operated on two levels, "proper state relations and comrade to comrade relations in support of revolution".²⁰ Hence closing down the Chinese embassy in Jakarta also broke the link between the communists and China.

18 L. Edward Shuck, Jr., "The Outward Reach of Indonesia", Current History (Philadelphia), vol.63, no.376, December 1972, p.255.

19 Ibid.

20 Shao Chuan Leng, "Chinese Strategy Toward the Asian Pacific", Strategic Digest (IDSA, New Delhi), vol.6, no.4, April 1976, p.11.

By 1967 it also became clear that Indonesia was progressively tilting towards the West, as its hopes for economic recovery could only be realized through the active support of the West. Understandably, therefore, the relations with China in particular and the communist bloc in general became cool.

The next step which Indonesia took was to abrogate the Dual Nationality Treaty of 1955 in 1969,²¹ with it several severe measures were taken against the overseas Chinese. Several thousand of them were forcibly evicted from their business places and settled in Sumatra or other less profitable places. China could do nothing except showing her impotent anger. Simultaneously, however, it continued to give strongly-worded support to the remnants of the PKI. China, at this point, actually wanted to put pressure on Indonesia to change "its hostile attitude".²²

The late sixties were very crucial for the countries of South East Asia because of two very important decisions by two big powers. On the one hand, Britain decided to withdraw its forces from the area east of Suez by the end of 1971, and on the other, the United States decided to

21 Ibid., p.13.

22 For instance, see "Greetings on the 55th Anniversary of founding of the Communist Party of Indonesia", Peking Review, 30 May 1975, p.3.

disengage itself from active involvement in the region. This caused much concern to the South East Asian countries. For them, withdrawal of Britain and America meant, paving way for China's emergence as a power in the region. And it is from China that Indonesia perceives maximum threat to its security.

On the part of China, the final Sino-Soviet split in 1969, aroused suspicion that the USSR might try to spread and consolidate its influence in the area, thus adversely affecting their own position. As a result, Chinese attitude towards Indonesia became more pragmatic. China also perhaps realized the futility of a communist revolution in Indonesia, at least in the near future because the severe anti-PKI campaign launched by the Soeharto government had nipped any such possibility in the bud.

Apart from that, there was also a general feeling that, "as the influence of the Great Cultural Revolution group receded, China might choose to improve relations with the Soeharto government to counter Soviet and American influence. Indonesia after all was a dominant regional power".²³ This was also evident in China's renewed

23 David Meringo, "China's Policy Toward Indonesia" in Tang Tsou, ed., China in Crisis: China's Policies in Asia and America's Alternatives (University of Chicago, Chicago, 1968), vol.2, cited in Usha Mahajani, "US-Chinese Detente and Prospects for China's Rehabilitation in South East Asia", South East Asia (Southern Illinois University at Carbondale), vol.3, no.1, Winter 1974, p.716.

propaganda "to play down the alleged impact of Maoist thoughts on the communist struggle in Indonesia".²⁴

Considering the various developments Indonesia gave clear hints to China for restoring normalcy, of course, with certain preconditions attached. In May 1971 Adam Malik stated that despite earlier rebuffs by the Chinese leaders, Indonesia now was seeking to renew diplomatic ties with China. He expected that China would recognize the Soeharto government, stop Indonesian language broadcast into Indonesia and give a pledge not to interfere in Indonesian affairs.²⁵ China, however, did not seem as yet ready to reciprocate the Indonesian overtures. On the contrary, it gave considerable publicity to an article by the Indonesian Organization for Afro-Asian People's Solidarity, denouncing the forthcoming general elections in Indonesia as a political farce.²⁶ Despite that, keeping in view the growing Sino-US detente in 1971, Indonesia took initiative at the regional level to build up an environment conducive for peace and stability. Working in this direction, Adam Malik tried to assure China that it had stopped accusing it of devising any new communist revolution in the country and expected that China would accept the Bandung Principles to which it

24 Ibid.

25 New York Times, 18 May 1971.

26 Ibid.

too was a signatory.²⁷ He declared that both China and Taiwan could be members of the United Nations. And in fact Indonesia had never withdrawn its support for China's admission to the UN.²⁸ But there had always been a feeling of skepticism about the implications of China's entry into the UN. Having given ample thinking, Indonesia voted for the resolution requiring a two-thirds majority for the expulsion of Taiwan from the UN, and abstained on the resolution seeking admission of China in the UN, in the UN General Assembly's meeting held on 26 October 1971.²⁹

The Indonesian government at this stage tried to yield some ground and expressed its desire to restore normalcy. Simultaneously, however, it also reiterated the preconditions for it. Some among the ruling elites in Indonesia expressed a strong feeling favouring cordial relations with China in order to neutralize its one-sided dependence on the US. But the army was against this view, because it believed that it would give rise to subversive

27 News on Indonesia (Indonesian Consulate General, San Francisco), July-August 1971, cited in Usha Mahajani, n.23, p.724.

28 See speech by Foreign Minister Adam Malik in the UN General Assembly on 27 November 1967, (text in Indonesian News and Views), cited in Sheldon W. Simon, "Some Aspects of China's Foreign Policy in the Cultural Revolution and its Aftermath", Pacific Affairs, vol.xliv, no.2, Spring 1971, pp.34-35.

29 New York Times, 27 October 1971.

activities.³⁰ Considering the strong suspicions against China, Soeharto maintained that initiative for normalization of relations should come from China itself.³¹

The ASEAN declaration about making South East Asia as a "zone of peace, freedom and neutrality" also included China, besides the US and the USSR as the guarantors of peace in the region. Indonesia accepted this decision, though with certain reservations. Indonesia wanted ^{that} any action to be taken by any of the ASEAN member vis-a-vis China should be preceded by consultations among the members. It further opposes a form of neutralization that is dependent on the big powers. Indonesia believes that they should "not rely solely on the guarantee of any one super power for the protection of their security but must develop" their own, "self-reliance".³² But inclusion of China as a guarantor made the position of Indonesia relatively safe, otherwise it would put Indonesia and China face to face in the region.

30 G.P. Bhattacharjee, Southeast Asian Politics: Malaysia-Indonesia (Calcutta, 1976), p.221.

31 See, Justus M. van der Kroef, "Before the Thaw: Recent Indonesian Attitudes Towards Peoples' China", Asian Survey, vol.13, no.5, May 1973.

32 Lt. Gen. Ali Moertopo, "Super Power Interests in South East Asia", in K. Subrahmanyam, ed., Self-Reliance and National Resilience (New Delhi, 1975), p.51.

Indonesia welcomed the growing detente between the US and China, because it believed it would create stability in the region. Indonesia also expressed its hope that the Indonesian-Chinese relations would be normalised. But ultimately the Sino-US detente also could do nothing in this direction.

Public posture for normalization notwithstanding, there still remained certain areas of conflict causing bitterness between the two countries. China persisted in its anti-Indonesian overseas broadcasting. On the other hand, Indonesia also kept on accusing China of continued interference in its internal affairs. Besides, Indonesia did not relax its strong domestic policies vis-a-vis the overseas Chinese, thus affecting their interests. The Sino-Indonesian Nationality Treaty had also failed to alleviate the Indonesian suspicions of the Chinese community. In Indonesian calculation the resurgence of the Malayan Communist Party in Malaysia after Prime Minister Tun Abdul Razak's visit to Peking in 1974, was "a bad portent".³³ Soekarno even warned Tun Razak of the dangers of having a Chinese embassy in Kuala Lumpur. Based on past prejudices aggravated by the recent Chinese attitude, the Indonesians tended to see Chinese hand behind any

33 Anthony Goldstone, "Hedging the Bet", Far Eastern Economic Review, vol. 86, no. 39, 4 October 1974, Special Focus on Indonesia, p. 3.

subversive activities. There was also strong suspicion that restoration of normal relations would never guarantee cessation of subversive activities. Though China tried to assure the countries of South East Asia by saying that the problems were generated by domestic conditions and it had not been helping the communists of the region neither in the form of arms nor through any personnel,³⁴ Nevertheless, it was not enough to remove the deep-rooted Indonesian suspicions and fears. The Indonesian suspicion got further strengthened when China sent a strident message to the PKI at its 55th anniversary in May 1975 saying, "the Indonesian Republic has suffered temporary setbacks and the communist party of Indonesia is in a difficult position. But no matter how frantic the counter-revolutionary forces may be, the Indonesian communists have neither been cowed nor subjugated. Your party has strengthened its unity and preserved in struggles under the most difficult and most complicated conditions".³⁵ This was a clear indication of the ongoing relationship between Peking and the PKI. Hence, as things stood, any breakthrough seemed to be very remote. Substantiating this view, we may quote

34 Seah Cho Meow, "ASEAN and the Changing Power Balance in Southeast Asia", South East Asian Spectrum, vol.4, no.1, October 1975, p.37.

35 Straits Times (Singapore), 27 May 1975, cited *Ibid.*, p.36.

Adam Malik, who said that normalisation with China was both near and far. Near because "everything was ready", and far because Indonesia still needed time, "to educate both Indonesians of Chinese origin and native Indonesians".³⁶ It was a clear indication that there was no question of normalisation in the near future. Moreover, there was territorial dispute about the control of the Spratley islands, which was yet to be resolved.

Trade Relations

Trade relations between Indonesia and China had started with the signing of Sino-Indonesian Trade Agreement of 1953. The pace of trade after that picked up quickly and within five years it reached an astounding 2500 per cent.³⁷ Indonesia then was enjoying a favourable trade balance, but, till the mid-sixties it was tilted in favour of China. Later, due to political reasons the trade agreements could not be renewed. Even without proper trade relations, smuggling of Chinese goods into Indonesia went on.

After Soeharto's assumption of power diplomatic ties between the two countries were suspended. This automatically suspended bilateral trade relations. Nevertheless, trade between the two countries kept on going. This was

36 Anthony Goldstone, n.33.

37 Lea E. Williams, n.1, p.188.

all a one-way trade with the balance of trade heavily in China's favour. In fact the trade statistics showed no Indonesian exports going to China; whereas Indonesia was importing increasingly from China. Chinese exports to Indonesia increased from US \$27.6 million in 1971 to \$54.7 million in 1973 and by mid-1974 they had reached \$106.2 million.³⁸ This was in addition to the imports made by Indonesia through third countries. According to an unofficial estimate, Chinese goods worth \$22 million and \$38 million entered Indonesia through a third country in 1971 and 1973 respectively.³⁹ Added to that, there was heavy smuggling of Chinese goods also, because of the absence of legal trade relations. This fact was accepted even by Foreign Minister Adam Malik.⁴⁰ He even urged the Indonesian business to initiate trade negotiations with China, who however, contended that the trade balance had always been in Chinese favour. This forestalled any progress towards that direction. An Indonesian Chamber of Commerce (ICC) official once wrote in Kompas (Bahasa Indonesia daily from Jakarta) that, trade relations with China would only affect the Indonesian industries. Further he said: "Indonesian industries which are just beginning to develop will receive a severe blow from Chinese products.

38 Anthony Goldstone, n.33.

39 Ibid.

40 Usha Mahajeni, n.33, p.724.

Complaints are still heard that Chinese goods are flooding the domestic market",⁴¹ The future for an improved trade relations thus appeared to be very bleak.

In short, it appears, Indonesia was not very anxious to restore normalcy. This did not necessarily mean that it had closed its door against China. But it all depended on how far relations with China would suit the Indonesian interests. As had been obvious there still existed a deep-seated suspicion against China and against Chinese in Indonesia. As a consequence, the government had not been "able to follow signals from Peking for better relations",⁴² Thus the domestic problems themselves had, "overshadowed the attempts of Indonesia's foreign policy makers to restore full diplomatic relations"⁴³ with China. Even in the absence of regular diplomatic channels, however, the Indonesians and Chinese had been meeting in international conferences with New York and Geneva as contact points.⁴⁴

41 Anthony Goldstone, n.33.

42 O.G. Roeder, "Sign of a Thaw", Far Eastern Economic Review, vol.83, no.11, 18 March 1974, p.13.

43 Ibid.

44 Usha Mahajani, n.33, p.728.

INDONESIAN-JAPANESE RELATIONS, 1966-76

Indonesia's policy vis-a-vis Japan has mainly been guided by their experience in the occupation period (1942-August 1945) during the second world war. Apart from economic aspects Indonesia also provided an ideal strategic point for the Japanese war efforts. Hence, motivated by these factors, they launched an aggressive policy towards South East Asia and eventually succeeded in capturing Indonesia in 1942. The occupation period left bitter experience among the Indonesians because of the atrocities committed by the Japanese on them.

In the post-independence period the Indonesians embarked upon an "active and independent" foreign policy. Nevertheless, while formulating their policy towards Japan, they always had the horrible experience of the Japanese occupation period in their mind. There was a climate of suspicion and apprehension in Indonesia vis-a-vis the Japanese.

Soekarno Era (1950-65)

In the light of this background, let us discuss briefly the Indonesian-Japanese relations in the Soekarno era, before going on to study the main period.

As stated earlier, the Japanese position in relation to Indonesia remained the same as it was in the pre-war and the war period. But added to this, there was a feeling of guilt, emanating from the atrocities committed by the Japanese during the occupation period. It was a strong

factor which restrained Japan from indulging into controversial international political issues, lest it would create additional misgivings among other countries.

As regards Indonesia's position toward Japan, it was more in consonance with their active and independent foreign policy. When the question of normalization of relations with Japan came up, emotions gave way to rational calculations and a more objective policy was formulated towards Japan. An opportunity for normalization came during the San Francisco Conference in 1951, which was convened to settle the second world war issues. The Sukiman cabinet participated in it with the contention that no country could be put under surveillance for too long a period and that "the reemergence of Japan was an important event in Asia in which Indonesia must take an active interest".⁴⁵ Though the Sukiman cabinet (April 1951-February 1952) eventually signed the treaty, but met with severe criticism at home. To most of the Indonesians the San Francisco Conference was an all Western affair and their participation amounted to deviation from the active and independent foreign policy of the country. Hence they preferred to have a separate peace treaty with Japan as proposed by India and Burma.

45 K.V. Kesavan, Japan's Relations with South East Asia, 1952-60 (Bombay, 1972), p.205.

The San Francisco Conference made it obligatory upon Japan to pay war reparations to Indonesia. It was the first major political issue which came up between the two countries. Initially, the demand made by Indonesia was US \$17 billion, which Japan considered to be too high an amount. But the then Foreign Minister Subardjo had made the payment a condition for signing the peace treaty. To this effect he said, it "will greatly influence any government in determining its position regarding signing the treaty".⁴⁶

Consequently, a series of negotiations followed. Leaders of both the countries exchanged visits to resolve the issue. At one point the Japanese were even thinking of not paying anything, because in their opinion, they "never really fought with Indonesia".⁴⁷ But considerations for future relationship and their own vital interests prevented Japan from doing so. The Indonesia's first Minister Djuanda Kartanidjojo's was the first mission to Tokyo. He held negotiations with the Japanese in December-January 1951-52, but without any concrete result. Both the parties were unyielding. A major breakthrough could only be achieved in April 1955 during the Sunario-Takasaki talks. Here,

46 Mashashi Nishihara, The Japanese and Sukarno's Indonesia, Tokyo-Jakarta Relations 1951-1966 (University Press of Hawai, Honolulu, 1976), p.38.

47 Ibid, Wajima Eiji, Director of the Asian Affairs Bureau and Principal Negotiator with Djuanda Mission in 1951-52, put forward this view.

Indonesia agreed to reduce its demand from US \$17 billion to one billion. In fact, it was this considerate attitude of Indonesia which paved the way for further negotiations. Finally, it was during Japan's Prime Minister Kishi's visit to Jakarta in 1957 that the issue was successfully resolved. Prior to the negotiations Soekarno had declared that he would clinch the issue; which was a sincere gesture indeed to improve relations with Japan. By the end of 1957 peace and reparation treaties were finalised. The reparation agreement stipulated payment of \$223,080,000 over a period of twelve years, cancellation of trade debts of Indonesia worth \$176,820,000 and an aid grant of \$400,000,000 by Japan.⁴⁸

As an independent nation, Indonesia had full respect for other new emerging Asian and African nations. Though Japan was aligned to the West, it was never considered a barrier for a cordial relationship. Moreover, evidently because Soekarno aspired to become the leader of the new emerging countries. This consideration might have kept Soekarno away from alienating Japan. As a result, Indonesia made no mention about Japan's war conduct at the Afro-Asian Conference held in Bandung (Indonesia) in April 1955, to which Japan too was a participant.

48 Ibid., p.48.

✓ In Japan's calculations Indonesia played a vital role. All Japanese efforts to establish cordial relations with Indonesia were a part of its overall strategy of containing communism in South East Asia. After the emergence of Peoples' Republic of China, Japan felt its position threatened in the region. If Indonesia ever fell to the communists, Japanese economic interests would be vitally affected. Chinese domination in the region might affect the supply of natural resources and flow of oil from West Asia via the Malacca Straits and South China sea to Japan. Japan was more keen on having good relations with Indonesia, because the latter had extended recognition to China, which the former had not.

✓ Analysing the Indonesian-Japanese relations, we find that their interaction has been more economic in nature than anything else. Initial trade relations were not strong because of Indonesia's ill-feeling towards the Japanese and also because of Japan's certain economic weaknesses. Japan, nevertheless, had very well realised that only an economically strong and politically stable Indonesia would be safe for its interests. With the conclusion of the reparation agreement, flow of goods started between the two countries. Indonesia exported primary products (raw materials) to Japan and imported manufactured goods from it. Obviously, this went in favour of Japan. Moreover, Indonesian oil with low sulphur content had an added attraction for Japan in

order to reduce pollution. As is well known, Japan does not have its own oil resources, hence its dependence on Indonesian oil increased from 76 per cent in 1955 to 90 per cent in 1967, which amounted to 10 per cent of the total oil production in Indonesia.⁴⁹

The Guided Democracy period saw a perceptible shift in Indonesian foreign policy in favour of the communist bloc. Japan, naturally was alarmed by this development. However, Soekarno could not afford to go away from Japan because of domestic economic compulsions. An important role in this direction was also played by Soekarno's Japanese wife Ratnasiri Dewi. Soekarno, in the meantime, embarked upon an offensive against the OLDEFO (Old Established Forces). He saw the proposal for the formation of a federation of Malaysia as a sinister design of the OLDEFO, to perpetuate their hold in the region. As a champion of the NEFOs (New Emerging Forces), Soekarno launched the policy of "Konfrontasi" against Malaya, a policy of opposition in all fields short of war. In fact domestic power considerations were the major propelling reasons behind it.

Japan took this development very seriously. In their calculations, if war broke out between Malaya and Indonesia, it would be fought either in the Malacca Straits or Indonesian-Malayan border, economically an important field for

49 Soedjono Hoemordani, "Indonesia-Japan Relations in the Future - A Strategic Review", The Indonesian Quarterly (Jakarta), vol.2, no.2, January 1974, p.5.

Japan. In both these cases Japanese interests would be vitally affected. Their oil supplies from West Asia could be badly affected. The Japanese Prime Minister Ikeda, therefore, offered his mediation to resolve the crisis. He even went to the extent of saying that he would mediate, "even if he were not asked by the parties concerned".⁵⁰

A conference was arranged in Tokyo by Foreign Minister Ohira Masayoshi in 1963, where President Soekarno and Prime Minister Tengku Abdul Rahman participated, but without any fruitful results. Again, in 1964 Ikeda and Soekarno met in Tokyo to resolve the crisis, but no tangible headway could be made. All Japanese attempts to resolve the crisis were shattered, when Indonesia withdrew its membership in January 1965 from the United Nations. As a consequence relations between the two countries started deteriorating. It reached to such an extent that eventually Japan had to suspend government insurance for exporting to Indonesia, resulting in the suspension of all exports to that country from December 1965.

Throughout this period, Japan's sole effort was to neutralise Chinese influence in Indonesia and for this it had no better alternative than aid. Between 1963-1966, the years of Konfrontasi with Malaysia, Japan gave \$124 million

50 Asahi Shimbun (Tokyo), 19 September 1963, cited Mashashi Nishihara, n.46.

to Indonesia as aid. Besides, if the relations between the two lingered on during this period, it was only through the efforts of the pro-friendship lobbies in both the countries.

✓ The latter part of the year 1965 witnessed a drastic change in Indonesian domestic power balance resulting in the emergence of the army as the supreme power. This domestic change resulted in a qualitative shift in its foreign policy postures too. Domestic economic development was the first pledge made by the new leadership led by Gen. Soeharto. They realised that Japan, with its enormous economic capability, could be very helpful for this purpose. Soekarno's militant foreign policy and his emphasis on self-reliance had contributed to the sharp deterioration of the country's economy, which was in total shambles when Soeharto came to power. Hence, domestic economic compulsions demanded a reorientation of the foreign policy. The change, not very surprisingly, was pro-West. This paved the way for better economic cooperation between Indonesia and Japan. For this initiative obviously was taken by Jakarta. As early as May 1966 a mission was sent to Tokyo to apprise the Japanese government of the "political and economic changes in Indonesia and to find new means of cooperation".⁵¹ And it was

51 O.G. Roeder, "Soldier in Search of Credit", Far Eastern Economic Review, vol.59, no.12, 17 March 1968, p.541.

to Tokyo that Jakarta first turned in 1966, as it began negotiations on the rescheduling of old debts and the search for new loans. It was also to Tokyo that Soeharto travelled on his first visit abroad as Indonesian President in 1968.

Japan hosted the Tokyo club meeting in September 1966, where the Western creditor nations to Indonesia agreed to reschedule Indonesia's foreign debt with them. Japan was also willing to coordinate its bilateral aid efforts to Indonesia with other donor nations. Finally, when the Inter-Governmental Group on Indonesia (IGGI) was formed in 1967, to assist Indonesia on its economic development, Japan also became one of the leading members of it.

✓ During his first visit to Japan in April 1968, Soeharto attempted to evince more generous Japanese support for Indonesia's economic rehabilitation and reconstruction programme. He also endeavoured to resolve the dispute with Japanese fishing fleets that arose from Tokyo's refusal to recognise the twelve-mile territorial waters limit that Indonesia claimed.⁵² However, the response he got was evasive and contained some reservations. It seems that Japan was not quite sure about the stability of Indonesia's New Order

52 Japan argued that the Malacca Straits is an international passage, hence it does not come under Indonesia's territorial waters.

under Soeharto. In the course of a private discussion, Prime Minister Sato apparently insisted on following the policy of self-reliance.⁵³ Although Japan ultimately met Indonesian demands in later negotiations, but it was after hard bargaining even on an interim fishing agreement.

Keeping in view the necessity of foreign capital and technology for the development of Indonesian economy, the Soeharto administration passed a liberal foreign investment^{Act} in the beginning of 1967. This provided an inducement and an opportunity to the Japanese to invest their capital in Indonesia. The 'Big Ten' business groups of Japan immediately plunged into the field by taking new projects for the development of agriculture, petroleum and electricity production, etc., and also with a view to promote "development import".⁵⁴ In the meantime trade between the two countries reached a still higher level. By 1972, Japan led the field both as a buyer from and seller to Indonesia, taking 46 per cent of the total Indonesian exports and providing 34 per cent of all Indonesian imports, an increase of 16 per cent and 5 per cent respectively. 55

53 Nusantara (Bahasa Indonesia daily, Jakarta), 2 April 1968. It described Sato's comments in this context as a fierce slap on the face of Indonesia, cited in, Peter Polomka, Adelphi Papers, Indonesia's Future and South East Asia (London), Spring 1974, p.19.

54 The overseas production and development of commodities important for the Japanese economy.

55 Dilip Mukherjee, Indonesia Today (Economic and Scientific Research Foundation, New Delhi, 1974), p.19.

The following table would show the rate of growth in Indonesia's imports from and exports to Japan from 1967 to 1972.⁵⁶

Indonesian Imports from and Exports to
Japan - Percentage of its total Imports
and Exports

Year	1967	1968	1969	1970	1971	1972
Imports	28.1	22.2	29.0	29.4	33.2	34
Exports	29.2	24.57	29.97	38.97	42.46	46

Though the rate of growth in bilateral trade seems quite impressive, being an exporter of raw materials and importer of manufactured goods, Indonesia could not register much of a tangible growth in its national income. On the other hand, in Japan's import-export figures, Indonesia's contribution was only 1.7 per cent and 1.5 per cent respectively.⁵⁷

British decision to withdraw from the area east of Suez by 1971 end and the Sino-US detente in 1971 compelled Indonesia to give a second thought to its policy vis-a-vis

⁵⁶ Indonesian Statistical Bulletin (Bank Indonesia, Jakarta), March 1973; cited from Indonesia Quarterly (Jakarta), vol.1, no.4, July 1973, p.26.

⁵⁷ O.G. Roeder, n.51, p.541.

the region. The Sino-American detente prompted Japan also to move closer to China. Unlike Indonesia, however, it started the process of establishing diplomatic relations with that country. A sense of nervousness filled Indonesia, because it had had bitter experiences with both the countries. And both combined could very well dominate the region. Keeping in view these new developments and in order to still further strengthen relations with Japan, President Soeharto paid a visit to Tokyo in May 1972, and personally concluded a \$300 million loan agreement for developing oil resources in exchange for commitments on future oil deliveries and many other joint projects.⁵⁸ Japan also made an additional aid commitment of \$185 million for the year 1972-73.⁵⁹ Besides, Soeharto confirmed that his government would also provide the necessary facilities for the supply of 58 million kilolitres of oil with low sulphur content to Japan over a period of ten years in excess of the supply through existing commercial channels.⁶⁰

✓ Thus, we see, how Japan through its aid, loan, business projects and trade became a major economic partner of Indonesia. But the increasingly growing role of Japan

58 Peter Polomka, n.53, p.20.

59 S. Iskander, "Japan's Indonesian Inroads", Far Eastern Economic Review, vol.76, no.22, May 27, 1972, p.413.

60 Japan Review (New Delhi), vol.8, no.9, June 1972, p.16.

in Indonesian economy revived the latent suspicions against the Japanese. The Indonesians suspected that Japan was trying to dominate Indonesia economically which they could not achieve even militarily during the Second World War. It was generally felt that Japanese businessmen were prospering at the cost of indigenous businessmen. Moreover, a hard businessman-type attitude of the Japanese and their "self-centred"⁶¹ approach was quite annoying to the Indonesians. What irritated the Indonesians most was the Japanese exploitative character, who considered Indonesia to be just a source of raw materials and a market for their finished products. The gravity of the situation was increased by further expansion of Japanese business interests in the country. By 1973, the Japanese company Mitsui alone had twelve big projects in Indonesia.⁶²

When Japanese Prime Minister Tanaka visited Jakarta in 1974, he witnessed a violent reaction against the Japanese economic domination. It was a protest against the Japanese in particular and foreign capital in general. Their main accusation was that, "foreign capital was killing national entrepreneurs especially the indigenous ones".⁶³

61 K.E. Shaw, "Japan's Forces in South East Asia: The Problems and Future" in Lee Soo Ann, ed., New Directions in the International Relation of South East Asian Economic Relation (Singapore University Press, 1973), p.85.

62 J. Panglaykin, "Some Notes on Japan-Indonesia Relations: An Indonesian View", Indonesian Quarterly, vol.1, no.4, July 1973, p.

63 Stephen Grenville, "Survey of Recent Developments - Protest", Bulletin of Indonesian Economic Studies (Canberra, Australia), vol.10, no.1, March 1974, p.10.

In fact this event was inevitable. A relationship based on unequal strength and ability always leads to problems. Moreover, this kind of relationship itself is generally pregnant with problems. There was also a general feeling in Indonesia that "Soeharto's development strategy has resulted not only in the economic dependence of Indonesia on the investors and aid giving countries, but also in political dependence".⁶⁴ All the 'Big Ten' business groups of Japan have been quite active in Indonesian economy, with their permanent offices in Jakarta. Interests of these groups lie in their expansion, for which they endeavour to propel the Japanese foreign policy. And quite obviously this impact in the foreign policy making is proportionate to their economic might.

Looking at this problem from the Indonesian angle, it seems that, apart from the political aspects of aid relationship, there have been few developments in the political sphere. It was chiefly because of the fact that the Indonesian policy towards Japan is considered "an extension of their economic diplomacy".⁶⁵ Fears of economic domination could have been alleged by promoting mutual understanding in the political sphere.

64 Baladas Ghoshel, "Indonesia's New Order under Suharto", India Quarterly (New Delhi), vol.35, no.4, October-November 1979, p.445.

65 Mohammed Sadli, "On the First Japanese-Indonesian Conference", Indonesia Quarterly (Jakarta), vol.2, no.2, January 1974, p.16.

The anti-Japanese riots in Jakarta in January 1974 had a substantial effect on the thinking and policies of Japan. After coming back from the visit, Prime Minister Tanaka declared a new policy vis-a-vis South East Asia with adequate emphasis on measures of social welfare. He promised that Japan would, "augment assistance in the areas of agriculture, medical care, education and communication in the interest of the welfare of the masses of these countries".⁶⁶ Conditions for granting loans and aid were relaxed and efforts were made to stick to the Foreign Ministry guidelines regarding investment.⁶⁷

In July 1975 Soeharto paid a three-day visit to Tokyo and had discussions on issues pertaining to bilateral trade and economic relations, including the pending joint project to build an aluminium smeltry on the upper reaches of the Asahan river in North Sumatra.⁶⁸

Japanese cooperation had become so indispensable that even after the anti-Tanaka riots in January 1974, the growth of Japanese business interests remained unhindered.

66 Saburo Okita, Japan in the World Economy (The Japan Foundation, Tokyo, 1975), p.151.

67 These were, "Investment must be promoted in a manner acceptable to the host countries --- to the enhancement of the well-being of its people. Ibid., p.152.

68 "Notes on President Soeharto's Visit", Japan Quarterly (New Delhi), vol.2, no.1, October 1975, p.54.

Out of a total of 780 projects in 1975, Japan alone had 182 projects with highest amount of capital investment amounting to \$1084.6.⁶⁹

In the same year Indonesia suffered a severe financial crisis, through financial irregularities in the state-owned oil corporation, Pertamina, which was running into a debt amounting to US \$3.2 billion in foreign loans and US \$113 million in rupiah owed to domestic contractors.⁷⁰ Such a severe financial setback was inflicted upon Indonesia that its entire economy was shaken. All the development projects were badly affected by this. In this moment of crisis, Japan came forward and gave US \$140 million to Indonesia through the IGGI for the year 1975-76 to stabilize its tottering economy.⁷¹ In fact this was the highest amount paid by any of the IGGI creditor nations. It showed how much stake Japan had in an economically strong and stable Indonesia.

A retrospective look at the Indonesian-Japanese relations during the period of this study would prove that their relations have primarily been economic in

69 Indonesia's Current Affairs Translation Service, (Jakarta), May 1975 Bulletin, p.570.

70 Asia Week (Hongkong), no.34, 20 August 1976, p.14.

71 Ibid., p.18.

nature. Both are indispensable to each other. Viewed from the existing situation, Indonesian natural resources like oil, timber, nickel, bauxite, etc. are vitally important for Japanese capital investment and technology to Indonesia. Indonesia's interests lie in economic stability of Japan, whereas the latter's interests lie in Indonesia's social and political stability.

But it is a kind of very unequal relationship. Nationalist sentiments are very strong in Indonesia and unless these are well cared for, conflict becomes inevitable. Closer cultural and political cooperation would help strengthen the bilateral relations; but unfortunately this was lacking during 1967-1976. The numbers of visits exchanged by the leaders and others in both the countries looks very impressive, but the work done for building up a politically favourable climate does not seem to be very satisfactory. If Japan had opened up more culturally and given a touch of social welfare in all its activities, the relations between them would have been based on firmer foundations.

INDONESIAN-INDIAN RELATIONS, 1966-76

Background

Even before Indonesia achieved her independence in December 1949, it had a long history of mutually beneficial relations with India. It developed through centuries of commercial and cultural interaction. These relations were disrupted during the period of European colonial rule in both the countries. But in the 20th century when the two nations were engaged in their struggle for freedom, their nationalist leaders revived their centuries old contacts. India's fight against the British profoundly influenced the Indonesian leaders in their struggle against Dutch colonialism.⁷² After the second world war, the Indian leaders threw their full weight with the Indonesian liberation struggle by pressurising the British to withdraw Indian troops from Indonesia through the Asian Relations Conference in March-April 1947. After achieving its own independence in August 1947, India organised another Asian Conference on Indonesia

72 Indian and Indonesian leaders met at the Bierville Congress for peace in August 1926 and again at the Brussels Congress against imperialism in February 1927. It was during the Brussels Congress that Nehru and Mohd. Hatta met for the first time, the latter being profoundly influenced by the former. See, Bimla Prasad, The Origins of Indian Foreign Policy (Calcutta, 1962), p.228. Most of the Indonesian leaders, including Soekarno were also influenced by the thought and deeds of Tagore, Tilak and Gandhi, see, B.D. Arora, Indian-Indonesian Relations, 1961-1980 (New Delhi, 1981), p.8.

in January 1948 and endeavoured to mobilise support for the Indonesian cause at the United Nations (UN) as well.⁷³

On achieving independence, leaders of the two countries settled down to strengthen bilateral relations. India's valuable contribution to Indonesia's independence was well appreciated by the Indonesian leaders and this, along with their historical ties, constituted the major source of inspiration for strengthening friendly relations. The treaty of "perpetual peace and unalterable friendship" signed by them in Djakarta on 3 March 1951 was the logical result of this understanding and, "it provided the framework within which the expectations aroused during the freedom struggle could be fulfilled".⁷⁴ But in the post-second world war international environment, which was characterised by the cold war, nuclear armaments and Afro-Asian resurgence, mere emphasis on historical-cultural ties was not a solid foundation for developing bilateral relations. It required identifying 'common grounds' of cooperation based on national interest and also building "institutional mechanisms for interaction in the fields of trade and commerce".⁷⁵ Failure to achieve this later cost very dearly to the two countries' relations.

73 These two conferences helped in converting the issue of Indonesian independence into an all Asian issue.

74 B.D. Arora, n.10, p.19.

75 Ibid., p.335.

Although initially there was a substantial measure of cooperation in various fields, the hopes and expectations generated at the time of independence could not materialise. In course of time their priorities differed, political differences arose and misunderstandings at the top leadership-level assumed serious proportions. Consequently, bilateral trade which had shown satisfactory trends till about 1957-58 declined thereafter and the hopes generated by the 'Cultural Agreement' of December 1955 failed to take-off. "This was the net result of sentimentalism that characterised Indo-Indonesian relations during the 1950s".⁷⁶

✓ The pattern of domestic politics in the two countries after independence was also not conducive to friendly relations. Both the countries had to deal with the vestiges of colonialism in West Irian and Goa in Indonesia and India respectively. Whereas Indonesian leadership was obsessed with removing Dutch colonialism, India tried to give economic content to its political freedom. Political instability in Indonesia in the wake of the regional revolts of 1957 made it possible for Soekarno to discredit parliamentary democracy and launched his new political system called "Guided Democracy", which gave him unlimited executive powers. Under this system the Indonesian Communist Party (PKI) emerged as an important political force with

considerable influence in foreign policy making and following a pro-China line, which later had a significant effect on the Indonesian-Indian relations.⁷⁷ It was all because Soekarno gave priority to the politics of anti-colonialism and anti-imperialism instead of economic development. And it definitely differed from Indian priorities.

During the beginning of the 1960s itself, there were differences between the foreign policies of the two countries. Soekarno, guided by his concern at the continuing Dutch occupation of West Irian and his desire to emerge as the leader of the Afro-Asian states, sought to influence the nonaligned states and convert them into a radical anti-imperialist posture through the application of his concept of conflict between the OLDEFOS and NEFOS. Nehru feared that this might lead to the emergence of a third bloc, aggravating international tension generated by the cold war. Hence R.K. Nehru, Secretary-General of the Ministry of External Affairs wanted the organisation to be more broad-based.⁷⁸ Indonesia opposed this proposal

77 Vishal Singh, "India, Pakistan and South East Asia", International Studies (New Delhi), vol.8, July 1966-April 1967, p.167.

78 This proposal was made by R.K. Nehru in the non-aligned preparatory meeting held in Cairo (Egypt) in June 1961, who was leading the Indian delegation. See, B.D. Arora, n.10, p.62.

and managed to mobilise the majority opinion in favour of a restrictive approach in this matter. Soekarno did not agree with Indian Prime Minister Nehru's view that the objectives of nonalignment should be to prevent super power confrontation and to promote world peace in order to facilitate economic development of the newly independent states. Even on the issue of colonialism in general, Soekarno disagreed with Nehru's preference for negotiations and instead advocated the employment of all means, including force, to eliminate colonialism from Asia and Africa.

The first nonaligned conference in Belgrade in September 1961 provided the forum where the divergent views of both the countries were openly expressed.

Soekarno gave priority to the problems of colonialism and imperialism in Asia and Africa. On the contrary, Nehru put more emphasis on the question of war and peace. He wanted first things to be done first. Although both Soekarno and Nehru remained firm on their stand, eventually the result was a compromise position, which was more in favour of the latter. Besides, Nehru also succeeded in seeking removal from the communique of the language condemnatory of the colonialist powers.

Indonesia expressed its disappointment at the outcome of the conference because the Indonesian leaders had failed in mustering enough support for the concepts

of OLDEFOs versus NEFOs. Moreover, Nehru had also prevented any discussion on regional issues at the conference and thus frustrated their desire to bring up the West Irian issue. A call for a second 'Bandung type' conference, which Indonesia had been stressing since the first such conference in April 1955, was also declared beyond the scope of this conference. Hence, the Indonesian leaders tended to put the entire blame for their failure on Nehru, an excuse to appease the domestic opinion. This eventually led to the end of personal rapport between Soekarno and Nehru, with serious consequences upon the two countries' bilateral relations.⁷⁹

The Sondhi episode during ^{the} Fourth Asian Games in Djakarta in September 1962, further contributed to deterioration in the Indonesian-Indian interaction.⁸⁰ It provoked severe anti-Indian feelings in many parts of Indonesia and led to mob violence at the Indian embassy in Jakarta. Although the Indonesian government expressed its 'regrets',

79 In fact Nehru's opposition to Soekarno's views were considered in Indonesia as a personal insult to the latter. See, B.D. Arora, n.10, p.89.

80 G.D. Sondhi, the then Vice President of the Asian Games Federation had remarked that the name of the Asian games should be changed because Israel and Taiwan were not participating. Indonesia took it as a challenge and an affront to itself. Ibid., pp.99-107.

it did not consider the mob violence as unjustified.⁸¹

This outcome was partly the result of China's and Pakistan's propoganda against India and partly because of the Indonesian government's attempt to put pressure on India to go along with it in convening a second Afro-Asian conference which now was their first foreign policy priority. The Sindh affair was only a cover for this purpose.⁸²

But the proposal for a second Afro-Asian conference did not evoke a positive response from India. For, Nehru thought that such a conference would reduce the importance of the nonaligned forum. The Sindh affair and Indonesia's almost pro-China attitude on the Sino-Indian border clashes in October 1962, made India still more hesitant to accept the proposal. Moreover, India feared that Indonesia, China and Pakistan might join hands in the conference to corner India. Apart from India, many other third world countries also expressed their reluctance to attend a second Bandung-type conference. India, on its part, joined hands with the UAR and Ceylon in convening a second nonaligned conference, which was eventually held in Cairo in October 1964. When the Indonesian Government attempted to convene a second

81 Indonesian Observer (Jakarta), 5 September 1962.

82 S. Nihal Singh, "Indonesia Desires India's Friendship but She wants it on her own terms", The Statesman, (New Delhi), 17 September 1962.

'Bandung-type' conference, India made attempts to seek postponement of the actual meeting by raising the issue of inviting Malaysia and the Soviet Union and by suggesting that the venue should be any African capital. The coup in Algiers, just a week before the scheduled conference, led to still further misgivings about the conference. This created a very embarrassing situation for Indonesia. They thought that India was deliberately trying to deny to them their due regional role and role in Afro-Asian affairs.

Meanwhile, at the regional level, the Malaysian issue developed into a point of conflict between the two countries. After the Brunei revolt in December 1962, Indonesia started opposing the proposal for the Malaysian federation, taking it as a threat to its security. But India welcomed the proposal and offered full support to it. India viewed this development as an effective counter to China's influence in the region and as a viable alternative to the instability in South East Asia.⁸³ And India sent its greetings when ultimately the Malaysian federation was formed in September 1963. Indonesia now accused India of promoting the imperialist designs in the region. And later when India raised the question of inviting Malaysia in the second Afro-Asian Conference, it led to anti-Indian demonstrations

83 The Statesman (New Delhi), 22 April 1962.

and violence in Djakarta and elsewhere. By June 1965, the relations had deteriorated to the verge of a breaking point.

It was in this atmosphere of heightened tension between India and Indonesia that Pakistan attacked India in September 1965. China immediately threatened to open a new front against India and Indonesia gave moral and material support to Pakistan and even accused India of being the aggressor.⁸⁴ Once again this strengthened India's belief that the three countries had formed an anti-India combination. The spirit of the 1951 Treaty of "Perpetual Peace and Unalterable Friendship" was now a forgotten past.

Thus during the period of Guided Democracy, both Indonesia and India tended to oppose each other in the pursuit of their respective vital national interests. This created a communication gap and further deterioration in their bilateral relations. The PKI, China and Pakistan, all had an important role in driving Indonesia away from India. Moreover, Indonesia's persistent persuasion of a militant foreign policy and its withdrawal from the United Nations in January 1965 further isolated it from the rest of the world. India on the other hand continued to develop good relations with both the super powers within the framework of nonalignment. This was the state of affairs until the end of September 1965.

84 Indonesian Herald, 10 September 1963.

Bilateral Relations During 1966-76

The coup which took place in Jakarta in the early morning hours of 1 October 1963, was alleged to have been masterminded and led by the PKI, apparently with Peking's support. The coup had profound impact on Indonesia's domestic as well as foreign policies. From the coup emerged a new leader, namely General Soeharto, who, by 1967 had reached ~~at~~ the helm of the country's affairs. In the process, as the new leadership emerged in Indonesia, India found itself in a better position in Indonesia than China.

The new leadership immediately pronounced economic development as its first priority, which in ~~an~~ other words meant abandoning Soekarno's domestic and foreign policy postures. The new foreign policy was geared towards this end and, in the process, Indonesia normalised and revived its relations with all the neighbouring and Western nations and also the international organisations. It became clear that, "there was a change-over from the earlier isolationist policy of axis, to one of good neighbourliness and international cooperation".⁸⁵

85 B.D. Arora, n.10, p.287.

Making a major policy speech before the Indonesian Parliament on 5 May 1966, the new Indonesian Foreign Minister, Adam Malik, expressed his government's intention "to pursue a realistic Afro-Asian policy" and "to smoothen relations with India and thoroughly review Indonesia's relations with that country" which he observed, "have lately been shrouded by misunderstanding towards one another". On the Kashmir issue, Adam Malik took a new stand when he expressed his government's "hope that the Tashkent Agreement be implemented sincerely by both parties in order to help promote Afro-Asian solidarity".⁸⁶ This was a major shift ^{from} ~~in~~ Indonesia's policy of total support to neutrality towards Pakistan's position on the Kashmir issue.

India was glad to note this welcome development in Indonesia's foreign policy. Commenting on the Indonesian-Malaysian accord signed in Bangkok on 31 May 1966, India's Foreign Minister, Swaran Singh, observed: "India is all for it (settlement)".⁸⁷ The general opinion in India was that this development might provide a good opportunity for further promotion of friendly relations.

86 Indonesian Foreign Policy, Special Issue 003/1966 (Djakarta, Department of Information, 1966), quoted in B.D. Arora, n.10, pp.287-8.

87 The Hindu (Madras), 1 June 1966.

From August 1966, a number of Indonesian official and goodwill delegations started ^{visiting} coming to India. A three-member delegation of Indonesian journalists visited India in August 1966 itself. This was followed by two official delegations and one students delegation in September 1966. In October 1966, a five-member Indonesian parliamentary delegation also visited India. This eagerness, as shown by the Indonesian leaders to resume normal relations with India, prompted the Indian leaders to avail of the opportunity and encourage the new Indonesian policy postures.

The five-day visit to India by the Indonesian Foreign Minister Adam Malik, in September 1966, provided a valuable opportunity in this regard. The Indian Press greeted Adam Malik with favourable comments and editorials. The Indian Express, for instance, called the visit, "the beginning of a new chapter in Indonesian history".⁸⁸ The exchange of views during this visit revealed that there existed similarity of views on various issues of vital importance to each country. India was satisfied to find a change in Indonesia's attitude towards China. "We are going to resist any influence forced upon us from outside", declared Adam Malik, when commenting upon the prospects of Sino-Indonesian relations.⁸⁹ Regarding

88 The Indian Express (New Delhi), September 1966.

89 Times of India (Bombay), 6 September 1966.

Pakistan and the Kashmir issue, he reiterated his earlier stand outlined in his policy statement of 5 May 1966. The joint communique issued at the end of his visit emphasised upon the two governments' "faith in the principles of nonalignment as an instrument for the prevention of war and consolidating peace..."⁹⁰ It also expressed their desire for taking concrete steps in furthering and strengthening their relations in the economic, technical and cultural fields and agreed to reactivate the existing cultural agreement of December 1955.

Two weeks later, as a follow-up action, a high level Indonesian delegation led by Sultan Hemengku Buwono IX, the new Indonesian Minister for Economic and Financial Affairs, paid a three-day visit to India (20-22 September 1966). India reciprocated by sending an Indian trade delegation led by the Minister for Foreign Trade Manubhai Shah from 26 to 28 December 1966. These visits resulted in the signing of a two-year trade agreement on 28 December 1966.⁹¹ The agreement contained proposals for carrying out studies for joint ventures, agreement to exchange "at least two businessmen delegations in 1967", to hold exclusively national exhibitions "in each other's country"

90 Government of India, Foreign Affairs Record (New Delhi), vol.12, no.9, September 1966, p.232.

91 India's Trade Agreements (New Delhi, Ministry of Commerce, 1968), pp.159-61.

and India's offer for cooperation in the technical field.⁹² This agreement was, in a way, the consequence of the mutual understanding that it was mainly on the basis of economic cooperation that future relations between the two countries could be built.

In order to further strengthen mutual goodwill and build new bridges of understanding, India's Foreign Minister M.C. Chagla visited Indonesia in January 1967. His talks with the Indonesian leaders mainly concerned their respective approaches towards Pakistan, China, Southeast Asia and international cooperation. Although Indonesia had already declared its ~~mutual~~ stand on Kashmir, India wanted personal assurances. M.C. Chagla was able to convince the Indonesian leaders that both constitutionally and legally Kashmir was a part of India and that Pakistan's thesis of an anticipated threat from India was only a false pretext to acquire more arms.⁹³ On his part, Adam Malik was believed to have informed India's Foreign Minister that all naval crafts and military personnel stationed in Pakistan since 1965 have been withdrawn, and that no arms would be given to Pakistan in future.⁹⁴ Regarding China, the two governments were

92 Government of India, Foreign Affairs Record (New Delhi), vol.12, no.12, December 1966, pp.316-17.

93 The Statesman (New Delhi), 20 January 1967.

94 Hindustan Times (New Delhi), 21 January 1967.

unanimous about the danger to world peace from Chinese expansionism ... and that it should be contained through economic development of Southeast Asia and not by military means.⁹⁵ Foreign involvement in the area was also jointly denounced. There were other issues also, such as Vietnam, where both the countries expressed similar views.

This made evident a shift in Indonesia's foreign policy, that is, from confrontation to economic development. Adam Malik observed: "India and Indonesia now stand shoulder to shoulder in foreign policy matters".⁹⁶

The year 1967, therefore, witnessed a steady flow of goodwill delegations between the two countries. Several Indian delegations visited Indonesia to explore the possibility of exports in handicrafts, jute, sea food, etc. An Indonesian parliamentary delegation again visited India the same year. Indian exports to Indonesia registered an increase from Rs. 81 lakhs in 1965-66 to 586 lakhs in 1967-68.⁹⁷ But since the balance of trade was in India's favour it needed to be rectified.

95 The Statesman (New Delhi), 20 January 1967.

96 Hindustan Times (New Delhi), 21 January 1967.

97 India's Trade with Some Asian Countries (New Delhi, Federation of Indian Chamber of Commerce and Industry, 1969), p.15, cited B.D. Arora, n.10, p.308.

The strong foundations laid during the visit of M.C. Chagla were further strengthened by Prime Minister Indira Gandhi's visit to Indonesia in June-July 1969. Being the first ^{Indian} Prime Minister to visit Indonesia since the Bandung Conference (April 1955), it carried tremendous significance and "marked the building of a renewed solid foundation for the establishment of close interaction".⁹⁸ In order to express India's desire to contribute to Indonesia's first five-year plan for development (Repelita I), Mrs Gandhi announced India's offer of a fixed loan of \$6.7 million to Indonesia for the purchase of capital goods from India.⁹⁹

As the bilateral interaction was in the process of getting intensified, certain problems arose and proved to be very significant for their relations. The first such problem related to the conference on Cambodia as convened by Indonesia. Following the deposition of Prince Norodom Sihanouk by Marshall Lon Nol in 1970, the war in Vietnam engulfed Cambodia, ^{and} Indonesia undertook to convene ~~the~~ a conference in order to diffuse the Cambodian crisis. India was also invited to it, but it politely declined, because it had doubts regarding the utility and timing of

98 K.N. Ramachandran, "India-Indonesia Relations 1947-75" in K. Subrahmanyam, ed., Self-Reliance and National Resilience (New Delhi, 1975), p.166.

99 Journal of Industry and Trade (New Delhi, Ministry of Commerce and Trade, Government of India), p.964.

the conference. India's doubts were based on the pro-West orientation of the participants. In India's view, another "Geneva-type" conference or a conference of uncommitted Asian states would be more effective. But Indonesia went ahead with the conference, criticising India for its unwillingness to participate. Though the gains of the conference were not tangible, ^{nevertheless,} ~~still~~ since it was the first major regional initiative taken by Soeharto's government, Indonesia felt disappointed with India's negative response. The Cambodian issue thus remained to be a thorny issue between the two countries. Even in the UN, and ^{the} Fourth Nonaligned Conference at Algiers in September 1973, both the countries expressed views opposed to each other.

Secondly, the crisis in East Pakistan in 1971 (now Bangladesh) became another thorny issue between Indonesia and India. When the Pakistani army resorted to brutal repression of the freedom struggle in East Pakistan and the consequent exodus of millions of people from there into India, India intervened to support the liberation movement. This finally resulted in the emergence of Bangladesh as an independent nation in December 1971. Indonesia viewed India's act as a case of foreign intervention, promoting the division of an existing single political unit. The Indonesians believed that it would create instability in the region. But, when India's Foreign Minister Swaran Singh visited Indonesia

in August 1971, Indonesia agreed that the responsibility for the refugee problem and the crisis in East Pakistan lay with the Pakistani leaders themselves.¹⁰⁰ Once Bangladesh emerged as an independent nation, Indonesia soon accorded recognition to it on 25 February 1972.

Yet another issue on which Indonesia differed with India was the Indo-Soviet treaty of August 1971. Indonesia perceived that India was going astray from its nonaligned path and was becoming a client state of the Soviet Union. Apart from that, Indonesia also suspected that India was trying to sell the idea of 'collective security' proposed by the Soviet Union.¹⁰¹ As it is known that Indonesia pursues an anti-communist policy, it was a natural reaction. Though Foreign Minister Swaran Singh tried to clarify India's position during his visit in August 1971, much remained to be done. In fact, growing Soviet presence in the Indian ocean gave credibility to their suspicion.

Notwithstanding these differences, both the countries showed quite an eagerness to strengthen bilateral relations. Especially after anti-Tanaka riots in Jakarta in January 1974, Indonesia was impelled to give a second thought to its

100 Indian Express (New Delhi), 15 August 1971.

101 Dilip Chandra, "Indo-Indonesian Relations : An Indian Viewpoint", Indonesian Quarterly (Djakarta), vol.2, no.3, April 1974, p.88.

growing dependence on Japan. In order to reduce its dependence, it had decided to diversify its trade relations. India could prove a beneficial partner in this regard, by virtue of its progress made in various fields. But the bilateral trade relations with India were still unsatisfactory. After the trade agreement of 1966 had expired in 1970, no new efforts had been made for strengthening the trade relations. India had been extending credits to Indonesia for importing Indian goods; but in course of time the bilateral trade started declining drastically. From Rs 75 million in the late 1960s, it dropped to Rs. 1.4 million in 1970-71. In 1971-72 Indian exports to Indonesia were valued at Rs. 32.5 million, while imports from Indonesia totalled a negligible Rs 1.7 million.¹⁰² Hence a more comprehensive list of items was needed to promote and diversify the trade relations.

In August 1974 India's Foreign Minister Swaran Singh visited Indonesia. Talks were held between Adam Malik and Swaran Singh, which produced quite concrete results in the direction of improving cooperation. A treaty was signed in Jakarta. The treaty defined the continental shelf boundary between Sumatra and India's Nicobar island

102 A. Hariharan, "Seabed Accord", Far Eastern Economic Review, vol.86, no.45, November 15, 1974, pp.28-29.

group, "eliminating possibility that the area could become a disruptive object of contention between the countries as petroleum exploration advances".¹⁰³ In the following year (April 1975), an India-Indonesia seminar was held in New Delhi under the joint auspices of the Institute for Defence Studies and Analyses (Ministry of Defence of the Government of India) and Centre for Strategic and International Studies, Djakarta. It was held in the wake of the fall of pro-American Cambodian government led by Lon Nol and the imminent possibility of the fall of Thieu led government in Saigon. The Indonesian delegation consisted of some high military personnel as well as some scholars. The seminar was quite fruitful in the sense that it revealed the identical views of both the countries regarding the status of the Indian ocean and the South East Asian region as zones of peace. By the time Indian President Fakhruddin Ali Ahmed visited Indonesia the following month, General Thieu's government in Saigon had also fallen. President Soeharto and Fakhruddin Ali Ahmed discussed the Indochina situation in detail and significantly the Indonesian leaders shared India's view that the developments in Indo-China represented the victory of nationalism in the area.¹⁰⁴

103 Ibid.

104 Hindustan Times (New Delhi), 31 May 1975.

In the same year, in July, Foreign Minister Adam Malik made a six-day visit to India during which discussions on bilateral trade relations were resumed. Their discussions led to the exchange of a draft trade agreement. The two sides also discussed the question of setting up joint ventures in Indonesia with Indian assistance in capital and technical knowhow. Indonesia agreed to send a team of experts to see for itself the level of Indian technical capabilities and consultancy services before any decision on certain projects could be taken.

The important result of these talks was the readiness of the two sides to finalise the terms of a new trade agreement in order to promote bilateral trade. India was ready to provide credit up to Rs 50 crores and also extend buyers credits on commercial terms for setting up joint industrial projects with Indian collaboration.¹⁰⁵ In 1976, during the visit of Indian Minister for Revenue and Banking, Pranab Mukherjee, a buyers' credit of \$50 million was mutually agreed upon. Besides, they also discussed about launching a number of joint projects in Indonesia.¹⁰⁶

105 "New Delhi and Djakarta Move Closer", Economic Times (New Delhi), 5 August 1975.

106 The Hindu (Madras), 31 July 1976.

This was certainly a welcome trend, since "the two sides had shown some degree of seriousness in coming to grips with the technicalities of bilateral cooperation and suggested newer forms of economic links".¹⁰⁷ Bilateral cooperation till this time was full of serious limitations. Firstly, India's trade with Indonesia had always tended to be linked with credits. India had been offering credits to Indonesia in order to boost its trade, but the amount had been increasingly declining. Secondly, to identify mutual areas of joint cooperation had always been a problem. Thirdly, the restrictions imposed on Indian investors had always been an obstacle in promoting joint ventures.

Some of these problems were partly taken care of during the bilateral trade discussions in 1975-76, and it resulted in an increase in the total trade turnover, from Rs 40.61 crores in 1969-70 to Rs 63 crores in 1976-77.¹⁰⁸

Therefore, between 1966-76, when the Indonesian government led by Soeharto had completed a decade of its rule, Indonesian-Indian relations passed through a very crucial phase, wherein a number of problems were sorted out and strong foundations were laid. Both sides had realised that commercial and cultural cooperation alone

107 B.D. Arora, n.10, p.322.

108 The Hindu, 31 July 1976.

could strengthen the relations and promote national interests. Mutually beneficial interdependence was thus the new basis on which they sought to build their bilateral relations. Although they had differences on several issues, their impact was always minimized. Sentimentalism of the Soekarno era had given way to pragmatism, bringing these two important maritime Asian neighbours into a more closer relationship than in the past.

CONCLUSION

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Soeharto's government came to power with an obvious intention to stabilize and rehabilitate the national economy by sincerely pursuing an active and independent foreign policy. Foreign policy during the years of this study had been shaped by the army and the technocrats, who had been manning the top positions. It was their perceptions and considerations which constituted the main elements of the Indonesian foreign policy. But on many occasions they failed to take into cognizance some of the basic demands of the people, causing bitterness in the country.)

Legitimacy of a military dominated government depends on its success in promoting social justice in the country. So far the political legitimacy is concerned, a military regime does not face much of a difficulty in this. Ten years of the army and technocrats' rule failed substantially in fulfilling the aspirations of the common people. And instances like the Pertamina crisis immediately arouse suspicion regarding the Soeharto government's integrity and sincerity. It also gave an insight into the prevalent corruption and abuse of power by the high officials.

Looking retrospectively at the developments in the country, we find that not much could be achieved in the direction envisaged by the government. Inflation was curbed initially to a substantial extent through foreign aids, but

in course of time no further improvement was made. Even the huge inflow of foreign aid had not had the expected effect. A number of joint ventures were started with the help of foreign private capital, but the only major beneficiaries had been the overseas Chinese in the country, thus contributing to the growing social tension. Streets of Jakarta were flooded with Japanese and other foreign made goods and consumer goods indicating the growing influence of foreign capital on Indonesia's economy. And if any economic recovery was made, it has been overwhelmingly dependent on foreign aid, capital, knowhow and advice. A nation which strove for fifteen years to Indonesianize its economy has frankly de-Indonesianized it again.

Abandonment of a policy of self-reliance cost Indonesia its economic independence and to some extent the political independence too. The onesidedness of Indonesia's dependence for aid on the West created misgivings regarding its nonaligned character in the nonaligned world and in Indonesia too. Though many attempts were made to allay the suspicions of the nonaligned world, they did not prove very efficacious. Indonesia's developmental programmes were made with the approval of the IGGI and other monetary agencies, as they were the major suppliers of aid. This made Indonesia so indebted and dependent that it hardly had any scope for Indonesia to go its own way.

Practically, all its dealings were with the Western nations, which at once aroused suspicion about the genuineness of its nonalignment. It appeared that Indonesia's foreign policy had become active but had ceased to be independent.

In 1975 when Indonesia occupied East Timor by force, the countries of the region were immediately reminded of Soekarno's militant foreign policy during the Guided Democracy. Two important factors, namely, Indonesia's armed strength coupled with its desire to play a major role in the region, became a source of concern for the countries in the region after this event. The other ASEAN partners well knew about Indonesian aspirations for a regional role; their anxiety, therefore, was natural.

Despite its strong verbal commitment to regional cooperation Indonesia has been most reluctant to speed up economic interaction, mainly because of its low level of development among the ASEAN countries. If Indonesia could strengthen its indigenous economy, it would be in a position to strengthen its role in regional economic cooperation, otherwise it would continue to oppose any attempt to lower its tariff barriers.

The Association itself has a few constraints; narrow nationalism has been a stumbling block and it has seriously impeded regional cooperation because national interests have been jealously guarded.

Keeping in mind the aims with which Indonesia joined the Association, it can be said that it had got partial success only. In various political and economic matters it projected itself as the chief spokesman of the region, but in the field of economic cooperation and development the gains remained insignificant. The emergence of a unified Vietnam posed a serious challenge to Indonesia's role in the region. The event had a tremendous effect on Indonesia, and it at once swung into action to consolidate the ASEAN. Bali Conference, in a sense, was a landmark in ASEAN's history, because from here, a really serious attempt was made to further strengthen the regional grouping by vigorously working for the development of the group. But considering the limitations of the ASEAN, it was hard to see how long this tempo could be sustained.

With the American debacle in Indochina in April 1975 and the end of the second Indochina war, Indonesia became nervous. This meant virtual withdrawal of America from the region. Till now, the American presence had assured Indonesia of its security from any threat. Indonesia perceives maximum threat from China though Vietnam presents a natural barrier between Indonesia and China, but in the wake of a long drawn war it was quite weak to act as a potent bulwark against China. And withdrawal of America at that juncture might give China an upper hand in the region. Though America and China had established cordial

relationship, but Indonesia had been distrusting China for various historical reasons. It was precisely because of this that Indonesia did not resume diplomatic relations with China even after the Sino-American detente, whereas other ASEAN members, save Singapore, have already established relations with China. Hence, so far as the United States was concerned Indonesia had too many stakes in its presence in the region. Moreover, the growing Russian presence in the Indian ocean has added another dimension to its security threat. Hence, it would be very difficult for Indonesia to change the present relationship. And as Indonesia is strategically and economically very important to the US, it would make all attempts to retain the present position there.

Although Indonesia's relations with the Soviet Union were improving, Indonesia did not appear to be moving too fast and too close. The ruling government in Indonesia could survive only by not moving too close to Russia. Soviet attempts, on the other hand, to improve relations with Indonesia would continue with a view to consolidate their presence in the region.

Indonesian-Chinese relations entered a totally new and different phase after 1967. The same year relations with China were suspended. And, in fact, it was Indonesia's perception of threat from China, which restrained it from resuming normal relations. Besides, Chinese challenge to

Indonesia's leadership and problem of the overseas Chinese in Indonesia had been the major obstacles in the way of normalisation of Indonesian-Chinese relations.

Once foreign policy was geared towards economic development, relations with Japan became very important. But in the process Japan acquired a dominating position in Indonesian economy by virtue of its economic might. Indonesia, though prejudiced against Japan could hardly afford to avoid it because of its economic needs. The onesided economic relations with Japan caused immense misgivings in Indonesia, where it was feared that Japan was achieving its second world war goals now by economic means. Unless Indonesia and Japan diversified as well as balanced their relations, resentment against Japan would continue to grow in Indonesia.

Indonesian-Indian relations had passed through a really bad phase during the Guided Democracy period. After Soeharto's assumption of power, a process of normalization started and relations with India were even improved. But the 1971 treaty of Peace, Friendship and Cooperation between India and the Soviet Union created some kind of misunderstanding in Indonesia. This was natural because Indonesia was quite close to the West whereas India was seemingly moving closer to the Soviet Union. Thus practically both the countries stood opposite to each other.

Similar problem had come up when India had turned down, though politely, the Indonesian invitation to attend the Conference on Cambodia in 1970. Later, Indonesia realised its onesided tilt in its foreign policy and felt the need to balance it and improved its relations with India. It was well realised in Indonesia that India could substantially help it in achieving its economic goals. India had the requisite capital and technical knowhow, which could be suitably utilized for the economic development of Indonesia. But since the Indian investors had been facing various problems regarding investment, no tangible headway could be made. And if relationship is diversified and promoted in this direction, bilateral relation could be effectively strengthened.

In 1976 Soeharto completed a decade in power. The period experienced various ups and downs. The foreign policy remained active and independent but what fashioned it most prominently was Indonesia's national interest. Unlike Soekarno, who gave much emphasis on the policies, which were prestige-oriented, Soeharto abandoned the militant foreign policy of Soekarno, but in the process he badly neglected the principle of self-reliance, which was so much emphasised by Soekarno.

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